

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 265

(Senators Brinkley and Young)

Budget and Taxation

Ways and Means

Frederick County - Tax Sales - Auctioneer's Fees

This bill alters the auctioneer fee for property sold at a tax sale in Frederick County by setting the fee amount at the lowest responsive bid for each property sold.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County expenditures decrease by approximately \$1,400 annually beginning in FY 2013. County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Frederick 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: Frederick County expenditures for auctioneer’s fees will decrease by approximately \$1,400 in fiscal 2013, based on the estimated number of properties to be sold at this year’s tax sale and an auctioneer fee of \$5 per property sold (based on 2012 bid for auctioneer’s fee).

Tax sale auctions in Frederick County are held on the second Monday of May each year. The county estimates that 700 properties will be sold during the 2012 auction. The county is allowed to charge delinquent taxpayers \$3 to cover auctioneer’s fees. The county currently has a bid from an auctioneer for \$5 per property, which means the county will have to pay the difference (\$2) between the allowable charge under current law (\$3) and the amount the auctioneer needs to hold the auction (\$5). Assuming a constant number of properties sold each year, and comparable auctioneer’s fees, it is estimated that county expenditures will decrease by \$1,400 beginning in fiscal 2013. To the extent that future auctioneer’s fees vary from those estimated, the effect on county expenditures will vary accordingly.

Exhibit 1 shows the number of properties sold at tax sales in Frederick County and the per property fee charged by the auctioneer for 2008 through 2012.

Exhibit 1
Frederick County Tax Sales

<u>Year</u>	<u>Liens Sold</u>	<u>Fee</u>	<u>Auctioneer</u>
2008	613	\$3.00	Trout Auctions
2009	811	\$3.00	Trout Auctions
2010	768	\$2.74	Tax Lien Bids Dot Com
2011	721	\$2.72	Tax Lien Bids Dot Com
2012 (estimated)	700	\$5.00	Real Auction

Source: Frederick County

Additional Information

Prior Introductions: None.

Cross File: HB 518 (Frederick County Delegation) - Ways and Means.

Information Source(s): Frederick County, State Department of Assessments and Taxation, Property Tax Assessment Appeals Board, Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2012
mc/hlb Revised - Senate Third Reader - March 26, 2012

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