

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 21
Ways and Means

(Delegate Atterbeary)

Budget and Taxation

Property Tax - Tax Sales - Notices and Payoff Amount for Redemption

This bill authorizes an owner of owner-occupied residential property – that has been sold at a tax sale and for which a complaint to foreclose the right of redemption has not yet been filed – to request, from the holder of the certificate of sale, the current payoff amount to redeem the property. The current mortgagee of the property and specified others are also authorized to request the current payoff amount. The authorization applies in jurisdictions other than Baltimore City (there is an existing, similar authorization applicable in the city, discussed under Current Law). The payoff amount provided by the holder of the certificate of sale must (1) include only those expenses incurred before the holder of the certificate of sale received the request for the payoff amount and (2) be deemed valid for a period of 30 days from the date the holder provides it. The bill also requires that an email address be included in the holder’s and the tax collector’s contact information provided in specified notices sent by the holder to the owner and specified others. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: The bill does not directly affect State finances.

Local Effect: The bill is not anticipated to materially affect local government finances.

Small Business Effect: Minimal.

Analysis

Current Law:

Right of Redemption

An owner or other person that has an estate or interest in property sold by a tax collector may redeem the property at any time until the right of redemption has been finally foreclosed. In general, a holder of a certificate of sale is not authorized to file a complaint to foreclose the right of redemption earlier than six months after the date of the tax sale. For owner-occupied residential property in Baltimore City, that time period is nine months instead of six months.

The person redeeming the property must pay the collector (1) the total lien amount paid at the tax sale for the property together with interest; (2) any taxes, interest, and penalties paid by any holder of the certificate of sale; (3) except if the property is owner-occupied residential property in Baltimore City, any delinquent taxes, interest, and penalties accruing after the date of the tax sale; and (4) in the manner and by the terms required by the collector, any expenses or fees for which the plaintiff or the holder of a certificate of sale is entitled to reimbursement. Statute specifies the various expenses or fees, which the plaintiff or the holder of a certificate of sale may be reimbursed for, specifically those incurred in any action or in preparation for any action to foreclose the right of redemption.

Notices Sent by the Holder of the Certificate of Sale

Subject to limited exceptions, the holder of a certificate of sale must send two specified notices before filing a complaint to foreclose the right of redemption of the property to which the certificate relates. The notices are sent to (1) the person last listed as owner of the property on the collector's tax roll and (2) the current mortgagee (or assignee of a mortgagee of record, or servicer of the current mortgage) or the current holder of a beneficial interest in a deed of trust recorded against the property. The holder of the certificate of sale may not file a complaint to foreclose the right of redemption until at least two months after sending the first notice and at least 30 days after sending the second notice.

The notices must include, among other things:

- a statement of the fact of the issuance of a certificate of sale;
- a statement that the owner, a mortgage holder, or any other person that has an estate or interest in the property may redeem the property at any time until the right of redemption has been finally foreclosed;

- a statement that the holder of the certificate of sale may file an action to foreclose the right of redemption at any time after two months from the date of the first notice;
- statements describing what must be paid to redeem the property; and
- the name, address, and telephone number of the holder of the certificate of sale, or the holder's agent or attorney, and the collector who made the sale.

Request for Payoff Amount – Applicable in Baltimore City

In Baltimore City, for owner-occupied residential property, prior to the filing of a complaint to foreclose the right of redemption, an owner of property sold at a tax sale may request, from the holder of the certificate of sale, the current payoff amount to redeem the property. The payoff amount provided by the holder must be deemed valid for a period of 30 days from the date the holder sends the payoff amount to the owner.

Additional requirements and restrictions apply – to the request and the holder's actions in response to the request – beyond what is included in the bill with respect to a request for a payoff amount for property in other jurisdictions. For example, the request must be sent to the holder by first-class certified mail, postage prepaid, return receipt requested, bearing a postmark from the U.S. Postal Service, and the holder must send the payoff amount to the owner in a similar manner, within 10 days of delivery of the request.

Additional Comments: Descriptions of the tax sale process and related subjects are included on the Office of the State Tax Sale Ombudsman [web page](#) on the State Department of Assessments and Taxation's website, along with the office's most recent annual report, which contains data on tax sales in the State. The office was established in 2020 pursuant to Chapter 730 of 2019.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Anne Arundel, Montgomery, and Prince George's counties; Baltimore City; Judiciary (Administrative Office of the Courts); Office of Administrative Hearings; State Department of Assessments and Taxation; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - January 23, 2023
km/sdk Third Reader - March 28, 2023
Revised - Amendment(s) - March 28, 2023

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