

SENATE BILL 766

Q2

3lr2091
CF HB 867

By: **Senator Carter (By Request – Baltimore City Administration)**

Introduced and read first time: February 6, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Collection of Unpaid Property Taxes**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore City to establish
4 an installment payment program for taxes in arrears on residential property;
5 authorizing the Mayor of Baltimore City to cancel the annual tax sale; authorizing
6 the Mayor and City Council of Baltimore City to establish a program to divert
7 residential property from the private tax lien sale process into an alternative
8 program for the payment of taxes in arrears; authorizing the collector of taxes in
9 Baltimore City to withhold any residential property from tax sale; authorizing
10 Baltimore City to conduct a judicial in rem foreclosure and sale of residential
11 property on which the taxes are in arrears under certain circumstances; establishing
12 procedures for an in rem foreclosure and sale; and generally relating to the collection
13 of unpaid property taxes in Baltimore City.

14 BY adding to

15 Article – Tax – Property
16 Section 10–209 and 14–811(b)(4); and 14–894 to be under the new part “Part VIII.
17 Baltimore City Judicial In Rem Tax Foreclosure for Residential Property”
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2022 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article – Tax – Property
22 Section 14–801(d)
23 Annotated Code of Maryland
24 (2019 Replacement Volume and 2022 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article – Tax – Property
27 Section 14–808(a)
28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2019 Replacement Volume and 2022 Supplement)

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

Article – Tax – Property

10–209.

(A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY, BY LAW, ESTABLISH AN INSTALLMENT PAYMENT PROGRAM FOR TAXES IN ARREARS ON ANY RESIDENTIAL PROPERTY IN WHICH ANY PERSON WITH AN INTEREST IN THE PROPERTY MAY ENROLL, INCLUDING A LESSEE OR A PERSON WHO STANDS TO INHERIT THE PROPERTY FROM THE PERSON WHO LAST APPEARS AS OWNER OF THE PROPERTY ON THE COLLECTOR’S TAX ROLL.

(B) ANY FEE OR CHARGE OF ANY KIND THAT IS INCLUDED ON A BALTIMORE CITY PROPERTY TAX BILL MAY BE PAID THROUGH THE INSTALLMENT PAYMENT PROGRAM AUTHORIZED UNDER SUBSECTION (A) OF THIS SUBSECTION.

(C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY PROVIDE, BY LAW, FOR:

(1) ANY ADDITIONAL ELIGIBILITY CRITERIA FOR AN INSTALLMENT PAYMENT PROGRAM UNDER THIS SECTION;

(2) THE PROCESS FOR ENROLLING IN AN INSTALLMENT PAYMENT PROGRAM;

(3) THE FREQUENCY AND DUE DATES OF INSTALLMENT PAYMENTS;
AND

(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.

(D) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY ESTABLISH AN INSTALLMENT PAYMENT PROGRAM UNDER SUBSECTION (A) OF THIS SECTION, BALTIMORE CITY SHALL ARRANGE FOR THE PAYMENT TO THE STATE OF ANY STATE PROPERTY TAXES IN ARREARS ON A PROPERTY ENROLLED IN THE PROGRAM.

14–801.

(d) (1) “Tax” means any tax, or charge of any kind due to the State or any of its political subdivisions, or to any other taxing agency, that by law is a lien against the real property on which it is imposed or assessed.

1 (2) "Tax" includes interest, penalties, and service charges.

2 14-808.

3 (a) (1) Except for property that has been transferred by a municipality or
4 county to a land bank authority established under § 1-1403 of the Local Government
5 Article, and except as provided [under] **IN PARAGRAPH (3) OF THIS SUBSECTION OR §**
6 **14-811** of this subtitle, the collector shall proceed to sell and shall sell under this subtitle,
7 at the time required by local law but in no case, except in Baltimore City, later than 2 years
8 from the date the tax is in arrears, all property in the county in which the collector is elected
9 or appointed on which the tax is in arrears.

