

**SB 563 -FAV - MML.pdf**

Uploaded by: Justin Fiore

Position: FAV



Maryland Municipal League  
*The Association of Maryland's Cities and Towns*

TESTIMONY

February 22, 2023

**Committee:** Senate Budget and Taxation Committee

**Bill:** \_\_\_\_\_ SB 563 – Tax Sales – Property Maintenance and Nuisance Condition Violation  
Judgments and Foreclosure Proceedings

**Position:** Support

**Reason for Position:**

The Maryland Municipal League supports Senate Bill 563, which would provide local governments with another tool to address blighted properties in their cities and towns.

Taking a property to tax sale is a tool of last resort for local governments, but an important one nonetheless. SB 563 allows this process to occur for properties that pile up property maintenance or nuisance condition violations.

As such, MML respectfully requests that this committee provide a favorable report on Senate Bill 563.

**FOR MORE INFORMATION CONTACT:**

Theresa Kuhns

Angelica Bailey Thupari, Esq.

Bill Jorch

Justin Fiore

Chief Executive Officer

Director, Advocacy & Public Affairs

Director, Public Policy

Deputy Director, Advocacy & Public Affairs

# **(City of Cumberland) Micheal Cohen Letter of Suppo**

Uploaded by: Michael Cohen

Position: FAV

**THE LAW OFFICE  
OF  
MICHAEL SCOTT COHEN, LLC**

213 Washington Street  
Cumberland, MD 21502  
Telephone: (301) 724-5200  
E-mail: mike@msclawllc.com

**February 22, 2023**

Senator Guy Guzzone, *Chairman*  
Senate Budget & Taxation Committee  
Miller Senate Office Building, 3 West  
11 Bladen Street  
Annapolis, Maryland 21401

Re: ***Senate Bill 563/HB780: Tax Sales – Property Maintenance and Nuisance Condition Violation Judgments and Foreclosure Proceedings – SUPPORT***

Dear Chairman Smith and Senate B&T Committee Members:

This submittal constitutes my written testimony in support for Senate Bill 563, entitled: *Tax Sales – Property Maintenance and Nuisance Condition Violation Judgments and Foreclosure Proceedings*. I am submitting it on behalf of the Cities of Cumberland and Frostburg (collectively, the “Cities”) in my capacity as City Solicitor for the City of Cumberland and as the City Attorney for the City of Frostburg.

If passed, this bill would effect changes to existing tax sale foreclosure law in two (2) ways: (i) Judgments in favor of local governments for property maintenance and nuisance property code violations would be added to the definition of taxes and given quasi-first lien status, second only to property taxes; and (ii) Allegany and Washington Counties and the municipalities therein that purchase tax sale certificates would be permitted to file tax sale foreclosures any time following the date of a tax sale and, so long as they do so within 6 months of the date of sale, they would not be required to give the advance written notice to property owners and mortgagees required by Section 14-833(a)(1) of the Tax Property Article of the Annotated Code of Maryland.

Background information as to the reasons for these proposals should be helpful in your consideration of this bill.

The Cities, particularly Cumberland, are actively engaged in efforts to fight blight. Given the age of the Cities, it is not surprising that there are a significant number of blighted properties within their municipal boundaries. They, like other similarly situated municipalities, would benefit from the extra tools to fight blight SB563 would provide.

It is important to understand the scope of the blight problem, particularly in Cumberland. The West Virginia University College of Law Land Use and Sustainable Development Law Clinic prepared a Blight Action Plan for the City of Cumberland which helps put its challenges into perspective. In the course of inventorying more than 11,000 structures in the City, the Law Clinic ascertained that 512 of them were blighted. The Law Clinic also advised that there were a significant number of additional buildings that were on their way to becoming blighted.

Although Cumberland's blight problem is greater than Frostburg's, one only need drive south of Frostburg on Maryland Route 36 to see the challenges faced by the municipalities and communities adjacent thereto.

### **Expanding the Definition of "Taxes"**

If real estate taxes are not being paid, it is usually because the owners cannot afford to pay them. It is considerably more likely than not that they do not have the money to pay the costs of repairing and maintaining their properties either.

Even though local governments can cite property owners for property maintenance and nuisance code violations and obtain money judgments and judgments granting them the right to abate the conditions leading to the issuance of citations, they still lack the means to directly address these issues further.

This proposal expands the definition of "taxes" to include judgments for property maintenance and nuisance code infractions. The expansion of the definition will enable local governments to proceed beyond the entry of judgment on citations by selling the subject properties at tax sale. Local governments or third parties could purchase the certificates and foreclose upon the properties. Either way, the titles would be transferred to new owners who would hopefully be able and willing to remediate blighted conditions.

