

HOUSE BILL 1016  
EMERGENCY BILL

Unofficial Copy  
Q1

1998 Regular Session  
(8lr1710)

*ENROLLED BILL*  
*-- Ways and Means/Budget and Taxation --*

Introduced by **Delegates Bozman, Poole, McKee, Linton, and Healey**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Property Tax - Tax Sales**

3 FOR the purpose of authorizing collectors of property tax to establish certain terms  
4 for the conduct of tax sales; authorizing collectors of property tax to determine  
5 the manner of tax sales; providing for the authority to accept or refuse to accept  
6 bids at tax sales by the collector or as delegated by the collector; authorizing  
7 certain collectors of property tax to establish certain high-bid ~~amounts~~  
8 premiums for property to be auctioned at a tax sale ~~and certain rates for~~  
9 ~~high-bid premiums; establishing limits for high-bid amounts and rates for~~  
10 ~~high-bid premiums; establishing the conditions under which the highest bidder~~  
11 ~~at a tax sale is required to pay a high-bid premium; requiring the collector to~~  
12 ~~refund the high-bid premium under certain conditions; providing that the~~  
13 ~~high-bid premium is not refundable under certain conditions; providing for the~~  
14 ~~application of this Act; making the provisions of this Act severable; making this~~  
15 Act an emergency measure; and generally relating to tax sales.

16 BY repealing and reenacting, with amendments,

1 Article - Tax - Property  
2 Section 14-817 and 14-818  
3 Annotated Code of Maryland  
4 (1994 Replacement Volume and 1997 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Tax - Property**

8 14-817.

9 (a) (1) (I) The sale shall be held on the day and at the place stated in the  
10 notice by advertising.

11 (II) The sale shall be held in the county in which the land to be sold  
12 is located.

13 (III) If the sale cannot be completed on that day, the collector shall  
14 continue the [same from day to day] SALE AS DETERMINED BY THE COLLECTOR AND  
15 ANNOUNCED TO THE BIDDERS AT THE SALE until all property included in the sale is  
16 sold.

17 (2) All sales shall be at public auction to the [highest bidder] PERSON  
18 WHO MAKES THE HIGHEST GOOD FAITH ACCEPTED BID, in fee or leasehold, as the  
19 case may be.

20 (3) (I) THE COLLECTOR SHALL RETAIN ANY COMMON LAW OR OTHER  
21 AUTHORITY NORMALLY GRANTED TO AN AUCTIONEER CONDUCTING A PUBLIC  
22 AUCTION AND MAY REFUSE TO ACCEPT BIDS THAT ARE NOT MADE IN GOOD FAITH  
23 AND THAT WOULD MANIFESTLY DEFEAT AND FRUSTRATE THE OBJECT AND  
24 PURPOSE OF THE SALE, IN THE COLLECTOR'S SOLE DISCRETION.

25 (II) THE COLLECTOR MAY DELEGATE THIS AUTHORITY TO AN  
26 AUCTIONEER.

27 (4) THE CONDUCT OF THE SALE SHALL BE ACCORDING TO TERMS SET  
28 BY THE COLLECTOR, AND PUBLISHED WITH A REASONABLE DEGREE OF SPECIFICITY  
29 IN THE PUBLIC NOTICE OF THE TAX SALE, TO ENSURE THE ORDERLY FUNCTIONING  
30 OF THE PUBLIC AUCTION AND THE INTEGRITY OF THE TAX SALE PROCESS,  
31 INCLUDING REQUIREMENTS THAT POTENTIAL BIDDERS:

32 (I) ESTABLISH THEIR ELIGIBILITY FOR BIDDING BY PRESENTING  
33 EVIDENCE OF THE LEGAL EXISTENCE OF THE BIDDING ENTITY THAT IS  
34 SATISFACTORY TO THE COLLECTOR;

35 (II) LIMIT THEIR REPRESENTATION AT A TAX SALE TO NO MORE  
36 THAN A SINGLE AGENT PER BIDDING ENTITY; AND

1 (III) REFRAIN FROM ANY ACT, AGREEMENT, CONSENT, OR  
2 CONSPIRACY TO SUPPRESS, PREDETERMINE, RIG, OR FIX THE BIDDING AT THE SALE.

