

SENATE BILL 378  
EMERGENCY BILL

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Q1

1998 Regular Session  
8r1519  
CF 8r1710

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By: **Senators Middleton, Boozer, Ruben, Neall, Munson, Hoffman, Green,  
Hogan, Kasemeyer, Van Hollen, Fry, and Currie**

Introduced and read first time: February 6, 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 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 for  
8 property to be auctioned at a tax sale and certain rates for high-bid premiums;  
9 establishing limits for high-bid amounts and rates for high-bid premiums;  
10 establishing the conditions under which the highest bidder at a tax sale is  
11 required to pay a high-bid premium; requiring the collector to refund the  
12 high-bid premium under certain conditions; providing that the high-bid  
13 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.

16 BY repealing and reenacting, with amendments,  
17 Article - Tax - Property  
18 Section 14-817 and 14-818  
19 Annotated Code of Maryland  
20 (1994 Replacement Volume and 1997 Supplement)

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

23 **Article - Tax - Property**

24 14-817.

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

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

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

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

7 (3) (I) THE COLLECTOR MAY REFUSE TO ACCEPT BIDS THAT ARE NOT  
8 MADE IN GOOD FAITH AND THAT WOULD MANIFESTLY DEFEAT AND FRUSTRATE THE  
9 OBJECT AND PURPOSE OF THE SALE, IN THE COLLECTOR'S SOLE DISCRETION.

10 (II) THE COLLECTOR MAY DELEGATE THIS AUTHORITY TO AN  
11 AUCTIONEER.

12 (4) THE CONDUCT OF THE SALE SHALL BE ACCORDING TO TERMS SET  
13 BY THE COLLECTOR TO ENSURE THE ORDERLY FUNCTIONING OF THE PUBLIC  
14 AUCTION AND THE INTEGRITY OF THE TAX SALE PROCESS, INCLUDING  
15 REQUIREMENTS THAT POTENTIAL BIDDERS:

16 (I) ESTABLISH THEIR ELIGIBILITY FOR BIDDING BY PRESENTING  
17 EVIDENCE OF THE LEGAL EXISTENCE OF THE BIDDING ENTITY THAT IS  
18 SATISFACTORY TO THE COLLECTOR;

19 (II) LIMIT THEIR REPRESENTATION AT A TAX SALE TO NO MORE  
20 THAN A SINGLE AGENT; AND

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

23 (5) IF DETERMINED BY THE COLLECTOR TO BE IN THE BEST PUBLIC  
24 INTEREST AND INCLUDED IN THE REQUIRED PUBLIC NOTICE OF THE SALE, THE  
25 COLLECTOR MAY:

26 (I) CONDUCT THE SALE OR ANY CONTINUATION OF THE SALE BY  
27 ACCEPTING THE HIGHEST BID FROM THE HIGHEST BIDDER SUBMITTED BY SEALED  
28 BID IN ACCORDANCE WITH THE TERMS AND PROVISIONS ESTABLISHED BY THE  
29 COLLECTOR FOR THE SALE OF A PROPERTY OR GROUP OF PROPERTIES BY A SEALED  
30 BID PROCESS; AND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
37 construed retroactively and shall be applied to and interpreted to affect all tax sales  
38 conducted in the State during calendar year 1997.

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