### **Eliminating the Post-Tax Sale Waiting Period for Local Governments in Allegany and Washington Counties to Institute Tax Sale Foreclosure Proceedings**

A tax sale foreclosure is formally initiated by the filing of a complaint in circuit court. Generally, a purchaser must wait six (6) months from the date of the tax sale to initiate court proceedings. Presently under Section 14-833(g) of the Tax Property Article of the Maryland Annotated Code, governing bodies of counties and municipalities need not wait to file tax sales for properties which have been abandoned and consist of: (1) a vacant lot; or (2) improved property cited as vacant and unfit for habitation on a housing or building violation notice." If passed, SB563 will give local governments in Allegany and Washington Counties the unqualified right to file tax sale foreclosures immediately after tax sales are held, thereby expediting their ability to acquire title.

This measure is an important tool in the blight fighting toolbox because, by default, local governments end up owning a significant if not the greatest number of tax certificates. When local governments acquire certificates, it is often the case that the properties are blighted to the extent that it is not financially feasible to restore them. Typically, these properties are in worse condition than the others sold at a tax sale.

Lastly, this measure provides that, if local governments elect not to expedite the process by filing a tax sale foreclosure within six (6) months of the date of the tax sale, they will be required to give the same pre-filing notice to owners and mortgagees they are presently required to give.

It is for the foregoing reasons that we ask this committee to give SB563 a **FAVORABLE** report. Thank you for your consideration.

Very truly yours,

MICHAEL SCOTT COHEN, LLC



By: \_\_\_\_\_  
Michael Scott Cohen

# **SB 563 Sen Corderman Testimony.pdf**

Uploaded by: Paul Corderman

Position: FAV

**PAUL D. CORDERMAN**  
*Legislative District 2*  
Frederick and Washington Counties

Budget and Taxation Committee

*Subcommittees*

Capital Budget

Education, Business and Administration



James Senate Office Building  
11 Bladen Street, Room 403  
Annapolis, Maryland 21401  
410-841-3903 • 301-858-3903  
800-492-7122 Ext. 3903  
Paul.Corderman@senate.state.md.us

**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

February 22, 2023

Senate Budget & Taxation Committee  
Chairman Guy Guzzone  
Vice Chair Jim Rosapepe  
3 West  
Miller Senate Office Building  
Annapolis, MD 21401

**Testimony in Support of Senate Bill SB 563 Tax Sales – Property Maintenance and Nuisance Code Violation Judgements and Foreclosure Proceedings**

Chairman Guzzone, Vice Chair Rosapepe, & Members of the Budget & Taxation Committee,

Thank you for your time this afternoon. SB 563 was submitted in an effort to provide municipalities in Allegany and Washington Counties with an additional way to address and eradicate blight in their communities. This legislation is targeted at properties that are in severe disrepair, dangerous, and pose potential health risks due to the unlivable conditions. We want to make it known that this legislation would not penalize law-abiding property owners that maintain their parcels; rather, this bill would help keep accountable the owners that have either abandoned their properties and/or clearly have no interest in keeping the parcel in a livable condition. By allowing liens on properties that have unpaid abatement invoices and allowing those properties to be sold at tax sale, municipalities will have the opportunity to take action and help remediate these issues of blight.

Thank you for your consideration and I respectfully ask for a favorable report on SB 563.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul D. Corderman".

Paul D. Corderman  
District 2 – Washington & Frederick Counties



**SB563\_WrittenTestimony.pdf**

Uploaded by: SCOTT Nicewarner

Position: FAV



# CITY OF HAGERSTOWN, MARYLAND

**Scott Nicewarner**  
**City Administrator**

One East Franklin Street • Hagerstown, MD 21740

E-mail: [snicewarner@hagerstownmd.org](mailto:snicewarner@hagerstownmd.org)

Telephone: 301.766.4168 • TDD: 301.797.6617 • Website: [www.hagerstownmd.org](http://www.hagerstownmd.org)

February 22, 2023

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
2 East Miller Senate Office Building  
Annapolis, Maryland 21401-1911

RE: Senate Bill 563 – Property Maintenance and Nuisance Condition Violation Judgments and Foreclosure Proceedings

Please accept this letter as written testimony in **support** of this proposed legislation by Senator Paul Corderman and Senator Mike McKay.

Hagerstown, as do several other municipalities within our region, suffer significant areas of blight that impede or destroy a neighborhoods ability to feel safe, live in quality housing with quality amenities, and provide a healthy home environment. The community looks to local government to partner with them in the effort of cleaning up their neighborhoods to allow them to afford just these inalienable rights they as City residents should be able to enjoy.

This legislation is another tool in the toolbox to help us, help them, take their neighborhoods back from blighted conditions. This legislation allows those parcels that remain taxes current, yet continue to accrue monthly abatement charges from the City for high grass and weeds, trash, unsecure doors and windows (mainly broken or completely removed), and other health issues that affect those that not only reside on a block but may reside in the parcel immediately adjacent to the property. These parcels also have owners that have either bailed on the property yet continue to have escrow accounts utilized for yearly tax draws, have stopped communicating for whatever reason, or are behind faceless LLC's which simply cut a check each year from the tax bill and have never seen nor care to maintain the property.