10 (2) The collector is required to sell, but failure of the collector to sell within
11 the 2-year period does not affect the validity or collectability of any tax, or the validity of
12 any sale thereafter made.

13 **(3) (I) THE MAYOR OF BALTIMORE CITY MAY CANCEL THE**
14 **ANNUAL TAX SALE.**

15 **(II) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY,**
16 **BY LAW, ESTABLISH A PROGRAM TO DIVERT RESIDENTIAL PROPERTY FROM THE**
17 **PRIVATE TAX LIEN SALE PROCESS INTO AN ALTERNATIVE PROGRAM FOR THE**
18 **COLLECTION OF TAXES IN ARREARS THAT MAY INCLUDE:**

19 **1. OUTREACH TO PROPERTY OWNERS TO ASSIST THE**
20 **PROPERTY OWNERS TO PAY THEIR TAXES;**

21 **2. INSTALLMENT PAYMENT PLANS FOR TAXES IN**
22 **ARREARS UNDER § 10-209 OF THIS ARTICLE;**

23 **3. JUDICIAL IN REM FORECLOSURE AND SALE UNDER §**
24 **14-894 OF THIS SUBTITLE; AND**

25 **4. ANY OTHER PROVISION NECESSARY TO CARRY OUT**
26 **THE PROGRAM.**

27 14-811.

28 (b) (4) **IN BALTIMORE CITY, THE COLLECTOR MAY WITHHOLD FROM**
29 **SALE ANY RESIDENTIAL PROPERTY.**

30 **14-892. RESERVED.**

31 **14-893. RESERVED.**

**PART VIII. BALTIMORE CITY JUDICIAL IN REM TAX FORECLOSURE FOR
RESIDENTIAL PROPERTY.**

14-894.

**(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.**

(2) "INTERESTED PARTY" MEANS:

**(I) THE PERSON WHO LAST APPEARS AS OWNER OF THE
PROPERTY ON THE COLLECTOR'S TAX ROLL;**

**(II) A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A
MORTGAGE OF RECORD;**

**(III) A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST
RECORDED AGAINST THE PROPERTY;**

**(IV) A TAXING AGENCY THAT HAS THE AUTHORITY TO COLLECT
TAX ON THE PROPERTY; OR**

**(V) ANY PERSON HAVING AN INTEREST IN THE PROPERTY
WHOSE IDENTITY AND ADDRESS ARE:**

**1. REASONABLY ASCERTAINABLE FROM THE COUNTY
LAND RECORDS; OR**

**2. REVEALED BY A FULL TITLE SEARCH CONSISTING OF
AT LEAST 50 YEARS.**

(3) "TAX" HAS THE MEANING STATED IN § 14-801 OF THIS SUBTITLE.

**(B) BALTIMORE CITY MAY CONDUCT AN IN REM FORECLOSURE AND SALE
OF RESIDENTIAL PROPERTY ON WHICH THE TAXES ARE IN ARREARS IN ACCORDANCE
WITH THIS SECTION.**

**(C) BALTIMORE CITY MAY FORECLOSE ON AND SELL A RESIDENTIAL
PROPERTY ON WHICH THE TAXES ARE IN ARREARS UNDER THIS SECTION ONLY IF:**

**(1) AT LEAST 3 YEARS HAVE ELAPSED SINCE BALTIMORE CITY FIRST
BEGAN MAKING DOCUMENTED ATTEMPTS TO CONTACT THE PROPERTY OWNER TO**

1 OFFER ASSISTANCE WITH PAYING THE TAXES IN ARREARS;

2 (2) BALTIMORE CITY HAS MADE AT LEAST TEN ATTEMPTS TO
3 CONTACT THE PROPERTY OWNER TO OFFER ASSISTANCE WITH PAYING THE TAXES
4 IN ARREARS; AND

5 (3) THERE HAS BEEN NO ACTIVE PAYMENT PLAN FOR THE PAYMENT
6 OF THE TAXES IN ARREARS ON THE PROPERTY FOR AT LEAST THE PRECEDING 12
7 MONTHS.

