

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 205  
Ways and Means

(Delegate Hill, *et al.*)

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**Real Property - Transfer to Heir - Exemption From Prepayment**

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This bill provides an exemption from the requirement that all property taxes and other 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 conforming changes to a requirement relating to the semiannual payment of property taxes.

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**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 collected will not be affected by the proposed exemption. Local expenditures are not affected.

**Small Business Effect:** None.

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**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.

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 on or before December 31. Local governments may add a service fee to the second installment to pay for administrative costs. 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 or interest.

**State and Local Fiscal Effect:** The total amount of State and local property taxes 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 of a decedent. The proposed exemption is based on one of the recommendations of the Attorney General's COVID-19 Access to Justice Task Force.

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### **Additional Information**

**Prior Introductions:** Similar legislation has been introduced within the past three years. See 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; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2023  
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Analysis by: Michael Sanelli

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