

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 963
Ways and Means

(Delegate Atterbeary)

Budget and Taxation

Tax Sales - Data Collection - County Funding

This bill modifies provisions that require the State Department of Assessments and Taxation (SDAT) to obtain specified tax sale information through an annual survey of the counties. Specifically, the bill (1) prohibits disbursement or the authorization of disbursement of specified funding to counties that have not provided required information and (2) requires the survey data obtained by SDAT to be for the second immediately preceding taxable year rather than the preceding taxable year. The bill only applies prospectively and SDAT may not withhold any funding from a county because the county failed to provide any information required on a tax sale survey before the bill's effective date. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances.

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

Small Business Effect: None.

Analysis

Current Law: SDAT is required to issue a report each year that includes an analysis and summary of the information collected through an annual tax sale survey of each county. Each county must provide SDAT all specified information on the form that SDAT provides.

For each category of properties specified in statute, SDAT must obtain the following data from the counties for the preceding taxable year: (1) the total number of properties; (2) the total lien amount for all properties; (3) the average lien amount for all properties; and (4) for each of those three data categories, disaggregated data for properties that are owned by a homeowner.

The categories of properties for which the data must be obtained are:

- properties that are advertised for sale;
- properties offered for sale;
- properties offered for sale that are subject to liens for water or sewer services only;
- properties offered for sale that are sold;
- properties for which there is no private purchaser and the county obtains the tax sale certificate;
- properties that are redeemed before foreclosure;
- properties that are subject to foreclosure by the county; and
- properties for which the right of redemption has been foreclosed by a private holder of a tax sale certificate.

SDAT must also obtain the following information concerning each county's tax sale process for the preceding taxable year:

- each type of charge that the county collects through its tax sale process, including property taxes, water and sewer charges, environmental charges, and any other local government charges;
- the length of time the tax on a property is required to be overdue before the county begins the process to sell the property at a tax sale;
- how frequently the county conducts a tax sale and the time of year when the tax sale occurs;
- whether the county conducts tax sales on behalf of municipalities in the county and, if applicable, which municipalities;
- the rate of interest the county charges on overdue property taxes;
- the rate of redemption interest a property owner is required to pay to redeem a property after a tax sale;
- the minimum threshold amount of unpaid taxes on a residential property that will cause the county to put the property in tax sale;
- regarding bid balance money in excess of the amount required for the payment of taxes, interest, penalties, and costs of the sale of a property, (1) the total aggregate amount of all bid balance money held by the county in a special fund pending distribution to property owners; (2) the total aggregate amount of bid balance money

distributed to property owners; and (3) the total aggregate amount of bid balance money transferred to the county;

- whether the county has established a county tax sale ombudsman; and
- a copy of a specified separate insert required to be mailed to property owners.

Pursuant to uncodified language under Chapter 440 of 2020, SDAT must collaborate with counties to obtain disaggregated data on properties that are owner-occupied and are subject to the tax sale process. SDAT must use the list of properties that have an approved application for the homestead property tax credit to help counties identify owner-occupied properties that are subject to the tax sale process.

SDAT must collaborate with counties and the Administrative Office of the Courts to obtain data on properties for which the right of redemption has been foreclosed by a private holder of a tax sale certificate.

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 SDAT'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): Caroline and Prince George's counties; Maryland Association of Counties; Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

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