

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 21 (Senator Green)

Budget and Taxation

Property Tax - Tax Sales

This bill alters procedures used by counties to conduct property tax sales.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal increase in revenues. Expenditures would not be affected.

Small Business Effect: Minimal impact on small businesses.

Fiscal Analysis

Bill Summary: This bill allows a county tax collector to establish a high-bid amount and high-bid premium rate for each property offered for tax sale. Any high-bid amount must be at least 500% of a property's assessed value and a high-bid premium rate may not exceed 3% of a property's highest bid.

Any bidder that bids in excess of a high-bid amount set by the tax collector would pay a high-bid premium. A high-bid premium would be refunded without interest to a tax sale certificate holder if the property is redeemed or to a plaintiff in an action to foreclose a right of redemption on delivery of a tax sale deed for which the premium was paid. If a certificate holder does not initiate court action to foreclose the right of redemption before expiration of the certificate, the tax collector retains the premium paid and the resulting interest. Any high-bid premium for a property shall be on terms required by the collector, and must be paid no later than the day after the tax sale.

A plaintiff or holder of a certificate of sale is not entitled to reimbursement for any administrative or legal expenses as provided by current law until a copy of a complaint to foreclose filed in circuit court or the face page of a completed property title search is presented to the tax collector.

Background: In 1997, a number of counties experienced problems with high bidding on properties that were offered for tax sale. This bill would allow tax collectors and auctioneers to set high-bid amounts and provide for the collection of a high-bid premium from a bidder that bids in excess of an established high-bid amount.

Local Revenues: This bill's requirement that a tax collector retains the premium paid and the resulting interest if a tax sale certificate holder does not initiate court action for foreclosure of the right of redemption before the certificate expires could increase county revenues. Interest retained from refunded high-bid premiums could also increase revenues. Any overall increase is expected to be minimal.

Information Sources: Department of Assessments and Taxation, Calvert County, Howard County, Montgomery County, Prince George's County, Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 1998

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