The City is able to readily identify these parcels through our property abatement system and its integration with our tax management system. By allowing the liens placed on a parcel from these unpaid abatement invoices and if not paid, allowing the property to go to tax sale, it provides municipalities to have another tool in which to either (1) get the attention of an owner or trust or holder of title that an action is being taken on the property, or (2) allow the municipality through the court system to take deed to that parcel as specified in the legislation and remediate the property. Many of these parcels are capable of rehabilitation and put to good use as permanent or transient housing opportunities through our social agencies and other non-profits that work with housing assistance.

The last thing the City of Hagerstown wants to do is get into the real estate business either as a landlord or a property owner. Also, to be clear, this legislation would not affect tenant or owner - occupied properties. Blighted structures that are occupied would be worked out with the owners



of the property as we do now. Only in those instances where owners cannot be found would we take additional steps outside of the purview of this legislation. Our situation is such that without the ability to remediate the seemingly increasing conditions of blight especially within our urban core which is already struggling with other societal issues, we cannot expect to begin making inroads in bringing our neighborhoods up and taking our neighborhoods back to provide quality, affordable and safe housing for those that need it the most. With that, I ask for your support on this bill. Thank you for this opportunity to speak today.

Sincerely,

**THE CITY OF HAGERSTOWN**

*Scott A. Nicewander*

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City Administrator

**SB0563.docx.pdf**

Uploaded by: Director Michael Higgs

Position: FWA

**WES MOORE**  
Governor

**ARUNA MILLER**  
Lt. Governor



**MICHAEL HIGGS**  
Director

**MARCUS ALZONA**  
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201  
Legislative Director: Jonathan.Glaser@Maryland.gov  
1-888-246-5941 TTY: 1-800-735-2258  
www.dat.maryland.gov

**HEARING DATE:** February 22, 2023

**BILL:** SB0563

**TITLE:** Tax Sales - Property Maintenance and Nuisance Condition Violation  
Judgments and Foreclosure Proceedings

**SDAT POSITION:** SUPPORT WITH AMENDMENTS

The Department supports the desire of the counties to expedite the process of returning nuisance properties to productive use.

However, notice is an important part of any governmental action, and notice to a property owner of an action as serious as foreclosure should not be waived when it may only add 60 days to the process.

Current law would already allow the counties to initiate this bill's proposed foreclosure 60 days after the tax sale if they sent a first notice immediately after the sale, and a second notice 30 days later.

When a property is vacant, current law would already permit the counties to foreclose without prior notice after the tax sale.

Waiving the foreclosure notice requirement for properties that are not designated vacant would give a homeowner very little opportunity to prepare to defend against foreclosure, or to assemble the funds or access assistance resources, to pay off any county debt to avoid it.

Thus the Department suggests amending SB0563, striking the final provision that permits the county to foreclose without prior notice.

(2) THE NOTICE REQUIREMENTS UNDER SUBSECTION (A-1) OF THIS SECTION DO NOT APPLY UNLESS A COMPLAINT IS FILED UNDER PARAGRAPH (1) OF THIS SUBSECTION MORE THAN 6 MONTHS AFTER THE DATE OF SALE.

**SB0563\_MMBBA\_Gough\_UNF.pdf**

Uploaded by: DENNIS RASMUSSEN

Position: UNF



Testimony offered on behalf of:  
**MARYLAND MORTGAGE BANKERS & BROKERS ASSOCIATION, INC.**

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**IN OPPOSITION OF:**  
**SB0563 – Tax Sales- Property Maintenance and Nuisance Condition Violation  
Judgments and Foreclosure Proceedings**

**Senate Budget & Taxation Committee**  
**Hearing: 2/22/2023 at 1:00 PM**

The Maryland Mortgage Bankers and Brokers Association, Inc. ("MMBBA") **OPPOSES**  
**SB0563.**

SB0563 would enable a judgment in favor of a political subdivision for real property maintenance or nuisance conditions to be regarded as a tax. This would elevate the priority position of such a judgment to be ahead of deeds of trust and mortgages. Lines 26 and 27 and line 30 on page 2 are confusing as to whether the first lien created by this type of judgment would be ahead of a first mortgage or deed of trust.

Regardless of this point, the type of judgment addressed in SB0563 would prime second mortgages, other junior liens, and Home Equity Lines of Credit. That is, the priority position that the holders of second mortgages, other junior liens and Home Equity Lines of Credit would become subordinate to this type of judgment. That would be unfair and unreasonable – lenders make loans in part based on what priority position their security instruments will have. This bill would change this long-established principle.

The creation of a judgment that acts like a tax lien and becomes a priority over any mortgage lien is unacceptable.

For these reasons, the MMBBA urges an **UNFAVORABLE REPORT on SB0563.**

Should the Committee require any additional information, please contact me or Dennis F. Rasmussen, [df@rasmussengrp.net](mailto:df@rasmussengrp.net) or 410-821-4445.

Respectfully,

**Richard J Green Co-Chair, MMBBA Legislative Committee**  
**[Richard.green@presidential.com](mailto:Richard.green@presidential.com) – 410 – 456-9345**