

Budget may get hit by housing sales slump

BY SHERRY GREENFIELD

A slowdown in housing sales could leave Carroll County government with less tax money to work with this fiscal year, said Ted Zaleski, the county's director of Management and Budget.

Zaleski said the slowdown in home sales would mean the county collects less revenue from its recordation tax, which is imposed by the state as compensation for registering the purchase or sale of property. The money is collected by the county where the transaction takes place.

In fiscal year 2021 the county collected \$21.8 million in recordation taxes. In the fiscal year 2024 budget, which goes through the end of June, the county projected recordation tax income of \$15.5 million.

With the slowdown in housing sales, the county could bring in even less, Zaleski said.

"Based on the first four months [of the fiscal year 2024 operating budget] we're projecting \$13.8 million," he said. "But again, [it is] too early to say that's what's going to happen." Zaleski's estimation for the Board of Carroll County Commissioners was part of an overall update Nov. 9 on the current \$542.8 million operating budget adopted in May.

In September 130 houses sold in Carroll County, according to statistics from Rocket Homes, a U.S. real estate lender. That number dropped to 109 in October, a 16.2% decrease.

In April commissioners proposed a budget with \$25 million in increased spending. To help pay for that increase, officials proposed raising the recordation tax rate from \$5 per \$500 of assessed value to \$6.25 per \$500, which could have brought in an additional \$3.875 million in revenue. Commissioners decided at their final budget work session May 11 not to increase the tax rate.

At the county's current recordation tax rate of \$5 per \$500, a home purchased for \$300,000 is charged a recordation tax of \$3,000.

Meanwhile, Zaleski said the county expects to end the fiscal year with \$7.5 million in excess revenue, but most of that money is already allocated to projects in future fiscal years.

"Of that [\$7.5 million], almost \$5 million is already assigned to fiscal year 2026, so that would leave a little bit under \$3 million of expectation at this point," he said.

The county's operating budget is funded 45% from property tax revenue, 38% from income taxes and 3% from recordation taxes. Revenue sources also include building permits, service fees and investment income.

An estimated \$207.3 million of the \$542.8 million operating budget will come from collected income tax for fiscal 2024, according to the budget document.

Commissioners did not comment on Zaleski's budget briefing.