

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 489

(Senator McFadden) (Baltimore City Administration)

Budget and Taxation

Ways and Means

Baltimore City - Tax Sales - Abandoned Property

This bill provides that certain provisions related to the sale of abandoned property in Baltimore City apply only to property sold with a minimum bid less than the lien amount. The bill provides that a complaint to foreclosure all rights of redemption may be filed at any time after the date of the tax sale on abandoned property with a minimum bid less than the lien amount. The bill also repeals a requirement that a final judgment in a proceeding involving abandoned property in Baltimore City is void in 30 days under certain circumstances, and provides that the purchaser in such a transaction is not an interested party for purposes of voiding the judgment.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: The bill would not directly affect State operations or finances.

Local Effect: This bill would not materially affect Baltimore City operations or finances.

Small Business Effect: None.

Analysis

Current Law: In Baltimore City, an abandoned property may be sold for less than the taxes owed but a minimum bid is 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 institutes a proceeding to foreclose the right of redemption, the purchaser must enter a request for judgment for the city in the amount of the balance. The holder of a certificate of sale must generally wait six months from the date of sale to file a complaint to foreclose all rights of redemption. The certificate is void unless a proceeding to foreclose the right of redemption is filed within two years of the certificate of sale. In the case of a building that is certified to require substantial repairs to comply with the applicable building code, the holder of a certificate of sale must wait 60 days to file.

In Baltimore City a certificate for abandoned property reverts to the Mayor and City Council for a period of two years from the date of the tax sale and is void as to the private purchaser at tax sale unless:

- a proceeding to foreclose the right of redemption is filed within three months of the date of the certificate of sale; and
- unless the holder is granted an extension by the court due to a showing of extraordinary circumstances beyond the certificate holder's control, the holder secures a decree from the circuit court in which the foreclosure proceeding was filed within 18 months from the date of the filing of the foreclosure proceeding.

If the certificate reverts, the city may file a foreclosure proceeding in its own name or resell the certificate and apply the money to any outstanding balance remaining after the original tax sale.

Except in the case of abandoned property in Baltimore City, if the holder of the certificate of sale does not comply with the terms of the final judgment of the court within 90 days as to payments of the balance of the purchase price, the judgment may be stricken by the court on the motion of an interested party for good cause shown.

In Baltimore City, if the holder of the certificate of sale for abandoned property does not comply with the terms of final judgment of the court as to the payments necessary for the collector to execute a deed within 30 days, or does not record the deed in the land records within 30 days of the execution of the deed, the final judgment is void.

Background: Chapter 408 of 2000 made various changes to the process of tax sales of abandoned property in Baltimore City, including that the property could be sold for less than the amount owed as long as a minimum bid is established. According to the city, this bill is necessary for a number of reasons. The changes resulting from Chapter 408 have created confusion as to when certain redemption laws apply, and this bill clarifies the redemption process for the tax sale of abandoned property. Additionally, the city is experiencing problems from individuals who purchase property at tax sale and, when the

judgment to execute a deed to the purchaser is final, make a motion for the judgment to be stricken and demand their money plus interest back from the city. This bill would remove the right of the purchaser to make such a motion.

Additional Information

Prior Introductions: None.

Cross File: HB 558 (Delegate Marriott) (Baltimore City Administration) – Ways and Means.

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

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ncs/jr

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