

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1496  
Ways and Means

(Allegany County Delegation)

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**Tax Sales - Property Maintenance and Nuisance Condition Violation Judgments**

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This bill expands the definition of “tax” to include a judgment in favor of a political subdivision for real property maintenance or nuisance condition violations of local law, if the judgment is indexed and recorded in accordance with the Maryland Rules. Accordingly, the bill authorizes the sale of the property at tax sale to enforce such recorded judgments. The bill also establishes that a lien related to a judgment for real property maintenance or nuisance condition violations of local law does not take priority over a lien related to unpaid property taxes.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to affect State operations or finances.

**Local Effect:** Local and municipal government revenues may increase as a result of the bill’s authorization. Expenditures are not materially affected.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** With respect to the sale of property by a municipal collector, after providing notice to a county collector, the bill specifies that “unpaid municipal corporation taxes or charges” includes a judgment in favor of a municipal corporation for real property maintenance or nuisance condition violations of local law, if the judgment is indexed and recorded in accordance with the Maryland Rules.

**Current Law/Background:** Generally, “tax” means any tax, or charge of any kind due to the State or any of its political subdivisions, or to any other taxing agency, that by law is a lien against the real property on which it is imposed or assessed. Tax includes interest, penalties, and service charges.

From the date property tax on real property is due, liability for the tax and a first lien attaches to the real property in the amount of the property tax due on the real property.

### *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 a 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.

Generally, the property owner has the right to redeem the property within six months from the date of the tax sale by paying the total lien amount on the property, delinquent taxes, penalties, interest, and certain expenses of the purchaser. If the owner redeems the certificate, the purchaser is refunded the amounts paid to the collector plus the interest and expenses. If the owner does not redeem the certificate, the purchaser has the right to foreclose on the property after the six-month right of redemption period has passed. Under most circumstances, if the right to foreclose is not exercised by the purchaser within two years, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

### *Sale of Property by Municipal Collector*

When a property in a municipal corporation is delinquent in the payment of municipal taxes or charges, the appropriate municipal official responsible for the collection of taxes must notify the collector of the county of the unpaid taxes or charges on the property.

If the county collector does not begin the tax sale process to recover the unpaid charges within 30 days after receiving the notice from the municipal collector, the municipal collector may, at any time after the 30-day period, use specified procedures to sell the property for unpaid municipal taxes or charges to the same extent that these provisions and procedures are available to county collectors.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** cities of Baltimore and College Park; Montgomery, Washington, and Worcester counties; Maryland Association of Counties; Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2017  
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