3 (5) (I) IF DETERMINED BY THE COLLECTOR TO BE IN THE BEST  
4 PUBLIC INTEREST AND INCLUDED IN THE REQUIRED PUBLIC NOTICE OF THE SALE,  
5 THE COLLECTOR MAY:

6 ~~(I) CONDUCT THE SALE OR ANY CONTINUATION OF THE SALE BY~~  
7 ~~ACCEPTING THE HIGHEST BID FROM THE HIGHEST BIDDER SUBMITTED BY SEALED~~  
8 ~~BID IN ACCORDANCE WITH THE TERMS AND PROVISIONS ESTABLISHED BY THE~~  
9 ~~COLLECTOR FOR THE SALE OF A PROPERTY OR GROUP OF PROPERTIES BY A SEALED~~  
10 ~~BID PROCESS; AND~~

11 ~~(II) SOLICIT AND ACCEPT BIDS FROM THE HIGHEST BIDDER FOR~~  
12 ~~ANY GROUP OF PROPERTIES TO BE SOLD AT THE TAX SALE.~~

13 (II) 1. UPON THE REQUEST OF ANY INDIVIDUAL OR GROUP, THE  
14 COLLECTOR MAY REMOVE ANY INDIVIDUAL PROPERTY OR PROPERTIES FROM A  
15 GROUP OF PROPERTIES TO BE SOLD AT THE TAX SALE.

16 2. UPON THE REQUEST OF THE PROPERTY OWNER AT LEAST  
17 15 DAYS BEFORE THE DATE OF THE TAX SALE, THE COLLECTOR SHALL REMOVE ANY  
18 INDIVIDUAL PROPERTY OR PROPERTIES FROM A GROUP OF PROPERTIES TO BE SOLD  
19 AT THE TAX SALE.

20 (III) THE COLLECTOR SHALL PROVIDE NOTICE TO THE POTENTIAL  
21 BIDDERS OF ANY ALTERATIONS TO A GROUP OF PROPERTIES AT THE TIME THE  
22 BIDDERS BECOME KNOWN.

23 (IV) THE COLLECTOR MAY CONDUCT THE SALE OF A GROUP OF  
24 PROPERTIES UNDER THIS PARAGRAPH BY A SEALED BID PROCESS.

25 (b) (1) Except as provided in subsection (c) of this section, property may not  
26 be sold for a sum less than the total amount of all taxes on the property that are  
27 certified to the collector under § 14-810 of this subtitle, together with interest and  
28 penalties on the taxes and the expenses incurred in making the sale, and the lien for  
29 the taxes, interest, penalties, and expenses passes to the purchaser.

30 ~~(2) (I) THE COLLECTOR MAY ESTABLISH A HIGH-BID AMOUNT FOR~~  
31 ~~EACH PROPERTY THAT IS TO BE AUCTIONED AT THE TAX SALE AND A RATE FOR A~~  
32 ~~HIGH-BID PREMIUM.~~

33 ~~(II) A HIGH-BID AMOUNT MAY NOT BE LESS THAN 500% OF THE~~  
34 ~~PROPERTY'S ASSESSED VALUE.~~

35 ~~(III) A RATE FOR A HIGH-BID PREMIUM MAY NOT EXCEED 3% OF~~  
36 ~~THE HIGHEST BID FOR THE PROPERTY.~~

37 (2) (I) THE COLLECTOR MAY ESTABLISH A HIGH-BID PREMIUM TO BE  
38 APPLIED TO ALL PROPERTIES TO BE SOLD AT THE TAX SALE.

1 (II) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS  
 2 PARAGRAPH, THE HIGH-BID PREMIUM SHALL BE ~~15%~~ 20% OF THE AMOUNT BY WHICH  
 3 THE HIGHEST BID EXCEEDS 40% OF THE PROPERTY'S FULL CASH VALUE.

4 (III) FOR PROPERTY ASSESSED UNDER AGRICULTURAL USE  
 5 ASSESSMENT, THE HIGH-BID PREMIUM SHALL BE ~~15%~~ 20% OF THE AMOUNT BY  
 6 WHICH THE HIGHEST BID EXCEEDS THE APPROPRIATE VALUE DETERMINED BY THE  
 7 COLLECTOR.

8 (IV) IN ADDITION TO THE AMOUNTS PAYABLE UNDER PARAGRAPH  
 9 (1) OF THIS SUBSECTION, THE HIGHEST BIDDER SHALL PAY A HIGH-BID PREMIUM IF  
 10 THE COLLECTOR:

11 ~~1. THE COLLECTOR ESTABLISHES A HIGH-BID AMOUNT;~~  
 12 ~~AND~~

13 ~~2. THE HIGHEST BIDDER BIDS AN AMOUNT THAT EXCEEDS~~  
 14 ~~THE HIGH-BID AMOUNT ESTABLISHED BY THE COLLECTOR.~~

15 1. DETERMINES THAT A HIGH-BID PREMIUM SHALL BE  
 16 USED FOR THE TAX SALE; AND

17 2. INDICATES IN THE PUBLIC NOTICE OF THE SALE THAT  
 18 THE HIGH-BID PREMIUM WILL BE APPLIED.

