



DEPARTMENT OF FINANCE

Marc Elrich
County Executive

Michael Coveyou
Director

MEMORANDUM

TO: Clients of the Montgomery County Transfer & Recordation Tax Office

FROM: Mary Ann Dolan, Tax Operations Manager

DATE: June 26, 2023

SUBJECT: New Recordation Tax Rates and Exemptions, Effective October 1, 2023

The current recordation tax calculation procedures will remain in place until September 30, 2023.

Bill 17-23 has been passed by the Montgomery County Council. As a result, the Montgomery County Code Section 52-16B has been revised and the changes made in this revision will become effective October 1, 2023.

Effective October 1, 2023 the first \$500,000 of the “consideration payable” or “principal amount of debt secured...including the mortgage or deed of trust assumed by a grantee” will be taxed at \$4.45 per \$500, or fraction thereof.

\$500,000-\$600,000 of the “consideration payable” or “principal amount of debt secured...including the mortgage or deed of trust assumed by a grantee” will be taxed @ \$6.75 per \$500 or fraction thereof.

\$600,000.01-\$750,000 of the “consideration payable” or “principal amount of debt secured...including the mortgage or deed of trust assumed by a grantee” will be taxed @ \$10.20 per \$500 or fraction thereof.

\$750,000.01-\$1,000,000 of the “consideration payable” or “principal amount of debt secured...including the mortgage or deed of trust assumed by a grantee” will be taxed @ \$10.78 per \$500 or fraction thereof.

\$1,000,000.01 and over of the “consideration payable” or “principal amount of the debt secured...including the mortgage or deed of trust assumed by a grantee” will be taxed @ \$11.35 per \$500 or fraction thereof.

The recordation tax exemption of \$100,000 will remain the same for an “individual” buyer who intends to use the property as the individual’s principal residence.

The new recordation tax rates apply to any transaction that occurs on or after October 1, 2023.

WE WILL RELY ON THE LATTER OF THE DATE OF THE DOCUMENT OR THE LAST ACKNOWLEDGEMENT TO DETERMINE WHEN A TRANSACTION OCCURS. THE DATE OF RECEIVING THE DOCUMENT WILL DETERMINE THE APPLICATION OF THE NEW RECORDATION RATES. (EX: RECEIVED 9/30/2023 THE OLD RATES WILL APPLY; RECEIVED 10/1/2023 THE NEW RATES WILL APPLY).

Thank you for your cooperation.

Division of Treasury

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Examples of the Application of the new Recordation Tax Law

#1. A property transfers by deed with “consideration payable” (consideration) of \$400,000 and with a Principal residence affidavit.

The first \$100,000 of consideration is exempt from recordation tax (Principal residence).

The next \$300,000 of consideration is taxed at a recordation tax rate of \$4.45/500.

$$\$300,000 \times \$4.45 \div 500 = \$2,670.00$$

#2. A property transfers by deed with “consideration payable” of \$400,000 and is NOT a Principal residence.

The consideration of \$400,000 of consideration is taxed at a recordation rate of \$4.45/500.

$$\$400,000 \times \$4.45 \div 500 = \$3,560.00$$

#3. A property transfers by deed with “consideration payable” of \$575,000 and with a Principal residence affidavit.

The first \$100,000 of consideration is exempt from recordation tax (Principal residence).

The next \$400,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The amount exceeding the \$500,000 is taxed at a recordation tax rate of \$6.75/500.

$$\$400,000 \times \$4.45 \div 500 = \$3,560.00$$

$$\$75,000 \times \$6.75 \div 500 = \$1,012.50$$

$$\text{Total Recordation Tax due} = \$4,572.50$$

#4. A property transfers by deed with “consideration payable” of \$575,000 and is NOT a Principal residence.

The first \$500,000 of consideration is taxed at a recordation tax rate of \$4.45/500.

The next \$75,000 of consideration is taxed at a recordation tax rate of \$6.75/500.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$75,000 \times \$6.75 \div 500 = \$1,012.50$$

$$\text{Total Recordation Tax due} = \$5,462.50$$

#5. A property transfers by deed with “consideration payable” of \$675,000 and with a Principal residence affidavit.

The first \$100,000 of consideration is exempt from recordation tax (Principal residence).

