

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 354

(Senator Edwards)

Budget and Taxation

Ways and Means

Garrett County - Overdue Property Tax - Interest Rate

This bill increases the interest rate for overdue property taxes in Garrett County and municipalities in the county from 1.0% to 1.5%. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Garrett County property tax revenues increase by \$250,000 annually beginning in FY 2021. County expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: The interest rate for overdue property taxes in Garrett County and municipalities in the county is 1.0% for each month or fraction of a month that the tax is overdue.

Background: The interest rate for overdue State property taxes is 1.0%. Title 14, Subtitle 6 of the Tax-Property Article details interest rates for overdue property taxes.

Local Fiscal Effect: The Garrett County budget for fiscal 2019 and 2020 assumes \$500,000 in interest and penalties from overdue property tax payments. As a result, increasing the interest rate applicable to overdue property tax payments from 1.0% to

1.5% will increase Garrett County property tax revenues by \$250,000 annually beginning in fiscal 2021.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 787 (Delegate Beitzel) - Ways and Means.

Information Source(s): Garrett County; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2020
mr/hlb Third Reader - February 13, 2020

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