19 (V) THE COLLECTOR SHALL REFUND THE HIGH-BID PREMIUM,  
 20 WITHOUT INTEREST, TO:

21 1. THE HOLDER OF THE TAX SALE CERTIFICATE ON  
 22 REDEMPTION OF THE PROPERTY FOR WHICH THE HIGH-BID PREMIUM WAS PAID; OR

23 2. THE PLAINTIFF IN AN ACTION TO FORECLOSE THE RIGHT  
 24 OF REDEMPTION ON DELIVERY OF A TAX SALE DEED FOR THE PROPERTY FOR WHICH  
 25 THE HIGH-BID PREMIUM WAS PAID.

26 (VI) THE HIGH-BID PREMIUM IS NOT REFUNDABLE AFTER THE  
 27 TIME REQUIRED UNDER § 14-833 OF THIS SUBTITLE FOR AN ACTION TO FORECLOSE  
 28 THE RIGHT OF REDEMPTION IF THERE HAS BEEN NO REDEMPTION AND IF AN  
 29 ACTION TO FORECLOSE THE RIGHT OF REDEMPTION HAS NOT BEEN FILED WITHIN  
 30 THAT TIME.

31 (c) (1) In Baltimore City, property cited as vacant and abandoned on a  
 32 housing or building violation notice may be sold for a sum less than the total amount  
 33 of:

34 (i) all taxes on the property that are certified to the collector under  
 35 § 14-810 of this subtitle;

36 (ii) interest and penalties on the taxes; and

1 (iii) expenses incurred in making the sale.

2 (2) The person responsible for the taxes prior to the sale shall remain  
3 liable to the collector for the difference between the amount received in the tax sale  
4 under this section and the taxes, interest, penalties, and expenses remaining after  
5 the sale.

6 (3) The balance remaining after the tax sale shall be included in the  
7 amount necessary to redeem the property under § 14-828 of this subtitle.

8 (4) In a proceeding to foreclose the right of redemption under this  
9 subtitle, the complaint shall request a judgment for the city in the amount of the  
10 balance otherwise due under this section.

11 14-818.

12 (a) (1) (i) The payment of the purchase price AND THE HIGH-BID  
13 PREMIUM, IF ANY, shall be on the terms required by the collector. Except as provided  
14 in subparagraph (ii) of this paragraph and § 14-826 of this subtitle, the collector shall  
15 require the purchaser to pay, not later than the day after the sale, the full amount of  
16 taxes due on the property sold, whether the taxes are in arrears or not, together with  
17 interest and penalties on the taxes [and], expenses incurred in making the sale, AND  
18 THE HIGH-BID PREMIUM, IF ANY. The residue of the purchase price remains on  
19 credit.

20 (ii) In Washington County, the collector shall require the purchaser  
21 to pay on the day of the sale the full amount of taxes due on the property sold,  
22 whether the taxes are in arrears or not, together with interest and penalties on the  
23 taxes, and expenses incurred in making the sale.

24 (2) After the final decree has been passed foreclosing the right of  
25 redemption in any property, the collector may not execute or deliver a deed to any  
26 purchaser other than the governing body of a county until the balance of the purchase  
27 price has been paid in full, together with all taxes and interest and penalties on the  
28 taxes accruing after the date of sale.

29 (3) On receiving the balance and after accrued taxes and interest and  
30 penalties on the taxes, the collector shall execute and deliver a proper deed to the  
31 purchaser.

32 (4) Any balance over the amount required for the payment of taxes,  
33 interest, penalties, and costs of sale shall be paid by the collector to:

34 (i) the person entitled to the balance; or

35 (ii) when there is a dispute regarding payment of the balance, a  
36 court of competent jurisdiction pending a court order to determine the proper  
37 distribution of the balance.

1 (b) In Washington County, any money held by the collector under subsection  
2 (a) may be deposited in an interest-bearing account in a commercial bank. Any  
3 interest accrued is paid to the general fund of Washington County.

4 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be~~  
5 ~~construed retroactively and shall be applied to and interpreted to affect all tax sales~~  
6 ~~conducted in the State during calendar year 1997; provided, however, that this Act~~  
7 ~~may not be construed to authorize or require any tax sale collector to impose bid~~  
8 ~~premiums for any tax sales conducted during calendar year 1997.~~

9 ~~SECTION 3. AND BE IT FURTHER ENACTED, That if any provision of this~~  
10 ~~Act or the application thereof to any person or circumstance is held invalid for any~~  
11 ~~reason in a court of competent jurisdiction, the invalidity does not affect other~~  
12 ~~provisions or any other application of this Act which can be given effect without the~~  
13 ~~invalid provision or application, and for this purpose the provisions of this Act are~~  
14 ~~declared severable.~~

15 ~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That this Act is an~~  
16 ~~emergency measure, is necessary for the immediate preservation of the public health~~  
17 ~~and safety, has been passed by a yea and nay vote supported by three-fifths of all the~~  
18 ~~members elected to each of the two Houses of the General Assembly, and shall take~~  
19 ~~effect from the date it is enacted.~~