

SENATE BILL 21

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Q1

1998 Regular Session  
8lr0192

(PRE-FILED)

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By: **Senator Green**

Requested: August 1, 1997

Introduced and read first time: January 14, 1998

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Tax Sales**

3 FOR the purpose of authorizing certain collectors of property tax to establish certain  
4 high bid amounts for property to be auctioned at a tax sale and certain rates for  
5 high bid premiums; establishing limits for high bid amounts and rates for high  
6 bid premiums; establishing the conditions under which the highest bidder at a  
7 tax sale is required to pay a high bid premium; requiring the collector to refund  
8 the high bid premium under certain conditions; providing that the high bid  
9 premium is not refundable under certain conditions; providing that certain  
10 persons are not entitled to expenses in connection with a tax sale under certain  
11 conditions; and generally relating to tax sales.

12 BY repealing and reenacting, with amendments,  
13 Article - Tax - Property  
14 Section 14-817, 14-818, and 14-843  
15 Annotated Code of Maryland  
16 (1994 Replacement Volume and 1997 Supplement)

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

19 **Article - Tax - Property**

20 14-817.

21 (a) The sale shall be held on the day and at the place stated in the notice by  
22 advertising. The sale shall be held in the county in which the land to be sold is  
23 located. If the sale cannot be completed on that day, the collector shall continue the  
24 same from day to day until all property included in the sale is sold. All sales shall be  
25 at public auction to the highest bidder, in fee or leasehold, as the case may be.

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

1 penalties on the taxes and the expenses incurred in making the sale, and the lien for  
2 the taxes, interest, penalties, and expenses passes to the purchaser.

3           (2)    (I)    THE COLLECTOR MAY ESTABLISH A HIGH BID AMOUNT FOR  
4 EACH PROPERTY THAT IS TO BE AUCTIONED AT THE TAX SALE AND A RATE FOR A  
5 HIGH BID PREMIUM.

6                   (II)    A HIGH BID AMOUNT MAY NOT BE NOT LESS THAN 500% OF THE  
7 PROPERTY'S ASSESSED VALUE.

8                   (III)   A RATE FOR A HIGH BID PREMIUM MAY NOT EXCEED 3% OF THE  
9 HIGHEST BID FOR THE PROPERTY.

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

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

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

15                   (V)    THE COLLECTOR SHALL REFUND THE HIGH BID PREMIUM,  
16 WITHOUT INTEREST, TO:

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

19                           2.       THE PLAINTIFF IN AN ACTION TO FORECLOSE THE RIGHT  
20 OF REDEMPTION ON DELIVERY OF A TAX SALE DEED FOR THE PROPERTY FOR WHICH  
21 THE HIGH BID PREMIUM WAS PAID.

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

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

29                           (i)       all taxes on the property that are certified to the collector under  
30 § 14-810 of this subtitle;

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

32                           (iii)     expenses incurred in making the sale.

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

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

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

6 14-818.

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

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

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

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

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

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

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

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

35 14-843.

36 (a) Except as provided in subsection (b) of this section, on redemption, the  
37 plaintiff or the holder of a certificate of sale is entitled to be reimbursed for expenses  
38 incurred in any action or in preparation for any action to foreclose the right of

1 redemption. In addition, the plaintiff or holder of a certificate of sale, on redemption,  
2 is entitled to be reimbursed for fees paid for recording the certificate of sale, for  
3 attorney's fees in the sum of \$400 for each certificate of sale, for expenses incurred in  
4 the publication and service of process by publication, for reasonable fees for a  
5 necessary title search, and for taxes, together with interest and penalties on the  
6 taxes, arising after the date of sale that have been paid by the plaintiff, including, in  
7 Baltimore City only, taxes, interest, and penalties paid in accordance with subsection  
8 (c) of this section and interest at the rate of redemption provided in § 14-820 of this  
9 subtitle from the date of payment to the date of redemption. The plaintiff or holder of  
10 a certificate of sale is not entitled to be reimbursed for any other expenses.

11 (b) (1) THE PLAINTIFF OR THE HOLDER OF A CERTIFICATE OF SALE IS NOT  
12 ENTITLED TO BE REIMBURSED FOR ANY EXPENSES DESCRIBED IN SUBSECTION (A)  
13 OF THIS SECTION UNTIL THE PLAINTIFF OR HOLDER OF A CERTIFICATE OF SALE  
14 PRESENTS TO THE COLLECTOR A COPY OF:

15 (I) THE COMPLAINT TO FORECLOSE THE RIGHT OF REDEMPTION  
16 THAT HAS BEEN FILED IN CIRCUIT COURT; OR

17 (II) THE FACE PAGE OF A COMPLETED TITLE SEARCH OF THE  
18 PROPERTY.

19 (2) Except as provided in paragraph [(2)] (3) of this subsection, in Anne  
20 Arundel County, Baltimore City, Baltimore County, Calvert County, Caroline County,  
21 Cecil County, Charles County, Dorchester County, Frederick County, Harford County,  
22 Howard County, Kent County, Prince George's County, Queen Anne's County, St.  
23 Mary's County, Washington County, Wicomico County, and Worcester County, the  
24 plaintiff or holder of a certificate of sale is not entitled to be reimbursed for expenses  
25 incurred within 4 months after the date of sale.

26 [(2)] (3) [This] PARAGRAPH (2) OF THIS subsection does not apply to  
27 property for which the holder may file a complaint any time after 60 days from the  
28 date of sale, pursuant to § 14-833(e) of the Tax - Property Article.

29 (c) In Baltimore City, on or after October 1 of each year, the plaintiff or holder  
30 of a certificate of sale may pay taxes, interest, and penalties that become due after the  
31 date of the sale on the property described in the tax sale certificate and that have not  
32 been paid by the owner of the property.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
34 July 1, 1998.