

SENATE BILL 951

Q1

8lr2247
CF HB 1112

By: **Senators Eckardt and Ferguson**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

CHAPTER _____

1 AN ACT concerning

2 **Tax Sales – Vacant and Abandoned Property**

3 FOR the purpose of authorizing the governing body of a county or municipal corporation to
4 release liens for unpaid real property taxes or other charges and assessments to
5 facilitate a transfer of real property if certain conditions are satisfied; authorizing
6 the governing body of a county to ~~direct the tax collector to~~ withhold certain real
7 property from tax sale under certain circumstances; ~~requiring a county to adopt~~
8 ~~objective criteria for designating certain property to be withheld from tax sale;~~
9 authorizing the governing body of a county or municipal corporation to sell certain
10 abandoned property at tax sale for less than the total amount of certain taxes,
11 interest and penalties, and expenses; authorizing the governing body of a county or
12 municipal corporation to request a certain judgment in a proceeding to foreclose the
13 right of redemption; authorizing the governing body of a county or municipal
14 corporation to institute an action to collect a certain balance of unpaid taxes within
15 a certain number of years after the tax sale; authorizing the governing body of a
16 county or municipal corporation to immediately file a complaint to foreclose the right
17 of redemption on certain abandoned property that the county or municipal
18 corporation is required to purchase; making conforming changes; and generally
19 relating to tax sales of vacant and abandoned property.

20 BY repealing and reenacting, with amendments,

21 Article – Tax – Property

22 Section 14–806, 14–811, 14–817(c), 14–824, and 14–833(c)(2), (f), and (g)

23 Annotated Code of Maryland

24 (2012 Replacement Volume and 2017 Supplement)

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

3 **Article – Tax – Property**

4 14–806.

5 (a) [In this section, “Board” means the Board of Estimates of Baltimore City.

6 (b) (1) To facilitate a transfer of real property [the Board] **THE GOVERNING**
7 **BODY OF A COUNTY OR MUNICIPAL CORPORATION** may release any liens for unpaid
8 [city] real property taxes or other charges and assessments imposed [by the Mayor and
9 City Council of Baltimore City] **BY THE COUNTY OR MUNICIPAL CORPORATION** to which
10 the property would otherwise be subject, if:

11 (i) the total amount of liens for unpaid [city] real property taxes,
12 charges, and assessments imposed with respect to the property exceeds the lesser of the
13 total value of the land and any improvement on the land as last determined by the
14 Department or as determined by an appraisal report prepared not more than 6 months
15 before the request for the release of the lien, by a real estate appraiser who is licensed under
16 Title 16 of the Business Occupations and Professions Article;

17 (ii) the [Baltimore City Department of Housing and Community
18 Development] ~~LOCAL HOUSING AUTHORITY~~ COUNTY OR MUNICIPAL CORPORATION
19 certifies that the property:

- 20 1. is a vacant lot; or
- 21 2. has a building or structure that is:
- 22 A. vacant; and
- 23 B. unsafe or unfit for habitation;

24 (iii) the potential transferee demonstrates the ability to return the
25 property to productive use within a reasonable period of time;

26 (iv) the [Board] **GOVERNING BODY OF A COUNTY OR MUNICIPAL**
27 **CORPORATION** finds that a transfer under this section is necessary:

- 28 1. to eliminate a blighting influence; and
- 29 2. to prevent the tax abandonment of a property; and

1 (v) the potential transferee presents evidence to the [Board]
2 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** that fair market value
3 is being paid.

4 (2) [The Board] **A GOVERNING BODY OF A COUNTY OR MUNICIPAL**
5 **CORPORATION** may waive the requirement in paragraph (1)(v) of this subsection if:

6 (i) the potential transferee is a nonprofit organization as defined in
7 § 1–101 of the Housing and Community Development Article; and

8 (ii) the [Mayor and the City Council] **COUNTY OR MUNICIPAL**
9 **CORPORATION** receives from the transferor an amount equal to any federal, State, or local
10 income tax benefit realized by the transferor as a result of a deduction from income for a
11 charitable contribution of the property to a nonprofit organization.

12 (3) If the conditions in paragraph (2) of this subsection are met, the
13 transferor's property tax debt shall be reduced by an amount equal to the fair market value
14 of the transferred property.

15 [(c)] **(B)** The release of a lien for [city] real property taxes, charges, or
16 assessments as authorized under subsection [(b)] **(A)** of this section does not abate the
17 transferor's liability for the remaining amount of the tax debt.

