HOUSE BILL 59

Q1 5lr0140 (PRE–FILED) CF SB 192

By: Chair, Ways and Means Committee (By Request – Departmental – Housing and Community Development)

Requested: October 6, 2024

Introduced and read first time: January 8, 2025

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 27, 2025

CHAPTER ____

1 AN ACT concerning

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Property Tax - Tax Sales - Revisions

FOR the purpose of requiring that certain owner-occupied property be withheld from tax sale; requiring a county or municipal corporation to withhold from tax sale certain property when the taxes consist only of a lien for unpaid water and sewer service; authorizing a county or a municipal corporation to withhold from tax sale certain property designated for redevelopment purposes; altering the contents of certain statements required to be sent to an owner of property subject to tax sale; altering certain provisions of law concerning abandoned property that is sold for less than the lien amount; establishing a maximum rate of redemption for owner-occupied property sold at tax sale; prohibiting taxes, interest, and penalties accruing after the date of a tax sale from being included in the payment required to redeem owner-occupied residential property; extending the period of time during which a holder of a certificate of sale is prohibited from filing a complaint to foreclose the right of redemption for owner-occupied residential property after the date of sale; altering the contents of certain notices required to be sent to certain persons with an interest in property sold at tax sale; extending the period of time after a tax sale during which a certain notice may not be sent to certain persons with an interest in owner-occupied residential property sold at the tax sale: requiring the plaintiff in an action to foreclose the right of redemption for an owner-occupied property subject to tax sale to send written notice of the proceeding to the State Tax Sale Ombudsman; extending the period of time after issuance of a judgment foreclosing the right of redemption before a plaintiff may take possession of a property that has tenants;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.

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15 16 altering certain notice requirements that apply before a plaintiff may take possession of a property that has tenants; extending the amount of time that has to pass after a tax sale before the plaintiff or the holder of a certificate of sale for owner-occupied residential property may be reimbursed for certain expenses when the property is redeemed; prohibiting the sale of property to enforce a lien for unpaid charges for water and sewer service except under certain circumstances; requiring a county to maintain a record of the information the county provides for the Annual Tax Sale Survey for a certain minimum number of years; altering certain requirements concerning eligibility for participation in the Homeowner Protection Program; and generally relating to tax sales.

11 BY repealing and reenacting, with amendments,

12 Article – Tax – Property

Section 14–811(b) and (e), 14–817.1(a), 14–820, 14–828(a), $\frac{14-833(a)(2)}{(a-1)(3)(v)3}$.

14 $\underline{14-833(a-1)(3)(v)3.}$ and (vi)3. $\underline{and}(4)(i)2.,$ (c)(2), and (d)(2), 14-836(b)(4)(i) and

(7), $\frac{14-843(a)(4)(ii)}{and}$ and $\frac{(b)(1)(ii)}{(ii)}$, 14-844(e), 14-845(c), $\frac{14-849.1}{(a)}$, 14-879(a),

and 14–883(d)

17 Annotated Code of Maryland

18 (2019 Replacement Volume and 2024 Supplement)

- 19 BY repealing and reenacting, without amendments,
- 20 Article Tax Property

21 Section 14–811(a)(2), 14–817(c), 14–833(a)(2) and (a–14)(4)(i)2., 14–843(a)(4)(ii) and

22 (b)(1)(ii), 14–849.1, 14–883(a), and 14–884

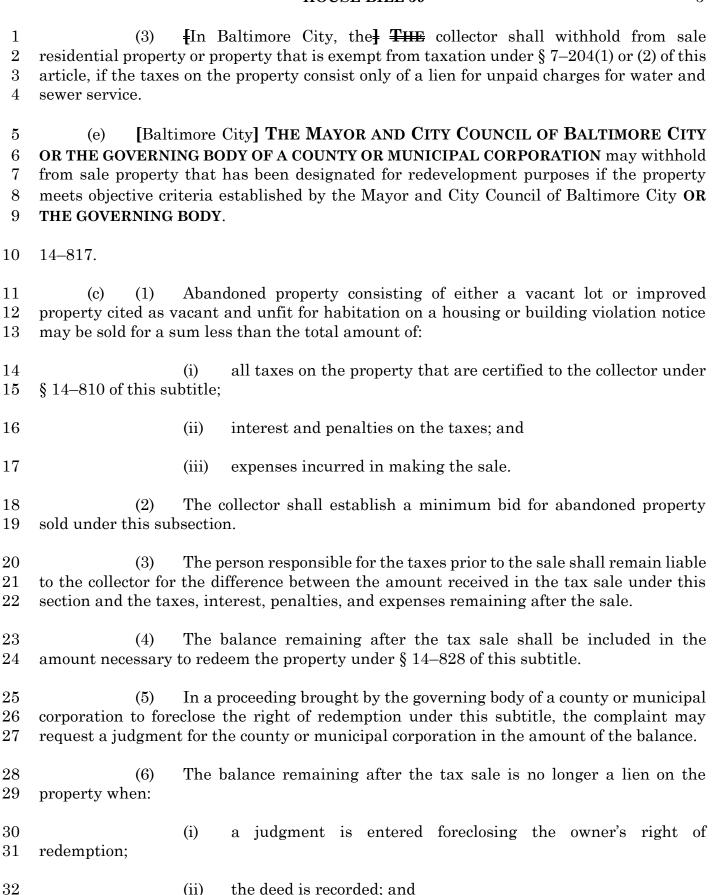
- 23 Annotated Code of Maryland
- 24 (2019 Replacement Volume and 2024 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

