HB 722

Department of Legislative Services

Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 722 (Chair, Ways and Means Committee)
(By Request – Departmental – Aging)

Ways and Means Budget and Taxation

Property - Tax Sale - Notification

This departmental bill requires local governments (*i.e.*, property tax collectors), prior to beginning the tax sale process, to provide a list to the local area agency on aging of any persons who have delinquent taxes on a property if the property owner on record has owned the property for at least 25 years. The list must be mailed at least 30 days before the property is first advertised for a tax sale.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal increase in local government expenditures to comply with the notification requirement. Local government revenues would not be affected.

Small Business Effect: The Maryland Department of Aging has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: At least 30 days before any property is first advertised for a tax sale, the property tax collector is required to mail to the person who last appears as owner of the property on the collector's tax roll, at the last address shown on the tax roll, a specified statement giving the name of the person, and the amount of taxes due.

Background: Recently, an 84 year old homeowner from Bowie, who suffers from signs of dementia, lost her home due to delinquent taxes. It is believed that she may have been able to maintain ownership of her home if she had been able to receive assistance from appropriate human service agencies in time for intervention and help in stabilizing her situation and getting the taxes paid or deferred. The bill attempts to address similar situations that could arise when elderly, and presumably long-time, homeowners become delinquent in their taxes.

Because tax collectors do not currently maintain the age of homeowners, the State Department of Assessments and Taxation suggested as a proxy to estimate those delinquent homeowners who are elderly and possibly in need of assistance to homeowners holding residence for the prior consecutive 25 years. While it is possible that some of these homeowners may not be age 60, they might still require the assistance and services of the Adult Protective Services (APS) units of the local department of social services.

Local Fiscal Effect: Local government expenditures could increase by a minimal amount as a result of having to research and verify whether delinquent property tax accounts are held by long-term and presumably elderly property owners. The amount of any expenditure increase depends on the number of delinquent accounts that become subject to a tax sale. As a point of reference, Montgomery County indicates that it mails out between 5,000 and 8,000 tax lien bills annually and therefore the bill would have a fiscal impact on the county. However, Washington and Worcester counties indicate that the legislation would have either a minimal or no fiscal effect.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Aging, State Department of Assessments and Taxation, Kent County, Montgomery County, Washington County, Worcester County, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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