

To amend Title 42 of the District of Columbia Code *to provide* that an additional .35% recordation tax be added on transfers of security interests.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Technical Correction to the Recordation Tax on Transfers of Security Interests Act of 2006”.

Sec.2. Title 42 of the District of Columbia Official Code is amended as follows:

- (a) 42-1103(a-3)(1) is amended by adding after the phrase “under subsection (a)(1)” in line three, the phrase “and (a)(3)”.

Reason for Change

Title II, Subtitle D of both the Fiscal Year 2007 Budget Support Act of 2006 and the Fiscal Year Budget Support Emergency Act of 2006 (hereinafter “BSA”) was intended to increase the transfer and recordation tax by .35%. However, the language used to accomplish this inadvertently omitted the increase in recordation tax on the transfer of security interests.

The amendment makes one change to D.C. Code § 42-1103(a-3)(1) to clarify that an additional deed recordation tax of .35% is also imposed at the time a security interest is submitted for recordation. Thus, transfers of security interests will be subject to a 1.45 (1.1% +.35%) deed recordation tax.

There is no similar amendment to D.C. Code § 47-903(a-3)(1) since D.C. Code § 47-903 does not impose a transfer tax on transfers of security interests.

Thus, deeds evidencing transfers of the following real property occurring on or after October 1, 2006, will be subject to the following deed recordation and/or transfer taxes, respectively:

- 1.1% of recordation and transfer tax for deeds evidencing transfers of title, or of interests (including life estates) in residential properties for consideration of less than \$400,000;

- 1.1% for deeds evidencing leases of 30 years or more in residential properties for consideration of less than \$400,000, as determined under D.C. Code §§ 47-903(a)(1)(B) or 42-1103(a)(1)(B);

- 1.45% (1.1% + .35%) for deeds evidencing all other transfers of title, including life estates, of interests in, of 30 years or more, in residential and commercial properties; and

- 1.45% (1.1% + .35%) of recordation tax only for transfers of security interests as determined under D.C. Code § 42-1103(a)(3).

Fiscal Impact:

The amendment is necessary to reflect the actual intent of the drafters and is consistent with the revenue estimates upon which D.C. Code § 42-1103(a-3)(1) was based.

Effective Date:

October 1, 2006