

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 981
Ways and Means

(Prince George's County Delegation)

Budget and Taxation

Prince George's County - Tax Sales - Limited Auction
PG 413-21

This bill limits the properties for which the tax collector in Prince George’s County must conduct a tax sale by limited auction (prior to conducting a public auction) to abandoned property consisting of either a vacant lot or improved property cited as vacant and unfit for habitation on a housing or building violation notice. In addition, the bill alters the existing list of eligible individuals that may participate in the limited auction by requiring that (1) an eligible federal employee be employed by a federal agency located in the county and (2) an eligible veteran be employed in the county. The bill also establishes that if a purchaser at a limited auction was not an eligible participant, in addition to the certificate of sale for the property being void, any right or interest of the holder of the certificate of sale is void and any payment received by the collector at the sale must be forfeited and applied to any taxes in arrears on the property. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: The bill is not anticipated to materially affect Prince George’s County operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapter 819 of 2017 established that, in addition to the tax sale by public auction, the tax collector in Prince George’s County must conduct a sale by limited auction

prior to the public auction. The tax sale by limited auction is open to bids only from an individual who is (1) a resident of Prince George's County; (2) employed by the Prince George's County government, including specified agencies, or in a public school located in the county; (3) employed by the federal government; (4) employed by a municipal government in the county; or (5) a veteran of any branch of the armed forces of the United States who has received an honorable discharge.

The collector must include the date, time, and location of the limited auction in the notice of sale for the public auction. The limited auction is subject to the same requirements for a public auction, and a purchase of property at a limited auction is considered the same as a purchase at public auction and subject to the same requirements.

The collector must establish a system to verify that individuals placing bids on property at the limited auction are eligible to do so. A certificate of sale for property purchased at a limited auction must be void if the purchaser was not an eligible participant. If a certificate of sale is void, the property must be listed at the next limited or public auction held if the property is still eligible to be sold at a tax sale.

A certificate of sale issued to a purchaser at a limited auction may not be assigned to another person.

The holder of a certificate of sale for abandoned property consisting of either a vacant lot or improved property cited as vacant and unfit for habitation on a housing or building violation notice, that is sold at a limited auction, may file a complaint to foreclose all rights of redemption in the property at any time after the date of the sale.

Property offered for sale during a limited auction that is not sold must be offered for sale at public auction.

For more information about the tax sale process, see the **Appendix – Tax Sale Process**.

Small Business Effect: Small business investors who are not eligible to participate in the limited auction may benefit from fewer properties being offered for sale at the limited auction before the public auction.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Prince George's County; Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2021
rh/sdk Third Reader - March 29, 2021
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Appendix – Tax Sale Process

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. However, this requirement does not apply in Baltimore City, and statute is silent as to any timeline for the sale. 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, if any. 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 property, the purchaser is refunded the amounts paid to the collector plus the interest and expenses. If the owner does not redeem the property, 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 of sale is void, and the purchaser is not entitled to a refund of any monies paid to the collector.

Chapter 440 of 2020 requires the State Department of Assessments and Taxation (SDAT) to issue a report each year that includes an analysis and summary of the information collected through an annual tax sale survey. Each county must provide SDAT all specified information on the form that SDAT provides. For more information regarding tax sales in the State – see [2020 Annual Maryland Tax Sale Report](#).