

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 431

(Senator Klausmeier)(By Request - Baltimore County  
Administration)

Budget and Taxation

Ways and Means

**Baltimore County - Tax Sales - Notification**

This bill eliminates a requirement in Baltimore County that the county post a specified statement and notice on the property before the property is advertised for sale at a tax sale. The bill also eliminates a specified notification fee related to tax sales in Baltimore County. In addition, the bill authorizes the county executive to establish an administrative fee, subject to review by the county council, to cover the legal, administrative and mailing costs associated with the tax sale of each property. The amount of the fee may not exceed the actual costs related to the sale of each property. Under current law, Baltimore County is authorized to collect a fee of up to \$15 for each property.

**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore County revenues from the expanded fee authorization may increase to cover administrative costs related to county tax sales. The bill also codifies Baltimore County’s current practice with regards to its tax sale notification procedures.

**Small Business Effect:** None.

**Analysis**

**Current Law:** At least 30 days before any property is first advertised for a tax sale, the property tax collector is required to mail to the person who last appears as owner of the property on the collector’s tax roll, at the last address shown on the tax roll, a specified statement giving the name of the person, and the amount of taxes due.

Local governments (*i.e.*, property tax collectors), prior to beginning the tax sale process, are required to provide a list to the local area agency on aging of any persons who have delinquent taxes on a property if the property owner on record has owned the property for at least 25 years. The list must be mailed at least 30 days before the property is first advertised for a tax sale.

In Baltimore County, the required statement and notice must be posted at least 30 days before the property is advertised, in a conspicuous place on the property to be sold. In addition, the county is authorized to collect a fee of \$7.50 when a notice is posted at a property to be sold. In addition, most local governments are authorized to impose a fee not exceeding \$15 for each property to be sold at the tax sale to cover attorney costs relating to the tax sale proceedings.

**Background:** When a property is purchased at a tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and under certain conditions, a high bid premium. The remainder of the purchase price is not paid to the collector until the purchaser forecloses on the property. The property owner has the right to redeem the property within six months from the date of the tax sale by paying the 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. Generally within two years, if the right to foreclose is not exercised by the purchaser, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

**Local Fiscal Effect:** Baltimore County holds its tax sale auction in June of each year. In 2010, 1,882 properties were sold at the auction. The expanded fee authorization may only increase revenues by an amount equal to the various administrative costs related to the county's annual tax sale.

Baltimore County advises that it no longer posts notice on each property prior to advertisement, and as a result the bill codifies current operating procedures. However, should Baltimore County have to revive this practice, the county would incur additional expenses of approximately \$50,000 per year.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 317 (Baltimore County Delegation)(By Request - Baltimore County Administration) - Ways and Means.

**Information Source(s):** State Department of Assessments and Taxation, Baltimore County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2011  
ncs/hlb Revised - Senate Third Reader - March 31, 2011  
Revised - Enrolled Bill - May 2, 2011

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Analysis by: Michael Sanelli

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