

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 796 (Delegate Elmore)
Ways and Means

Statute of Limitations - Tax Liens

This bill requires that tax liens filed after July 1, 2004 expire after 12 years unless the lien is renewed.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: This bill would have no net effect until FY 2017. Indeterminate increase in expenditures due to filing of tax lien renewals and indeterminate decrease in funds due to tax liens no longer being able to be collected in FY 2017 and beyond.

Local Effect: Local revenues could decline in FY 2017 and beyond as a result of tax liens not being collected. Part of the money collected from personal and corporate income and admissions and amusement tax liens is distributed to local governments.

Small Business Effect: Minimal.

Analysis

Current Law: State tax liens do not expire. An action filed on specialties must be filed within 12 years after the cause of action accrues or within 12 years from the date of death of the principle debtor or creditor. These specialties include contracts under seal, promissory notes, judgments, and bonds except for a public officer's bond. This 12-year limitation does not apply to a specialty taken for the use of the State.

Background: The number of individual and business tax liens filed by the Comptroller in 2002 and 2003 are shown below.

	<u>Individual</u>	<u>Business</u>	<u>Total</u>
2002	39,525	5,776	45,301
2003	24,796	6,562	31,358

State Fiscal Effect: Only tax liens filed after July 1, 2004 are affected and no State fiscal effect would occur until fiscal 2017. The amount of future State expenditures depends on the number of tax liens involved and the amount that the Comptroller decides to renew. The revenue loss depends on the revenue not collected on tax liens older than 12 years that would be collected under current law. The Comptroller's Office was unable to provide an estimated number of liens that are currently older than 12 years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Maryland Tax Court, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2004
mh/mdr

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