

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 373

(Senator Della)

Budget and Taxation

Ways and Means

Property Tax - Tax Sales - Complaint to Foreclose Right of Redemption

This emergency bill authorizes the Mayor and City Council of Baltimore City to file a complaint to foreclose all rights of redemption in specified abandoned property at any time after the city becomes the purchaser by operation of law. The bill also exempts the Mayor and City Council of Baltimore City from issuing specified required notices for such property. However, for properties to which the notice requirement applies, the bill establishes that the notice indicate costs, rather than attorney's fees, for recording the certificate of sale must be paid to redeem the property.

Fiscal Summary

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

Local Effect: Potential minimal decrease in Baltimore City expenditures associated with lower property maintenance costs and exemptions from notice requirements in FY 2011 and annually thereafter. Revenues are not affected.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Generally, the certificate of sale 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 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.

Chapters 333 and 334 of 2008 added, among other things, a new notice requirement that prevents any holder of a tax certificate of sale from filing for foreclosure for at least two months after the first of two notices are sent to the last known owner and mortgagee.

However, an exemption exists for a specified tax lien auction where the city sets the minimum bid at less than the tax lien amount. Currently, the holder of a tax sale certificate (including Baltimore City) can file to foreclose immediately and without providing the required notice for abandoned property in Baltimore City when the minimum bid established is less than the lien amount. The bill would afford the same option for the city to foreclose without waiting, when the property is offered for at least the lien amount and Baltimore City has to purchase the tax sale certificate by operation of law.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, 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
mpc/kdm Revised - Senate Third Reader - April 7, 2010

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