

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 294

(Senator Munson)

Budget and Taxation and  
Education, Health, and Environmental Affairs

Ways and Means

---

**Military Service Members**

---

This bill provides that United States armed forces personnel absent from Maryland on active duty and members of the Maryland National Guard called up to active duty by the United States Congress, the President, the Governor, or State active duty orders for more than 14 consecutive days: (1) may defer property tax payments if they pay property taxes directly to the taxing authority; (2) have a period of 60 days in which an expired driver's license remains in effect upon their return to Maryland; and (3) may be refunded any tuition and fees collected by public institutions of higher education for the 2001-2002 academic year.

The bill is effective June 1, 2002.

---

**Fiscal Summary**

**State Effect:** Higher education expenditures would increase minimally to refund tuition and fees. State property tax revenues could decrease by a minimal amount, and general fund expenditures would increase by a like amount.

**Local Effect:** Minimal decrease in local government revenues.

**Small Business Effect:** None.

---

**Analysis**

**Bill Summary:** This bill: (1) authorizes members of the United States armed forces absent from Maryland on active duty or a member of the Maryland National Guard called

to active duty by the United States Congress, the President, the Governor, or State active duty orders for 14 or more consecutive days who pay property taxes directly to the taxing authority to defer payment of county, municipal corporation, special taxing district, and State property taxes up to 90 days after returning to Maryland, the end of active duty status, discharge, or separation from service, which ever occurs first; (2) provides that property taxes may be paid without penalty or interest on or before 120 days from the member's return to Maryland, the end of active duty status, discharge, or separation from service, which ever occurs first; and (3) that a lien in the amount of all deferred taxes and interest may not be attached until the end of the deferment period.

This bill also increases the period from 30 days to 60 days that an expired driver's license may remain in full force and effect for a member of the United States military absent from Maryland upon return to Maryland, the end of the member's active duty status, or the member's discharge or separation from active service. The bill also grants Maryland National Guard members called to active duty the full force and effect of their expired driver's license for 60 days upon the end of the member's active duty status.

The bill also directs public institutions of higher education to refund the tuition and fees for the 2001-2002 academic year to all Maryland residents attending public institutions of higher education in Maryland who are members of the United States military absent from Maryland and members of the Maryland National Guard called to active duty by the United States Congress, the President, the Governor, or State active duty orders for 14 or more consecutive days.

**Current Law:** Members of the United States military absent from Maryland and members of the Maryland National Guard called to active duty by the United States Congress, the President, the Governor, or State active duty orders for 14 or more consecutive days are not eligible to defer property taxes until their return to Maryland or cessation of their active military service.

Expired driver's licenses for United States armed forces personnel returning from overseas duty remain in effect for 30 days after their return to Maryland. Members of the Maryland National Guard are not eligible for the extension of driving privileges on an expired driver's license in any circumstance regarding call-up to active duty.

Public institutions of higher learning in Maryland collect their own tuition and fees from students enrolling in classes.

**Background:** Approximately 2,500 Marylanders are on active duty outside Maryland or have been called up to active duty due to security responses to the September 11 terrorist attacks. Additional military personnel are currently serving in Afghanistan, Bosnia, Germany, and the Philippines.

In Maryland there are large military presences in Anne Arundel (U.S. Naval Academy and Ft. Meade), Frederick (Ft. Detrick), Harford (Aberdeen Proving Grounds), Prince George's (Andrews Air Force Base), and St. Mary's (Patuxent River Naval Air Station) counties. Additionally, the Coast Guard Yard is in Anne Arundel County and Baltimore City.

The Maryland Higher Education Commission (MHEC) advises that four-year Maryland public universities and colleges currently have policies in place whereby they refund a prorated portion of tuition and fees to Maryland National Guard members who are called up for active duty and that community colleges have mechanisms in place for refunding a prorated amount of tuition, but not fees, to any military service personnel called to active duty. MHEC further advises that Maryland public universities and colleges currently provide discounted tuition to members of the Maryland National Guard ranging from 25% to 50%.

**State Fiscal Effect:** Special fund revenues would decrease due to State property taxes not being collected in the year that the taxes are due. Any decrease cannot be reliably estimated at this time. The State real property tax rate is \$.084 per \$100 of assessed value. All State property tax revenues are credited to a special fund, the Annuity Bond Fund, dedicated exclusively to paying the debt service on State general obligation bonds. Any increase in revenue for the Annuity Bond Fund results in a corresponding decrease in general fund expenditures used to pay debt service. Higher education expenditures would increase minimally to refund tuition and fees of United States armed forces personnel called to overseas active duty during the 2001-2002 academic year not already refunded by a prorated amount by the State's four-year public institutions of higher education. Any increase cannot be reliably estimated at this time, but is assumed to be minimal.

**Local Revenues:** Deferral of property tax payments could delay receipt of property tax revenues until the next calendar year or subsequent calendar years. Since overseas military assignments could last up to three years or longer, local jurisdictions could realize a significant delay in receiving property tax revenue. County governments with high concentrations of military personnel would be more heavily affected by any delay in receiving property tax revenues. However, it is not likely that all military personnel owning property in Maryland who pay property taxes directly to a taxing authority would opt to delay paying property taxes. Any decrease is assumed to be minimal.

**Local Expenditures:** County governments would likely have to track and monitor military personnel who own property in their jurisdictions. Since the bill does not require members of the United States armed forces or National Guard who pay property taxes directly to the taxing authority in Maryland to inform the local jurisdiction of their active

duty assignment, local jurisdiction expenditures could increase to track and monitor property owners who are eligible and who participate in the bill's deferral provisions. However, it is assumed that any such additional expenditures could be handled with existing resources.

To the extent that community colleges have already refunded tuition from the 2001-2002 academic year in full or in part to military service personnel called to active duty, county expenditures could increase for those jurisdictions who did not refund full tuition for the 2001-2002 academic year. Any increase cannot be reliably estimated at this time, but is assumed to be minimal.

**Additional Comments:** Homeownership rates in Maryland have been measured at approximately 68% in recent years. Local military officials say that homeownership data for active duty military personnel stationed overseas and members of the National Guard is not readily available. However, local military officials assume the homeownership rate of active duty military personnel is likely to be lower than the statewide homeownership rate due the transient nature of military employment.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Assessments and Taxation, Cecil County, Montgomery County, Prince George's County, Harford County, Queen Anne's County, St. Mary's County, Military Department, Department of Transportation, Maryland Higher Education Commission, Carroll County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2002  
mam/hlb Revised - Senate Third Reader - April 1, 2002

---

Analysis by: Christopher J. Kelter

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510