

# HOUSE BILL 1177

Q1, Q2

5lr2784

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By: **Prince George's County Delegation**

Introduced and read first time: February 23, 2015

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, March 24, 2015

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 30, 2015

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Prince George's County – Tax Sales – Limited Auction ~~for County Employees~~**  
3 **and Foreclosure for Abandoned Property**

4 **PG 425–15**

5 FOR the purpose of requiring the tax collector in Prince George's County to conduct a  
6 certain limited auction prior to conducting a public auction for property subject to  
7 tax liens; specifying the individuals who may participate in a limited auction;  
8 ~~requiring certain individuals authorized to place bids at the limited auction to be~~  
9 ~~residents of Prince George's County;~~ requiring a purchaser of property at a limited  
10 auction to occupy the property as the purchaser's principal residence; requiring the  
11 tax collector to include the date, time, and location of a limited auction in certain  
12 notices; establishing that a limited auction shall be subject to the same requirements  
13 as a certain public auction; establishing that the purchase of property at a limited  
14 auction shall be treated the same as the purchase of property at a certain public  
15 auction; requiring the tax collector to establish a system to verify that individuals  
16 who place bids at a limited auction are eligible to place bids; establishing that a  
17 certificate of sale for property purchased at a limited auction is void if it is not  
18 purchased by an individual who meets certain criteria; requiring property offered for  
19 sale at a limited auction that is not sold at the limited auction to be offered for sale  
20 at a public auction; establishing certain remedies when a certificate of sale for  
21 property sold at a limited auction is void; authorizing a holder of a certificate of sale  
22 for certain property sold at a limited auction to file a complaint to foreclose all rights

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 of redemption in the property at any time after the date of sale; and generally  
2 relating to tax sales of property in Prince George's County.

3 BY repealing and reenacting, with amendments,  
4 Article – Tax – Property  
5 Section 14–817 and 14–833(c)  
6 Annotated Code of Maryland  
7 (2012 Replacement Volume and 2014 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – Property  
10 Section 14–833(d)(1)  
11 Annotated Code of Maryland  
12 (2012 Replacement Volume and 2014 Supplement)

13 BY adding to  
14 Article – Tax – Property  
15 Section 14–833(h)  
16 Annotated Code of Maryland  
17 (2012 Replacement Volume and 2014 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
19 That the Laws of Maryland read as follows:

20 **Article – Tax – Property**

21 14–817.

22 (a) (1) (i) The sale shall be held on the day and at the place stated in the  
23 notice by advertising.

24 (ii) The sale shall be held in the county in which the land to be sold  
25 is located.

26 (iii) If the sale cannot be completed on that day, the collector shall  
27 continue the sale as determined by the collector and announced to the bidders at the sale  
28 until all property included in the sale is sold.

29 (2) All sales shall be at public auction to the person who makes the highest  
30 good faith accepted bid, in fee or leasehold, as the case may be.

31 (3) (i) The collector shall retain any common law or other authority  
32 normally granted to an auctioneer conducting a public auction and may refuse to accept  
33 bids that are not made in good faith.

34 (ii) The collector may delegate this authority to an auctioneer.

1           (4)     The conduct of the sale shall be according to terms set by the collector,  
2 and published with a reasonable degree of specificity in the public notice of the tax sale, to  
3 ensure the orderly functioning of the public auction and the integrity of the tax sale process,  
4 including requirements that potential bidders:

5                   (i)     establish their eligibility for bidding by presenting evidence of  
6 the legal existence of the bidding entity that is satisfactory to the collector;

7                   (ii)    limit their representation at a tax sale to no more than a single  
8 agent per bidding entity; and

9                   (iii)  refrain from any act, agreement, consent, or conspiracy to  
10 suppress, predetermine, rig, or fix the bidding at the sale.

11           (5)    (i)     If determined by the collector to be in the best public interest and  
12 included in the required public notice of the sale, the collector may solicit and accept bids  
13 from the highest bidder for any group of properties to be sold at the tax sale.

14                   (ii)    1.     Upon the request of any individual or group, the collector  
15 may remove any individual property or properties from a group of properties to be sold at  
16 the tax sale.

17                           2.     Upon the request of the property owner at least 15 days  
18 before the date of the tax sale, the collector shall remove any individual property or  
19 properties from a group of properties to be sold at the tax sale.

20                   (iii)  The collector shall provide notice to the potential bidders of any  
21 alterations to a group of properties at the time the bidders become known.

22                   (iv)   The collector may conduct the sale of a group of properties under  
23 this paragraph by a sealed bid process.

24                   (v)     Except in Montgomery County, the collector shall establish a  
25 high-bid premium under subsection (b)(2) of this section for all properties to be sold:

26                           1.     in groups; or

27                           2.     by sealed bid process.

28           (b)    (1)     Except as provided in subsection (c) of this section, property may not be  
29 sold for a sum less than the total amount of all taxes on the property that are certified to  
30 the collector under § 14-810 of this subtitle, together with interest and penalties on the  
31 taxes and the expenses incurred in making the sale, and the lien for the taxes, interest,  
32 penalties, and expenses passes to the purchaser.

