

SECTION 5 – PROPERTY TAX ADMINISTRATION

Table 5.1 identifies subdivisions offering discounts for property tax payments received before the statewide due date in September. For those counties offering a discount, the revenue impact of the discount is shown.

Twelve counties and Baltimore City grant a percentage discount for the payment of property taxes prior to a particular date. The amount of discount ranges from 0.5% to 2%, depending on how early the payment is made.

Conversely, each subdivision levies a percentage penalty and/or interest rate for late property tax payments. After October 1st, monthly interest charges vary. Penalties are imposed in a variety of ways including monthly surcharges or flat rates after a certain date.

Table 5.2 shows each subdivision's penalty and/or interest charged for late payment of property taxes. Also shown are the revenue effects of these charges for late payments.

Table 5.3 details each county's Homestead Property Tax Credit percentage. This is a statutory limit on the amount an assessment increase may affect a taxpayer's tax burden. Since 1977, State law provided that owner-occupied dwellings were not taxed on annual assessment increases that exceed 15%. While the Homestead Credit is not technically a cap on assessment increases, the provision of a property tax credit against large assessment increases functions much the same as a cap.

During the 1990 and 1991 Sessions of the General Assembly, significant changes were made to the Homestead Property Tax Credit Program. For the first time the credit was applied to the State property tax to limit taxable assessment increases for homeowners to 10% annually. Additionally, each county was mandated to adopt a local ordinance or resolution specifying a local percentage of 0% to 10% for purposes of local property taxation.

Table 5.3 lists the Homestead Credit Percentages set by each county for FY 2005 through FY 2010. The Homestead Credit percentage selected by each county is expressed as a percentage increase from the prior year's assessment.

If a municipality disagrees with the Homestead Credit Percentage specified by its county, municipal officials may set their own limit between 0% and 10%. If a municipality takes no action, then the county percentage will apply to assessments used to compute municipal taxes.

Local percentages (county and municipal) remain in effect until changed by local action. County governments may, in the future, change their Homestead Credit percentage, but must do so by November 15th preceding the year of the proposed change. Municipalities may change the percentage before November 25th of the preceding year.

TABLE 5.1
PROPERTY TAX PAYMENT DISCOUNTS AND REVENUE EFFECTS
FISCAL YEAR 2010

SUBDIVISION	AMT. OF DISCOUNT			Revenue Loss Due To Discounts
	JULY	AUG	SEPT	
ALLEGANY	1%	1%	-	\$165,000
ANNE ARUNDEL	-	-	-	-
BALTIMORE CITY	1%	0.5%	-	\$3,470,000
BALTIMORE COUNTY	1%	0.5%	-	
CALVERT	-	-	-	-
CAROLINE	-	-	-	-
CARROLL	1%	0.5%	-	\$800,000
CECIL	2%	-	-	\$868,295
CHARLES	-	-	-	-
DORCHESTER	-	-	-	-
FREDERICK	1%	0.5%	-	\$1,434,029
GARRETT	2%	-	-	\$500,000
HARFORD	1%	0.5%	-	\$1,824,000
HOWARD	0.5%	-	-	\$1,250,000
KENT	-	-	-	-
MONTGOMERY	-	-	-	-
PRINCE GEORGE'S	-	-	-	-
QUEEN ANNE'S	-	-	-	-
ST. MARY'S	-	-	-	-
SOMERSET	-	-	-	-
TALBOT	1%	-	-	\$182,467
WASHINGTON	1%	-	-	\$290,435
WICOMICO	1%	1%	-	
WORCESTER	1%	-	-	\$953,336
STATEWIDE TOTAL				\$11,737,562

Source: Maryland Association of Counties, Budget and Tax Rate Survey, November 2009

TABLE 5.2
PROPERTY TAX PENALTIES AND INTEREST
AND REVENUE EFFECTS
FISCAL YEAR 2010

SUBDIVISION	LATE PAYMENT PENALTY	MONTHLY INTEREST	Revenue Gain Due To Penalties/Interest
ALLEGANY	-	1.5%	700,000
ANNE ARUNDEL	-	1% per month	979,000
BALTIMORE CITY	1%	1%	6,700,000
BALTIMORE COUNTY	-	1%	5,026,112
CALVERT	-	1%	396,946
CAROLINE	3%	1%	281,337
CARROLL	0.5%	0.67%	700,000
CECIL	3%	1%	736,692
CHARLES	-	1%	664,200
DORCHESTER	1%	1%	350,000
FREDERICK	-	1% per month	2,485,767
GARRETT	-	1%	475,000
HARFORD	6.0%	1.5%	2,091,900
HOWARD ¹	see note 1	1.5%	750,000
KENT	-	1.5%	250,000
MONTGOMERY	-	1.67%	2,145,886
PRINCE GEORGE'S	-	1.67%	3,920,902
QUEEN ANNE'S	-	1%	100,000
ST. MARY'S	3%	1%	850,000
SOMERSET	-	1%	200,000
TALBOT	5/6 of 1%	2/3 of 1%	100,000
WASHINGTON	-	1%	537,916
WICOMICO	0.5%	1%	488,000
WORCESTER	-	1%	450,000
STATEWIDE TOTAL			\$31,379,658

¹ The penalty is 2/3 of 1% per month between October 1 and December 30, and 1.50% per month thereafter.

Source: Maryland Association of Counties, Budget and Tax Rate Survey, November 2009

TABLE 5.3
COUNTY HOMESTEAD PROPERTY TAX CREDIT PERCENTAGES
FISCAL YEARS 2005 THROUGH 2010

SUBDIVISION	Percentage Limitation (maximum allowable assessment increase)					
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
ALLEGANY	10%	10%	10%	10%	10%	7%
ANNE ARUNDEL	2%	2%	2%	2%	2%	2%
BALTIMORE CITY	4%	4%	4%	4%	4%	4%
BALTIMORE COUNTY	4%	4%	4%	4%	4%	4%
CALVERT	10%	10%	10%	10%	10%	10%
CAROLINE	10%	10%	10%	10%	10%	5%
CARROLL	10%	7%	7%	7%	7%	7%
CECIL	10%	8%	8%	8%	8%	8%
CHARLES	10%	10%	10%	7%	7%	7%
DORCHESTER	10%	5%	5%	5%	5%	5%
FREDERICK	10%	5%	5%	5%	5%	5%
GARRETT	5%	5%	5%	5%	5%	5%
HARFORD	10%	10%	10%	10%	10%	9%
HOWARD	5%	5%	5%	5%	5%	5%
KENT	5%	5%	5%	5%	5%	5%
MONTGOMERY	10%	10%	10%	10%	10%	10%
PRINCE GEORGE'S	2%	3%	3%	3%	3%	5%
QUEEN ANNE'S	10%	5%	5%	5%	5%	5%
ST. MARY'S	5%	5%	5%	5%	5%	5%
SOMERSET	10%	10%	10%	10%	10%	10%
TALBOT	0%	0%	0%	0%	0%	0%
WASHINGTON	10%	10%	10%	10%	10%	5%
WICOMICO	10%	10%	10%	10%	10%	10%
WORCESTER	5%	5%	3%	3%	3%	3%

Data provided by the Maryland State Department of Assessments and Taxation, November 2009