

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Senate Bill 431

Senator Middleton, et al.)

Budget and Taxation

Ways and Means

Partial-Year Property Taxation - Newly Annexed Properties Within Municipal Corporations

This bill provides that property annexed by a municipality during the year shall be treated as initially added to the tax roll for that year, which authorizes the municipality to collect partial year property taxes. The bill also provides that any expenses incurred by a county for billing and collecting partial year municipal property taxes is chargeable to the municipality.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: None. The bill does not affect State property taxes.

Local Effect: Minimal increase in property taxes for municipal corporations, potential minimal increase in expenditures, and potential minimal increase in fees for counties that process municipal property taxes.

Small Business Effect: Potential minimal impact.

Analysis

Current Law: Local governments are authorized to bill and collect partial year property taxes for property that is completed or is otherwise initially added to the tax roll during the taxable year.

Background: The State Department of Assessments and Taxation has taken the position that newly annexed property is not considered either completed or otherwise initially added to the tax roll and a municipality, therefore, cannot bill for partial year property taxes. According to the limited responses received by the Department of Legislative Services, many municipalities are currently billing partial property taxes for newly annexed properties.

Local Revenues: For those municipalities that annex property during the taxable year and that do not already bill partial year property taxes, their property tax revenues could increase. The actual increase in property taxes would depend on the value of the property annexed, the date of annexation, and the property tax rate in effect.

County revenues could increase minimally for those counties that bill municipal property taxes and charge a fee to the municipality for processing.

Local Expenditures: Municipal expenditures could minimally increase if the county processes property tax billings and charges the municipality a processing fee.

Additional Information

Prior Introductions: None.

Cross File: HB 948 (Delegate Conroy, *et al.*) – Ways and Means.

Information Source(s): Department of Assessments and Taxation; Maryland Municipal League; Carroll, Charles, Frederick, Harford, Montgomery, Prince George's, and St. Mary's counties; Town of Bel Air; Leonardtown; City of Laurel; Department of Legislative Services

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