

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 272

(Senator Edwards)

Budget and Taxation

Ways and Means

Garrett County - Tax Sales - Auctioneer's Fees

This bill alters the auctioneer fee for property sold at a tax sale in Garrett County by setting the fee at \$8 for each property sold.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: None.

Local Effect: None. Garrett County revenues and expenditures are not affected. The proposed fee increase will be paid by bidders at the tax sale auction to the auctioneer.

Small Business Effect: None.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Garrett County 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: The bill does not directly affect Garrett County revenues or expenditures as the auctioneer fee is paid in full by the bidder to the auctioneer on the day of the tax sale. Tax sale auctions in Garrett County are held on the first Friday of May each year. Over the past five years, there have been 246 properties sold at tax sale auctions in the county which equates to an average of 49 properties per year. Under the current fee structure, the auctioneer collected \$738 in fees over the past five years. A fee of \$8 would have resulted in fee collections of \$1,968 over this same period. Garrett County is seeking to change the current auctioneer fee in order to be in line with 13 other Maryland counties that have an auctioneer's fee higher than \$3 per property sold.

Additional Information

Prior Introductions: None.

Cross File: HB 258 (Delegate Beitzel) - Ways and Means.

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

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ncs/hlb

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