

SENATE BILL 780

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SB 737/01 - B&T

2002 Regular Session
2lr2688
CF 2lr2689

By: **Senator McFadden (Baltimore City Administration)**

Introduced and read first time: February 7, 2002

Assigned to: Rules

Re-referred to: Budget and Taxation, March 31, 2002

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 3, 2002

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City - ~~Abandoned Property Subject to Ground Rent~~ Rents on**
3 **Abandoned Property - Tax Sales - Donations**

4 FOR the purpose of providing that, at a tax sale of certain abandoned property in
5 Baltimore City that is subject to a ground rent or lease for a term of 99 years
6 renewable forever, the collector shall sell the whole fee simple interest in the
7 property; providing that certain ground rents may be donated to Baltimore City
8 or a certain entity; and generally relating to ~~tax sales of certain ground rents on~~
9 certain abandoned property in Baltimore City ~~that is subject to a ground rent or~~
10 lease for a term of years renewable forever.

11 BY repealing and reenacting, with amendments,
12 Article - Real Property
13 Section 8-110
14 Annotated Code of Maryland
15 (1996 Replacement Volume and 2001 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article - Tax - Property
18 Section 14-816
19 Annotated Code of Maryland
20 (2001 Replacement Volume and 2001 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article - Tax - Property

1 Section 14-817(c)
2 Annotated Code of Maryland
3 (2001 Replacement Volume and 2001 Supplement)

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

6 **Article - Real Property**

7 8-110.

8 (a) (1) This section does not apply to leases of property leased for business,
9 commercial, manufacturing, mercantile, or industrial purposes or any other purpose
10 which is not primarily residential, where the term of the lease, including all renewals
11 provided for, does not exceed 99 years. A lease of the entire property improved or to be
12 improved by any apartment, condominium, cooperative, or other building for
13 multiple-family use on the property constitutes a business and not a residential
14 purpose. The term "multiple-family use" does not apply to any duplex or
15 single-family structure converted to a multiple-dwelling unit.

16 (2) This section does not apply to irredeemable leases executed before
17 April 9, 1884.

18 (3) This section does not apply to leases of the ground or site upon which
19 dwellings or mobile homes are erected or placed in a mobile home development or
20 mobile home park.

21 (b) Except for apartment and cooperative leases, any reversion reserved in a
22 lease for longer than 15 years is redeemable, at the option of the tenant, after a notice
23 of one month to the landlord:

24 (1) For a sum equal to the annual rent reserved multiplied by:

25 (i) 25, which is capitalization at 4 percent, if the lease was
26 executed from April 8, 1884 to April 5, 1888, both inclusive;

27 (ii) 8.33, which is capitalization at 12 percent, if the lease was or is
28 created after July 1, 1982; or

29 (iii) 16.66, which is capitalization at 6 percent, if the lease was
30 created at any other time;

31 (2) For a lesser sum if specified in the lease; or

32 (3) For a sum to which the parties may agree at the time of redemption.

33 (c) If the lease is executed on or after July 1, 1971, the reversion is
34 redeemable at the expiration of 3 years from the date of the lease. If the lease is
35 executed on or after July 1, 1982 or between July 1, 1969 and July 1, 1971, the

1 reversion is redeemable at the expiration of 5 years from the date of the lease. If the
 2 lease is executed before July 1, 1969, the reversion is redeemable at any time.

3 (d) If a tenant has power to redeem the reversion from a trustee or other
 4 person who does not have a power of sale, the reversion nevertheless may be
 5 redeemed in accordance with the procedures prescribed in the Maryland Rules.

6 (e) Notwithstanding subsections (b) and (c) of this section, any regulatory
 7 changes made by a federal agency, instrumentality, or subsidiary, including the
 8 Department of Housing and Urban Development, the Federal Housing
 9 Administration, the Government National Mortgage Association, the Federal
 10 National Mortgage Association, and the Veterans' Administration, shall be applicable
 11 to redemption of reversions of leases for longer than 15 years.

