

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 823

(Senators Eckardt and Ferguson)

Budget and Taxation

Ways and Means

Task Force to Study Tax Sales in Maryland

This bill establishes a task force to study tax sales in the State. The President of the Senate and the Speaker of the House must designate the chair of the task force. The Department of Housing and Community Development (DHCD) must provide staff for the task force. By December 1, 2017, the task force must report its findings and recommendations to the Governor and the General Assembly.

The bill takes effect June 1, 2017, and terminates June 30, 2018.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for DHCD are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must:

- evaluate and assess the impact of tax sales in Maryland;
- evaluate how tax sales are conducted in each county;

- evaluate tax sales to collect delinquent water charges and alternative methods of collecting delinquent water charges; and
- examine and make recommendations for reform of the tax sale process in Maryland.

A member of the task force may not receive compensation but is entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background:

Tax Sales Generally

In general, a tax collector must sell, at an auction, not later than two years from the date the tax is in arrears, all property in the county on which the tax is in arrears. The time for the tax sale is established by local law. Failure of the collector to sell the property within the two-year period does not affect the validity or collectability of any tax, or the validity of any sale subsequently made.

The tax collector sets specified terms for the auction and publishes public notice of the tax sale, including requirements for potential bidders.

When a property is purchased at a tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and high-bid premium except as otherwise specified. Except for agricultural property, when a bidder at a tax sale purchases a property in Baltimore City and Prince George's County under specified circumstances, the bidder must pay a high-bid premium that is the greater of 20% of the amount by which the highest bid exceeds the lien amount, or 40% of the property's full cash value. The terms for payment of the purchase price and high-bid premiums, if any, are determined by the collector. In Prince George's County, the remainder of the purchase price is not paid to the collector until the purchaser forecloses on the property.

In Baltimore City, the holder of a certificate of sale for abandoned property with a minimum bid that is less than the lien amount may file a complaint to foreclose all rights of redemption in the property at any time after the sale date.

Sale of Property to Enforce a Lien for Water and Sewer Service in Baltimore City

In Baltimore City, the mayor and city council may not sell a property solely to enforce a lien for unpaid charges for water and sewer service unless (1) the lien is for at least \$350 for a property other than owner-occupied residential property or (2) the lien is for at least \$750, and the unpaid charges for water and sewer service are at least three quarters in arrears for an owner-occupied residential property.

The mayor and city council may enforce a lien on a property other than owner-occupied residential property for unpaid water and sewer service that is less than \$350 if the property is being sold to enforce another lien. Similarly, the mayor and city council may enforce a lien on owner-occupied residential property for unpaid water and sewer service that is less than \$750 if the property is being sold to enforce another lien.

Sale of Property to Enforce a Lien for Unpaid Sanitary Commission Benefit Assessments

Kent County: The governing body of Kent County may authorize by local law the sale of real property to enforce a lien based on unpaid sanitary commission assessments or other charges. The procedures for establishment, notification, and enforcement of a lien must conform to specified standards in the Code of Kent County.

Allegany, Dorchester, and Somerset Counties: In Allegany, Dorchester, and Somerset counties, the sanitary commission may request the county tax collector to conduct a sale of real property to enforce a lien for unpaid sanitary commission benefit assessments or other charges. The sale must occur at a county tax sale using the same procedures governing the sale of property for delinquent property taxes.

Additional Information

Prior Introductions: None.

Cross File: HB 659 (Delegate Angel, *et al.*) - Ways and Means.

Information Source(s): Department of Housing and Community Development;
Department of Legislative Services

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