8 (D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY ESTABLISH:

9 (1) OBJECTIVE CRITERIA FOR WITHHOLDING RESIDENTIAL
10 PROPERTIES FROM FORECLOSURE AND SALE UNDER THIS SECTION; AND

11 (2) A PROCESS BY WHICH A PROPERTY OWNER MAY APPEAL THE
12 INCLUSION OF THE PROPERTY OWNER'S PROPERTY IN A FORECLOSURE AND SALE
13 UNDER THIS SECTION.

14 (E) TO INITIATE AN IN REM FORECLOSURE ACTION, BALTIMORE CITY
15 SHALL:

16 (1) FILE A COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT
17 COURT FOR BALTIMORE CITY; AND

18 (2) SERVE THE COMPLAINT TO EACH INTERESTED PARTY IN
19 ACCORDANCE WITH THE MARYLAND RULES.

20 (F) ALL TAXES SHALL:

21 (1) BE INCLUDED IN THE FORECLOSURE ACTION; AND

22 (2) CEASE TO BE A LIEN AGAINST THE PROPERTY IF A JUDGMENT IS
23 ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN
24 THE PROPERTY.

25 (G) THE COMPLAINT FOR AN IN REM FORECLOSURE SHALL INCLUDE:

26 (1) THE NAME AND ADDRESS OF THE APPROPRIATE AGENCY OF
27 BALTIMORE CITY;

28 (2) A DESCRIPTION OF THE PROPERTY AS IT APPEARS IN THE COUNTY
29 LAND RECORDS;

1 **(3) THE TAX IDENTIFICATION NUMBER OF THE PROPERTY;**

2 **(4) A STATEMENT THAT THE TAXES ARE DELINQUENT AT THE TIME OF**
3 **THE FILING;**

4 **(5) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE**
5 **OF THE FILING;**

6 **(6) THE NAMES AND LAST KNOWN ADDRESSES OF ALL INTERESTED**
7 **PARTIES IN THE PROPERTY AND, IF APPLICABLE, A STATEMENT THAT THE ADDRESS**
8 **OF A PARTICULAR INTERESTED PARTY IN THE PROPERTY IS UNKNOWN; AND**

9 **(7) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT**
10 **FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE**
11 **PROPERTY AND ORDERS THE PROPERTY TO BE SOLD AT PUBLIC AUCTION.**

12 **(H) A COMPLAINT FOR AN IN REM FORECLOSURE MAY BE AMENDED TO**
13 **INCLUDE ALL TAXES THAT BECOME DELINQUENT AFTER THE COMMENCEMENT OF**
14 **THE IN REM FORECLOSURE ACTION.**

15 **(I) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN**
16 **INTERESTED PARTY HAS THE RIGHT TO CURE THE DELINQUENT TAXES ON THE**
17 **PROPERTY BY PAYING ALL PAST DUE TAXES AT ANY TIME BEFORE THE ENTRY OF**
18 **THE FORECLOSURE JUDGMENT.**

19 **(2) THE RIGHT TO CURE THE DELINQUENT TAXES ON THE PROPERTY**
20 **IS EXTINGUISHED ONCE THE FORECLOSURE JUDGMENT IS ENTERED.**

21 **(J) A CIRCUIT COURT MAY NOT SET A HEARING FOR AN IN REM**
22 **FORECLOSURE UNTIL 30 DAYS AFTER THE COMPLAINT FOR AN IN REM**
23 **FORECLOSURE IS FILED.**

24 **(K) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO**
25 **BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY**
26 **OF THE PROCEEDINGS.**

27 **(L) IF THE CIRCUIT COURT FINDS THAT THE COMPLAINT WAS SERVED ON**
28 **EACH INTERESTED PARTY AND THAT THE INFORMATION SET FORTH IN THE**
29 **COMPLAINT IS ACCURATE, THE COURT SHALL:**

