

HOUSE BILL 408

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2000 Regular Session
0lr1532

By: **Delegates Hixson, Hurson, Franchot, Shriver, Bozman, C. Davis, Healey, Finifter, Cryor, Conroy, Rzepkowski, Bohanan, Rosso, Howard, Bartlett, Ports, Patterson, Carlson, Heller, Greenip, Phillips, Marriott, Rudolph, and McKee**

Introduced and read first time: February 3, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Semiannual Payment**

3 FOR the purpose of prohibiting a taxing authority from imposing a service charge in
4 connection with the semiannual payment of property taxes for owner-occupied
5 residential property; providing that the second installment under a semiannual
6 payment schedule for property taxes may be paid without interest on or before a
7 certain date; and generally relating to the semiannual payment of property
8 taxes for owner-occupied residential property.

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 1999 Supplement)
14 (As enacted by Chapters 305 and 306 of the Acts of the General Assembly of
15 1999)

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

18 **Article - Tax - Property**

19 10-204.3.

20 (a) In this section, "owner-occupied residential property" means the principal
21 residence of a homeowner as defined in § 9-105 of this article.

22 (b) Notwithstanding Subtitle 1 of this title:

23 (1) the governing body of a county shall provide a semiannual payment
24 schedule for State, county, and special taxing district property taxes due on
25 owner-occupied residential property; and

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

4 (c) A semiannual payment schedule under this section shall apply:

5 (1) at the time of the transfer of property purchased on or after July 1,
6 2000; and

7 (2) to any current or future owner of owner-occupied residential
8 property, regardless of whether the property was purchased before July 1, 2000.

9 (d) (1) The semiannual payment schedule under this section shall apply to:

10 (i) the property tax due for the tax year following transfer of the
11 property; and

12 (ii) the property tax due and not in arrears for the current tax year
13 for any transfer occurring on or after July 1 but on or before September 30.

14 (2) The first installment of a semiannual payment shall be paid on or
15 before September 30.

16 (3) THE SECOND INSTALLMENT OF A SEMIANNUAL PAYMENT SHALL BE
17 PAID ON OR BEFORE DECEMBER 31.

18 (e) A semiannual payment schedule may NOT include a service charge [to be
19 paid with the second installment].

20 [(f) A service charge:

21 (1) shall be:

22 (i) adopted by the taxing authority that collects the property taxes
23 after obtaining the prior approval of the amount of the service charge from the
24 Department, as part of adoption of the property tax rate under §§ 6-301 through
25 6-303 of this article;

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

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

32 (iv) calculated in an amount:

33 1. reasonably equivalent to the anticipated lost interest
34 income associated with the 3-month delay in payment of the second installment by
35 multiplying the amount of the second installment by a rate not exceeding 1.5%; and

1 (3) Local semiannual payment schedule collection systems that are not
2 approved by the Department shall utilize 2 semiannual payment coupons that shall
3 be submitted with the appropriate payment.

4 [(i)] (G) A payment under a semiannual schedule:

5 (1) for the first installment:

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

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

9 (2) for the second installment:

10 (i) is due on December 1 of the tax year; AND

11 (ii) [except for the service charge,] may be paid without interest on
12 or before December 31 of the tax year [; and

13 (iii) may be prepaid without the service charge or interest on or
14 before September 30 of the tax year].

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

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

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2000.