




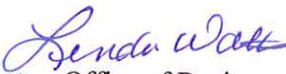
Howard County

Internal Memorandum

Subject – Testimony for CB 16-2014

TO: Lonnie Robbins
Chief Administrative Officer

Through: Stanley J. Milesky 
Director of Finance

From: Linda Watts 
Assistant Director, Office of Business Management and Customer Service

The proposed legislation will allow the County to accept payments on Real Property Tax bills prior to July 1 each year. Payments for Real Property Tax Bills are not due and payable until July 1 of each fiscal year. Even if the bills have been created in the tax system and are available for view on our website, the revenues and receivables are not booked until the new fiscal year and payments cannot be taken on the bills until that time.

Accounting controls do not allow us to hold onto checks mailed to us without posting them and sending them to the bank to be deposited. If we cannot post them, we must return them.

There are several scenarios in which the ability to take prepayments would be both a service to our taxpayers and increase efficiency in the Department of Finance.

1. A taxpayer for personal reasons and as a matter of their own convenience wants to pay tax bill ahead of time.
2. Title companies settling property transfers occurring in May or June routinely collect at least the anticipated first installment for the coming year and remit it to the County. Without a prepayment option we must return the funds to the title company. The new owner will likely not be the owner of record on the State's system at the time bills are mailed in July. They will not receive their first bill from us until supplemental billings in August. Since they have paid the title company, they would have assumed that their bill was taken care of because they do not know that the payment was not applied to their bill and may not have yet received their funds back from the title company.
3. Taxpayers who view their tax bill online prior to the actual mailing of the bill may send payment prior to July 1.
4. Taxpayers with small credit balances on their funds applied to future years bills enabling the County to save money on check issuance.

Our tax billing system allows us to post these payments into a holding area and once the bills are created run a process to mass apply the payments to the designated tax accounts. This enables us to show the prepayments on the bills when they are mailed.

In addition to the savings in not mailing refund checks, we can save the time and expense of returning checks to payers and better serve the taxpayers who wish to avail themselves of this service.

Cc: Jennifer Sager