12 (F) (1) BEFORE THE ENTRY OF A JUDGMENT FORECLOSING AN OWNER'S
 13 RIGHT OF REDEMPTION, A REVERSION IN A GROUND RENT OR LEASE FOR 99 YEARS
 14 RENEWABLE FOREVER HELD ON ABANDONED PROPERTY IN BALTIMORE CITY, AS
 15 DEFINED IN § 14-817 OF THE TAX - PROPERTY ARTICLE, MAY BE DONATED TO
 16 BALTIMORE CITY OR, AT THE OPTION OF BALTIMORE CITY, TO AN ENTITY
 17 DESIGNATED BY BALTIMORE CITY.

18 (2) VALUATION OF THE DONATION OF A REVERSIONARY INTEREST
 19 PURSUANT TO THIS SUBSECTION SHALL BE IN ACCORDANCE WITH SUBSECTION (B)
 20 OF THIS SECTION.

21 **Article - Tax - Property**

22 14-816.

23 (a) [When] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
 24 WHEN any property subject to sale under this subtitle is subject to a ground rent or
 25 lease for a term of ~~years~~ 99 YEARS renewable forever, the collector shall sell the
 26 leasehold interest only, with the improvements erected on the leasehold interest, if
 27 any; provided, however, that any property sold, subject to a ground rent or lease
 28 under this section, to a bona fide purchaser for value or the government of the
 29 jurisdiction conducting the sale, upon foreclosure of the rights of redemption, is not
 30 subject to any claim for rent unpaid, due, or accruing prior to the date of the judgment
 31 of foreclosure.

32 (B) IF ABANDONED PROPERTY IN BALTIMORE CITY ~~DESCRIBED IN SOLD~~
 33 UNDER § 14-817(C) OF THIS SUBTITLE WITH A MINIMUM BID LESS THAN THE LIEN
 34 AMOUNT IS SUBJECT TO A GROUND RENT OR LEASE FOR A TERM OF 99 YEARS
 35 RENEWABLE FOREVER, THE COLLECTOR SHALL SELL THE WHOLE FEE SIMPLE
 36 INTEREST IN THE PROPERTY.

37 [(b)] (C) The termination of claims on property sold under subsection (a) of
 38 this section shall not foreclose any personal claims against previous holders of the
 39 interest sold, for rent unpaid, due, or accruing prior to the date of the judgment of
 40 foreclosure.

1 14-817.

2 (c) (1) In Baltimore City, abandoned property consisting of either a vacant
3 lot or improved property cited as vacant and unfit for habitation on a housing or
4 building violation notice may be sold for a sum less than the total amount of:

5 (i) all taxes on the property that are certified to the collector under
6 § 14-810 of this subtitle;

7 (ii) interest and penalties on the taxes; and

8 (iii) expenses incurred in making the sale.

9 (2) The collector shall establish a minimum bid for abandoned property
10 sold under this subsection.

11 (3) The person responsible for the taxes prior to the sale shall remain
12 liable to the collector for the difference between the amount received in the tax sale
13 under this section and the taxes, interest, penalties, and expenses remaining after
14 the sale.

15 (4) The balance remaining after the tax sale shall be included in the
16 amount necessary to redeem the property under § 14-828 of this subtitle.

17 (5) In a proceeding to foreclose the right of redemption under this
18 subtitle, the complaint shall request a judgment for the city in the amount of the
19 balance.

20 (6) The balance remaining after the tax sale is no longer a lien on the
21 property when:

22 (i) a judgment is entered foreclosing the owner's right of
23 redemption;

24 (ii) the deed is recorded; and

25 (iii) all liens accruing subsequent to the date of sale are paid in full.

26 (7) The Mayor and City Council may institute a separate action to collect
27 the balance at any time within 7 years after the tax sale if the plaintiff is a private
28 purchaser.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2002.