26 That the Laws of Maryland read as follows:

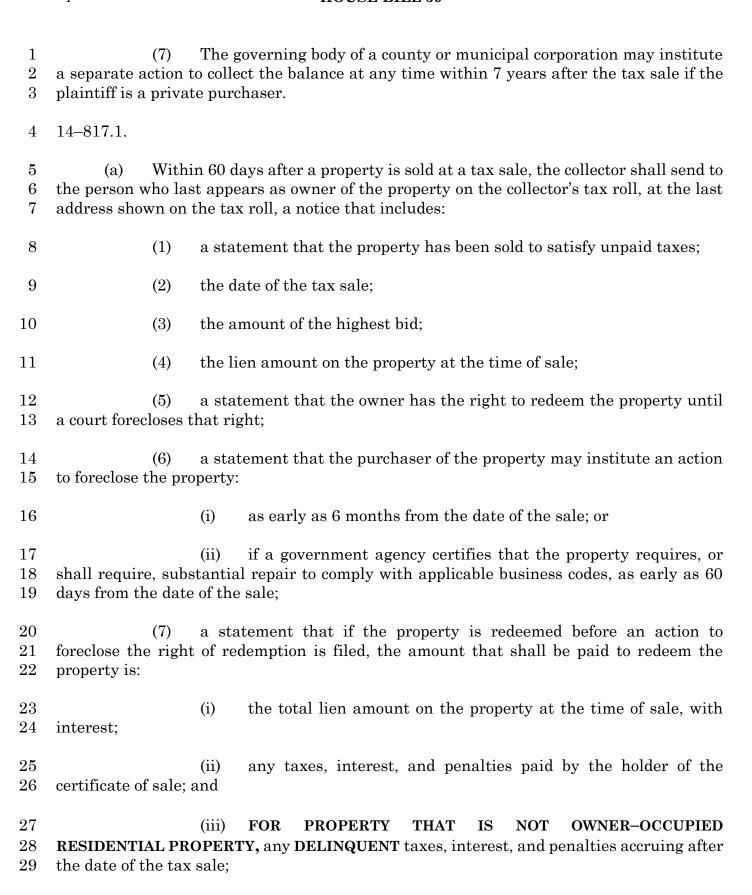
27 Article - Tax - Property

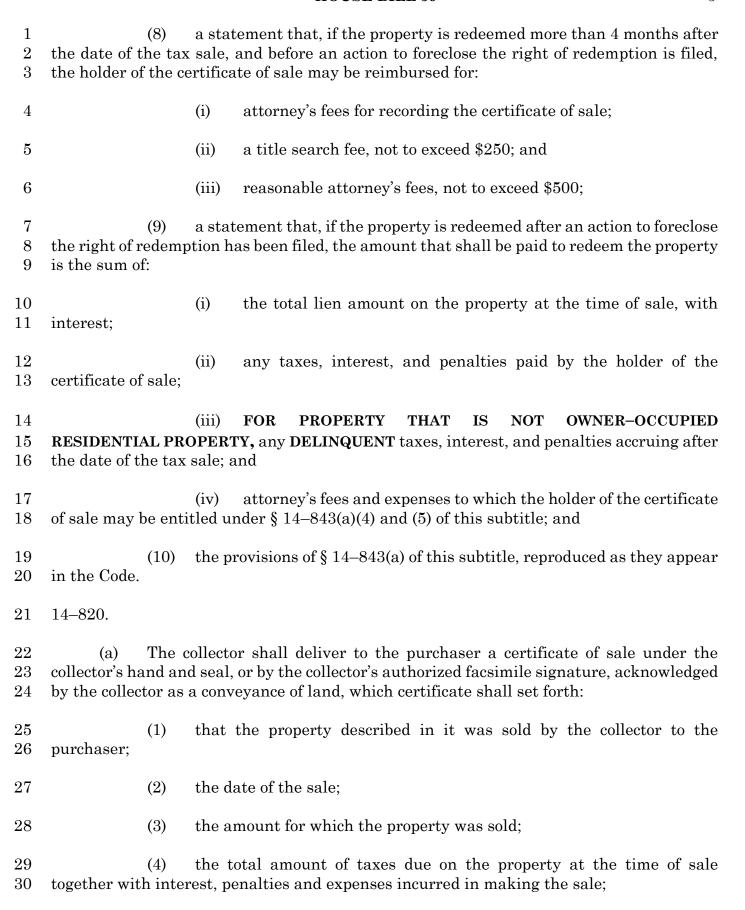
- 28 14-811.
- 29 <u>(a) (2) The governing body of a county or municipal corporation may withhold</u> 30 <u>from sale owner-occupied residential property that meets objective criteria established by</u>
- 31 the governing body of the county or municipal corporation.
- 32 (b) (1) The collector may withhold from sale any **NON-OWNER-OCCUPIED** 33 residential property, when the total taxes on the property, including interest and penalties, 34 amount to less than \$750.
- 35 (2) [In Baltimore City, the] **THE** collector shall withhold from sale 36 owner–occupied residential property, when the total taxes on the property, including 37 interest and penalties, amount to less than [\$750] **\$1,000**.



(iii)

all liens accruing subsequent to the date of sale are paid in full.





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(5)

Commissioners;

1 a description of the property in substantially the same form as the (5)2 description appearing on the collector's tax roll. If the property is unimproved or has no 3 street number, and the collector has procured a description of the property from the county 4 or municipal corporation surveyor, this description shall be included in the certificate of 5 sale. In Garrett County a copy of the description as required by § 14–813(f) of this subtitle, 6 as that section relates specifically to Garrett County, shall be included in the certificate of 7 sale: 8 a statement that the rate of redemption is 6% a year, except as provided (6) 9 in subsection (b) of this section; 10 (7)the time when an action to foreclose the right of redemption may be 11 instituted; and 12 that the certificate will be void unless foreclosure proceedings are (8)(i) 13 brought within 2 years from the date of the certificate; or 14 (ii) that, unless foreclosure proceedings are brought within 3 months 15 from the date of the certificate to any abandoned property [in Baltimore City] sold under § 14-817(c)(1) of this subtitle with a minimum bid less than the lien amount, the certificate: 16 17 1. is