

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 628
Ways and Means

(Delegates Bozman and Conway)

Budget and Taxation

Tax Sales - Worcester County - Auctioneer's Fee

This bill provides that for property tax sales in Worcester County, the auctioneer's fee is the greater of \$8 for each property sold or \$300, to be allocated pro rata among each property sold.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: None. The bill would affect local government operations only.

Local Effect: This bill would have a zero net effect on Worcester County or its municipalities.

Small Business Effect: Potential minimal.

Analysis

Current Law: The auctioneer's fee is \$8 per property regardless of the number of properties sold.

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.

Local Fiscal Effect: This bill would have no net effect on either Worcester County or its municipalities. Each of the four municipalities in the county performs its own tax sales. As the auctioneer's fee is part of the costs reimbursed by the purchaser of the certificate of sale, any potential increase in auctioneer fees will be offset by the increase in fees paid by the purchaser.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Worcester County, Department of Legislative Services

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