

SENATE BILL 39

Q7

4lr0699

(PRE-FILED)

By: **Senator Young**

Requested: October 22, 2013

Introduced and read first time: January 8, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Back Taxes – No Penalty, No Interest**

3 FOR the purpose of providing that a tax collector may not assess interest on certain
4 unpaid taxes if the tax collector does not assess a penalty; and generally
5 relating to assessing interest on certain unpaid taxes.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 13–601(a) and 13–602(a)
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2013 Supplement)

11 BY adding to
12 Article – Tax – General
13 Section 13–602(d)
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2013 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Tax – General**

19 13–601.

20 (a) **(1)** Except as otherwise provided in this section, if a person or
21 governmental unit fails to pay a tax imposed under this article on or before the date on
22 which the tax is due, the tax collector shall assess interest on the unpaid tax from the
23 due date to the date on which the tax is paid.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) A TAX COLLECTOR MAY NOT ASSESS INTEREST UNDER**
2 **PARAGRAPH (1) OF THIS SUBSECTION IF THE TAX COLLECTOR DOES NOT ASSESS**
3 **A PENALTY FOR FAILURE TO PAY THE TAX.**

4 13-602.

5 (a) Except as **OTHERWISE** provided in [subsections (b) and (c) of] this
6 section, a tax collector shall assess interest on unpaid tax from the due date to the
7 date on which the tax is paid if a person who is required to estimate and pay financial
8 institution franchise tax, public service company franchise tax, or income tax under §
9 8-210(b), § 8-405(b), or § 10-902 of this article:

10 (1) fails to pay an installment when due; or

11 (2) estimates a tax that is:

12 (i) less than 90% of the tax required to be shown on the return
13 for the current taxable year; and

14 (ii) less than 110% of the tax paid for the prior taxable year,
15 reduced by the credit allowed under § 10-703 of this article.

16 **(D) A TAX COLLECTOR MAY NOT ASSESS INTEREST UNDER SUBSECTION**
17 **(A) OF THIS SECTION IF THE TAX COLLECTOR DOES NOT ASSESS A PENALTY FOR**
18 **FAILURE TO PAY THE TAX.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2014.