30 **(1) ENTER A JUDGMENT THAT PROPER NOTICE HAS BEEN PROVIDED**
31 **TO ALL INTERESTED PARTIES; AND**

1 **(2) ORDER THAT THE PROPERTY BE SOLD AT PUBLIC AUCTION.**

2 **(M) (1) AFTER ENTRY OF JUDGMENT UNDER SUBSECTION (L) OF THIS**
3 **SECTION, BALTIMORE CITY SHALL SELL THE PROPERTY AT PUBLIC AUCTION IN**
4 **ACCORDANCE WITH THE MARYLAND RULES.**

5 **(2) THE PROPERTY MAY NOT BE SOLD UNTIL AT LEAST 45 DAYS AFTER**
6 **THE ENTRY OF JUDGMENT.**

7 **(N) THE MINIMUM BID FOR THE SALE OF THE PROPERTY SHALL BE BASED**
8 **ON THE FAIR MARKET VALUE OF THE PROPERTY, AS DETERMINED BY BALTIMORE**
9 **CITY.**

10 **(O) (1) THE PROPERTY SHALL BE SOLD TO THE PERSON MAKING THE**
11 **HIGHEST BID.**

12 **(2) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID**
13 **AMOUNT TO BALTIMORE CITY.**

14 **(3) IF THE MINIMUM BID IS NOT MADE OR EXCEEDED, BALTIMORE**
15 **CITY MAY BID THE MINIMUM BID PRICE AND PURCHASE THE PROPERTY.**

16 **(P) (1) BALTIMORE CITY SHALL DEPOSIT ANY AMOUNT BY WHICH THE**
17 **HIGHEST BID EXCEEDS THE AMOUNT OF TAXES DUE ON THE PROPERTY IN AN**
18 **ESCROW ACCOUNT.**

19 **(2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED**
20 **INTO THE ESCROW ACCOUNT TO THE INTERESTED PARTIES IN THE ORDER OF**
21 **PRIORITY OF THE INTERESTS OF THE INTERESTED PARTIES.**

22 **(Q) AFTER A SALE, BALTIMORE CITY SHALL FILE A NOTICE INFORMING THE**
23 **CIRCUIT COURT OF THE SALE AND STATING THE DATE OF THE SALE, THE SALE**
24 **PRICE, AND THE IDENTITY OF THE PURCHASER.**

25 **(R) A SALE OF A PROPERTY UNDER THIS SECTION IS FINAL AND BINDING ON**
26 **THE MAKER OF THE HIGHEST BID.**

27 **(S) (1) THE TITLE ACQUIRED IN AN IN REM FORECLOSURE PROCEEDING**
28 **SHALL BE AN ABSOLUTE OR FEE SIMPLE TITLE INCLUDING THE RIGHT, TITLE, AND**
29 **INTEREST OF EACH OF THE DEFENDANTS IN THE PROCEEDING WHOSE PROPERTY**
30 **HAS BEEN FORECLOSED UNLESS A DIFFERENT TITLE IS SPECIFIED IN THE**
31 **JUDGMENT ENTERED.**

1 **(2) A JUDGMENT IN AN ACTION UNDER THIS SECTION IS BINDING AND**
2 **CONCLUSIVE, REGARDLESS OF LEGAL DISABILITY, ON:**

3 **(I) ALL PERSONS, KNOWN AND UNKNOWN, WHO WERE PARTIES**
4 **TO THE ACTION AND WHO HAD A CLAIM TO THE PROPERTY, WHETHER PRESENT OR**
5 **FUTURE, VESTED OR CONTINGENT, LEGAL OR EQUITABLE, OR SEVERAL OR**
6 **UNDIVIDED; AND**

7 **(II) ALL PERSONS WHO WERE NOT PARTIES TO THE ACTION AND**
8 **HAD A CLAIM TO THE PROPERTY THAT WAS NOT RECORDED AT THE TIME THAT THE**
9 **ACTION WAS COMMENCED.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2023.