

# SENATE BILL 951

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CF 8lr3815

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By: **Senators Eckardt and Ferguson**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Vacant and Abandoned Property**

3 FOR the purpose of authorizing the governing body of a county or municipal corporation to  
4 release liens for unpaid real property taxes or other charges and assessments to  
5 facilitate a transfer of real property if certain conditions are satisfied; authorizing  
6 the governing body of a county to direct the tax collector to withhold certain real  
7 property from tax sale under certain circumstances; requiring a county to adopt  
8 objective criteria for designating certain property to be withheld from tax sale;  
9 authorizing the governing body of a county to sell certain abandoned property at tax  
10 sale for less than the total amount of certain taxes, interest and penalties, and  
11 expenses; authorizing the governing body of a county to request a certain judgment  
12 in a proceeding to foreclose the right of redemption; authorizing the governing body  
13 of a county to institute an action to collect a certain balance of unpaid taxes within  
14 a certain number of years after the tax sale; authorizing the governing body of a  
15 county to immediately file a complaint to foreclose the right of redemption on certain  
16 abandoned property that the county is required to purchase; making conforming  
17 changes; and generally relating to tax sales of vacant and abandoned property.

18 BY repealing and reenacting, with amendments,

19 Article – Tax – Property

20 Section 14–806, 14–811, 14–817(c), 14–824, and 14–833(c)(2), (f), and (g)

21 Annotated Code of Maryland

22 (2012 Replacement Volume and 2017 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
24 That the Laws of Maryland read as follows:

25 **Article – Tax – Property**

26 14–806.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) [In this section, “Board” means the Board of Estimates of Baltimore City.

(b) (1) To facilitate a transfer of real property [the Board] **THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** may release any liens for unpaid [city] real property taxes or other charges and assessments imposed [by the Mayor and City Council of Baltimore City] **BY THE COUNTY OR MUNICIPAL CORPORATION** to which the property would otherwise be subject, if:

(i) the total amount of liens for unpaid [city] real property taxes, charges, and assessments imposed with respect to the property exceeds the lesser of the total value of the land and any improvement on the land as last determined by the Department or as determined by an appraisal report prepared not more than 6 months before the request for the release of the lien, by a real estate appraiser who is licensed under Title 16 of the Business Occupations and Professions Article;

(ii) the [Baltimore City Department of Housing and Community Development] **LOCAL HOUSING AUTHORITY** certifies that the property:

1. is a vacant lot; or
2. has a building or structure that is:
  - A. vacant; and
  - B. unsafe or unfit for habitation;

(iii) the potential transferee demonstrates the ability to return the property to productive use within a reasonable period of time;

(iv) the [Board] **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** finds that a transfer under this section is necessary:

1. to eliminate a blighting influence; and
2. to prevent the tax abandonment of a property; and

(v) the potential transferee presents evidence to the [Board] **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** that fair market value is being paid.

(2) [The Board] **A GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** may waive the requirement in paragraph (1)(v) of this subsection if:

(i) the potential transferee is a nonprofit organization as defined in § 1–101 of the Housing and Community Development Article; and

1 (ii) the [Mayor and the City Council] **COUNTY OR MUNICIPAL**  
2 **CORPORATION** receives from the transferor an amount equal to any federal, State, or local  
3 income tax benefit realized by the transferor as a result of a deduction from income for a  
4 charitable contribution of the property to a nonprofit organization.

5 (3) If the conditions in paragraph (2) of this subsection are met, the  
6 transferor's property tax debt shall be reduced by an amount equal to the fair market value  
7 of the transferred property.

8 [(c)] **(B)** The release of a lien for [city] real property taxes, charges, or  
9 assessments as authorized under subsection [(b)] **(A)** of this section does not abate the  
10 transferor's liability for the remaining amount of the tax debt.

11 [(d)] **(C)** [The Board] **A COUNTY OR MUNICIPAL CORPORATION** may set  
12 additional standards and requirements for approval of the release of liens under this  
13 section.

14 14-811.

15 (a) Except as provided in subsection (b) of this section, the collector may withhold  
16 from sale any property, when the total taxes on the property, including interest and  
17 penalties, amount to less than \$250 in any 1 year.

18 (b) In Baltimore City, the collector shall withhold from sale owner-occupied  
19 residential property, when the total taxes on the property, including interest and penalties,  
20 amount to less than \$750.

21 **(C) (1) AT THE DIRECTION OF THE GOVERNING BODY OF A COUNTY, THE**  
22 **COLLECTOR SHALL WITHHOLD FROM SALE PROPERTY THAT HAS BEEN DESIGNATED**  
23 **FOR REDEVELOPMENT PURPOSES.**

24 **(2) A COUNTY SHALL ADOPT OBJECTIVE CRITERIA FOR DESIGNATING**  
25 **PROPERTY TO BE WITHHELD FROM SALE UNDER PARAGRAPH (1) OF THIS**  
26 **SUBSECTION.**

27 14-817.

