

# 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

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## A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Tax Sales – Limited Auction for County Employees**

3 **PG 425–15**

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

20 BY repealing and reenacting, with amendments,

21 Article – Tax – Property

22 Section 14–817 and 14–833(c)

23 Annotated Code of Maryland

24 (2012 Replacement Volume and 2014 Supplement)

25 BY repealing and reenacting, without amendments,

26 Article – Tax – Property

27 Section 14–833(d)(1)

28 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2012 Replacement Volume and 2014 Supplement)

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

**Article – Tax – Property**

14–817.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13                           1.     in groups; or

14                           2.     by sealed bid process.

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

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

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

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

28                                   1.     the lien amount; or

29                                   2.     40% of the property's full cash value.

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

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

3 1. determines that a high-bid premium shall be used for the  
4 tax sale; and

5 2. indicates in the public notice of the sale that the high-bid  
6 premium will be applied.

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

9 1. the holder of the tax sale certificate on redemption of the  
10 property for which the high-bid premium was paid; or

11 2. the plaintiff in an action to foreclose the right of  
12 redemption on delivery of a tax sale deed for the property for which the high-bid premium  
13 was paid.

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

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

21 (i) all taxes on the property that are certified to the collector under  
22 § 14-810 of this subtitle;

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

24 (iii) expenses incurred in making the sale.

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

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

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

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

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

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

8           (ii) the deed is recorded; and

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

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

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

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

17          **(3) (I) THE SALE BY LIMITED AUCTION REQUIRED UNDER**  
18 **PARAGRAPH (2) OF THIS SUBSECTION SHALL BE OPEN ONLY TO BIDS FROM AN**  
19 **INDIVIDUAL WHO IS:**

20                   **1. EMPLOYED AS A TEACHER IN A PUBLIC SCHOOL**  
21 **LOCATED IN PRINCE GEORGE'S COUNTY;**

22                   **2. EMPLOYED AS A POLICE OFFICER BY THE PRINCE**  
23 **GEORGE'S COUNTY POLICE DEPARTMENT;**

24                   **3. EMPLOYED AS A FIREFIGHTER BY THE PRINCE**  
25 **GEORGE'S COUNTY FIRE DEPARTMENT; OR**

26                   **4. SUBJECT TO SUBPARAGRAPH (II) OF THIS**  
27 **PARAGRAPH, EMPLOYED BY THE PRINCE GEORGE'S COUNTY GOVERNMENT IN A**  
28 **POSITION NOT INCLUDED UNDER ITEMS 1, 2, OR 3 OF THIS SUBPARAGRAPH.**

29                   **(II) AN INDIVIDUAL WHO IS ELIGIBLE TO PARTICIPATE IN THE**  
30 **LIMITED AUCTION UNDER SUBPARAGRAPH (I)4 OF THIS PARAGRAPH SHALL BE A**  
31 **RESIDENT OF PRINCE GEORGE'S COUNTY.**

1           **(4) THE COLLECTOR SHALL INCLUDE THE DATE, TIME, AND**  
2 **LOCATION OF THE LIMITED AUCTION REQUIRED UNDER THIS SUBSECTION IN ANY**  
3 **NOTICE OF SALE AT PUBLIC AUCTION REQUIRED UNDER THIS SUBTITLE.**

4           **(5) (I) THE LIMITED AUCTION SHALL BE SUBJECT TO THE SAME**  
5 **REQUIREMENTS FOR A PUBLIC AUCTION UNDER THIS SECTION.**

6           **(II) THE PURCHASE OF PROPERTY AT A LIMITED AUCTION**  
7 **SHALL BE CONSIDERED THE SAME AS A PURCHASE AT PUBLIC AUCTION UNDER THIS**  
8 **SECTION AND SHALL BE SUBJECT TO THE REQUIREMENTS OF THIS SUBTITLE IN THE**  
9 **SAME MANNER AS A SALE AT PUBLIC AUCTION.**

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

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

16           **(6) PROPERTY OFFERED FOR SALE DURING A LIMITED AUCTION THAT**  
17 **IS NOT SOLD SHALL BE OFFERED FOR SALE AT PUBLIC AUCTION IN ACCORDANCE**  
18 **WITH THIS SECTION.**

19 14-833.

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

22           (2) In Baltimore City a certificate for abandoned property sold under §  
23 14-817(c) of this subtitle with a minimum bid less than the lien amount reverts to the  
24 Mayor and City Council and is void as to the private purchaser at tax sale unless:

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

27                   (ii) unless the holder is granted an extension by the court due to a  
28 showing of extraordinary circumstances beyond the certificate holder's control, the holder  
29 secures a decree from the circuit court in which the foreclosure proceeding was filed within  
30 18 months from the date of the filing of the foreclosure proceeding.

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

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

5           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
6 1, 2015.