

# HOUSE BILL 979

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By: **Delegates Kaiser and Atterbeary**

Introduced and read first time: February 10, 2022

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Homeowner Protection Program – Automatic Enrollment and**  
3 **Funding**

4 FOR the purpose of requiring the State Department of Assessments and Taxation to  
5 establish a process to automatically enroll each homeowner who meets certain  
6 eligibility requirements in the Homeowner Protection Program; repealing the  
7 authority of the Department to establish additional eligibility criteria for the  
8 Program; repealing the requirement that a homeowner submit an application to the  
9 Department to enroll in the Program; repealing certain provisions relating to the  
10 process of enrolling homeowners in the Program; repealing a requirement that the  
11 Department determine the maximum number of homeowners who may be enrolled  
12 in the Program in each fiscal year; altering a requirement that the Governor include  
13 a certain appropriation for the Program in the annual budget bill for a certain fiscal  
14 year; and generally relating to the Homeowner Protection Program.

15 BY repealing and reenacting, without amendments,  
16 Article – Tax – Property  
17 Section 14–812(a)(1)  
18 Annotated Code of Maryland  
19 (2019 Replacement Volume and 2021 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Tax – Property  
22 Section 14–812(b)(7) and (9), 14–885 through 14–887, and 14–891  
23 Annotated Code of Maryland  
24 (2019 Replacement Volume and 2021 Supplement)  
25 (As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

26 BY repealing  
27 Article – Tax – Property  
28 Section 14–812(b)(8)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2019 Replacement Volume and 2021 Supplement)  
3 (As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

4 BY repealing and reenacting, without amendments,  
5 Article – Tax – Property  
6 Section 14–884  
7 Annotated Code of Maryland  
8 (2019 Replacement Volume and 2021 Supplement)  
9 (As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

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

12 **Article – Tax – Property**

13 14–812.

14 (a) (1) At least 30 days before any property is first advertised for sale under  
15 this subtitle, the collector shall have mailed to the person who last appears as owner of the  
16 property on the collector’s tax roll, at the last address shown on the tax roll, a statement  
17 giving the name of the person, and the amounts of taxes due.

18 (b) The mailing required under subsection (a) of this section shall include a  
19 separate insert that includes the following:

20 (7) if the collector uses the tax sale process to enforce a lien for unpaid  
21 charges for water or sewer service and a water or sewer utility serving the collector’s  
22 jurisdiction offers a program for discounted water or sewer rates for low–income customers:

23 (i) a brief description of the program for discounted water or sewer  
24 rates for low–income customers; and

25 (ii) information on how to apply for the program, including, if  
26 applicable, a website address and telephone number where more information and  
27 applications are available; **AND**

28 [(8) the following information concerning the Homeowner Protection  
29 Program under Part VII of this subtitle:

30 (i) the statement, “If you are a homeowner of limited income you  
31 may qualify for the Homeowner Protection Program, which could keep your home out of tax  
32 sale for at least 3 years and could help you to pay the taxes you owe and keep your home.”;  
33 and

34 (ii) the website address and telephone number of the State Tax Sale  
35 Ombudsman where more information is available about the Homeowner Protection

1 Program and how to apply; and]

2 ~~[(9)] (8)~~ any other information that may assist low-income homeowners  
3 in avoiding tax sale costs or foreclosure that the collector considers appropriate.

4 14-884.

5 (a) There is a Homeowner Protection Program administered by the Ombudsman  
6 in the Department.

7 (b) The purpose of the Program is to divert vulnerable homeowners from the  
8 private tax lien sale process under Part III of this subtitle into an alternative program with  
9 the primary purpose of:

10 (1) minimizing tax collection costs to homeowners;

11 (2) assisting homeowners to pay their taxes; and

12 (3) allowing homeowners to remain in their homes.

13 14-885.

14 (a) ~~[(1)]~~ To be eligible for the Program a homeowner shall:

15 ~~[(i)] (1)~~ reside in a dwelling that has an assessed value of \$300,000  
16 or less; and

17 ~~[(ii)] (2)~~ have a combined income of \$60,000 or less.

18 ~~[(2)]~~ The Department may establish, by regulation, additional eligibility  
19 criteria for enrollment in the Program.

20 (b) The Department shall establish, by regulation, a process to:

21 (1) give priority for enrollment in the Program to homeowners who are:

22 (i) at least 60 years old; or

23 (ii) currently receiving disability benefits from the federal Social  
24 Security Disability Insurance program or the federal Supplemental Security Income  
25 program; and

26 (2) ensure that homeowners are enrolled in the Program who reside in each  
27 county in the State.

28 (c) On or before June 30 each year, the Department shall determine the

1 maximum number of homeowners who may be enrolled in the Program in the next  
2 succeeding fiscal year based on the amount of funding available for the Program in the  
3 Homeowner Protection Fund established under § 14–891 of this subtitle.

4 (d) The number of homeowners enrolled in the Program in a fiscal year may not  
5 exceed the maximum number determined by the Department under subsection (c) of this  
6 section.]

7 **(B) THE DEPARTMENT SHALL ESTABLISH, BY REGULATION, A PROCESS TO**  
8 **AUTOMATICALLY ENROLL EACH HOMEOWNER WHO MEETS THE ELIGIBILITY**  
9 **REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION IN THE PROGRAM.**

10 **(C) A HOMEOWNER’S ENROLLMENT IN THE PROGRAM SHALL BECOME**  
11 **EFFECTIVE ON A DATE DETERMINED BY THE DEPARTMENT THAT IS:**

12 **(1) AFTER THE HOMEOWNER’S DWELLING IS ADVERTISED FOR SALE**  
13 **UNDER § 14–813 OF THIS SUBTITLE; BUT**

14 **(2) BEFORE THE HOMEOWNER’S DWELLING IS OFFERED FOR SALE AT**  
15 **THE TAX SALE.**

16 **[(e) (D)** County or municipal governments may not be required to pay any costs  
17 of the Program.

