

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 625

(Senator McCray)

Budget and Taxation

Baltimore City – Unpaid Water and Sewer Charges – Tax Sales of Non-Owner-Occupied Residential Property

This bill modifies a requirement that, in Baltimore City, the tax collector withhold residential property from a tax sale if the taxes on the property consist only of a lien for unpaid charges for water and sewer service. The bill modifies the requirement so that it no longer applies to residential property that is not owner-occupied. Correspondingly, the bill authorizes the Mayor and City Council of Baltimore City to sell a residential property that is not owner-occupied, at a tax sale, to enforce a lien for unpaid charges for water and sewer service, if (1) the lien is for at least \$350 and the unpaid charges for water and sewer service are at least three quarters in arrears or (2) the property is being sold to enforce another lien.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: Baltimore City revenues may increase (or be collected earlier than they are in the absence of the bill), beginning as early as FY 2025, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Current Law: 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 on the property consist only of a lien for unpaid charges for water and sewer service.

In addition, in Baltimore City, the Mayor and City Council may not sell a property to enforce a lien for unpaid charges for water and sewer service unless (1) the lien is for at least \$350; (2) the property is not a 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; and (3) the unpaid charges for water and sewer service are at least three quarters in arrears. However, regardless of those restrictions, the Mayor and City Council may enforce a lien on property other than residential property or specified property owned by a religious group or organization for unpaid water and sewer service that is less than \$350 if the property is being sold to enforce another lien.

Local Fiscal Effect: Baltimore City revenues from water and sewer charges may increase (or be collected earlier than they are in the absence of the bill), beginning as early as fiscal 2025, to the extent liens for unpaid charges for water and sewer service on residential properties that are not owner-occupied are sold at a tax sale pursuant to the bill. The extent of any such increase in, or acceleration of, revenues cannot be reliably estimated.

For context, the State Tax Sale Ombudsman's most recent [annual report](#) indicates that, in 2022, 915 liens that consisted only of unpaid charges for water and sewer service (on any type of property) were offered for sale at tax sales statewide, with the average lien amount being \$3,140.

Small Business Effect: Small businesses that generate revenues from tax sales in the State may be meaningfully affected to the extent the bill increases the number of liens offered for sale at tax sales in Baltimore City.

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 (referenced above), 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 777 (Delegate Boyce) - Ways and Means.

Information Source(s): Baltimore City; State Department of Assessments and Taxation; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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