



House Bill 243

Property Tax – Tax Sales – Revisions

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: March 26, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 243 **WITH AMENDMENTS**. This bill generally makes wholesale changes to Maryland’s tax sale process. MACo seeks amendments to address administrative hurdles and awkward implementation that render the current bill unworkable for county governments, who are required to conduct tax sales under state law.

The tax sale process, or more specifically, the potential for a property to go to tax sale, presents a much-needed tool of last resort to ensure that property owners remit payment for their fair share of taxes and charges connected to public services. Broad tax compliance promotes fairness among dutiful taxpayers.

MACo strongly prefers that homeowners receive all counseling, education, information, support, and additional assistance when appropriate to help them pay on time and avoid going through tax sale. To that end, MACo has supported legislation establishing the Homeowner Protection Program and several bills to reform the tax sale process to ensure its fairness.

HB 243 requires local governments to withhold specified properties from tax sale, alters redemption rates for certificates sold at tax sale, and adds new recordkeeping requirements, among other provisions. Under current law, counties must sell liens associated with unpaid taxes and fees for any property over \$250 in arrears. This bill raises the threshold to \$1,000, but only for owner-occupied property. Several counties use billing software that does not differentiate between owner-occupied and other properties for tax sale purposes. As such, counties would incur significant costs to update systems to comply with the bill.

In addition, the bill requires counties to withhold owner-occupied properties from tax sale if the taxes on the property consist only of a lien for unpaid charges for water and sewer service. It is worth noting that counties have no other enforcement mechanism to collect unpaid water and sewer charges and that such properties, in many cases, would merely continue to accrue unpaid charges, taxes, and fees until the new \$1,000 threshold is reached. *MACo urges the Committee to pay careful attention to this provision, as counties are concerned that this creates an additional, and unwelcome, burden on the property owner, as the amount necessary to pay the eventual tax lien increases accordingly.*

While counties continue to support reforms to the tax sale process, amendments are necessary to avoid a significant unfunded mandate and ensure homeowners are not saddled with additional burdens in the tax sale process. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on HB 243.