

BY: Budget and Taxation Committee

SUBSTITUTE AMENDMENTS TO SENATE BILL NO. 93

(First Reading File Bill)

SUBSTITUTE AMENDMENT NO. 1

On page 1, strike beginning with “authorizing” in line 8 down through “elections;” in line 10 and substitute “requiring counties and municipal corporations to notify taxpayers of the availability of the semiannual property tax payment option in a certain manner; requiring that certain information be included in certain newspaper advertisements; requiring escrow account servicers to pay taxes in a certain manner under certain circumstances;”; in line 12, after “sales;” insert “repealing the imposition of a certain portion of a certain service charge for semiannual property tax payments; requiring local governments by a certain date to submit information that substantiates a proposed service charge is an estimate of the interest to be lost as a result of the semiannual property tax payment; requiring local taxing authorities to obtain the prior approval of the Department of Assessments and Taxation of a certain service charge; providing for a delayed effective date for part of this Act;”; and after line 23 insert:

“BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 10-204.3 (g), (h), (i), and (j)

Annotated Code of Maryland

(1994 Replacement Volume and 1995 Supplement)

(As enacted by Section 1 of this Act)””.

SUBSTITUTE AMENDMENT NO. 7

On page 5, after line 35, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

(Over)

Article - Tax - Property

10-204.3.

(g) The service charge:

(1) shall be:

(i) adopted by the taxing authority that collects the property taxes AFTER OBTAINING THE PRIOR APPROVAL OF THE AMOUNT OF THE SERVICE CHARGE FROM THE DEPARTMENT, as part of adoption of the property tax rate under §§ 6-301 through 6-303 of this article;

(ii) applicable to all property tax being collected by the taxing authority on the semiannual payment schedule for itself and for any other taxing authority;

(iii) expressed as a percent of the amount of tax due at the second installment and shown on the tax bill as a percent and actual dollar amount charged; and

(iv) calculated in an amount[:

1.] reasonably equivalent to the anticipated lost interest income associated with the delay in payment of the second installment; [and

2. covering administrative expenses associated with the semiannual payment not exceeding 25% of the charge for lost interest;] and

(2) may not be considered to be a property tax for the purposes of any provision of a local law or charter that limits the property tax rate or property tax revenues.

(H) THE LOCAL TAXING AUTHORITY SHALL PROVIDE TO THE DEPARTMENT BY MAY 1 OF EACH YEAR, INFORMATION THAT SUBSTANTIATES THAT THE PROPOSED SERVICE CHARGE FOR THE ANTICIPATED LOST INTEREST IS REASONABLY EQUIVALENT TO THE AMOUNT OF INTEREST THAT WILL BE LOST AS A RESULT OF THE SEMIANNUAL PAYMENT.

[(h)] (I) The property tax bill under a semiannual payment schedule:

(1) shall state:

(i) the amount of the tax due if paid in full, including any applicable discounts for early payment;

(ii) the amount of the tax due if paid in semiannual installments, including any applicable discounts for early payment of the first installment;

(iii) the amount of service charge to be paid with the second installment; and

(iv) the date the tax payment is due; and

(2) shall include two semiannual payment coupons that may be submitted either separately with the appropriate payment as semiannual payments or at the same time with a single annual payment.

[(i)] (J) A payment under a semiannual schedule is due:

(1) for the first installment:

(i) on July 1 of the tax year; and

(ii) may be paid without interest on or before September 30 of the tax year;  
and

(2) for the second installment:

(i) on January 1 of the tax year; and

(ii) except for the service charge, may be paid without interest on or before January 31 of the tax year.

(Over)

[(j)] (K) (1) If an escrow account is established for the payment of the property tax, the escrow account servicer shall pay tax in annual payments unless the escrow account servicer has received written direction from the property owner or borrower to pay property tax in semiannual installments.

(2) If a taxpayer provides written direction to an escrow account servicer at least 60 days prior to the beginning of the tax year, property taxes shall be paid on a semiannual payment basis on behalf of that taxpayer by the escrow account servicer in the tax year that begins immediately following the year in which the written direction was received.

(3) If a taxpayer provides written direction to an escrow account servicer less than 60 days prior to the beginning of the tax year, property taxes may be paid on a semiannual payment basis on behalf of that taxpayer by the escrow account servicer in the tax year that begins immediately following the year in which the written direction was received.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 1998.”.