

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 519
Budget and Taxation

(Senator McCray)

Baltimore City - Tax Sales - Owner-Occupied Residential Property

This bill authorizes the tax collector in Baltimore City to withhold any owner-occupied residential property from a tax sale.

Fiscal Summary

State Effect: Annuity Bond Fund (ABF) revenues may be delayed and/or reduced, beginning in FY 2025, as discussed below. Expenditures are not affected.

Local Effect: Baltimore City revenues may be delayed and/or reduced, beginning in FY 2025, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Subject to certain exceptions, existing law requires a county tax collector to sell, through the tax sale process established in statute, at the time required by local law, all property in the county on which tax is in arrears.

State law includes various circumstances in which a property may or is required to be withheld from sale, including the following:

- A tax collector is permitted to withhold from sale any property, when the total taxes owed on a property, including interest and penalties, amount to less than \$250 in any one year.

- A tax collector is permitted to withhold from sale any residential property, when the total taxes owed on the property, including interest and penalties, amount to less than \$750.
- In Baltimore City, the 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. Additionally, in Baltimore City, the tax collector is required to withhold from sale residential property or property owned by a religious group or organization that is actually used exclusively for public religious worship or a parsonage or convent if the taxes consist only of a lien for unpaid water and sewer charges.
- The governing body of a county or municipality is permitted to withhold from sale owner-occupied residential property that meets objective criteria established by the governing body of the county or municipality.
- The governing body of a county or municipality may withhold from sale a residential property, or a property owned by a nonprofit organization, if the property is enrolled in a specified payment program.
- A tax collector is required to withhold from sale the dwelling of a homeowner who is enrolled in the Homeowner Protection Program administered by the State Tax Sale Ombudsman.
- The governing body of a county or municipality may withhold from sale a dwelling owned by a homeowner who is low income, at least 65 years old, or disabled if the homeowner meets eligibility criteria established by the county or municipality.

State and Local Fiscal Effect: ABF revenues (State property tax revenues) and Baltimore City revenues may be delayed and/or reduced, beginning as early as fiscal 2025, to the extent owner-occupied residential property is withheld from a tax sale under the bill's authority that would not otherwise have been withheld from sale under existing authority, affecting the timing and amount of State property tax revenues and Baltimore City tax and other revenues collected from those properties. Any impact cannot be reliably estimated.

Debt service payments on the State's general obligation bonds are paid from the ABF. Revenue sources for the fund include State property taxes; premium from bond sales; and repayments from certain State agencies, subdivisions, and private organizations.

Small Business Effect: To the extent Baltimore City uses the authority under the bill, small businesses that would otherwise generate revenue from any sales of properties (at tax sales) that no longer occur under the bill may be meaningfully affected.

Additional Comments: Descriptions of the tax sale process and related subjects are included on the Office of the State Tax Sale Ombudsman [web page](#) on the State Department

of Assessments and Taxation's website, along with the office's most recent annual report, which contains data on tax sales in the State.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 721 (Delegate Boyce) - Ways and Means.

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 6, 2024
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