33                   (2)    (i)     The collector may establish a high-bid premium to be applied to  
34 all properties to be sold at the tax sale.

1 (ii) Except as provided in subparagraphs (iii) and (iv) of this  
2 paragraph, the high-bid premium shall be 20% of the amount by which the highest bid  
3 exceeds 40% of the property's full cash value.

4 (iii) Except as provided in subparagraph (iv) of this paragraph, in  
5 Baltimore City and Prince George's County, the high-bid premium shall be 20% of the  
6 amount by which the highest bid exceeds the greater of:

- 7 1. the lien amount; or
- 8 2. 40% of the property's full cash value.

9 (iv) For property assessed under agricultural use assessment, the  
10 high-bid premium shall be 20% of the amount by which the highest bid exceeds the  
11 appropriate value determined by the collector.

12 (v) In addition to the amounts payable under paragraph (1) of this  
13 subsection, the highest bidder shall pay a high-bid premium if the collector:

- 14 1. determines that a high-bid premium shall be used for the  
15 tax sale; and
- 16 2. indicates in the public notice of the sale that the high-bid  
17 premium will be applied.

18 (vi) The collector shall refund the high-bid premium, without  
19 interest, to:

- 20 1. the holder of the tax sale certificate on redemption of the  
21 property for which the high-bid premium was paid; or
- 22 2. the plaintiff in an action to foreclose the right of  
23 redemption on delivery of a tax sale deed for the property for which the high-bid premium  
24 was paid.

25 (vii) The high-bid premium is not refundable after the time required  
26 under § 14-833 of this subtitle for an action to foreclose the right of redemption if there has  
27 been no redemption and if an action to foreclose the right of redemption has not been filed  
28 within that time.

29 (c) (1) In Baltimore City, abandoned property consisting of either a vacant lot  
30 or improved property cited as vacant and unfit for habitation on a housing or building  
31 violation notice may be sold for a sum less than the total amount of:

32 (i) all taxes on the property that are certified to the collector under  
33 § 14-810 of this subtitle;

1 (ii) interest and penalties on the taxes; and

2 (iii) expenses incurred in making the sale.

3 (2) The collector shall establish a minimum bid for abandoned property  
4 sold under this subsection.

5 (3) The person responsible for the taxes prior to the sale shall remain liable  
6 to the collector for the difference between the amount received in the tax sale under this  
7 section and the taxes, interest, penalties, and expenses remaining after the sale.

8 (4) The balance remaining after the tax sale shall be included in the  
9 amount necessary to redeem the property under § 14-828 of this subtitle.

10 (5) In a proceeding brought by the Mayor and City Council of Baltimore  
11 City to foreclose the right of redemption under this subtitle, the complaint may request a  
12 judgment for the city in the amount of the balance.

13 (6) The balance remaining after the tax sale is no longer a lien on the  
14 property when:

15 (i) a judgment is entered foreclosing the owner's right of  
16 redemption;

17 (ii) the deed is recorded; and

18 (iii) all liens accruing subsequent to the date of sale are paid in full.

19 (7) The Mayor and City Council may institute a separate action to collect  
20 the balance at any time within 7 years after the tax sale if the plaintiff is a private  
21 purchaser.

22 **(D) (1) THIS SUBSECTION APPLIES ONLY IN PRINCE GEORGE'S COUNTY.**

23 **(2) IN ADDITION TO THE SALE BY PUBLIC AUCTION REQUIRED UNDER**  
24 **THIS SECTION, THE COLLECTOR SHALL CONDUCT A SALE BY LIMITED AUCTION**  
25 **PRIOR TO THE PUBLIC AUCTION.**

26 **(3) ~~(1)~~ THE SALE BY LIMITED AUCTION REQUIRED UNDER**  
27 **PARAGRAPH (2) OF THIS SUBSECTION SHALL BE OPEN ONLY TO BIDS FROM AN**  
28 **INDIVIDUAL WHO IS:**

29 **~~1. (1) EMPLOYED AS A TEACHER~~ IN A PUBLIC SCHOOL**  
30 **LOCATED IN PRINCE GEORGE'S COUNTY;**

1 ~~2.~~ (II) EMPLOYED AS A POLICE OFFICER BY THE PRINCE  
 2 GEORGE'S COUNTY POLICE DEPARTMENT;

3 ~~3.~~ (III) EMPLOYED AS A FIREFIGHTER BY THE PRINCE  
 4 GEORGE'S COUNTY FIRE DEPARTMENT; ~~OR~~

5 (IV) EMPLOYED BY THE PRINCE GEORGE'S COUNTY OFFICE OF  
 6 THE SHERIFF;

7 (V) EMPLOYED BY THE PRINCE GEORGE'S COUNTY  
 8 DEPARTMENT OF CORRECTIONS;