void as to a private purchaser; and 18 2. reverts to the Mayor and City Council OF BALTIMORE 19 CITY OR THE GOVERNING BODY OF A COUNTY, OR IF THE PROPERTY IS LOCATED IN 20 A MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL 21**CORPORATION** for a period of 2 years from the date of the tax sale. 22 [The] SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE rate of (b) 23redemption is 6% a year except: 24in Allegany County the rate is 6% a year or as fixed by the County (1) 25Commissioners: 26 in Anne Arundel County the rate is 6% a year or as fixed by a law of the 27 County Council; 28 in Baltimore City the rate is 6% a year or as fixed by a law of the City (3) 29 Council; 30 in Baltimore County the rate is 6% a year or as fixed by a law of the (4) 31 County Council;

in Cecil County the rate is 6% a year or as fixed by the County

$\frac{1}{2}$	Commissione	. ,	in Calvert County the rate is 10% a year or as fixed by the County
3 4	Commissione	. ,	in Caroline County the rate is 10% a year or as fixed by the County
5 6	Commissione		in Carroll County the rate is 14% a year or as fixed by the County
7 8	Commissione	. ,	in Dorchester County the rate is 10% a year or as fixed by the County
9 10	body of Frede	` '	in Frederick County the rate is 6% a year or as fixed by the governing ounty;
11 12	Commissione	` '	in Garrett County the rate is 10% a year or as fixed by the County
13 14	County Counc	` '	in Harford County the rate is 6% a year or as fixed by a law of the
15 16	County Counc		in Howard County the rate is 6% a year or as fixed by a law of the
17 18	Commissione	` '	in Kent County the rate is 6% a year or as fixed by the County
19 20	County Counc	` '	in Montgomery County the rate is 6% a year or as fixed by a law of the
21 22	the County C	` '	in Prince George's County the rate is 6% a year or as fixed by a law of
23 24	Commissione	` '	in Queen Anne's County the rate is 6% a year or as fixed by the County
25 26 27		ate is	in Somerset County, Charles County, Wicomico County, and Worcester 6% a year or as fixed by the County Commissioners or by a law of the
28 29	Council; and	(19)	in Talbot County the rate is 6% a year or as fixed by a law of the County