18 [(d)] **(C)** [The Board] ~~**A THE GOVERNING BODY OF A COUNTY OR MUNICIPAL**~~
19 **CORPORATION** may set additional standards and requirements for approval of the release
20 of liens under this section.

21 14–811.

22 (a) Except as provided in subsection (b) of this section, the collector may withhold
23 from sale any property, when the total taxes on the property, including interest and
24 penalties, amount to less than \$250 in any 1 year.

25 (b) In Baltimore City, the collector shall withhold from sale owner-occupied
26 residential property, when the total taxes on the property, including interest and penalties,
27 amount to less than \$750.

28 **(C) ~~(1) AT THE DIRECTION OF THE THE GOVERNING BODY OF A COUNTY~~**
29 **~~OR MUNICIPAL CORPORATION, THE COLLECTOR SHALL MAY WITHHOLD FROM SALE~~**
30 **PROPERTY THAT HAS BEEN DESIGNATED FOR REDEVELOPMENT PURPOSES.**

31 **~~(2) A COUNTY SHALL ADOPT OBJECTIVE CRITERIA FOR DESIGNATING~~**
32 **~~PROPERTY TO BE WITHHELD FROM SALE UNDER PARAGRAPH (1) OF THIS~~**
33 **~~SUBSECTION.~~**

34 14–817.

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

4 (i) all taxes on the property that are certified to the collector under
5 § 14–810 of this subtitle;

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

7 (iii) expenses incurred in making the sale.

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

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

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

15 (5) In a proceeding brought by [the Mayor and City Council of Baltimore
16 City] **THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** to foreclose
17 the right of redemption under this subtitle, the complaint may request a judgment for the
18 [city] **COUNTY OR MUNICIPAL CORPORATION** in the amount of the balance.

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

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

23 (ii) the deed is recorded; and

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

25 (7) [The Mayor and City Council] **THE GOVERNING BODY OF A COUNTY**
26 **OR MUNICIPAL CORPORATION** may institute a separate action to collect the balance at
27 any time within 7 years after the tax sale if the plaintiff is a private purchaser.

28 14–824.

29 (a) Except as provided in subsection (b) of this section, the governing body of a
30 county or other taxing agency shall buy in and hold any property in their respective

1 counties offered for sale for nonpayment of any taxes for which there is no private
2 purchaser.

3 (b) (1) The [Mayor and City Council of Baltimore City] **GOVERNING BODY OF**
4 **A COUNTY OR OTHER TAXING AGENCY** may buy in and hold any abandoned property for
5 which there is no private purchaser for the amount of the minimum bid set pursuant to §
6 14–817(c)(2) of this subtitle.

7 (2) The governing body of a county or other taxing agency may transfer any
8 interest it acquires in abandoned property to a land bank authority established under §
9 1–1403 of the Local Government Article of which the governing body or other taxing agency
10 is a member.

11 (c) The governing body of the county, a land bank authority established under §
12 1–1403 of the Local Government Article of which the county is a member, and other taxing
13 agency have the same rights and remedies with regard to the property as other purchasers,
14 including the right to foreclose the right of redemption.

15 (d) A certificate of sale in the form provided in this subtitle shall be issued by the
16 collector in the name of ~~the Mayor and City Council of Baltimore City or~~ the governing body
17 of the county or other taxing agency.

18 14–833.

19 (c) (2) [In Baltimore City a] **A** certificate for abandoned property sold under §
20 14–817(c) of this subtitle with a minimum bid less than the lien amount reverts to the
21 [Mayor and City Council] **COUNTY OR MUNICIPAL CORPORATION** and is void as to the
22 private purchaser at tax sale unless:

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

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

29 (f) The holder of a certificate of sale for abandoned property [in Baltimore City]
30 sold under § 14–817(c) of this subtitle with a minimum bid less than the lien amount may
31 file a complaint to foreclose all rights of redemption in the property at any time after the
32 date of sale.

33 (g) When the [Mayor and City Council of Baltimore City or the] governing body
34 of [Prince George's County] **A COUNTY OR MUNICIPAL CORPORATION** becomes the
35 holder of a certificate of sale purchased in accordance with § 14–824 of this subtitle, the
36 [Mayor and City Council of Baltimore City or the] governing body of [Prince George's

1 County] **THE COUNTY OR MUNICIPAL CORPORATION** may file a complaint, at any time
2 after the date of sale, to foreclose all rights of redemption in abandoned property consisting
3 of:

4 (1) a vacant lot; or

5 (2) improved property cited as vacant and unfit for habitation on a housing
6 or building violation notice.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.