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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

and McKee

Introduced and read first time: February 3, 2000

Assigned to: Ways and Means

A BILL ENTITLED

I	AN ACI	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

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		nt schedule	rning body of a municipal corporation shall provide a for municipal corporation and special taxing district ecupied residential property.		
4	(c) A ser	miannual pa	ment schedule under this section shall apply:		
5 6	(1) 2000; and	at the tir	ne of the transfer of property purchased on or after July 1,		
7 8	(2) property, regardles		arrent or future owner of owner-occupied residential the property was purchased before July 1, 2000.		
9	(d) (1)	The sem	iannual payment schedule under this section shall apply to:		
10 11	property; and	(i)	the property tax due for the tax year following transfer of the		
12 13	for any transfer oc	(ii) ecurring on o	the property tax due and not in arrears for the current tax year after July 1 but on or before September 30.		
14 15	(2) before September		installment of a semiannual payment shall be paid on or		
16 17	(3) THE SECOND INSTALLMENT OF A SEMIANNUAL PAYMENT SHALL BE PAID ON OR BEFORE DECEMBER 31.				
18 19	8 (e) A semiannual payment schedule may NOT include a service charge [to be 9 paid with the second installment].				
20	[(f) A ser	vice charge:			
21	(1)	shall be:			
24		rt of adoptic	adopted by the taxing authority that collects the property taxes val of the amount of the service charge from the n of the property tax rate under §§ 6-301 through		
	authority on the seauthority;	(ii) emiannual pa	applicable to all property tax being collected by the taxing syment schedule for itself and for any other taxing		
	installment and sh	(iii) own on the	expressed as a percent of the amount of tax due at the second ax bill as a percent and actual dollar amount charged;		
32		(iv)	calculated in an amount:		
			1. reasonably equivalent to the anticipated lost interest nonth delay in payment of the second installment by second installment by a rate not exceeding 1.5%; and		

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3 4	2. covering administrative expenses associated with the semiannual payment not exceeding the lesser of the actual expenses incurred in the preceding fiscal year per semiannual tax account as approved by the State Department of Assessments and Taxation or 10% of the charge for the anticipated lost interest income as calculated in item 1 of this item;							
6 7	(2) does not apply if both installments of property tax are paid on or before September 30 of the taxable year; and							
	(3) 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.							
13	1 (g) The local taxing authority shall provide to the Department by May 1 of 2 each year, information that substantiates that the proposed service charge for the 3 anticipated lost interest is reasonably equivalent to the amount of interest that will 4 be lost as a result of the semiannual payment.]							
15	[(h)]	(F)	(1)	The proj	perty tax b	ill under a semiannı	ual payment scheo	dule:
16			(i)	shall sta	te:			
17 18	1. the amount of the tax due if paid in full, including any applicable discounts for early payment;				ling any			
	installments, installment;	, includin	g any ap	2. plicable o		nt of the tax due if poor early payment of		1
	second insta the taxable y		nless the s	[3. second in		nt of any service cha is paid on or before		th the
25 26	4. that the service charge does not apply if both installments are paid on or before September 30 of the taxable year;] and							
27				[5.]	3.	the date the tax payr	ment is due; and	
28 29	and Taxation	1.	(ii)	shall be	subject to	approval by the Dep	partment of Asses	sments
30 31	(2) The Department shall approve any local semiannual payment schedule collection that:							
32			(i)	provides	efficient	and cost-effective co	ollection of taxes;	and
33 34	forms, or a s	imilar m	(ii) ethod tha			annual coupons, two		ng

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	(3) Local semiannual payment schedule collection systems that are not approved by the Department shall utilize 2 semiannual payment coupons that shall 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 8	tax year; and	i	(ii)	may be paid without interest on or before September 30 of the	
9		(2)	for the s	second installment:	
10			(i)	is due on December 1 of the tax year; AND	
11 12	1 (ii) [except for the service charge,] may be paid without interest on 2 or before December 31 of the tax year [; and				
13 14	before Septe	ember 30	(iii) of the ta	may be prepaid without the service charge or interest on or x year].	
17	[(j)] (H) (1) If an escrow account is established for the payment of the property tax, the escrow account servicer shall pay tax in semiannual installments unless the escrow account servicer has received written direction from the property owner or borrower to pay property tax in annual payments.				
21 22	19 (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 an annual 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.				
26 27	(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 an annual 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.				
29 30	9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 0 July 1, 2000.				