



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 1221

March 2, 2021

TO: Members of the Ways and Means Committee
FROM: Natasha Mehu, Director of Government Relations
RE: House Bill 1221 - Baltimore City - Tax Sales - Water and Sewer Liens
POSITION: OPPOSE

Chair Kaiser, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** House Bill (HB) 1221.

HB 1221 would eliminate from tax sale any property delinquent from water or wastewater charges.

Currently, water and sewer only delinquent accounts are not eligible for tax sale independently of the amount owed; however, if delinquent water and sewer charges combined with other taxes have a total lien amount higher than \$750 the property is still tax sale eligible. In Fiscal 2017, former Mayor Catherine Pugh implemented an executive order to remove from tax sale any owner-occupied property delinquent from water and sewer charges only. During the 2019 General Assembly passed Senate Bill 96 which reinstated this order and expanded it to provide further tax sale ineligibility to rental properties and places of worship. The proposed legislation would further eliminate water and sewer charges as lienable amounts for tax sale.

The impact of the proposed legislation cannot be accurately determined. This policy would have a significant long-term revenue impact for the City's Water and Wastewater funds. The threat of tax sale represents the only enforcement mechanism for the City to recoup delinquent payments; however, if this policy moves forward it would completely remove the incentive for any owner-occupied resident to pay for water and sewer services in the City.

Using FY 2021 data, there are only 10 owner-occupied residents who received Final Bill and Legal Notices for the FY2021 tax sale because they owe more than \$750 including water and sewer delinquent charges which account for \$28.9K. Seven owner-occupied would be removed from the tax sale because they would owe less than \$750; however, as mentioned before, this legislation would have a multimillion annual impact if the water and sewer delinquent balance becomes unlienable.

BCA is supportive of comprehensive rather than piecemeal approaches to tax sale reforms to find a sustainable program that works for the City and its residents. Increasing the threshold as proposed by HB 1221 may just disrupt the cash flow the City urgently needs to continue funding its operations.

Accordingly, the BCA requests a **unfavorable** report on House Bill 1221.