(20) in Washington County the rate is 6% a year or as fixed by the County

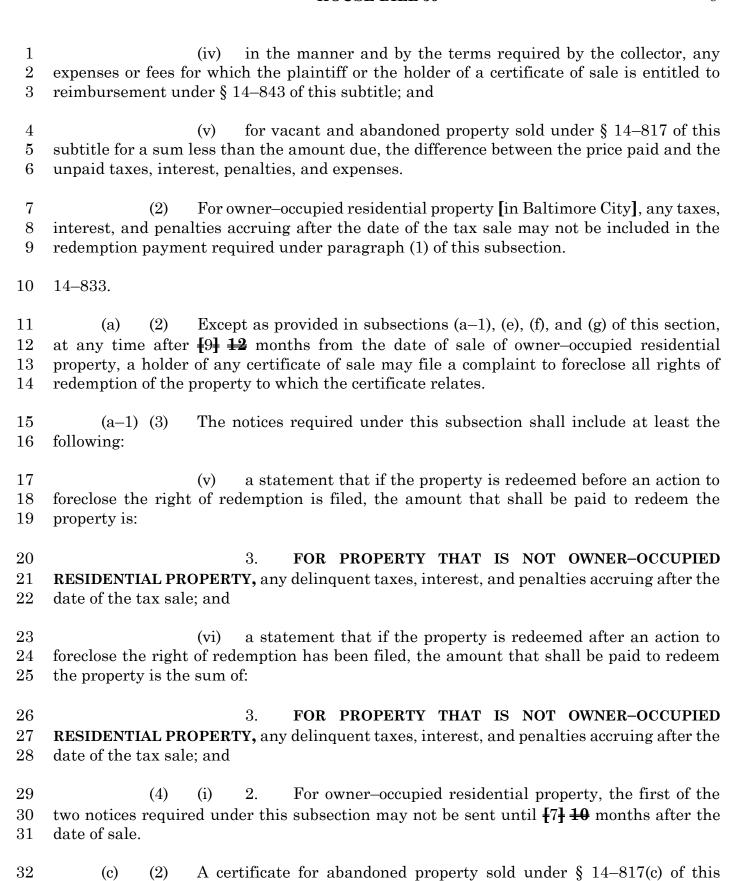
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Commissioners.

1 (C) FOR OWNER-OCCUPIED RESIDENTIAL PROPERTY, THE RATE OF 2 REDEMPTION MAY NOT EXCEED 10% A YEAR.

3	[(c)] (D) The certificate of sale shall be in substantially the following form:							
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	"I,, Collector of Taxes for the State of Maryland and the of, certify that on, 20, I sold to, at public auction for the sum of Dollars and Cents, of which Dollars has been paid, the property in described as and assessed to The property described in this certificate is subject to redemption. On redemption the holder of the certificate will be refunded the sums paid on account of the purchase price together with interest at the rate of 6% a year from the date of payment to the date of redemption (except as stated in [subsection (b) of] § 14–820 of the Tax – Property Article of the Annotated Code of Maryland), together with all other amounts specified by Chapter 761 of the Acts of 1943, and acts that amend that chapter. The balance due on account of the purchase price and all taxes, together with interest and penalties on the taxes, accruing after the date of sale, must be paid to the Collector before a deed can be delivered to the purchaser. After, 20, a proceeding can be brought to foreclose all rights of redemption in the property. This certificate will be void unless such a proceeding is brought within 2 years from the date of this certificate, except that [in Baltimore City,] with respect to any abandoned property sold under § 14–817(c) of the Tax – Property Article of the Annotated Code of Maryland with a minimum bid less than the lien amount, the certificate will revert to the Mayor and City Council OF BALTIMORE CITY OR THE GOVERNING BODY OF THE COUNTY, OR IF THE PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL CORPORATION, and will be void as to the private purchaser at tax sale unless such a proceeding is brought within 3 months from the date of the certificate.							
25 26 27	Witness my hand and seal, this day of, 20							
28	(To be followed by acknowledgment).							
29	14–828.							
30 31	(a) (1) If the property is redeemed, the person redeeming shall pay the collector:							
32 33	(i) the total lien amount paid at the tax sale for the property together with interest;							
34 35	(ii) any taxes, interest, and penalties paid by any holder of the certificate of sale;							
36 37	(iii) except as provided under paragraph (2) of this subsection, any delinquent taxes, interest, and penalties accruing after the date of the tax sale;							



subtitle with a minimum bid less than the lien amount reverts to the MAYOR AND CITY

COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF THE county or, IF THE

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1 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF 2 THE municipal corporation and is void as to the private purchaser at tax sale unless: 3 a proceeding to foreclose the right of redemption is filed within 3 4 months of the date of the certificate of sale; and 5 unless the holder is granted an extension by the court due to a 6 showing of extraordinary circumstances beyond the certificate holder's control, the holder 7 secures a decree from the circuit court in which the foreclosure proceeding was filed within 8 18 months from the date of the filing of the foreclosure proceeding. 9 (d) (2)If a certificate for abandoned property reverts to the Mayor and City Council of Baltimore City OR THE GOVERNING BODY OF A COUNTY OR, IF THE 10 11 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF 12 THE MUNICIPAL CORPORATION under this section, the Mayor and City Council OR THE 13 **GOVERNING BODY** may: 14 (i) file a foreclosure proceeding in its own name; or 15 1. resell the certificate; and (ii) 16 2. apply all money received on account of the sale to any outstanding balance remaining after the sale on the tax debt owed by the previous owner 17 18 of the abandoned property. 19 14-836. 20 (b) **(4)** Notwithstanding the provision of paragraph (3) of this (i) 21subsection, the plaintiff shall send written notice of the proceeding to: 22 1. all persons having a recorded interest, claim, or lien, including a judgment, who have not been made a defendant in the proceeding, and, if the 2324 subject property is part of a homeowners association or condominium association, to the 25homeowners association or condominium association governing the property, at the last 26 reasonably ascertainable address; [and] 27 each tenant of the subject property whose identity is 28 known to the plaintiff, at the tenant's last reasonably ascertainable address; AND 29 3. IF THE SUBJECT PROPERTY IS OWNER-OCCUPIED, THE STATE TAX SALE OMBUDSMAN. 30

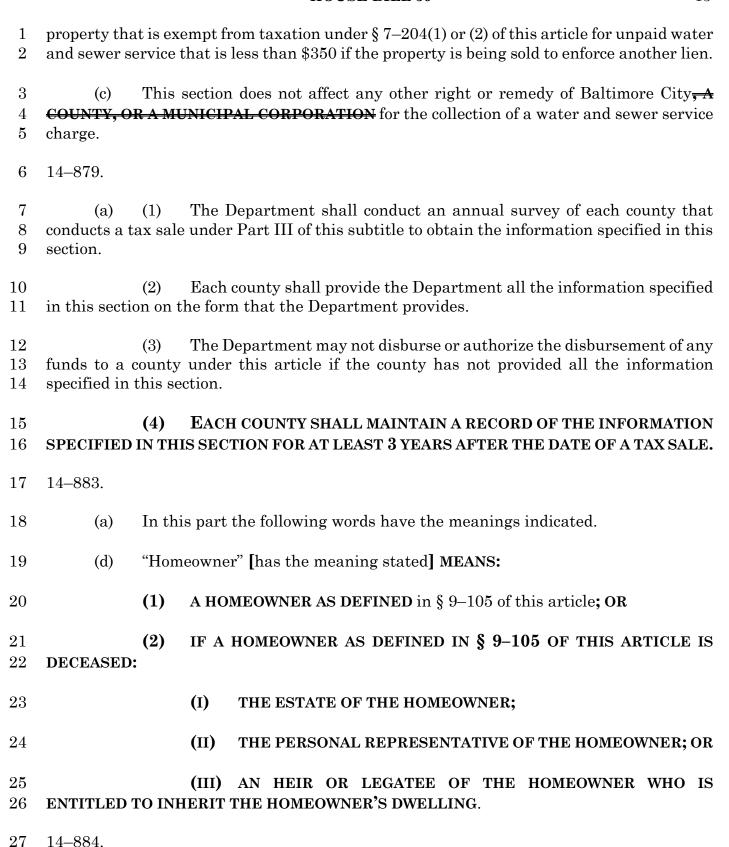
31 (7) (i) Subject to subparagraphs (ii) and (iii) of this paragraph, after 32 issuance of the judgment foreclosing right of redemption and at least [30] **90** days before 33 taking possession of the property, the plaintiff shall give any tenant of the property written

