

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 179
Budget and Taxation

(Senator Gladden)

Property Tax - Notice of Tax Bill Address Change - Prohibition of Sale

This bill authorizes an owner of real property to request real property tax bills be sent to an address other than the location of the real property. The request must be in writing and signed by the owner of record. Upon receipt of a request, the taxing authority must send a notice containing specified information to the owner by certified mail at the address of the real property. Unless the owner sends a written objection within 30 days of the receipt of notice, the taxing authority must send all future bills to the address requested. The bill prohibits a tax sale of real property if a taxing authority does not comply with the above provisions.

The above provisions apply prospectively and do not have any effect on or apply to any real property taxes due before the bill's effective date. The bill takes effect January 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Local expenditures may increase significantly as a result of processing requests, sending notices by certified mail, and maintaining a database for properties and associated bill addresses. Local government revenues may be reduced to the extent that tax sales are delayed or cancelled due to noncompliance with the bill's provisions. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The bill defines “real property tax bill” as a bill for the payment of real property tax and any notice regarding the failure to pay real property tax issued by a taxing authority.

The notice provided by the taxing authority to the owner of real property must (1) notify the owner of the request; (2) specify the requested address; (3) specify that the owner has 30 days to notify the taxing authority in writing that the owner objects to the request; and (4) specify that if the owner does not object in writing, all future bills will be sent to the requested address.

If a request is received within 30 days before a taxing authority issues its real property tax bills, the tax bill must be sent to both the requested address and the address of the real property. The bill authorizes a person who is not the owner of real property, but has a recorded interest in the property, to request copies of real property tax notices. A taxing authority must send these requested copies in addition to bills sent to the owner. Requests by owners sent before transfer of ownership are void after the transfer of ownership of the real property. The bill prohibits a tax sale of real property if a taxing authority is not in compliance with its provisions.

A taxing authority is considered to be in compliance if it has sent the tax bill to the address of the real property subject to tax and any other address requested by the owner as specified under the bill.

The Mayor and City Council of Baltimore City or the governing body of any other local jurisdiction may reimburse an owner of real property any amounts expended in redeeming real property sold at a tax sale which exceed the amount of unpaid tax interests and penalty, if the bills were sent to an address other than the address of the real property and the owner was unaware that the bills were being sent to an address other than the address of the real property.

Current Law: The State Department of Assessments and Taxation (SDAT) is required to create a uniform system of accounts to be used by all collectors of State taxes. On or before the beginning of each taxable year and before half-year taxes are due, SDAT supervisors of the local jurisdiction prepare and deliver to the collector for each county an assessment roll to be used to prepare the tax roll. Information on these assessment roles includes the name and address of the owner, a brief description of the property, and the value and assessment of the property. From the assessment roll, the tax collector prepares a tax roll that contains the information from the assessment roll that is necessary to prepare the property tax bill. The purpose of maintaining the tax rolls is to assist local

tax officials in the collection of county revenues. *State v. Reese*, 284 Md. 86, 388 A.2d 122 (1978).

Local Fiscal Effect: Local expenditures may increase by a significant amount as a result of processing requests, sending notices by certified mail, and maintaining a database for properties and associated bill addresses. Several counties advise that they rely on the data that SDAT provides to send bills and tax sale notices. Developing an alternate process for sending out property tax bills has the potential for increasing administrative costs by a significant amount. The exact impact cannot be reliably quantified because essential data regarding the number of potential requests is unavailable. In addition, local government revenues may be reduced to the extent that tax sales are delayed or cancelled due to noncompliance with the bill's provisions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Charles, Frederick, Montgomery, and Somerset counties; City of Bowie; State Department of Assessments and Taxation; Judiciary (Administrative Office of the Courts); Maryland Association of Counties; Maryland Municipal League; Maryland Tax Court; Department of Legislative Services

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