

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1286 (Delegate Long, *et al.*)  
 Environment and Transportation

Residential Property - Foreclosed Property Registry - Notification to Local Jurisdictions

This bill expands the required contents of an initial registration submitted to the Foreclosed Property Registry (FPR) to include the county where the property is located. It requires the Department of Labor, Licensing, and Regulation (DLLR) to promptly send an electronic copy of the initial registration to the appropriate official of the county and, on request, to the appropriate official of the municipal corporation where the property is located.

Fiscal Summary

**State Effect:** Special fund expenditures increase by \$16,500 in FY 2017 and by \$5,000 annually thereafter to modify FPR and maintain new functionality. Revenues are not affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	16,500	5,000	5,000	5,000	5,000
Net Effect	(\$16,500)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Local governments can receive the registration information with existing resources.

**Small Business Effect:** Minimal.

## Analysis

### Current Law:

#### *Foreclosed Property Registry*

Chapter 155 of 2012 required DLLR to establish and maintain an Internet-based FPR for information relating to foreclosure sales of residential property. The law requires a foreclosure purchaser to submit an initial registration form to DLLR within 30 days of the sale and a final registration form within 30 days after a deed transferring title to the property has been recorded. A local jurisdiction may enact a local law that imposes a fine of up to \$1,000 for failure to register, and a local government that abates a nuisance on or maintains a registered property may collect any incurred costs as a charge included on the property's tax bill, as long as specified notice requirements are met.

The registry is supported by a special nonlapsing fund administered by DLLR. The fund consists of filing fee revenue collected by DLLR, the fund's investment earnings, money appropriated in the State budget to the fund, and any other money from any other source accepted for the benefit of the fund. The purpose of the fund is to support the development, administration, and maintenance of the registry.

DLLR is prohibited from granting access to the registry to any person or entity other than a local jurisdiction, its agencies or representatives, or a State agency. FPR is not a public record as defined by the State Government Article and is, therefore, exempt from public access requirements. However, DLLR or a local jurisdiction may provide information for a specific property in the registry to a person who owns property on the same block or a homeowners association or condominium in which the property is located.

Only the State may enact a law requiring a notice to be filed with a governmental unit relating to residential properties that are subject to foreclosure. However, another unit of government may require a registration or notice to be filed for a purpose other than one relating to foreclosure, even if a property to be identified in the registration or notice is subject to foreclosure.

**Background:** DLLR advises that the FPR received 14,045 initial registrations in 2015, averaging 1,170 per month.

**State Expenditures:** Special fund expenditures increase by \$16,500 in fiscal 2017, with ongoing annual maintenance costs of \$5,000 to expand FPR to collect the county in which each newly registered property is located, automatically generate a report for each new registration, and automatically generate and send emails to forward the report to the appropriate official within each county. DLLR reports that the balance of the

Foreclosed Property Registry Fund was \$2,180,090 as of December 12, 2015, and that the Governor's proposed budget for fiscal 2017 includes a total appropriation of \$584,172 from the fund.

DLLR further advises that costs increase by \$148,500 in fiscal 2017, and by \$84,900 in fiscal 2018 to hire three full-time contractual administrative officers, from the bill's October 1, 2016 effective date to December 31 2017, to proactively identify multiple points of contact within each county and each municipal corporation within the State. The Department of Legislative Services (DLS) notes that the bill only requires DLLR to send *an* electronic copy of the initial registration to *the* appropriate official of the relevant county. Additionally, DLS notes that the bill only requires DLLR to send an electronic copy of the initial registration, previously generated and provided to the county, to the appropriate official of a municipal corporation *on request*. As a result, DLLR is not required to proactively seek out and designate multiple contacts within each county, nor is DLLR required to seek out and designate contacts within any municipal corporation. DLLR can develop a list that includes one contact for each county, likely culled from the existing list of approved users of FPR, with existing resources. Any additional contacts, either within a county or a municipal corporation, can be added on a case-by-case basis, also with existing resources.

**Local Expenditures:** County governments can receive emails automatically generated by FPR with existing resources, and they can protect the confidentiality of the information via the same mechanism they currently employ to protect information retrieved from FPR.

**Additional Comments:** DLLR advises that the bill requires the dissemination of confidential information without proper protections to ensure that the information is not inappropriately used or disseminated thereafter. However, under current law, counties already have access to FPR information, and DLLR or the county may provide information about a specific property to other individuals under specified circumstances. As such, the bill does not necessarily increase the likelihood that the information will be inappropriately used or disseminated.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City; Montgomery and Prince George's counties; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2016  
mel/kdm

---

Analysis by: Nathan W. McCurdy

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