

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 726

(Senator Lawlah)

Budget and Taxation

Ways and Means

Property Tax - Procedure - Holders of Certificates of Sale

This bill repeals the ability of a holder of certificates of sale to include in one proceeding several properties in the same county. The bill also changes the allowed reimbursement to the holder of the certificate for attorney's fees from a maximum of \$400 per certificate to reasonable attorney's fee not to exceed \$400 per certificate unless an action to foreclose the right of redemption has been filed.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: A holder of certificates of sale may include in one proceeding several properties in the same county. The allowed reimbursement to the holder of the certificate for attorney's fees is a maximum of \$400 per certificate.

Background: When a property is purchased at tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and under certain conditions, a high bid premium. The remainder of the purchase price is not paid to the collector until

the purchaser forecloses the property. The property owner has the right to redeem the property within six months from the date of tax sale by paying the delinquent taxes, penalties, interest, and certain expenses of the purchaser. If the owner redeems the certificate, the purchaser is refunded the amounts paid to the collector plus the interest and expenses. If the owner does not redeem the certificate, the purchaser has the right to foreclose on the property after the six-month right of redemption period has passed. Generally within two years, if the right to foreclose is not exercised by the purchaser, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Talbot County, Prince George's County, Allegany County, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2003
lc/jr

Analysis by: Karen S. Benton

Direct Inquiries to:
(410) 946-5510
(301) 970-5510