

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 328

(Senators Colburn and Pipkin)

Budget and Taxation

Ways and Means

Caroline County - Tax Sales - Auctioneer Fees

This bill alters the auctioneer fee for property sold at a tax sale in Caroline County by setting the fee at \$10 for each property sold. The bill also repeals the auctioneer fee limits imposed under current law.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Caroline County expenditures increase by approximately \$600 annually beginning in FY 2010. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Caroline 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 Expenditures: Caroline County expenditures increase by a minimal amount (\$600) beginning in fiscal 2010, as the bill allows the county to pay tax sale auctioneers their full fee based upon the number of properties sold.

Caroline County indicates that it currently sells over 100 properties each year at tax sale. As a result, the county collects approximately \$1,000 in auctioneer fees (100 properties x \$10 fee). Since the county only uses two auctioneers to conduct the sales and each auctioneer is limited to a \$200 fee due to the restriction imposed under current law, the county only spends approximately \$400 a year on auctioneer fees. Pursuant to this legislation, based on the current number of properties sold, each auctioneer would be entitled to \$500 in fees.

The county advises that the current restrictions went into effect when the county only sold properties with two years worth of delinquent taxes instead of one year of delinquent taxes as under current practice. The county indicates that no more than 10 to 15 properties were sold so the auctioneer fee limit was never an issue.

Additional Information

Prior Introductions: None.

Cross File: HB 269 (Caroline County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - February 9, 2009
ncs/hlb

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