

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 372

(Senator Della)

Budget and Taxation

Ways and Means

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**Property Tax - Tax Sales - Notice to Foreclose Right of Redemption**

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This bill alters the existing notice procedures a certificate of sale purchaser must follow prior to filing a complaint to foreclose the right of redemption. The bill requires a second notice to be sent by first-class certified mail, postage prepaid, return receipt requested, and bearing a postmark from the U.S. Postal Service. The envelope must also be prominently marked "Notice of Delinquent Property Tax." If an affidavit filed prior to a final judgment foreclosing the right of redemption provides evidence that the affidavit was sent by certified mail in compliance with the bill's provisions, then the notice provisions are deemed satisfied and the failure of the tax-delinquent owner to receive the required notice does not invalidate the proceeding.

The bill takes effect July 1, 2010.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State finances or operations.

**Local Effect:** The bill does not directly affect local finances or operations.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** Generally, the certificate purchaser of a property sold in a tax sale may file a complaint to foreclose all rights of redemption on the property any time after six months from the date of the sale. However, there are two exceptions to the existing six-month timeline:

- If a building or structure purchased in a tax sale is certified by the appropriate government agency to require substantial repairs (or will require them within six months), the certificate purchaser may foreclose after only 60 days.
- If a certificate purchaser acquires a certificate of sale for an abandoned property sold at a tax sale in Baltimore City for a minimum bid less than the lien amount, the certificate purchaser may file a complaint to foreclose at any time after the date of sale.

**Background:** When a property is purchased at tax sale, the certificate purchaser of a tax sale certificate 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 tax-delinquent 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 tax certificate purchaser. If the tax-delinquent owner redeems the certificate, the certificate purchaser is refunded the amounts paid to the collector plus interest and expenses. If the tax-delinquent property owner does not redeem the certificate, the certificate purchaser has the right to foreclose on the property after the six-month right of redemption period has passed.

Chapters 333 and 334 of 2008 altered the tax sale process in the State. The emergency Acts:

- increased the minimum amount of taxes due on a property from \$100 to \$250 by which a tax collector may withhold the property from a tax sale;
- allowed the taxing jurisdiction to determine the manner and terms by which a certificate purchaser is to be paid for expenses and fees incurred;
- provided for additional notice requirements from the tax collector and the certificate purchaser to the tax-delinquent owner before a right of redemption may be foreclosed;
- placed caps on the amount of attorney's fees that a certificate purchaser may charge a tax-delinquent owner upon redemption, with the amount varying slightly depending on whether an affidavit of compliance has been filed; and
- itemized and placed caps on various expenses that a tax sale certificate purchaser may charge a tax-delinquent owner upon receiving a certificate of sale and the redemption of that certificate.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division),  
Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2010  
mlm/kdm Revised - Senate Third Reader - March 29, 2010

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