

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 931 (Delegate Hutchins. *et al.*)

Ways and Means

Property Tax - Semiannual Payment Schedule

This bill allows a property buyer to elect to pay property taxes on a semiannual payment schedule effective in the current tax year if a property transfer occurs between July 1 and October 1 of that tax year.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: None. Any effect on State property tax revenues is expected to be negligible.

Local Effect: Potential minimal decrease in local revenues. Expenditures would not be affected.

Small Business Effect: None.

Fiscal Analysis

Background: Chapter 123 of 1995 granted property taxpayers the option to pay property taxes in semiannual installments. Approximately 2-3% of property taxpayers currently pay property taxes on a semiannual payment basis. Under current law, a property buyer may elect to pay property taxes on a semiannual payment schedule for the current year only when the property is currently on a semiannual payment schedule. This bill would expand the ability for a home buyer to elect a semiannual payment schedule in the year a home is purchased. This bill would allow a property buyer to elect to make semiannual payments in the current year if the property is transferred between July 1 and October 1.

Local Expenditures: Administrative costs for local governments could increase as these jurisdictions may be required to refund to a property seller half of the property taxes already paid. In addition, local governments may incur additional expenses related to rebilling the

new property owner. While any increase in expenditures depends upon the number of property buyers who choose to pay property taxes on a semiannual payment schedule for the current year, any increase is expected to be minimal.

Information Sources: Department of Assessments and Taxation, Prince George's County,
Department of Legislative Services

Fiscal Note History: First Reader - March 4, 1998

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