$\frac{1}{2}$	notice of the plaintiff's intention to obtain possession of the property and that the tenant must vacate the property within [30] 90 days after the notice.							
3 4 5	(ii) During the [30-day] 90-DAY period immediately following issuance of the judgment foreclosing the right of redemption, the plaintiff may apply for, process, and obtain, but not execute upon, a writ for possession of the property.							
6	(iii) The notice shall be sent:							
7 8 9 10	1. by first-class mail, postage prepaid, CERTIFICATE OF MAILING, bearing a postmark from the United States Postal Service addressed to the tenant by name if the identity of the tenant is known to the plaintiff, and addressed to "occupant" if the identity of the tenant is not known;							
11 12	2. to each separately leased area of the property that the plaintiff can reasonably ascertain is occupied; and							
13 14	3. in an envelope prominently marked on the outside with the following phrase "Notice of Taking Possession of Property".							
15 16 17	ALSO BE POSTED ON THE PROPERTY WITHIN $\frac{1}{1}$ DAY $\frac{10}{1}$ DAYS OF FIRST BEING SENT							
18	14–843.							
19 20 21 22	(a) (4) (ii) For owner–occupied residential property, if an action to foreclose the right of redemption has not been filed, and the property is redeemed more than $\{7\}$ 10 months after the date of the tax sale, the holder of a certificate of sale may be reimbursed for the following expenses actually incurred:							
23	1. costs for recording the certificate of sale;							
24	2. a title search fee, not to exceed \$250;							
25 26	3. the postage and certified mailing costs for the notices required under $\ 14-833(a-1)$ of this subtitle; and							
27	4. reasonable attorney's fees, not to exceed \$500.							
	i. Tousdiasio autoritoj s roos, riot to enecea 4000.							

14-844.

in arrears.

- [In Baltimore City where] WHERE abandoned property has been sold for a 1 2 sum less than the amount due under § 14–817 of this subtitle, in a foreclosure proceeding 3 brought by the Mayor and City Council OF BALTIMORE CITY OR THE GOVERNING BODY 4 **OF A COUNTY OR MUNICIPAL CORPORATION**, the final order may include a judgment in 5 favor of the city, COUNTY, OR MUNICIPAL CORPORATION and against the person liable 6 for taxes prior to the sale, in the amount of the unpaid taxes, interest, penalties, and 7 expenses otherwise due in a tax sale. 8 14-845. 9 In Baltimore City, with WITH respect to abandoned property that is subject to § 14–817(c) of this subtitle: 10 11 a defendant or any person described in § 14-836(b)(1) or (4)(i) of this (1) 12 subtitle may file an action to recover damages on the ground of inadequate notice within 3 years after the date of judgment foreclosing rights of redemption; 13 14 (2)damages in an action under item (1) of this subsection may not exceed 15 the fair market value of that person's interest in the property at the time of the sale; and 16 a person may not file to reopen a judgment foreclosing rights of redemption based on inadequate notice. 17 18 14-849.1. 19 In Baltimore City, the Mayor and City Council THE MAYOR AND CITY (a) 20 COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR 21**MUNICIPAL CORPORATION** may not sell a property to enforce a lien for unpaid charges 22for water and sewer service unless: 23 the lien is for at least \$350; (1) 24(2) the property is not: 25a residential property; or (i) 26 real property that is exempt from taxation under § 7–204(1) or (ii) 27(2) of this article; and 28 (3)the unpaid charges for water and sewer service are at least 3 quarters
- 30 (b) Notwithstanding subsection (a) of this section, the Mayor and City Council OF 31 **BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL** 32 **CORPORATION** may enforce a lien on a property other than residential property or real



28 (a) There is a Homeowner Protection Program administered by the Ombudsman 29 in the Department.

1 2 3	private tax lien sale process under Part III of this subtitle into an alternative program with					
4	(1) minimizing tax collection costs to homeowners;					
5	(2) assisting homeowners to pay their taxes; and					
6	(3) allowing homeowners to remain in their homes.					
7 8 9	apply only prospectively and may not be applied or interpreted to have any effect on or					
10 11	,					
	Approved:					
	Governor.					
	Speaker of the House of Delegates.					
	President of the Senate.					