

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 277

(Howard County Delegation)

Ways and Means

Budget and Taxation

Howard County and Prince George's County - Tax Sales - Auctioneers' Fees
Ho. Co. 4-10

This bill alters the auctioneer fee for property sold at a tax sale in Howard and Prince George's counties by setting the fee at \$10 for each property sold.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Howard County expenditures decrease by \$2,800 beginning in FY 2011 assuming current trends in the number of properties sold at tax sale; county revenues are not affected. Prince George's County revenues and expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Howard and Prince George's counties is set at a maximum of \$10 on a day when up to three properties are sold and \$3 per property on a day when four or more properties are sold.

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 Fiscal Effect: Howard County indicates that 400 liens for properties were sold at its most recent tax sale auction. The county is authorized to pay an auctioneer's fee of \$3 per property, which the county passes on to the homeowner. However, the auctioneer charges \$10 per property sold, so the county must pay the \$7 difference between what the auctioneer charges and what the county is authorized to collect. As a result, the county paid \$2,800 in auctioneer's fees in fiscal 2009.

Pursuant to the bill, the county would be able to collect \$10 per property sold, which is in line with the fee charged by the auctioneer. The additional \$7 per property fee would be passed on to the homeowner (as is done currently with the \$3 fee). Assuming that 400 properties are sold each year, county expenditures decrease by \$2,800 annually.

Prince George's County indicates that in a typical year 3,700 liens for properties are sold via tax sale auction. The auctions are held during the second week of May. The county is authorized to pay an auctioneer's fee of \$3 per property, which the county passes on to the property buyer. However, the auctioneer fee is expected to increase to \$10 per property sold due to needed technology upgrades associated with conducting the auctions online.

Pursuant to the bill, the county will be able to collect \$10 per property sold, which will match the fee charged by the auctioneer. The additional \$7 per property fee will be passed on to the property buyer (as is done currently with the \$3 fee). As a result, county revenues and expenditures will not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Howard and Prince George's counties, Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2010
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