

HOUSE BILL 979

Q1

2lr2749

By: **Delegates Kaiser and Atterbeary**

Introduced and read first time: February 10, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Homeowner Protection Program – Automatic Enrollment and**
3 **Funding**

4 FOR the purpose of requiring the State Department of Assessments and Taxation to
5 establish a process to automatically enroll each homeowner who meets certain
6 eligibility requirements in the Homeowner Protection Program; repealing the
7 authority of the Department to establish additional eligibility criteria for the
8 Program; repealing the requirement that a homeowner submit an application to the
9 Department to enroll in the Program; repealing certain provisions relating to the
10 process of enrolling homeowners in the Program; repealing a requirement that the
11 Department determine the maximum number of homeowners who may be enrolled
12 in the Program in each fiscal year; altering a requirement that the Governor include
13 a certain appropriation for the Program in the annual budget bill for a certain fiscal
14 year; and generally relating to the Homeowner Protection Program.

15 BY repealing and reenacting, without amendments,
16 Article – Tax – Property
17 Section 14–812(a)(1)
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2021 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – Property
22 Section 14–812(b)(7) and (9), 14–885 through 14–887, and 14–891
23 Annotated Code of Maryland
24 (2019 Replacement Volume and 2021 Supplement)
25 (As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

26 BY repealing
27 Article – Tax – Property
28 Section 14–812(b)(8)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)
(As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 14–884
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)
(As enacted by Chapter 382 of the Acts of the General Assembly of 2021)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – Property

14–812.

(a) (1) At least 30 days before any property is first advertised for sale under this subtitle, the collector shall have mailed to the person who last appears as owner of the property on the collector's tax roll, at the last address shown on the tax roll, a statement giving the name of the person, and the amounts of taxes due.

(b) The mailing required under subsection (a) of this section shall include a separate insert that includes the following:

(7) if the collector uses the tax sale process to enforce a lien for unpaid charges for water or sewer service and a water or sewer utility serving the collector's jurisdiction offers a program for discounted water or sewer rates for low-income customers:

(i) a brief description of the program for discounted water or sewer rates for low-income customers; and

(ii) information on how to apply for the program, including, if applicable, a website address and telephone number where more information and applications are available; **AND**

[(8) the following information concerning the Homeowner Protection Program under Part VII of this subtitle:

(i) the statement, "If you are a homeowner of limited income you may qualify for the Homeowner Protection Program, which could keep your home out of tax sale for at least 3 years and could help you to pay the taxes you owe and keep your home."; and

(ii) the website address and telephone number of the State Tax Sale Ombudsman where more information is available about the Homeowner Protection

1 Program and how to apply; and]

2 ~~[(9)] (8)~~ any other information that may assist low-income homeowners
3 in avoiding tax sale costs or foreclosure that the collector considers appropriate.

4 14–884.

5 (a) There is a Homeowner Protection Program administered by the Ombudsman
6 in the Department.

7 (b) The purpose of the Program is to divert vulnerable homeowners from the
8 private tax lien sale process under Part III of this subtitle into an alternative program with
9 the primary purpose of:

10 (1) minimizing tax collection costs to homeowners;

11 (2) assisting homeowners to pay their taxes; and

12 (3) allowing homeowners to remain in their homes.

13 14–885.

14 (a) ~~[(1)]~~ To be eligible for the Program a homeowner shall:

15 ~~[(i)] (1)~~ reside in a dwelling that has an assessed value of \$300,000
16 or less; and

17 ~~[(ii)] (2)~~ have a combined income of \$60,000 or less.

18 ~~[(2)]~~ The Department may establish, by regulation, additional eligibility
19 criteria for enrollment in the Program.

20 (b) The Department shall establish, by regulation, a process to:

21 (1) give priority for enrollment in the Program to homeowners who are:

22 (i) at least 60 years old; or

23 (ii) currently receiving disability benefits from the federal Social
24 Security Disability Insurance program or the federal Supplemental Security Income
25 program; and

26 (2) ensure that homeowners are enrolled in the Program who reside in each
27 county in the State.

28 (c) On or before June 30 each year, the Department shall determine the

maximum number of homeowners who may be enrolled in the Program in the next succeeding fiscal year based on the amount of funding available for the Program in the Homeowner Protection Fund established under § 14–891 of this subtitle.

(d) The number of homeowners enrolled in the Program in a fiscal year may not exceed the maximum number determined by the Department under subsection (c) of this section.]

