

EMERGENCY BILL

(PRE-FILED)

Q1

6lr0738

By: Chairman, Budget and Taxation Committee (Departmental - Assessments and Taxation)

Requested: November 1, 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**

3 FOR the purpose of specifying which installments of property tax must be paid prior to
4 the transfer of a property; clarifying the duties and obligations of tax collectors in
5 collecting and depositing interest, penalties, and service charges on property taxes;
6 defining a term; providing for the effective date and liability for property taxes when
7 certain buyers elect to pay property taxes in installments; specifying the duration of
8 a semiannual property tax payment schedule election; authorizing a county or
9 municipal corporation to adopt certain procedures for prebilling tax payment
10 schedule elections; providing for the application of certain service charges; altering
11 the required format for certain tax bills; clarifying that certain service charges are a
12 lien for purposes of tax sales; making this Act an emergency measure; and generally
13 relating to provisions for semiannual payment of property taxes.

14 BY adding to

15 Article - Real Property
16 Section 3-104(c)(5)
17 Annotated Code of Maryland
18 (1988 Replacement Volume and 1995 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article - Tax - Property
21 Section 4-201, 4-202, 4-402, 10-204.3, 10-402(a), and 14-801
22 Annotated Code of Maryland
23 (1994 Replacement Volume and 1995 Supplement)

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

26 **Article - Real Property**

27 3-104.

28 (c) (5) IF A BUYER ELECTS AT THE TIME OF TRANSFER A SEMIANNUAL
29 PAYMENT SCHEDULE FOR THE PAYMENT OF PROPERTY TAXES FOR THE CURRENT

2

1 TAXABLE YEAR UNDER § 10-204.3 OF THE TAX - PROPERTY ARTICLE, ONLY THOSE
2 INSTALLMENTS WHICH ARE DUE MUST BE PAID PRIOR TO THE TRANSFER OF THE
3 PROPERTY.

4 **Article - Tax - Property**

5 4-201.

6 (a) Each collector shall collect:

7 (1) for property listed on the tax roll, the State and county taxes that are due
8 and any interest [and], penalties, AND SERVICE CHARGES on the property tax that [is]
9 ARE due; and

10 (2) any tax on personal property imposed by § 10-210 of this article.

11 (b) Except as otherwise provided by law, on request of a municipal corporation or
12 special taxing district, a collector may collect municipal corporation or special taxing
13 district taxes.

14 (c) Except as otherwise provided by law, the collector shall remit the taxes
15 collected during any month, and interest [or], penalties, OR SERVICE CHARGES on the
16 taxes collected:

17 (1) for the county, to the appropriate county official on or before the 10th
18 day of the following month;

19 (2) for a municipal corporation, to the appropriate municipal corporation
20 official; and

21 (3) for a special district, to the appropriate officer of the district.

22 4-202.

23 (a) The collector for each county shall:

24 (1) deposit State taxes, AND ANY INTEREST, PENALTY, OR SERVICE
25 CHARGES ON THE TAXES, collected at the intervals and in the manner designated by the
26 Comptroller; and

27 (2) on or before the 10th day of each month, submit a report to the
28 Comptroller of State taxes, AND ANY INTEREST, PENALTY, OR SERVICE CHARGES ON
29 THE TAXES, collected during the prior month.

30 (b) A violation of this section by a collector is subject to the penalties in §§
31 14-1015 and 14-1016 of this article.

32 4-402.

33 If a collector fails to remit taxes or the interest [and] penalty, AND SERVICE
34 CHARGES on the taxes, to the State or the county as provided under this title, the
35 collector shall be charged interest at the rate of 6% a year on all taxes, interest, [and,]
36 penalties, AND SERVICE CHARGES not paid to the State or county from the time they are
37 due.

3

1 10-204.3.

2 (A) IN THIS SECTION, "OWNER-OCCUPIED RESIDENTIAL PROPERTY" MEANS
3 THE PRINCIPAL RESIDENCE OF A HOMEOWNER AS DEFINED IN § 9-105 OF THIS
4 ARTICLE.

5 [(a)] (B) Notwithstanding Subtitle 1 of this title:

6 (1) the governing body of a county shall provide an optional semiannual
7 payment schedule for State, county, and special taxing district property taxes due on
8 owner-occupied residential property; and

9 (2) the governing body of a municipal corporation shall provide an optional
10 semiannual payment schedule for municipal corporation and special taxing district
11 property taxes due on owner-occupied residential property.

12 [(b)] (C) A semiannual payment schedule under this section:

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

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

18 [(c)] (D) (1) A semiannual payment schedule election under subsection
19 [(b)(1)] (C)(1) of this section shall apply to:

20 (I) The property tax due for the tax year following transfer of the
21 property; AND

22 (II) THE PROPERTY TAX DUE AND NOT IN ARREARS FOR THE
23 CURRENT TAX YEAR FOR ANY TRANSFER OCCURRING BETWEEN JULY 1 AND
24 JANUARY 1 OF PROPERTY THAT IS CURRENTLY SUBJECT TO A SEMIANNUAL
25 SCHEDULE OF PROPERTY TAX PAYMENT.

