

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 354 (Senator Della)
Budget and Taxation

Property Tax - Tax Sales - Attorney's Fees

This bill alters a provision of law related to the reimbursement of specified attorney's fees to the holder of a certificate of sale in a tax sale by capping the fees at \$400 even if an action to foreclose the right of redemption has been filed. Under current law, the holder of the certificate of sale may be reimbursed for reasonable attorney's fees up to \$400 per certificate unless an action to foreclose the right of redemption has been filed.

The bill takes effect July 1, 2007.

Fiscal Summary

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

Local Effect: Minimal or no effect on local government revenues or expenditures.

Small Business Effect: Minimal.

Analysis

Current Law: The holder of the certificate of sale may be reimbursed for reasonable attorney's fees not exceeding \$400 per certificate unless an action to foreclose the right of redemption has been filed.

Background: When a property is purchased at tax sale, the purchaser must pay 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): State Department of Assessments and Taxation, Montgomery County, Prince George's County, Harford County, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2007
ncs/hlb

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