

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 719 (Senators McFadden and Hughes)
(Baltimore City Administration)

Judicial Proceedings

Baltimore City - Tax Sales - Abandoned Property

This bill alters various provisions governing the tax sale of abandoned property in Baltimore City.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None. The bill would not directly affect State governmental operations or finances.

Local Effect: Potential minimal increase in revenues for Baltimore City.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: This bill provides that in Baltimore City, abandoned property which is either (1) a vacant lot; or (2) improved property that is unfit for habitation may be sold for less than the total amount of taxes due, with the collector establishing a minimum bid. If the property is sold for less than the amount owed, the purchaser must pay the full amount of the bid and the expenses incurred in making the sale no later than the day following the sale.

Any balance remaining after the sale is no longer a lien on the property when: (1) a judgement is entered foreclosing the owner's right of redemption; (2) the deed is recorded;

and (3) all liens accruing subsequent to the date of sale are paid in full. The Mayor and City Council may institute a separate action to collect the balance at any time within seven years after the tax sale if the plaintiff is a private purchaser.

Unless foreclosure proceedings are brought by the purchaser within three months from the date of the certificate of sale and, barring an extension from the court, and unless a decree is issued within 18 months of filing the foreclosure, the certificate of sale is void and reverts back to the Mayor and City Council for a period of two years from the date of the tax sale. If the certificate reverts, the city may file a foreclosure in its own name or resell the certificate and apply the money to any outstanding balance remaining after the original tax sale.

The bill changes from mandatory to discretionary the requirement that the city buy in and hold any property in its jurisdiction up for tax sale for which there is no private purchaser. The bill allows Baltimore City to buy in and hold at their option.

The bill repeals the provision that a judgment may not be executed against the primary personal residence of the debtor. Additionally, an action to reopen a judgment or to recover damages on the ground of constructive fraud or inadequate notice shall be filed within three years from the date of judgment and may not exceed the fair market value of the property at the time of sale. If the purchaser does not comply with the terms of the final judgment of the courts as to the payments necessary for the collector to execute a deed within 30 days or does not record the deed within 30 days, the final judgment is void.

Current Law: In Baltimore City, an abandoned property may be sold for less than the taxes owed but a minimum bid is not required to be established. The balance remaining after the tax sale must be included in the amount necessary for the current owner to redeem the property and if the purchaser of the certificate of sale forecloses on the property, the purchaser must enter a request for judgment for the city in the amount of the balance. If the person liable for taxes prior to the tax sale has been personally served with process and the property was sold for less than the taxes owed, the final order must include a judgment in favor of the city and against the person liable for taxes prior to the sale. The judgment may not be executed against the primary personal residence of the debtor.

A certificate of sale is void unless foreclosure proceedings are brought within one year for abandoned property in the city and, unless the holder is granted an extension by the court due to extraordinary circumstances, a decree is granted within two years from the date of filing of the foreclosure.

The counties and Baltimore City must buy any property at tax sale for which there are no private purchasers.

Local Fiscal Effect: To the extent this bill makes the sale of abandoned property more

successful in Baltimore City, its revenues could increase both from the collection of delinquent taxes and potential development of abandoned property. It is anticipated that any such increase in revenues would be minimal because the basic concept of the sale of abandoned property is provided for in current law.

Additional Information

Prior Introductions: None.

Cross File: HB 743 (Delegate Marriott, *et al.*) - Ways and Means.

Information Source(s): Department of Assessments and Taxation, Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2000
cm/jr Revised - Senate Third Reader - March 22, 2000

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