(b) A security agreement, as defined in § 12–101(e) of the Tax – Property Article of the Annotated Code of Maryland.

B. The County Commissioners may impose a transfer tax on an instrument of writing:

(1) Recorded with the Clerk of the Circuit Court for St. Mary's County; or

(2) Filed with the State Department of Assessments and Taxation.

C. A transfer tax under this section:

(1) Shall be established by ordinance;

(2) May not exceed 1%; and

(3) Does not apply to:

(a) An instrument of writing exempt from the State transfer tax under § 13–207 of the Tax – Property Article of the Annotated Code of Maryland; or

(b) A transfer of land subject to the agricultural land transfer tax under Title 13, Subtitle 3 of the Tax – Property Article of the Annotated Code of Maryland.

D. (1) The proceeds from the transfer tax may only be used to pay for capital projects.

(2) The County Commissioners shall state in the county budget each year:

(a) An estimate of the revenue to be received from the transfer tax for both the current and the ensuing fiscal years;

(b) The revenue received from the transfer tax during the previous fiscal year; and

(c) The capital projects for which the County Commissioners anticipate the proceeds from the transfer tax will be used.

E. Before the county imposes a transfer tax under this section, the County Commissioners shall hold a public hearing that:

(1) Shall be advertised by publication in a newspaper of general circulation in the county at least 10 days before the hearing; and

(2) May not be part of the annual budget hearing.

F. The authority granted to impose a transfer tax under this section shall terminate and be of no effect after July 1, **[**2000**]** 2005.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000.

Approved April 25, 2000.