

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 942

(Senators Brochin and Klausmeier)

Budget and Taxation

Property Tax - Electronic Notification of Tax Sales

This bill requires a specified assessment record maintained by the State Department of Assessments and Taxation (SDAT) to include a contact email address, if one is designated by the owner of a property. The bill also requires a specified statement and notice of sale for a property located in Baltimore County to be sent to the designated email address, if one has been designated, at least 30 days before any property is first advertised for sale. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures may increase by an indeterminate amount in FY 2019. Revenues are not affected.

Local Effect: Baltimore County expenditures increase to modify software to accept email addresses and send required electronic notifications. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: Generally, failure of the collector to send an electronic copy of the statement and notice required under the bill, or to include any taxes in the statement and notice, does not invalidate or otherwise affect any tax, prevent or stay any proceedings, or affect the title of any purchaser. However, failure to send an electronic notice may impact the collection of a specified tax that is required to be (but has not been) certified as required

under specified provisions of the Tax-Property Article or any sale made under the bill to enforce payment of such taxes.

Current Law:

Assessment Records

SDAT must maintain and arrange personal property assessment records in alphabetical order according to the owner by county, election district, taxing district, or assessment area. Each account in the record must include (1) the name and address of the owner; (2) a brief description of the property; (3) the specific location of the property; (4) the general location of the property including a deed or will reference and any tax map reference; and (5) the assessment of the land and any improvement on the land. The details of land and improvements on the land that have been valued at different amounts must be recorded on the respective worksheet or card.

Notice of Sale

Generally, at least 30 days before any property is first advertised for sale, the collector must mail to the person indicated as owner of the property on the collector's tax roll, at the last address shown, a statement giving the name of the person and the amounts of taxes due. The statement must include specified language.

Failure of the collector to mail the statement and notice does not invalidate or otherwise affect any tax or sale made to enforce payment of taxes, prevent or stay any proceedings, or affect the title of any purchaser. However, failure to send the required statement and notice may impact the collection of a specified tax that is required to be (but has not been) certified as required under specified provisions of the Tax-Property Article.

Background: In general, a tax collector must sell, at an auction, not later than two years from the date the tax is in arrears, all property in the county on which the tax is in arrears. The time for the tax sale is established by local law. Failure of the collector to sell the property within the two-year period does not affect the validity or collectability of any tax, or the validity of any sale subsequently made. The requirement to sell property at auction not later than two years from the date the tax is in arrears does not apply in Baltimore City.

The tax collector sets specified terms for the auction and publishes public notice of the tax sale, including requirements for potential bidders.

When a property is purchased at a tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and a high-bid premium except as otherwise specified. Except for agricultural property, when a bidder at a tax sale purchases a property

in Baltimore City and Prince George's County under specified circumstances, the bidder must pay a high-bid premium that is the greater of 20% of the amount by which the highest bid exceeds the lien amount or 40% of the property's full cash value. The terms for payment of the purchase price and high-bid premiums, if any, are determined by the collector.

Generally, the property owner has the right to redeem the property within six months from the date of the tax sale by paying the total lien amount on the property, 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. Under most circumstances, if the right to foreclose is not exercised by the purchaser within two years, the certificate is void, and the purchaser is not entitled to a refund of any monies paid to the collector.

State Expenditures: SDAT did not provide a response to repeated requests for information on this bill. SDAT may incur additional expenditures in fiscal 2019 associated with data collection and computer programming; however, the Department of Legislative Services anticipates that any such expenditures can be absorbed within existing resources.

Local Expenditures: Baltimore County expenditures increase, perhaps significantly, to modify existing tax system software to accept email addresses and send required electronic notifications.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore County; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2018
mm/kdm

Analysis by: Nathan W. McCurdy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510