

**Department of Legislative Services**  
Maryland General Assembly  
2025 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 953

Ways and Means

(Delegate Kaiser, *et al.*)

Budget and Taxation

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

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This bill makes several changes relating to the Homeowner Protection Program (HPP), including requiring (1) additional information to be collected and reported; (2) additional efforts to encourage participation in the program; and (3) an annual appropriation of \$250,000 of the interest on overdue State property tax, and annual county payments totaling \$500,000, to the Homeowner Protection Fund. **The bill takes effect July 1, 2025.**

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$250,000 annually and special fund revenues and expenditures increase by \$750,000 annually beginning in FY 2026. **This bill establishes a mandated appropriation beginning in FY 2027.**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
GF Expenditure	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
SF Expenditure	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
Net Effect	(\$0.25)	(\$0.25)	(\$0.25)	(\$0.25)	(\$0.25)

*Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** County expenditures increase, collectively, by \$500,000 annually beginning in FY 2026. County revenues are not expected to be materially affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** The bill makes the following changes relating to HPP:

- *Description and link included on tax collector websites* – The bill requires each county tax collector that maintains a website to include on the website in a

conspicuous location (1) a concise description of HPP and (2) a link to the application for the program.

- *Additional information collected* – In addition to existing data the State Department of Assessments and Taxation (SDAT) must collect regarding each county's tax sale process, SDAT must also obtain (1) the total number of real property tax accounts in each county during the second immediately preceding taxable year and the total number of real property tax accounts that became delinquent during the second immediately preceding taxable year and (2) the total amount of interest on overdue county real property taxes collected during the second immediately preceding taxable year.
- *Additional information reported* – In addition to existing information SDAT must include in its annual tax sale report concerning the activities of the State Tax Sale Ombudsman, the department must include (1) the total number of persons making a voluntary donation to HPP through the website maintained by the department for such donations; (2) the total amount of voluntary donations made to HPP through the website; and (3) the balance of funds in the Homeowner Protection Fund as of the date of the report, and a detailed accounting of revenues received by the fund and expenditures made from the fund in the preceding taxable year.
- *Maximizing enrollment* – The State Tax Sale Ombudsman must prioritize maximizing enrollment in HPP through existing requirements to raise awareness of the program and disseminate applications through the ombudsman's website and specified collaboration, and by (1) strongly encouraging all homeowners who meet the eligibility requirements to enroll in the program and (2) screening each homeowner who contacts the ombudsman for eligibility for HPP and, if the homeowner appears to be eligible, strongly encouraging the homeowner to complete an application for the program.
- *Repeal of authorization to charge interest* – The bill repeals an authorization, under HPP, for SDAT to charge interest on unpaid taxes owed to the department.
- *Appropriation of interest on overdue State property tax* – The Governor must include in the annual budget bill for each fiscal year an appropriation to the Homeowner Protection Fund (under HPP) of \$250,000 of the interest on overdue State property tax.
- *County government payments* – The bill requires that county governments collectively pay \$500,000 to the Homeowner Protection Fund each fiscal year that is (1) allocated among the counties based on the number of real property accounts in each county as a percentage of the total number of real property accounts statewide as of July 1 of the preceding fiscal year; (2) derived from interest on overdue county property tax; and (3) remitted to SDAT by each county on the first day of each fiscal year.

## **Current Law:**

### *Homeowner Protection Program*

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.

Chapter 856 of 2024 requires SDAT to maintain a website that any person may use to donate to HPP and requires local tax collectors to include a separate insert, provided by the State Tax Sale Ombudsman, with property tax bills that encourages taxpayers to donate to HPP through the website.

The ombudsman must (1) prominently advertise the program and make applications available on the ombudsman's website and (2) collaborate with local governments, community organizations, and public and private providers of social services and benefits to raise awareness of the program and disseminate applications.

SDAT is authorized to charge interest on unpaid taxes owed to the department under the program, at a rate of up to 6%; however, the ombudsman may set a lower interest rate or waive interest entirely at the ombudsman's discretion.

The Homeowner Protection Fund consists of (1) tax and interest payments made to the department by homeowners enrolled in HPP; (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 HPP. 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.

### *Annual Survey of County Tax Sale Information*

SDAT is required to conduct an annual survey of each county that conducts a tax sale, to obtain specified information, including data relating to the number of properties subject to tax sale and the total and average lien amounts for those properties. Each county must provide the information on the form that SDAT provides, and the department is required to issue a report each year that includes an analysis and summary of the information

collected as well as specified information concerning the activities of the State Tax Sale Ombudsman.

#### *State Property Tax*

The State property tax rate is established annually by the Board of Public Works, which is required by law to set a rate necessary to pay debt service on State general obligation (GO) bonds, except to the extent that funds are provided from other sources. The current State real property tax rate is \$0.112 per \$100 of assessment. The fiscal 2026 budget assumes \$1.1 billion in State property tax revenues to the Annuity Bond Fund (ABF). In addition, \$181.7 million in general funds are budgeted to the ABF, since the State property tax rate is not set high enough to cover the full cost of the debt service payments on the State's GO bonds.

**State Fiscal Effect:** General fund expenditures increase by \$250,000 annually and special fund (Homeowner Protection Fund) revenues and expenditures increase by \$750,000 annually beginning in fiscal 2026. This estimate assumes:

- \$250,000 in general funds is appropriated annually to fund the State's debt service in place of State property tax interest revenues that are appropriated to the Homeowner Protection Fund under the bill. The fiscal 2026 funding (both the appropriation of State property tax interest revenues to the Homeowner Protection Fund and appropriation of general funds for debt service to replace the interest revenues) is at the Governor's discretion.
- The Homeowner Protection Fund receives \$500,000 from county payments, pursuant to the bill, each year beginning in fiscal 2026.
- The full amount of funding received by the fund is spent each year under HPP.

Any additional staff or other resources needed by the State Tax Sale Ombudsman's Office to administer the funding is assumed to be covered by the above special fund expenditures from the Homeowner Protection Fund, as expenses of HPP, as authorized in statute.

The bill's repeal of the authorization for SDAT to charge interest on unpaid taxes owed to the department under HPP is assumed to not materially affect State finances.

**Local Fiscal Effect:** County government expenditures increase, collectively, by \$500,000 annually beginning in fiscal 2026. The estimated amount for each county, which is based on their share of real property accounts, is shown in **Exhibit 1**.

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**Exhibit 1**  
**County Share of Required \$500,000 Payment to Homeowner Protection Fund**

<b>County</b>	<b>Amount</b>
Allegany	\$8,609
Anne Arundel	46,815
Baltimore City	49,448
Baltimore	63,582
Calvert	8,988
Caroline	3,480
Carroll	14,386
Cecil	10,045
Charles	14,935
Dorchester	4,729
Frederick	22,992
Garrett	6,312
Harford	21,378
Howard	23,340
Kent	2,805
Montgomery	72,720
Prince George's	64,798
Queen Anne's	5,700
St. Mary's	10,624
Somerset	3,531
Talbot	4,559
Washington	12,614
Wicomico	9,793
Worcester	13,816
<b>Total</b>	<b>\$500,000</b>

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Source: Department of Legislative Services

**Small Business Effect:** Small businesses that would otherwise generate revenue from tax sales that no longer occur under the bill (due to greater enrollment in HPP) may be meaningfully affected.

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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):** Baltimore, Charles, Dorchester, and Garrett counties; Maryland Municipal League; Department of Budget and Management; State Department of Assessments and Taxation; Maryland State Treasurer's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2025  
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