28 (c) (1) [In Baltimore City, abandoned] **ABANDONED** property consisting of  
29 either a vacant lot or improved property cited as vacant and unfit for habitation on a  
30 housing or building violation notice may be sold for a sum less than the total amount of:

31 (i) all taxes on the property that are certified to the collector under  
32 § 14-810 of this subtitle;

33 (ii) interest and penalties on the taxes; and

1 (iii) expenses incurred in making the sale.

2 (2) The collector shall establish a minimum bid for abandoned property  
3 sold under this subsection.

4 (3) The person responsible for the taxes prior to the sale shall remain liable  
5 to the collector for the difference between the amount received in the tax sale under this  
6 section and the taxes, interest, penalties, and expenses remaining after the sale.

7 (4) The balance remaining after the tax sale shall be included in the  
8 amount necessary to redeem the property under § 14–828 of this subtitle.

9 (5) In a proceeding brought by [the Mayor and City Council of Baltimore  
10 City] **THE GOVERNING BODY OF A COUNTY** to foreclose the right of redemption under  
11 this subtitle, the complaint may request a judgment for the [city] **COUNTY** in the amount  
12 of the balance.

13 (6) The balance remaining after the tax sale is no longer a lien on the  
14 property when:

15 (i) a judgment is entered foreclosing the owner's right of  
16 redemption;

17 (ii) the deed is recorded; and

18 (iii) all liens accruing subsequent to the date of sale are paid in full.

19 (7) [The Mayor and City Council] **THE GOVERNING BODY OF A COUNTY**  
20 may institute a separate action to collect the balance at any time within 7 years after the  
21 tax sale if the plaintiff is a private purchaser.

22 14–824.

23 (a) Except as provided in subsection (b) of this section, the governing body of a  
24 county or other taxing agency shall buy in and hold any property in their respective  
25 counties offered for sale for nonpayment of any taxes for which there is no private  
26 purchaser.

27 (b) (1) The [Mayor and City Council of Baltimore City] **GOVERNING BODY OF**  
28 **A COUNTY OR OTHER TAXING AGENCY** may buy in and hold any abandoned property for  
29 which there is no private purchaser for the amount of the minimum bid set pursuant to §  
30 14–817(c)(2) of this subtitle.

31 (2) The governing body of a county or other taxing agency may transfer any  
32 interest it acquires in abandoned property to a land bank authority established under §

1 1–1403 of the Local Government Article of which the governing body or other taxing agency  
2 is a member.

3 (c) The governing body of the county, a land bank authority established under §  
4 1–1403 of the Local Government Article of which the county is a member, and other taxing  
5 agency have the same rights and remedies with regard to the property as other purchasers,  
6 including the right to foreclose the right of redemption.

7 (d) A certificate of sale in the form provided in this subtitle shall be issued by the  
8 collector in the name of the Mayor and City Council of Baltimore City or the governing body  
9 of the county or other taxing agency.

10 14–833.

11 (c) (2) [In Baltimore City a] A certificate for abandoned property sold under §  
12 14–817(c) of this subtitle with a minimum bid less than the lien amount reverts to the  
13 [Mayor and City Council] COUNTY and is void as to the private purchaser at tax sale  
14 unless:

15 (i) a proceeding to foreclose the right of redemption is filed within 3  
16 months of the date of the certificate of sale; and

17 (ii) unless the holder is granted an extension by the court due to a  
18 showing of extraordinary circumstances beyond the certificate holder's control, the holder  
19 secures a decree from the circuit court in which the foreclosure proceeding was filed within  
20 18 months from the date of the filing of the foreclosure proceeding.

21 (f) The holder of a certificate of sale for abandoned property [in Baltimore City]  
22 sold under § 14–817(c) of this subtitle with a minimum bid less than the lien amount may  
23 file a complaint to foreclose all rights of redemption in the property at any time after the  
24 date of sale.

25 (g) When the [Mayor and City Council of Baltimore City or the] governing body  
26 of [Prince George's County] A COUNTY becomes the holder of a certificate of sale purchased  
27 in accordance with § 14–824 of this subtitle, the [Mayor and City Council of Baltimore City  
28 or the] governing body of [Prince George's County] THE COUNTY may file a complaint, at  
29 any time after the date of sale, to foreclose all rights of redemption in abandoned property  
30 consisting of:

31 (1) a vacant lot; or

32 (2) improved property cited as vacant and unfit for habitation on a housing  
33 or building violation notice.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 October 1, 2018.