9 ~~4.~~ (VI) SUBJECT TO SUBPARAGRAPH (H) OF THIS  
 10 PARAGRAPH, EMPLOYED BY THE PRINCE GEORGE'S COUNTY GOVERNMENT IN A  
 11 POSITION NOT INCLUDED UNDER ITEMS 1, 2, OR 3 OF THIS SUBPARAGRAPH. (I), (II),  
 12 (III), (IV), OR (V) OF THIS PARAGRAPH; OR

13 ~~(H)~~ (VII) AN INDIVIDUAL WHO IS ELIGIBLE TO PARTICIPATE IN  
 14 THE LIMITED AUCTION UNDER SUBPARAGRAPH (I) 4 OF THIS PARAGRAPH SHALL BE  
 15 A RESIDENT OF PRINCE GEORGE'S COUNTY.

16 (4) A PURCHASER OF PROPERTY AT A LIMITED AUCTION SHALL  
 17 OCCUPY THE PROPERTY AS THE PURCHASER'S PRINCIPAL RESIDENCE.

18 ~~(4)~~ (5) THE COLLECTOR SHALL INCLUDE THE DATE, TIME, AND  
 19 LOCATION OF THE LIMITED AUCTION REQUIRED UNDER THIS SUBSECTION IN ANY  
 20 NOTICE OF SALE AT PUBLIC AUCTION REQUIRED UNDER THIS SUBTITLE.

21 ~~(5)~~ (6) (I) THE LIMITED AUCTION SHALL BE SUBJECT TO THE  
 22 SAME REQUIREMENTS FOR A PUBLIC AUCTION UNDER THIS SECTION.

23 (II) THE PURCHASE OF PROPERTY AT A LIMITED AUCTION  
 24 SHALL BE CONSIDERED THE SAME AS A PURCHASE AT PUBLIC AUCTION UNDER THIS  
 25 SECTION AND SHALL BE SUBJECT TO THE REQUIREMENTS OF THIS SUBTITLE IN THE  
 26 SAME MANNER AS A SALE AT PUBLIC AUCTION.

27 (III) THE COLLECTOR SHALL ESTABLISH A SYSTEM TO VERIFY  
 28 THAT INDIVIDUALS PLACING BIDS ON PROPERTY AT THE LIMITED AUCTION ARE  
 29 ELIGIBLE TO DO SO UNDER PARAGRAPH (3) OF THIS SUBSECTION.

30 (IV) A CERTIFICATE OF SALE FOR PROPERTY PURCHASED AT A  
 31 LIMITED AUCTION SHALL BE VOID IF THE PURCHASER WAS NOT AN ELIGIBLE  
 32 PARTICIPANT UNDER PARAGRAPH (3) OF THIS SUBSECTION.

1           ~~(6)~~ **(7)       PROPERTY OFFERED FOR SALE DURING A LIMITED**  
2 **AUCTION THAT IS NOT SOLD SHALL BE OFFERED FOR SALE AT PUBLIC AUCTION IN**  
3 **ACCORDANCE WITH THIS SECTION.**

4 14-833.

5           (c)   (1)   The certificate is void unless a proceeding to foreclose the right of  
6 redemption is filed within 2 years of the date of the certificate of sale.

7           (2)   In Baltimore City a certificate for abandoned property sold under §  
8 14-817(c) of this subtitle with a minimum bid less than the lien amount reverts to the  
9 Mayor and City Council and is void as to the private purchaser at tax sale unless:

10                   (i)   a proceeding to foreclose the right of redemption is filed within 3  
11 months of the date of the certificate of sale; and

12                   (ii)   unless the holder is granted an extension by the court due to a  
13 showing of extraordinary circumstances beyond the certificate holder's control, the holder  
14 secures a decree from the circuit court in which the foreclosure proceeding was filed within  
15 18 months from the date of the filing of the foreclosure proceeding.

16           **(3)    IN PRINCE GEORGE'S COUNTY, A CERTIFICATE FOR PROPERTY**  
17 **SOLD AT A LIMITED AUCTION IS VOID IF THE PURCHASER WAS NOT AN ELIGIBLE**  
18 **PARTICIPANT UNDER § 14-817(D)(3) OF THIS SUBTITLE.**

19           (d)   (1)   If a certificate is void under subsection (c) of this section, then any right,  
20 title, and interest of the holder of the certificate of sale, in the property sold shall cease and  
21 all money received by the collector on account of the sale shall be deemed forfeited, and  
22 shall be applied by the collector on the taxes in arrears on the property.

23           **(H)    THE HOLDER OF A CERTIFICATE OF SALE FOR VACANT OR ABANDONED**  
24 **PROPERTY IN PRINCE GEORGE'S COUNTY SOLD UNDER § 14-817(D) OF THIS**  
25 **SUBTITLE MAY FILE A COMPLAINT TO FORECLOSE ALL RIGHTS OF REDEMPTION IN**  
26 **THE PROPERTY AT ANY TIME AFTER THE DATE OF SALE.**

27           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2015.