

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 533

(Senator Muse, *et al.*)

Budget and Taxation

Property - Tax Sale - Statement of Taxes in Arrears and Notice of Sale

This bill increases the length of time, from 30 to 90 days, before a property may be advertised for sale at a tax sale auction after specified notices have been mailed to the person who last appears on the tax roll as the property owner.

Fiscal Summary

State Effect: None.

Local Effect: The bill is not expected to affect the total amount of local government revenues received from tax sales. However, depending on when tax sale auctions are held, extending the length of time before conducting a tax sale may affect which fiscal year revenues are collected.

Small Business Effect: None.

Analysis

Current Law: At least 30 days before any property is first advertised for sale at a tax sale auction, the county is required to mail to the person who last appears as owner of the property on the county's tax roll, at the last address shown on the tax roll, a statement giving the name of the person, and the amounts of taxes due. The statement must contain the following notice:

.....
"Date"

"This Is a Final Bill and Legal Notice to the Person Whose Name Appears on This Notice.

According to the collector's tax roll you are the owner of the property appearing on this notice. Some of the taxes listed are in arrears. Notice is given you that unless all taxes in arrears are paid on or before 30 days from the above date, the collector will proceed to sell the above property to satisfy your entire indebtedness. Interest and penalties must be added to the total at the time of payment."

Local governments are required (*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.

In Baltimore County the above statement and notice must also be posted by the collector at least 30 days before the property is first advertised, in a conspicuous place on the property to be sold.

At any time after 30 days from the mailing of the statement and notice, the county must publish a notice that the property will, on the date and at the place named in the notice, be sold at public auction four times – once a week for four successive weeks in one or more newspapers that have a general circulation in the county in which the property is located.

Background: When a property is purchased at tax sale, the 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 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 Effect: The bill is not expected to affect the total amount of local government revenues received from tax sale auctions. However, depending on when tax sale auctions are held, the 60-day extension, may affect which fiscal years revenues are collected.

For example, Montgomery County holds its tax sale auction in June and reports that the increased notification period will not have any effect on its auction. However, Howard County holds tax sale auctions in May and typically sends out notices in March. Because the bill requires a 90-day notification period, the county will have to send out notices in January, which is about the same time it receives information on delinquent accounts. As a result, the county may have to move its auction until later in the year, which will affect, in the first year, the fiscal year in which the revenues from a tax sale auction are attributed to. It is assumed that other local governments that hold early tax sale auctions may be affected the same way.

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); Property Tax Assessment Appeals Board; Caroline, Howard, and Montgomery counties; City of Bowie; Department of Legislative Services

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mlm/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510