26 (2) ONCE THE PROPERTY OWNER ELECTS TO PAY PROPERTY TAXES
27 ACCORDING TO A SEMIANNUAL PAYMENT SCHEDULE, THAT ELECTION SHALL
28 REMAIN EFFECTIVE UNTIL CHANGED BY THE PROPERTY OWNER OR THE PROPERTY
29 IS TRANSFERRED.

30 (E) (1) A COUNTY OR MUNICIPAL CORPORATION MAY ADOPT
31 PROCEDURES TO REQUIRE PROPERTY OWNERS TO MAKE A SEMIANNUAL PAYMENT
32 SCHEDULE ELECTION PRIOR TO THE ISSUANCE OF PROPERTY TAX BILLS.

33 (2) PROCEDURES ADOPTED UNDER THIS SUBSECTION:

34 (I) SHALL PROVIDE FOR AN ANNUAL WRITTEN NOTICE MAILED
35 TO ALL CURRENT OWNERS OF OWNER-OCCUPIED RESIDENTIAL PROPERTY THAT
36 ALLOWS THE OWNER AT LEAST 60 DAYS TO ELECT A PAYMENT OPTION; AND

37 (II) MAY NOT ESTABLISH A DEADLINE FOR MAKING AN ELECTION
38 THAT IS EARLIER THAN JUNE 1 PRECEDING THE TAX BILL.

4

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

3 [(e)] (G) The service charge:

4 (1) shall be:

5 (i) adopted by the taxing authority THAT COLLECTS THE PROPERTY
6 TAXES as part of adoption of the property tax rate under §§ 6-301 through 6-303 of this
7 article;

8 (II) APPLICABLE TO ALL PROPERTY TAX BEING COLLECTED BY
9 THE TAXING AUTHORITY ON THE SEMIANNUAL PAYMENT SCHEDULE FOR ITSELF
10 AND FOR ANY OTHER TAXING AUTHORITY;

11 [(ii)] (III) expressed as a percent of the amount of tax due at the
12 second installment and shown on the tax bill as a percent and actual dollar amount
13 charged; and

14 [(iii)] (IV) calculated in an amount:

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

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

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

22 [(f)] (H) The property tax bill under a semiannual payment schedule[:

23 (1)] shall state:

24 [(i)] (1) the amount of the tax due if paid in full, including any
25 applicable discounts for early payment;

26 [(ii)] (2) the amount of the tax due if paid in semiannual installments,
27 including any applicable discounts for early payment of the first installment;

28 [(iii)] (3) the amount of service charge to be paid with the second
29 installment; and

30 [(iv)] (4) the date the tax payment is due[; and

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

34 [(g)] (I) A payment under a semiannual schedule is due:

35 (1) for the first installment:

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

5

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

3 (2) for the second installment:

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

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

7 [(h)] (J) If an escrow account is established for the payment of the property tax,
8 the tax shall be paid in annual or semiannual installments as directed by the property
9 owner or borrower.

10 10-402.

11 (a) (1) Except for tax sales as provided by Title 14, Subtitle 8 of this article, if
12 real property ownership is transferred between the date of finality and semiannual date of
13 finality, the transferee is liable for the property tax on real property for the taxable year
14 that begins after the transfer.

15 (2) IF REAL PROPERTY OWNERSHIP IS TRANSFERRED BETWEEN JULY 1
16 AND JANUARY 1, AND THE TRANSFEREE ELECTS A SEMIANNUAL PAYMENT
17 SCHEDULE OF PROPERTY TAX FOR THE CURRENT TAXABLE YEAR UNDER § 10-204.3
18 OF THIS ARTICLE, THE TRANSFEROR IS LIABLE FOR ANY PROPERTY TAX
19 INSTALLMENT DUE FOR THE REAL PROPERTY IN THE CURRENT TAXABLE YEAR AT
20 THE TIME OF TRANSFER, AND THE TRANSFEREE IS SOLELY LIABLE FOR ANY
21 PROPERTY TAX INSTALLMENT FOR THE CURRENT TAXABLE YEAR THAT IS DUE
22 AFTER THE DATE OF TRANSFER.

23 [(2)] (3) [Paragraph (1) of this] THIS subsection does not preclude the
24 transferor and the transferee of real property that is subject to this subsection from
25 adjusting the property tax OR SERVICE CHARGES for any year between them.

26 14-801.

27 (a) In §§ 14-801 through 14-854 of this subtitle, the following words have the
28 meanings indicated.

29 (b) "Other taxing agency" means any municipal corporation or other public or
30 quasi-public corporation that may impose a tax of any kind which is or may become a lien
31 on real property.

32 (c) (1) "Tax" means any tax, or charge of any kind due to the State or any of its
33 political subdivisions, or to any other taxing agency, that by law is alien against the real
34 property on which it is imposed or assessed.

35 (2) "Tax" includes interest [and], penalties, AND SERVICE CHARGES.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
37 measure, is necessary for the immediate preservation of the public health and safety, has
38 been passed by a ye and nay vote supported by three-fifths of all the members elected to
39 each of the two Houses of the General Assembly, and shall take effect from the date it is
40 enacted.