The next \$400,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The amount exceeding the \$600,000 is taxed at the recordation tax rate of \$10.20/500.

$$\$400,000 \times \$4.45 \div 500 = \$3,560.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$75,000 \times \$10.20 \div 500 = \$1,530.00$$

$$\text{Total Recordation Tax due} = \$6,440.00$$

#6. A property transfers by deed with “consideration payable” of \$675,000 and is NOT a Principal residence.

The first \$500,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The next \$100,000 of consideration is taxed at the recordation tax rate of \$6.75/500.

The amount exceeding over \$600,000 (\$75,000) is taxed at the recordation tax rate of \$10.20/500.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$75,000 \times \$10.20 \div 500 = \$1,530.00$$

$$\text{Total Recordation Tax due} = \$7,330.00$$

#7. A property transfers by deed with “consideration payable” of \$775,000 and with a Principal residence affidavit.

The first \$100,000 of consideration is exempt from recordation tax (Principal residence).

The next \$400,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The next \$100,000 of consideration is taxed at the recordation tax rate of \$6.75/500.

The next \$150,000 of consideration is taxed at the recordation tax rate of \$10.20/500.

The amount exceeding the \$750,000 (\$25,000) is taxes at the recordation tax rate of \$10.78/500.

$$\$400,000 \times \$4.45 \div 500 = \$3,560.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\$25,000 \times \$10.78 \div 500 = \$539.00$$

$$\text{Total Recordation Tax due} = \$8,509.00$$

#8. A property transfers by deed with “consideration payable” of \$775,000 and is NOT a Principal Residence.

The first \$500,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The next \$100,000 of consideration is taxed at the recordation tax rate of \$6.75/500.

The next \$150,000 of consideration is taxes at the recordation tax rate of \$10.20/500.

The amount exceeding of \$750,000 (\$25,000) is taxed at the recordation tax rate \$10.78/500.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\$25,000 \times \$10.78 \div 500 = \$539.00$$

$$\text{Total Recordation Tax due} = \$9,399.00$$

#9. A property transfers by deed with “consideration payable” of \$1,075,000 and with a Principal residence affidavit.

The first \$100,000 of consideration is exempt from recordation tax (Principal residence).

The next \$400,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The next \$100,000 of consideration is taxed at the recordation tax rate of \$6.75/500.

The next \$150,000 of consideration is taxed at the recordation tax rate of \$10.20/500.

The next \$250,000 of consideration is taxed at the recordation tax rate of \$10.78/500.

The amount exceeding \$1,000,000 (\$75,000) is taxed at a recordation tax rate of \$11.35/500.

$$\$400,000 \times \$4.45 \div 500 = \$3,560.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\$250,000 \times \$10.78 \div 500 = \$5,390.00$$

$$\$75,000 \times \$11.35 \div 500 = \$1,702.50$$

$$\text{Total Recordation Tax due} = \$15,062.50$$

#10. A property transfers by deed with "consideration payable" of \$1,075,000 and is NOT a Principal residence.

The first \$500,000 of consideration is taxed at the recordation tax rate of \$4.45/500.

The next \$100,000 of consideration is taxed at the recordation tax rate of \$6.75/500.

The next \$150,000 of consideration is taxed at the recordation tax rate of \$10.20/500.

The next \$250,000 of consideration is taxed at the recordation tax rate of \$10.78/500.

The amount exceeding the \$1,000,000 (\$75,000) is taxed at the recordation tax rate of \$11.35/500.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\$250,000 \times \$10.78 \div 500 = \$5,390.00$$

$$\$75,000 \times \$11.35 \div 500 = \$1,702.50$$

$$\text{Total Recordation Tax due} = \$15,952.50$$

#11. A refinance deed of trust is presented with a "principal amount of debt secured" (debt) of \$400,000 along with a refinance affidavit showing a \$100,000 unpaid principal balance on the existing deed of trust being paid off. The taxable debt after the refinance exemption is \$300,000.

The first \$100,000 of debt is exempt from recordation tax (refinance exemption).

The next \$300,000 of debt is taxed at a recordation tax rate of \$4.45/500.

$$\$300,000 \times \$4.45 \div 500 = \$2,670.00$$

$$\text{Total Recordation Tax due} = \$2,670.00$$

#12. A refinance deed of trust is presented with a "principal amount of debt secured" of \$550,000 along with a refinance affidavit showing a \$450,000 unpaid principal balance on the existing deed of trust being paid off.

