

# SENATE BILL 747

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By: **Senator Hough**

Introduced and read first time: February 7, 2022

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County – Property Tax – Semiannual Payment Schedule and**  
3 **Imposition of Interest**

4 FOR the purpose of altering the circumstances under which interest may be imposed by  
5 Frederick County on certain property taxes not paid on or before a certain date; and  
6 generally relating to property taxes and semiannual property tax payment schedules  
7 for owner-occupied residential property or business property.

8 BY repealing and reenacting, with amendments,  
9 The Public Local Laws of Frederick County  
10 Section 2-7-3  
11 Article 11 – Public Local Laws of Maryland  
12 (2004 Edition and August 2021 Supplement, as amended)

13 BY repealing and reenacting, without amendments,  
14 Article – Tax – Property  
15 Section 10-204.3  
16 Annotated Code of Maryland  
17 (2019 Replacement Volume and 2021 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
19 That the Laws of Maryland read as follows:

20 **Article 11 – Frederick County**

21 2-7-3.

22 **(A)** Taxes may be paid in two (2) equal installments, but, **EXCEPT AS PROVIDED**  
23 **IN § 10-204.3 OF THE TAX – PROPERTY ARTICLE OF THE ANNOTATED CODE OF**  
24 **MARYLAND**, interest shall be paid from the first day of October for all taxes not paid on or

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.





1 for any transfer occurring on or after July 1 but on or before September 30.

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

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

6 (f) A service charge:

7 (1) shall be:

8 (i) adopted by the taxing authority that collects the property taxes  
9 after obtaining the prior approval of the amount of the service charge from the Department,  
10 as part of adoption of the property tax rate under §§ 6–301 through 6–303 of this article;

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

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

15 (iv) calculated in an amount:

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

19 2. covering administrative expenses associated with the  
20 semiannual payment not exceeding the lesser of the actual expenses incurred in the  
21 preceding fiscal year per semiannual tax account as approved by the State Department of  
22 Assessments and Taxation or 10% of the charge for the anticipated lost interest income as  
23 calculated in item 1 of this item;

24 (2) does not apply if both installments of property tax are paid on or before  
25 September 30 of the taxable year; and

26 (3) may not be considered to be a property tax for the purposes of any  
27 provision of a local law or charter that limits the property tax rate or property tax revenues.

28 (g) The local taxing authority shall provide to the Department by May 1 of each  
29 year, information that substantiates that the proposed service charge for the anticipated  
30 lost interest is reasonably equivalent to the amount of interest that will be lost as a result  
31 of the semiannual payment.

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

1 (i) shall state:

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

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

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

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

11 5. the date the tax payment is due; and

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

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

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

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

19 (3) Local semiannual payment schedule collection systems that are not  
20 approved by the Department shall utilize 2 semiannual payment coupons that shall be  
21 submitted with the appropriate payment.

22 (i) A payment under a semiannual schedule:

23 (1) for the first installment:

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

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

27 (2) for the second installment:

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

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

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

3 (j) (1) If an escrow account is established for the payment of the property tax,  
4 the escrow account servicer shall pay tax in semiannual installments unless the escrow  
5 account servicer has received written direction from the property owner or borrower to pay  
6 property tax in annual payments.

7 (2) If a taxpayer provides written direction to an escrow account servicer  
8 at least 60 days prior to the beginning of the tax year, property taxes shall be paid on an  
9 annual payment basis on behalf of that taxpayer by the escrow account servicer in the tax  
10 year that begins immediately following the year in which the written direction was  
11 received.

12 (3) If a taxpayer provides written direction to an escrow account servicer  
13 less than 60 days prior to the beginning of the tax year, property taxes may be paid on an  
14 annual payment basis on behalf of that taxpayer by the escrow account servicer in the tax  
15 year that begins immediately following the year in which the written direction was  
16 received.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
18 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.