

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 591
Ways and Means

(Delegate Clippinger)

Real Property - Transfer to Heir or Legatee - Exemption From Payment

This bill provides an exemption from the requirement that all property taxes, assessments, and charges due on the property be paid prior to a property transfer being recorded in the assessment books or records. The exemption only applies for transfers of residential real property from the estate of a decedent to an heir of the decedent. The bill also makes similar changes to a requirement relating to the semiannual payment of property taxes for property being transferred from the estate of a decedent to an heir or legatee of the decedent.

Fiscal Summary

State Effect: The total amount of State property taxes collected will not be affected by the proposed exemption. State expenditures are not affected.

Local Effect: The total amount of local property taxes and other local charges collected will not be affected by the proposed exemption. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Prior to a property transfer being recorded in the assessment books or records, all property taxes and other charges due on the property must be paid. At the time of transfer of real property subject to a semiannual payment schedule for the payment of property taxes (owner-occupied residential property and certain small business property), only those semiannual payments that are due for the current taxable year must be paid prior to the transfer of the property.

Property taxes for owner-occupied residential property and certain small business property are due on a semiannual schedule. The first installment is due on July 1 and may be paid without interest on or before September 30. The second installment is due on December 1 and may be paid without interest (except for a service charge) on or before December 31. Local governments may add a service charge to the second installment to pay for administrative costs and lost interest between September 30 and December 31. Homeowners and certain small business owners may elect to pay the full year's property tax on or before September 30 to avoid the service charge.

State and Local Fiscal Effect: The total amount of State and local property taxes, and other local charges collected will not be affected by the proposed exemption. The bill will only delay the amount collected in cases when a property is transferred to an heir or legatee of a decedent.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 205 of 2023, HB 115 of 2022, and HB 1015 of 2021.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Register of Wills; Comptroller's Office; State Department of Assessments and Taxation; Department of Legislative Services

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Analysis by: Michael D. Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510