The taxable debt after the refinance exemption is \$100,000.

The first \$450,000 of debt is exempt from recordation tax (refinance exemption).

The next \$50,000 of debt is taxed at a recordation tax rate of \$4.45/500.

The next \$50,000 of debt is taxed at a recordation tax rate of \$6.75/500 because the principal amount of debt secured exceeds \$500,000.

$$\$50,000 \times \$4.45 \div 500 = \$445.00$$

$$\$50,000 \times \$6.75 \div 500 = \$675.00$$

$$\text{Total Recordation Tax due} = \$1,120.00$$

#13. A deed of trust (NOT qualified for the refinance exemption or purchase money exemption) is presented with a "principal amount of debt secured" of \$500,000.

The first \$500,000 of debt is taxed at a recordation tax rate of \$4.45/500.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\text{Total Recordation Tax due} = \$4,450.00$$

#14. A deed of trust (NOT qualified for the refinance exemption or purchase money exemption) is presented with a "principal amount of debt secured" of \$750,000.

The first \$500,000 of debt is taxed at a recordation tax rate of \$4.45/500.

The next \$100,000 of debt is taxed at a recordation tax rate of \$6.75/500 because the principal amount of debt secured exceeds \$500,000.

The remaining \$150,000 of debt is taxed at a recordation tax rate of \$10.20/500 because the principal amount of debt secured exceeds \$600,000.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\text{Total Recordation Tax due} = \$8,860.00$$

#15. A deed of trust (NOT qualified for the refinance exemption or purchase money exemption) is presented with a "principal amount of debt secured" of \$1,075,000.

The first \$500,000 of debt is taxed at a recordation tax rate of \$4.45/500.

The next \$100,000 of debt is taxed at a recordation tax rate of \$6.75/500 because the principal amount of the debt secured exceeds \$500,000.

The next \$150,000 of debt is taxed at a recordation tax rate of \$10.20/500 because the principal amount of the debt secured exceeds \$600,000.

The next \$250,000 of debt is taxed at a recordation tax rate of \$10.78/500 because the principal amount of the debt secured exceeds \$750,000.

The remaining \$75,000 of debt is taxed at a recordation tax rate \$11.35/500 because the principal amount of the debt secured exceeds \$1,000,000.

$$\$500,000 \times \$4.45 \div 500 = \$4,450.00$$

$$\$100,000 \times \$6.75 \div 500 = \$1,350.00$$

$$\$150,000 \times \$10.20 \div 500 = \$3,060.00$$

$$\$250,000 \times \$10.78 \div 500 = \$5,390.00$$

$$\$75,000 \times \$11.35 \div 500 = \$1,702.50$$

$$\text{Total Recordation Tax due} = \$15,952.50$$

#16. A modification of a line of credit deed of trust is presented with a “principal amount of debt secured” of \$500,000 and the previous principal amount of debt secured was \$450,000 and full recordation tax was paid on this amount. The taxable debt after modification is \$50,000.

The first \$450,000 of debt is exempt from recordation tax (credit for previous payment of recordation tax).

The next \$50,000 of debt is taxed at a recordation tax rate of \$4.45/500.

$$\$50,000 \times \$4.45 \div 500 = \$445.00$$

$$\text{Total Recordation Tax due} = \$445.00$$

#17. A modification of a line of credit deed of trust is presented with a “principal amount debt secured” of \$950,000 and the previous principal amount of debt secured was \$875,000 and full recordation tax was paid on this amount. The taxable debt after modification is \$75,000.

The first \$875,000 of debt is exempt from recordation tax (credit for previous payment of recordation tax).

The next \$75,000 of debt is taxed at a recordation tax rate of \$10.78/500.

$$\$75,000 \times \$10.78 \div 500 = \$1,617.00$$

$$\text{Total Recordation Tax due} = \$1,617.00$$

#18. A modification of a non-line of credit deed of trust is presented with “principal amount of debt secured” of \$1,750,000 and an existing principal balance of \$1,000,000. The taxable debt after modification is \$750,000.

The first \$1,000,000 of debt is exempt from recordation tax (credit for previous payment of recordation tax).

The next \$750,000 of debt is taxed at a recordation tax rate of \$11.35/500.

$$\$750,000 \times \$11.35 \div 500 = \$17,025.00$$

$$\text{Total Recordation Tax due} = \$17,025.00$$