

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 180

(Dorchester County Delegation)

Environmental Matters

Budget and Taxation

**Dorchester County Sanitary Commission - Enforcement of Liens - Tax Sale
Authorization**

This bill authorizes the Dorchester County Sanitary Commission to request the county tax collector to conduct a sale of real property to enforce a lien representing any unpaid benefit assessments or other charges. Any sale would be conducted using the same procedures for the sale of property for delinquent property taxes.

Fiscal Summary

State Effect: None.

Local Effect: Dorchester County revenues and expenditures could minimally increase, with any expenditure increase offset by proceeds from the sale of property.

Small Business Effect: None.

Analysis

Current Law: To enforce the collection of unpaid benefit assessments or other charges that are at least 60 days overdue, a sanitary commission, at any time, may (1) sue any person who was an owner of record of the parcel at any time since the benefit assessment was last paid or (2) file a bill in equity to enforce a lien through a decree of sale of property against any person who was an owner of record of the parcel at any time since the benefit assessment was last paid. In Allegany, Dorchester, Garrett, and Somerset counties, the sanitary commission may also disconnect the service.

Background: Tax sales of real property are a common method used by local governments to collect delinquent property taxes. 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.

If a property is offered for tax sale and there is no private purchaser, the local taxing agency must buy and hold the property. The governing body of the local taxing agency has the same rights and remedies with regard to other purchasers, including the right to foreclose.

Chapter 315 of 1998 authorized the Allegany County Sanitary Commission to make the same requests and provided for the same procedures for the sale of the property as specified in this bill.

Local Fiscal Effect: Dorchester County revenues could increase by a negligible amount due to the sale of property that has unpaid benefit assessments or other charges. For example, the Dorchester County Sanitary District currently has 19 accounts totaling \$16,837 in unpaid assessments and charges past due by at least one year. This bill could allow the Sanitary District to recoup some or all of these past due charges through the sale of properties at a tax sale.

If the county does conduct a tax sale to enforce a lien as addressed by the bill, county expenditures could increase by a minimal amount due to advertising and other administrative costs. These costs, however, would be offset by the proceeds from the sale of property.

If the county could not sell the property, expenditures could increase due to maintenance costs on the unsold property. Although the specific amount cannot be reliably estimated at this time, it is assumed that any expenditure increase would be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 76 (Senator Colburn) - Budget and Taxation.

Information Source(s): Dorchester County, Maryland Department of the Environment,
Department of Legislative Services

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ncs/kdm

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