

**Testimony
Recordation Tax
September 15, 2020**

The League of Women Voters of Montgomery County urges the County Council to adopt the proposed amended Recordation Tax, Bill 39-20.

- We support Montgomery County policies and programs to maintain and increase the much-needed supply of affordable and low-income housing that this Bill addresses.
- We also support additional funding for capital needs for schools -- which is needed and part of this Bill.

The Bill increases the portion of the Tax that addresses the capital needs of schools by adding \$0.50 to the Tax on each \$500 or portion thereof of the price of the house for use for these capital needs. It provides funds for rental assistance to low income renters by adding \$1.15 to the tax on each \$500 or fraction thereof of the housing price over \$500,000.

By not including units priced below \$500,000, we're pleased to see that the tax does not add a new burden to more moderately priced homes. Low-income renters appear to be particularly hurt by the pandemic since many of their jobs, such as low-wage restaurant work, have disappeared, at least temporarily. The rental assistance this Bill would add is vital at this time.

The Bill also adds \$0.50 per \$500 or fraction of \$500 to the amount of the tax if the house is priced over \$500,000. The net revenue of this provision is also dedicated to school capital needs.

Finally, if the price of the home is over \$1,000,000, there would be an additional tax of \$1.00 per \$500 or fraction of the amount over a million dollars. The net amount of this part of the tax would go to the Housing Initiative Fund.

In addition, the League supports tax abatement and urges you to adopt the part of this Bill that would exempt the first \$500,000 of the price of a home from the Recordation Tax for first-time home buyers. This would help move many families into homeownership since closing costs like this tax are a major cost for first time buyers.

Diane Hibino and Kathy McGuire, Co-Presidents
Sally Roman, Housing Committee Chair
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