

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 425

(Harford County Senators)

Budget and Taxation

Ways and Means

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Harford County - Tax Sales - Auctioneer Fees

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This bill alters the auctioneer fee for property sold at a tax sale in Harford County by setting the fee at \$10 for each property sold.

The bill takes effect July 1, 2012.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Harford County expenditures decrease by \$2,100 annually beginning in FY 2013. County revenues are not affected.

**Small Business Effect:** None.

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Analysis

**Current Law:** The auctioneer fee for properties sold at a tax sale auction in Harford 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:** Harford County indicates that between 300 and 350 properties are typically sold each year at the county's tax sale auction. The county's upcoming auction will be held June 18, 2012. The county is authorized to pay an auctioneer fee of \$3 per property, which the county does not currently pass on to the homeowner. The county advises that for the current year, the auctioneer fee has increased to \$5 per property sold, and will likely increase to \$10 per property in the future. The county must pay the \$2 difference between what the auctioneer charges and what the county is authorized to collect. As a result, the county will have to pay an estimated \$600 in auctioneer fees in fiscal 2012.

Pursuant to the bill, the county will be able to collect up to \$10 per property sold, depending on fees by the auctioneer. The additional fee per property fee will reduce county expenditures. Assuming that 300 properties are sold each year, county expenditures will decrease by \$2,100 annually if the auctioneer fee is set at \$10 per property.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Harford County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2012  
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