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HEARING DATE: January 24, 2023

BILL: HB0043

TITLE: Property Tax - Tax Sales - Payment of Balance After Foreclosure

SDAT POSITION: SUPPORT

HB0043 Requires the counties to notify a foreclosed prior homeowner within 90 days that there is a remaining balance they may claim. This way, every foreclosed homeowner who loses their home is aware that the funds exist. Further, the bill requires each county to establish a uniform process that does not require a court order to claim the funds.

After a tax sale foreclosure, the winning bidder can record a deed to the property by paying their bid to the county. But the prior homeowner is entitled to claim any "bid balance" paid that is above and beyond the taxes, interest, penalties, and sale costs. Tax-Prop §14-818(a). The counties hold these "bid balance" or "excess" funds in escrow until the prior homeowner or their heirs claim the funds.

However, often the prior homeowner is neither aware of these funds, nor that they are entitled to claim the funds. Further, when the prior homeowner finds out, many counties require the prior homeowner to get a court order stating that they are entitled to the funds. Court orders are almost impossible to file without legal assistance, further burdening the foreclosed prior homeowner.

For these reasons, SDAT urges a favorable vote on HB0043.