



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director

DATE: February 4, 2020

BILL NUMBER: HB 172

COMMITTEE: Environment and Transportation

BILL TITLE: Real Property – Ground Leases – Repeal of Registration Fees

SDAT POSITION: Support

The State Department of Assessments and Taxation (SDAT) supports HB 172, which would eliminate the ten-dollar fee imposed on each new registration of a ground lease, and five-dollar fee imposed for each subsequent ground lease registration by the same lease holder.

Under current law, new ground rent registration filings are processed for a ten-dollar fee, and supplementary ground lease filings made by the same lease holder for five dollars. The existing fee structure requires the Department to keep track of whether a lease holder has already registered at least one ground rent. Additionally, a minimum cost of five dollars is incurred on SDAT for every payment processed thus no positive net revenue is generated. The Department has seen a drastic reduction of registration filings in recent fiscal years.

As ground rent registration filings become increasingly obsolete, eliminating the fees will save the Department valuable time and resources otherwise spent determining whether the filer has previously registered a ground lease and is therefore entitled to the reduced five-dollar fee and collecting fees that cost almost as much to process as they bring in.

The Department anticipates a minor fiscal loss of \$1,078 per fiscal year. With the practice of registering ground leases becoming more infrequent, revenue from this filing fee has steadily declined over the last four years.

For these reasons, we strongly urge a favorable report by the Committee for House Bill 172.

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