18 14–886.

19 **[(a)** A homeowner shall submit an application to the Department to be enrolled in  
20 the Program.

21 (b) A homeowner may submit an application for the Program online or by mail.

22 (c) The Ombudsman shall:

23 (1) prominently advertise the Program and make applications available on  
24 the Ombudsman’s website; and

25 (2) collaborate with local governments, community organizations, and  
26 public and private providers of social services and benefits to raise awareness of the  
27 Program and disseminate applications.]

28 **[(d) (A)** The Ombudsman shall cancel the enrollment of a homeowner in the  
29 Program if:

30 (1) the homeowner submits a request to the Ombudsman to withdraw from  
31 the Program; **OR**

1                   (2) [the homeowner submitted false information in the homeowner's  
2 application for enrollment in the Program; or

3                   (3)] the Ombudsman determines that the homeowner is not acting in good  
4 faith to pay the taxes due.

5           [(e)] (B) If the Ombudsman cancels the enrollment of a homeowner in the  
6 Program, the Ombudsman shall send a notice of the cancellation to the homeowner that  
7 includes the reasons for cancellation.

8           [(f)] (C) A homeowner's enrollment in the Program ends on the earliest of:

9                   (1) the date the homeowner pays the full amount of the taxes owed to the  
10 Department;

11                   (2) the date that is 3 years after the date the homeowner first enrolled in  
12 the Program; or

13                   (3) the date the homeowner's enrollment in the Program is canceled under  
14 subsection [(d)] (A) of this section.

15 14-887.

16           (a) [If a homeowner is first enrolled in the Program before the lien on the  
17 homeowner's dwelling is sold at tax sale] **FOR EACH HOMEOWNER ENROLLED IN THE**  
18 **PROGRAM:**

19                   (1) the Department shall pay the county or municipal corporation the full  
20 amount of the tax lien **ON THE HOMEOWNER'S DWELLING** and assume exclusive  
21 responsibility for collecting the outstanding tax debt; and

22                   (2) the county or municipal corporation shall withhold the **HOMEOWNER'S**  
23 dwelling from the next tax sale.

24           [(b) If a homeowner is first enrolled in the Program after the lien on the  
25 homeowner's dwelling is sold at tax sale, the Department shall pay the holder of the tax  
26 sale certificate the full amount required to redeem the certificate, including interest and  
27 expenses of the certificate holder, and assume exclusive responsibility for collecting the  
28 outstanding tax debt.]

29           [(c)] (B) After a homeowner is enrolled in the Program:

30                   (1) the Department shall pay the county or municipal corporation the full  
31 amount of any tax lien that subsequently becomes due on the dwelling during the entire  
32 period that the homeowner is enrolled in the Program and assume exclusive responsibility

1 for collecting the outstanding tax debt; and

2 (2) the county or municipal corporation shall withhold the dwelling from  
3 tax sale during the entire period that the homeowner is enrolled in the Program.

4 **[(d)] (C)** After the Department purchases a tax lien on the dwelling of a  
5 homeowner under this section, the homeowner's outstanding tax debt:

6 (1) is owed to the Department; and

7 (2) is not owed to any other person.

8 **[(e)] (D)** If a homeowner's enrollment in the Program is canceled under §  
9 **[14-886(d)] 14-886(A)** of this subtitle, the Department shall retain a lien on the  
10 homeowner's dwelling for the taxes owed to the Department but may not initiate any  
11 collection efforts or otherwise act to enforce the lien until ownership of the dwelling is  
12 transferred.

13 14-891.

14 (a) In this section, "Fund" means the Homeowner Protection Fund.

15 (b) There is a Homeowner Protection Fund.

16 (c) The purpose of the Fund is to finance the Program.

17 (d) The Department shall administer the Fund.

18 (e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of  
19 the State Finance and Procurement Article.

20 (2) The State Treasurer shall hold the Fund separately, and the  
21 Comptroller shall account for the Fund.

22 (f) The Fund consists of:

23 (1) tax and interest payments made to the Department by homeowners  
24 enrolled in the Program;

25 (2) money appropriated in the State budget to the Fund;

26 (3) interest earnings; and

27 (4) any other money from any other source accepted for the benefit of the  
28 Fund.

29 (g) **[For each of fiscal years 2023, 2024, and 2025, the Governor shall include in**

1 the annual budget bill an appropriation of \$750,000 to the Fund.] **THE GOVERNOR SHALL**  
2 **INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION TO THE FUND OF:**

3           **(1) \$750,000 IN FISCAL YEAR 2023;**

4           **(2) \$20,750,000 IN FISCAL YEAR 2024; AND**

5           **(3) \$750,000 IN FISCAL YEAR 2025.**

6           (h) (1) The Fund may be used only for any expenses associated with the  
7 Program.

8                   (2) The Fund may not be used for any expenses of the office of the State  
9 Tax Sale Ombudsman that are not directly related to the Program.

10           (i) (1) The State Treasurer shall invest the money of the Fund in the same  
11 manner as other State money may be invested.

12                   (2) Any interest earnings of the Fund shall be credited to the Fund.

13           (j) Expenditures from the Fund may be made only in accordance with the State  
14 budget.

15           (k) The Fund is the exclusive source of funding for the Program.

16           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
17 1, 2023.