

SB1083/299735/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 1083
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “for Real Property” and substitute “Schedule – Small Business Property”; in line 3, after “or” insert “the governing body of a”; in line 4, strike “for”; in the same line, strike “of” and substitute “schedule for”; in line 5, strike “for” and substitute “on”; strike beginning with “repealing” in line 5 down through “provisions;” in line 6 and substitute “defining a certain term;”; in line 7, strike “the payment of property taxes for residential property” and substitute “a semiannual property tax payment schedule for certain real property”; strike in their entirety lines 8 through 12, inclusive; and in line 15, strike “(b)”.

On pages 1 and 2, strike in their entirety the lines beginning with line 18 on page 1 through line 2 on page 2, inclusive.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 7 and 8 and substitute:

“(a) **(1)** In this [section, “owner-occupied] SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “OWNER-OCCUPIED residential property” means the principal residence of a homeowner as defined in § 9–105 of this article.

(3) “SMALL BUSINESS PROPERTY” MEANS REAL PROPERTY:

(1) THAT HAS BEEN ASSIGNED A COMMERCIAL USE CODE BY THE DEPARTMENT; AND

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(II) FOR WHICH THE TOTAL STATE, COUNTY, MUNICIPAL CORPORATION, AND SPECIAL TAXING DISTRICT PROPERTY TAXES FOR THE TAXABLE YEAR DO NOT EXCEED \$50,000.”;

strike beginning with “AND” in line 12 down through “REAL” in line 13 and substitute “OR SMALL BUSINESS”; strike beginning with “AND” in line 16 down through “REAL” in line 17 and substitute “OR SMALL BUSINESS”; in lines 18 and 22, in each instance, strike the bracket; in line 22, after the first “property” insert “OR SMALL BUSINESS PROPERTY”; and after line 22, insert:

“(d) (1) The semiannual payment schedule under this section shall apply to:

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

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

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

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

(f) A service charge:

(1) shall be:

(i) adopted by the taxing authority that collects the property taxes after obtaining the prior approval of the amount of the service charge from the

Department, as part of adoption of the property tax rate under §§ 6–301 through 6–303 of this article;

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

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

(iv) calculated in an amount:

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

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;

(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.

(g) The local taxing authority shall provide to the Department by May 1 of each year, information that substantiates that the proposed service charge for the

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anticipated lost interest is reasonably equivalent to the amount of interest that will be lost as a result of the semiannual payment.

(h) (1) The property tax bill under a semiannual payment schedule:

(i) shall state:

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

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

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

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

5. the date the tax payment is due; and

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

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

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

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

(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.

(i) A payment under a semiannual schedule:

(1) for the first installment:

(i) is due on July 1 of the tax year; and

(ii) may be paid without interest on or before September 30 of the tax year; and

(2) for the second installment:

(i) is due on December 1 of the tax year;

(ii) except for the service charge, may be paid without interest on or before December 31 of the tax year; and

(iii) may be prepaid without the service charge or interest on or before September 30 of the tax year.

(i) (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.

(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.

(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.”.

AMENDMENT NO. 3

On page 2, strike in their entirety lines 23 through 25, inclusive; in line 26, strike “3.” and substitute “2.”; in line 27, strike “June” and substitute “October”; and in line 28, strike “2010” and substitute “2011”.