

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 93

(First Reading File Bill)

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 service charge for semiannual property tax payments; providing for a delayed effective date for part of this Act;”; and after line 23 insert:

“BY repealing

Article - Tax - Property

Section 10-204.3(f) and (g)

Annotated Code of Maryland

(1988 Replacement Volume and 1995 Supplement)

(As enacted by Section 1 of this Act)

BY repealing and reenacting, with amendments,

Article - Tax - Property

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

Annotated Code of Maryland

(1988 Replacement Volume and 1995 Supplement)

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

AMENDMENT NO. 2

On page 4, in line 22, strike “payment” and substitute “PAYMENT”; in the same line, strike the second opening bracket; in lines 23, 24, 26, 28, 30, and 33, strike all the brackets; and in lines 24, 26, 28, and 30, strike “(1)”, “(2)”, “(3)”, and “(4)”, respectively.

(Over)

AMENDMENT NO. 3

On page 3, in line 30, strike “MAY” and substitute “SHALL”; strike beginning with “REQUIRE” in line 31 down through “BILLS.” in line 32, and substitute “NOTIFY TAXPAYERS OF THE AVAILABILITY OF THE SEMIANNUAL PROPERTY TAX PAYMENT OPTION.”; and strike in their entirety lines 33 through 38, inclusive, and substitute:

“(2) (I) A COUNTY OR MUNICIPAL CORPORATION SHALL NOTIFY PROPERTY OWNERS ON AN ANNUAL BASIS ABOUT THE AVAILABILITY OF THE SEMIANNUAL PROPERTY TAX PAYMENT OPTION THROUGH NEWSPAPER ADVERTISEMENTS.

(II) THE NEWSPAPER ADVERTISEMENTS SHALL INCLUDE INFORMATION ABOUT THE SEMIANNUAL PAYMENT OPTION AND A TEAR-OUT FORM THAT CAN BE USED BY TAXPAYERS TO REQUEST THAT THEIR PROPERTY TAXES BE PAID ON A SEMIANNUAL BASIS TO MORTGAGE COMPANIES OR OTHER ESCROW ACCOUNT SERVICERS.

(III) THE NEWSPAPER ADVERTISEMENT SHALL BE PUBLISHED AT LEAST TWO TIMES DURING THE MONTH OF MARCH OF EACH YEAR.”.

AMENDMENT NO. 4

On page 3, after line 29, insert:

“(3) AN ELECTION OF A SEMIANNUAL PAYMENT SCHEDULE MAY NOT BE EFFECTIVE UNLESS THE FIRST INSTALLMENT IS PAID ACCORDING TO THE TERMS OF THE COUPON ON OR BEFORE SEPTEMBER 30.”.

AMENDMENT NO. 5

On page 5, in line 7, after “(J)” insert “(1)”; in line 8, strike “tax shall be paid” and substitute “ESCROW ACCOUNT SERVICER SHALL PAY TAX”; strike beginning with “or” in line 8 down through “borrower” in line 9 and substitute “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”.

AMENDMENT NO. 6

On page 5, in line 18, strike “ARTICLE” and substitute “TITLE”; in the same line, after “ANY” insert “SEMIANNUAL”; in line 19, after “INSTALLMENT” insert “THAT MAY BE”; in line 20, after “AND” insert “IS NOT LIABLE FOR THE SECOND SEMIANNUAL INSTALLMENT THAT IS DUE AFTER THE DATE OF TRANSFER.”; and in line 20, after “ANY” insert “SEMIANNUAL”.

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:

Article - Tax - Property

10-204.3.

[(f) A property owner electing to pay real property taxes under a semiannual payment schedule shall pay a service charge with the second installment.

(g) The service charge:

(Over)

(1) shall be:

(i) adopted by the taxing authority that collects the property taxes 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)] (F) 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)] (III) 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)] (G) 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.

[(j)] (H) (1) If an escrow account is established for the payment of the property tax, the escrow 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

(Over)

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.”.

AMENDMENT NO. 8

On page 5, in line 36, strike “2.” and substitute “4.”; and in line 39, after “and” insert “; except as provided in Section 3 of this Act.”.