

SENATE BILL 378
EMERGENCY BILL

Unofficial Copy
Q1

1998 Regular Session
(8lr1519)

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

Introduced by **Senators Middleton, Boozer, Ruben, Neall, Munson, Hoffman,
Green, Hogan, Kasemeyer, Van Hollen, Fry, and ~~Currie~~ Currie, and
Lawlah**

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.

President.

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 this Act an emergency measure; and generally~~
15 relating to tax sales.

1 BY repealing and reenacting, with amendments,
2 Article - Tax - Property
3 Section 14-817 and 14-818
4 Annotated Code of Maryland
5 (1994 Replacement Volume and 1997 Supplement)

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

8 **Article - Tax - Property**

9 14-817.

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

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

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

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

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

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

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

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

36 (II) LIMIT THEIR REPRESENTATION AT A TAX SALE TO NO MORE
37 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 ~~25%~~ 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 ~~25%~~ 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.~~

7 SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That this Act is an
8 emergency measure, is necessary for the immediate preservation of the public health
9 and safety, has been passed by a ye and nay vote supported by three-fifths of all the
10 members elected to each of the two Houses of the General Assembly, and shall take
11 effect from the date it is enacted.