

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1219  
Ways and Means

(Delegate Conaway)

Budget and Taxation

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Baltimore City - Tax Sales - Notice

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This bill establishes that the notice sent to an owner of property in Baltimore City, at least 30 days prior to the first advertisement of a property before a tax sale, must be sent by first-class certified mail.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Baltimore City expenditures increase by up to \$108,000 annually, beginning in FY 2022. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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Analysis

**Current Law:** At least 30 days before any property is first advertised for sale before a tax sale, the tax collector must mail to the person who last appears as owner of the property on the collector's tax roll a statement giving the name of the person and the amounts of taxes due. The statement must include specified language explaining that the property will be sold at tax sale to satisfy outstanding taxes if they are not paid by a specified date. The mailing must include a separate insert that informs the homeowner about the tax sale process and of specified programs, tax credits, and other services that may be available.

As part of the tax sale, Baltimore City is authorized to impose a maximum fee of \$10 for the mailing of statements and notices. The fee is a lien on the property to be sold.

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

**Local Fiscal Effect:** Baltimore City expenditures increase by up to \$108,000 annually, beginning in fiscal 2022, to send tax sale notices by certified mail. The city advises that it annually mails approximately 30,000 notices covered by the bill (it currently mails the notices by first-class mail). The estimate assumes a cost of \$3.60 per notice (that is in addition to postage) to send a notice by certified mail. To the extent the cost of sending notices by certified mail can be recovered on properties that end up being sold, under the \$10 fee that Baltimore City is authorized to charge, the city’s annual increase in expenditures may be less than \$108,000. In fiscal 2020, 4,299 properties were sold.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Baltimore City; Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2021  
rh/sdk Third Reader - March 19, 2021

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## Appendix – Tax Sale Process

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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](#).