
By: **Delegates Gordon and Shriver**
Introduced and read first time: January 24, 2002
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Semiannual Property Tax Payment**

3 FOR the purpose of making the semiannual payment program for payment of
4 property taxes on owner-occupied residential property applicable to all real
5 property; providing for the application of this Act; and generally relating to the
6 semiannual payment of property taxes for real property.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - Property
9 Section 10-204.3
10 Annotated Code of Maryland
11 (2001 Replacement Volume and 2001 Supplement)

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

14 **Article - Tax - Property**

15 10-204.3.

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

18 (b)] Notwithstanding Subtitle 1 of this title:

19 (1) the governing body of a county shall provide a semiannual payment
20 schedule for State, county, and special taxing district property taxes due on
21 [owner-occupied residential] REAL property; and

22 (2) the governing body of a municipal corporation shall provide a
23 semiannual payment schedule for municipal corporation and special taxing district
24 property taxes due on [owner-occupied residential] REAL property.

25 [(c)] (B) A semiannual payment schedule under this section shall apply:

1 (1) at the time of the transfer of property purchased on or after July 1,
2 2000; and

3 (2) to any current or future owner of [owner-occupied residential] REAL
4 property, regardless of whether the property was purchased before July 1, 2000.

5 [(d)] (C) (1) The semiannual payment schedule under this section shall
6 apply to:

7 (i) the property tax due for the tax year following transfer of the
8 property; and

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

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

13 [(e)] (D) A semiannual payment schedule may include a service charge to be
14 paid with the second installment.

15 [(f)] (E) A service charge:

16 (1) shall be:

17 (i) adopted by the taxing authority that collects the property taxes
18 after obtaining the prior approval of the amount of the service charge from the
19 Department, as part of adoption of the property tax rate under §§ 6-301 through
20 6-303 of this article;

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

24 (iii) expressed as a percent of the amount of tax due at the second
25 installment and shown on the tax bill as a percent and actual dollar amount charged;
26 and

27 (iv) calculated in an amount:

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

31 2. covering administrative expenses associated with the
32 semiannual payment not exceeding the lesser of the actual expenses incurred in the
33 preceding fiscal year per semiannual tax account as approved by the State
34 Department of Assessments and Taxation or 10% of the charge for the anticipated lost
35 interest income as calculated in item 1 of this item;

1 (2) does not apply if both installments of property tax are paid on or
2 before September 30 of the taxable year; and

3 (3) may not be considered to be a property tax for the purposes of any
4 provision of a local law or charter that limits the property tax rate or property tax
5 revenues.

6 [(g)] (F) The local taxing authority shall provide to the Department by May 1
7 of each year, information that substantiates that the proposed service charge for the
8 anticipated lost interest is reasonably equivalent to the amount of interest that will
9 be lost as a result of the semiannual payment.

10 [(h)] (G) (1) The property tax bill under a semiannual payment schedule:

11 (i) shall state:

12 1. the amount of the tax due if paid in full, including any
13 applicable discounts for early payment;

14 2. the amount of the tax due if paid in semiannual
15 installments, including any applicable discounts for early payment of the first
16 installment;

17 3. the amount of any service charge to be paid with the
18 second installment unless the second installment is paid on or before September 30 of
19 the taxable year;

20 4. that the service charge does not apply if both installments
21 are paid on or before September 30 of the taxable year; and

22 5. the date the tax payment is due; and

23 (ii) shall be subject to approval by the Department of Assessments
24 and Taxation.

25 (2) The Department shall approve any local semiannual payment
26 schedule collection that:

27 (i) provides efficient and cost-effective collection of taxes; and

28 (ii) provides two semiannual coupons, two semiannual billing
29 forms, or a similar method that allows taxpayers to pay on a semiannual basis.

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

33 [(i)] (H) A payment under a semiannual schedule:

34 (1) for the first installment:

- 1 (i) is due on July 1 of the tax year; and
- 2 (ii) may be paid without interest on or before September 30 of the
3 tax year; and
- 4 (2) for the second installment:
- 5 (i) is due on December 1 of the tax year;
- 6 (ii) except for the service charge, may be paid without interest on or
7 before December 31 of the tax year; and
- 8 (iii) may be prepaid without the service charge or interest on or
9 before September 30 of the tax year.

10 [(j)] (I) (1) If an escrow account is established for the payment of the
11 property tax, the escrow account servicer shall pay tax in semiannual installments
12 unless the escrow account servicer has received written direction from the property
13 owner or borrower to pay property tax in annual payments.

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

19 (3) If a taxpayer provides written direction to an escrow account servicer
20 less than 60 days prior to the beginning of the tax year, property taxes may 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2002 and shall be applicable to all taxable years beginning after June 30,
26 2003.