

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1221
Ways and Means

(Delegate Conaway)

Baltimore City - Tax Sales - Water and Sewer Liens

This bill explicitly prohibits considering the amount of any lien for unpaid water and sewer service charges in the determination of whether an owner-occupied residential property in Baltimore City must be withheld from being sold at a tax sale because the total taxes on the property, including interest and penalties, amount to less than \$750. **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: The bill does not directly affect Baltimore City finances, as discussed below.

Small Business Effect: None.

Analysis

Current Law: Subject to certain exceptions, State law requires a tax collector to sell, through the tax sale process established in statute, all property in the county on which tax is unpaid, at the time required by local law, but in no case, except in Baltimore City, later than two years from the date the tax is in arrears.

However, State law includes various circumstances in which a property may or is required to be withheld from sale. In Baltimore City, a tax collector is required to withhold from sale owner-occupied residential property when the total taxes on the property, including interest and penalties, amount to less than \$750. In the city, the tax collector also must

withhold from sale residential property or specified property exempt from taxation if the taxes on the property consist only of a lien for unpaid charges for water and sewer service.

Further, in the city, a property may not be sold to enforce a lien for unpaid charges for water and sewer service unless (1) the lien is for at least \$350; (2) the property is not a residential property or specified real property exempt from taxation; and (3) the unpaid charges are at least three-quarters in arrears. Chapter 320 of 2019 repealed a provision that authorized the mayor and city council to enforce a lien on residential property for unpaid water and sewer service if the property was being sold to enforce another lien.

Local Fiscal Effect: While Baltimore City indicates that the bill will have a significant revenue impact by limiting its ability to collect delinquent water and sewer charges, the Department of Legislative Services advises that the bill does not directly affect city finances, since current law prohibits the city from selling a residential property to enforce a lien for unpaid charges for water and sewer service.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore City; Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2021
rh/sdk

Analysis by: Tyler Allard

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