

**Caroline County
Board of Supervisors Agenda
Executive Summary**

Meeting Date: April 14, 2020

Title: New Business – Discussion of Possible Deferral of Penalties and Interest for June 5th Real Estate and Personnel Property Tax Payments

(Check Mark)

<input type="checkbox"/> Consent	<input type="checkbox"/> Closed Meeting
<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> No Action (Information Only)	<input type="checkbox"/> Ordinance
<input type="checkbox"/> Resolution	<input type="checkbox"/> PowerPoint Presentation

Summary: At its March 24 worksession, the Board of Supervisors briefly discussed the possibility of deferring penalties and interest for real estate and personal property tax payments due on June 5 because of the economic downturn following the COVID-19 virus outbreak. After consulting with Treasurer Elizabeth Curran, staff recommends the following approach:

- Defer the due date for real estate and personal property taxes to **June 15**. This will accomplish the following: 1) allow taxpayers ten additional days to make payments; 2) ensure that the County receives revenue in the current fiscal year from taxpayers who are able to pay; and 3) allow the Treasurer adequate time to notify taxpayers of changes in the application of penalties and interest.
- Establish a zero percent (0%) interest rate until July 15 at which time it would return to 10% per annum.
- Establish a zero percent (0%) penalty until August 15 at which time the penalty for failure to have paid by that date would return to 10%.

The proposed timeframe for zero percent interest and penalties are different because the Treasurer is concerned that if there were no additional charges for both penalties and

interest until August 15, there would be no incentive to pay before then. Interest is an incremental charge of 0.8% per month and is therefore not as punitive as the penalty.

Mrs. Curran will be available to participate in the discussion virtually at the April 14 Board meeting.

Budget Impact: It is difficult to quantify the budget impact of the approach recommended above with specificity. In Fiscal Year 2018/2019, which Mrs. Curran believes offers the most valid comparison, \$92,483.03 was collected in penalties and \$12,414.16 was collected in interest on real estate and personal property tax payments received from June 6 to August 31.

Requested Action from Board of Supervisors: Any changes to the application of penalties and interest will require amendment of the County Code. Staff is seeking clear direction from the Board of Supervisors at the April 14 Board meeting so that we can advertise a public hearing to amend the County Code at the May 5 Board meeting if the Board desires to make these changes or something similar to them.

County Attorney Ben Emerson believes the ordinance amendment can be written with a “sunset” clause that returns current penalties and interest for late payments after the agreed upon dates. This appears easier to accomplish than adopting an emergency ordinance, which expires in 60 days and would then still require re-adoption through the regular process. If the Board wishes to make this temporary change, even though it will not be legally binding until the ordinance is adopted, we would also like the Board's consent to notify the public of its likely adoption by whatever practical means are available (notice to media, website posting, etc.).