

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Enrolled - Revised

House Bill 16  
Ways and Means

(Delegate Kaiser)

Budget and Taxation

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**Tax Sales - Homeowner Protection Program - Funding**

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This bill requires the State Department of Assessments and Taxation (SDAT) to maintain a website that any person may use to donate to the Homeowner Protection Program (HPP) and requires local tax collectors to include a separate insert with property tax bills that encourages taxpayers to donate to HPP through the website. **The bill takes effect July 1, 2024.**

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**Fiscal Summary**

**State Effect:** Special fund revenues increase beginning in FY 2025, as discussed below. Expenditures are not materially affected.

**Local Effect:** Local government expenditures increase beginning in FY 2025, as discussed below. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The bill requires SDAT to (1) maintain a website that any person may use to make a voluntary one-time or recurring electronic donation to HPP and (2) credit donations received through the website to the Homeowner Protection Fund (which supports HPP).

The bill also requires each local tax collector to include with each property tax bill a separate insert that (1) includes a concise description of the assistance HPP provides to prevent low-income, elderly, and disabled homeowners from losing their homes to tax sale foreclosure; (2) may include testimony from participants in the program; and (3) must encourage taxpayers to make a voluntary donation to the program through the website maintained by SDAT. The bill requires the State Tax Sale Ombudsman to design the separate insert and provide it to each local tax collector.

**Current Law:** Chapter 382 of 2021 established HPP, administered by the State Tax Sale Ombudsman, and the Homeowner Protection Fund to support the program. The program diverts vulnerable homeowners from the private tax lien sale process into an alternative program – through the purchase of a homeowners’ lien, whether before or after the lien is sold at a tax sale – in order to (1) minimize tax collection costs to homeowners; (2) assist homeowners to pay their taxes; and (3) allow homeowners to remain in their homes.

The Homeowner Protection Fund consists of (1) tax and interest payments made to the department by homeowners enrolled in the program; (2) money appropriated in the State budget to the fund; (3) interest earnings; and (4) any other money from any other source accepted for the benefit of the fund. For each of fiscal 2023 through 2025, the Governor is required to include an appropriation of \$750,000 for the fund in the annual budget bill. The fund may be used only for any expenses associated with the program. The fund may not be used for any expenses of the tax sale ombudsman’s office that are not directly related to the program. Expenditures from the fund may be made only in accordance with the State budget and the fund is the exclusive source of funding for the program.

**State Fiscal Effect:** Special fund (Homeowner Protection Fund) revenues increase beginning in fiscal 2025 as a result of donations made to HPP under the bill; however, the extent of the revenues generated from donations cannot be reliably estimated.

SDAT indicates that costs of third-party services to maintain a donation portal on a website are based on a small percentage of the dollar amount of donations received. It is assumed that any costs SDAT incurs for those services are paid for from the Homeowner Protection Fund, as costs of the program, and minimally offset/reduce donation revenues received.

SDAT can handle design of the separate insert for property tax bills, and accounting related to the new revenue source of the fund, with existing resources.

**Local Expenditures:** Local government expenditures increase to include the separate insert regarding HPP in property tax bills. Cost estimates provided by a small number of jurisdictions range from \$3,200 in fiscal 2025 (and similar amounts in future years) for the City of Havre de Grace (Harford County), to \$70,000 annually, beginning in fiscal 2025, for Montgomery County.

**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.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Anne Arundel, Frederick, and Montgomery counties; City of Havre de Grace; Judiciary (Administrative Office of the Courts); Maryland Tax Court; Department of Housing and Community Development; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 31, 2024  
rh/sdk Third Reader - February 23, 2024  
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