

Department of Legislative Services  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1016 (Delegate Bozman. *et al.*)

Ways and Means

---

**Property Tax - Tax Sales**

---

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

---

**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:** Under this bill, a county tax collector may continue a tax sale as determined and announced to any bidders at a tax sale. A sale at auction would be made to the person who makes the highest good faith accepted bid, but the collector or auctioneer may refuse to accept any bids that are not made in good faith. A collector shall retain any common law or other authority normally granted to an auctioneer conducting a public auction.

The conduct of a tax sale is according to terms set by the collector, and these terms are to be published with a reasonable amount of specificity in the public notice of the tax sale. The terms must include requirements that a potential bidding entity: (1) establish eligibility by presenting satisfactory evidence of a bidding entity's legal existence; (2) limit representation at a sale to a single agent per bidding entity; and (3) refrain from any act, agreement, consent, or conspiracy to suppress, predetermine, rig, or fix the bidding of a tax sale.

The bill provides that the collector may solicit and accept bids from the highest bidder for any group of properties to be sold at tax sale. The collector may remove any individual property or properties from a group of properties to be sold at a sale if requested by an individual or group; this must be done upon the request of a property owner if the request is made at least 15 days before the tax sale. The collector must provide notice to any potential bidders of any alterations to a group of properties at the time the bidders become known, and may conduct the sale of a group of properties through a sealed bid process.

A collector may establish a high-bid premium to be applied to all properties offered for tax sale. The high-bid premium would be 20% of the amount by which the highest bid on a property exceeds 40% of the property's full cash value. For a property assessed for agricultural use, the premium would be 20% of the amount by which the highest bid exceeds the appropriate value as determined by the collector. The highest bidder must pay a high-bid premium if the collector determines that a premium will be used for the tax sale and indicates in the public notice that a premium will be applied.

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.

**Local Revenues:** The 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, Howard County, Montgomery County, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 1998  
nncs Revised - House Third Reader - April 2, 1998  
Revised - Enrolled Bill - April 30, 1998

---

Analysis by: Ryan Bishop	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710