

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

Senate Bill 780

(Senator McFadden)(Baltimore City Administration)

Budget and Taxation

Ways and Means

Baltimore City - Ground Rents on Abandoned Property - Tax Sales - Donations

This bill provides that at a tax sale for abandoned property located in Baltimore City, if the property is subject to a ground rent or lease for a term of 99 years renewable forever, the whole fee simple interest in the property must be sold. Before the judgment foreclosing an owner's right of redemption, a reversion in a ground rent or lease for a term of 99 years renewable forever may be donated to the city or an entity designated by the city.

The bill is effective July 1, 2002.

Fiscal Summary

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

Local Effect: Potential increase in Baltimore City revenues.

Small Business Effect: None.

Analysis

Current Law: The leasehold tenant for property that is subject to ground rent or a lease that is renewable forever pays the property taxes. If the property is sold at tax sale, only the leasehold interest is sold. The purchaser of the leasehold interest is not subject to any claims for rent unpaid, due, or accruing prior to the date of the foreclosure.

Abandoned property is property consisting of either a vacant lot or improved property cited as vacant and unfit for habitation on a housing or building violation notice.

Background: Chapter 461 of 1994 changed the provisions related to tax sales of property subject to ground rent or lease renewable forever to provide that only the leasehold interest could be sold. Prior to the change, the leasehold interest would be sold at tax sale unless it did not sell for an amount necessary to pay the taxes, penalties, and interest due. In those cases, the whole fee simple interest could be sold.

Local Revenues: Baltimore City's revenues could potentially increase as a result of this bill if the city is more easily able to sell abandoned properties. Currently, the ground-rent holder of each lot must be tracked down and each separate ground rent must be purchased before the city can sell the property. The Department of Legislative Services was not provided with any information on the number of properties in the city that are sold at tax sale and subject to ground rent or a lease that is renewable forever. Consequently, the potential increase in revenues cannot be determined.

Additional Information

Prior Introductions: HB 1058 and SB 737 of 2001 were withdrawn.

Cross File: HB 997 (Delegate Marriott)(Baltimore City Administration) – Ways and Means.

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

Fiscal Note History: First Reader - March 5, 2002
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Analysis by: Karen S. Benton

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510