
By: Senator Colburn

Requested: November 15, 1995

Introduced and read first time: January 10, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Semiannual Payment Schedule - Local Option**

3 FOR the purpose of repealing a requirement that the governing bodies of counties and
4 municipal corporations provide a certain semiannual payment schedule for property
5 taxes; providing that governing bodies of counties and municipal corporations may
6 authorize, by law, for an optional semiannual payment schedule for property taxes;
7 providing for the applicability of this Act; and generally relating to the payment of
8 property taxes.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - Property
11 Section 10-204.3
12 Annotated Code of Maryland
13 (1994 Replacement Volume and 1995 Supplement)

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

16 **Article - Tax - Property**

17 10-204.3.

18 (a) Notwithstanding Subtitle 1 of this title:

19 (1) the governing body of a county [shall provide] MAY AUTHORIZE, BY
20 LAW, an optional semiannual payment schedule for State, county, and special taxing
21 district property taxes due on owner-occupied residential property; and

22 (2) the governing body of a municipal corporation [shall provide] MAY
23 AUTHORIZE, BY LAW, an optional semiannual payment schedule for municipal
24 corporation and special taxing district property taxes due on owner-occupied residential
25 property.

26 (b) [A] IF A GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION
27 AUTHORIZES A SEMIANNUAL PAYMENT SCHEDULE UNDER SUBSECTION (A) OF THIS
28 SECTION, A semiannual payment schedule under this section:

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1 (1) may be elected at the time of the transfer of property purchased on or
2 after July 1, 1995; and

3 (2) may be elected on an annual basis by any current or future owner of
4 owner-occupied residential property, regardless of whether the property was purchased
5 before July 1, 1995.

6 (c) A semiannual payment schedule election under subsection (b)(1) of this
7 section shall apply to the property tax due for the tax year following transfer of the
8 property.

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

11 (e) The service charge:

12 (1) shall be:

13 (i) adopted by the taxing authority as part of adoption of the property
14 tax rate under §§ 6-301 through 6-303 of this article;

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

17 (iii) calculated in an amount:

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

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

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

25 (f) The property tax bill under a semiannual schedule:

26 (1) shall state:

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

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

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

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

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

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1 (g) A payment under a semiannual schedule is due:

2 (1) for the first installment:

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

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

6 (2) for the second installment:

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

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

10 (h) If an escrow account is established for the payment of the property tax, the tax
11 shall be paid in annual or semiannual installments as directed by the property owner or
12 borrower.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 1996, and shall be applicable to all taxable years beginning after June 30, 1996.