(B) THE DEPARTMENT SHALL ESTABLISH, BY REGULATION, A PROCESS TO AUTOMATICALLY ENROLL EACH HOMEOWNER WHO MEETS THE ELIGIBILITY REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION IN THE PROGRAM.

(C) A HOMEOWNER’S ENROLLMENT IN THE PROGRAM SHALL BECOME EFFECTIVE ON A DATE DETERMINED BY THE DEPARTMENT THAT IS:

(1) AFTER THE HOMEOWNER’S DWELLING IS ADVERTISED FOR SALE UNDER § 14–813 OF THIS SUBTITLE; BUT

(2) BEFORE THE HOMEOWNER’S DWELLING IS OFFERED FOR SALE AT THE TAX SALE.

[(e)] (D) County or municipal governments may not be required to pay any costs of the Program.

14–886.

[(a) A homeowner shall submit an application to the Department to be enrolled in the Program.

(b) A homeowner may submit an application for the Program online or by mail.

(c) The Ombudsman shall:

(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.]

[(d)] (A) The Ombudsman shall cancel the enrollment of a homeowner in the Program if:

(1) the homeowner submits a request to the Ombudsman to withdraw from the Program; **OR**

(2) [the homeowner submitted false information in the homeowner's application for enrollment in the Program; or

(3)] the Ombudsman determines that the homeowner is not acting in good faith to pay the taxes due.

[(e)] (B) If the Ombudsman cancels the enrollment of a homeowner in the Program, the Ombudsman shall send a notice of the cancellation to the homeowner that includes the reasons for cancellation.

[(f)] (C) A homeowner's enrollment in the Program ends on the earliest of:

(1) the date the homeowner pays the full amount of the taxes owed to the Department;

(2) the date that is 3 years after the date the homeowner first enrolled in the Program; or

(3) the date the homeowner's enrollment in the Program is canceled under subsection [(d)] (A) of this section.

14-887.

(a) [If a homeowner is first enrolled in the Program before the lien on the homeowner's dwelling is sold at tax sale] **FOR EACH HOMEOWNER ENROLLED IN THE PROGRAM:**

(1) the Department shall pay the county or municipal corporation the full amount of the tax lien **ON THE HOMEOWNER'S DWELLING** and assume exclusive responsibility for collecting the outstanding tax debt; and

(2) the county or municipal corporation shall withhold the **HOMEOWNER'S** dwelling from the next tax sale.

[(b) If a homeowner is first enrolled in the Program after the lien on the homeowner's dwelling is sold at tax sale, the Department shall pay the holder of the tax sale certificate the full amount required to redeem the certificate, including interest and expenses of the certificate holder, and assume exclusive responsibility for collecting the outstanding tax debt.]

[(c)] (B) After a homeowner is enrolled in the Program:

(1) the Department shall pay the county or municipal corporation the full amount of any tax lien that subsequently becomes due on the dwelling during the entire period that the homeowner is enrolled in the Program and assume exclusive responsibility

for collecting the outstanding tax debt; and

(2) the county or municipal corporation shall withhold the dwelling from tax sale during the entire period that the homeowner is enrolled in the Program.

[(d)] (C) After the Department purchases a tax lien on the dwelling of a homeowner under this section, the homeowner's outstanding tax debt:

(1) is owed to the Department; and

(2) is not owed to any other person.

[(e)] (D) If a homeowner's enrollment in the Program is canceled under § **[14–886(d)] 14–886(A)** of this subtitle, the Department shall retain a lien on the homeowner's dwelling for the taxes owed to the Department but may not initiate any collection efforts or otherwise act to enforce the lien until ownership of the dwelling is transferred.

14–891.

(a) In this section, "Fund" means the Homeowner Protection Fund.

(b) There is a Homeowner Protection Fund.

(c) The purpose of the Fund is to finance the Program.

(d) The Department shall administer the Fund.

(e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(f) The 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.

(g) **[For each of fiscal years 2023, 2024, and 2025, the Governor shall include in**

the annual budget bill an appropriation of \$750,000 to the Fund.] **THE GOVERNOR SHALL
INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION TO THE FUND OF:**

(1) \$750,000 IN FISCAL YEAR 2023;

(2) \$20,750,000 IN FISCAL YEAR 2024; AND

(3) \$750,000 IN FISCAL YEAR 2025.

(h) (1) The Fund may be used only for any expenses associated with the Program.

(2) The Fund may not be used for any expenses of the office of the State Tax Sale Ombudsman that are not directly related to the Program.

(i) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(j) Expenditures from the Fund may be made only in accordance with the State budget.

(k) The Fund is the exclusive source of funding for the Program.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2023.