

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1100
Ways and Means

(Delegate Elmore)

Budget and Taxation

Somerset County - Tax Sales - Auctioneers - Fees

This emergency bill alters the auctioneer's fee for property sold in a tax sale in Somerset County by setting the fee at \$8 for each property sold.

Fiscal Summary

State Effect: None.

Local Effect: Minimal expenditure decrease. It is assumed that Somerset County would pay approximately \$2 less per property lien bought back at auction. Auctioneer fees are paid by bidders for property liens.

Small Business Effect: Minimal.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Somerset County is set at \$10 per property sold, but in no event may the auctioneer's fee be less than \$50 a day or greater than \$200 a day.

Background: When a property is purchased at a 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 on the property. The property owner has the right to redeem the property within six months from the date of the 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: Somerset County must contract with an auctioneer to conduct a tax sale auction, with the auctioneer receiving \$10 per property, subject to a minimum of \$50 per day and a maximum of \$200 per day. As is the case currently, there would be no costs associated with the auctioneer's contract. The auctioneer's fee is paid by bidders for property liens. However, the county advises that it buys back approximately 10 property liens per year. As a result, the county would have to pay \$8 per property lien bought back or \$80 in fees each year. Assuming that the county currently pays \$10 per lien or \$100 per year, the net effect is a \$20 annual savings.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 23, 2005
mp/hlb Revised - House Third Reader - March 25, 2005

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