

SENATE BILL 980

Q1

2lr3053

By: **Senator Edwards**

Introduced and read first time: February 18, 2022

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Tax Sales – Restriction of Bidders**

3 FOR the purpose of prohibiting certain persons from bidding on property at a tax sale;
4 requiring the collector of taxes to declare a certificate of sale void and issue a new
5 certificate of sale to the governing body of a county or municipal corporation under
6 certain circumstances; prohibiting assignment of a certificate of sale to certain
7 persons; and generally relating to tax sales.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – Property
10 Section 14–817(a)(4) and (5) and 14–821
11 Annotated Code of Maryland
12 (2019 Replacement Volume and 2021 Supplement)

13 BY adding to
14 Article – Tax – Property
15 Section 14–817(a)(5) and 14–820.1
16 Annotated Code of Maryland
17 (2019 Replacement Volume and 2021 Supplement)

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

20 **Article – Tax – Property**

21 14–817.

22 (a) (4) The conduct of the sale shall be according to terms set by the collector,
23 and published with a reasonable degree of specificity in the public notice of the tax sale, to
24 ensure the orderly functioning of the public auction and the integrity of the tax sale process,
25 including requirements that potential bidders:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(i) establish their eligibility for bidding by presenting:

1. evidence of the legal existence of the bidding entity that is satisfactory to the collector; AND

2. **THE STATEMENT REQUIRED UNDER PARAGRAPH (5) OF THIS SUBSECTION;**

(ii) limit their representation at a tax sale to no more than a single agent per bidding entity; and

(iii) refrain from any act, agreement, consent, or conspiracy to suppress, predetermine, rig, or fix the bidding at the sale.

(5) (I) A PERSON MAY NOT BID ON PROPERTY OFFERED FOR SALE BY A COUNTY OR MUNICIPAL CORPORATION UNDER THIS PART IF THE PERSON:

1. **HAS UNPAID REAL OR PERSONAL PROPERTY TAXES OWED TO THE COUNTY OR MUNICIPAL CORPORATION;**

2. **HAS UNPAID JUDGMENTS FOR CIVIL OR MUNICIPAL INFRACTIONS OWED TO THE COUNTY OR MUNICIPAL CORPORATION; OR**

3. **PAID OR WAS FOUND GUILTY OF AT LEAST THREE CIVIL OR MUNICIPAL INFRACTIONS IN THE 5-YEAR PERIOD IMMEDIATELY PRECEDING THE DATE OF THE TAX SALE THAT RELATE TO PROPERTY OWNED BY THE PERSON IN THE COUNTY OR MUNICIPAL CORPORATION.**

(II) A BUSINESS ENTITY MAY NOT BID ON PROPERTY AT A TAX SALE IF AN INDIVIDUAL WHO IS PROHIBITED FROM BIDDING ON PROPERTY AT A TAX SALE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH HAS AN OWNERSHIP INTEREST IN THE BUSINESS ENTITY.

(III) BEFORE A TAX SALE, THE COLLECTOR SHALL REQUIRE EACH POTENTIAL BIDDER TO EXECUTE A STATEMENT UNDER PENALTY OF PERJURY THAT THE POTENTIAL BIDDER IS NOT PROHIBITED FROM BIDDING ON PROPERTY AT THE TAX SALE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

[(5)] (6) (i) If determined by the collector to be in the best public interest and included in the required public notice of the sale, the collector may solicit and accept bids from the highest bidder for any group of properties to be sold at the tax sale.

(ii) 1. Upon the request of any individual or group, the collector may remove any individual property or properties from a group of properties to be sold at the tax sale.

2. Upon the request of the property owner at least 15 days before the date of the tax sale, the collector shall remove any individual property or properties from a group of properties to be sold at the tax sale.

(iii) The collector shall provide notice to the potential bidders of any alterations to a group of properties at the time the bidders become known.

(iv) The collector may conduct the sale of a group of properties under this paragraph by a sealed bid process.

(v) Except in Montgomery County, the collector shall establish a high-bid premium under subsection (b)(2) of this section for all properties to be sold:

1. in groups; or
2. by sealed bid process.

14-820.1.

(A) THE COLLECTOR SHALL DECLARE A CERTIFICATE OF SALE VOID IF THE COLLECTOR DISCOVERS BEFORE A FINAL JUDGMENT FORECLOSING THE RIGHT OF REDEMPTION IS ENTERED THAT THE CERTIFICATE OF SALE WAS DELIVERED TO A PERSON WHO WAS PROHIBITED UNDER § 14-817(A)(5) OF THIS SUBTITLE FROM BIDDING ON THE PROPERTY.

(B) FOR EACH PROPERTY FOR WHICH THE COLLECTOR DECLARES THE CERTIFICATE OF SALE VOID UNDER SUBSECTION (A) OF THIS SECTION, THE COLLECTOR SHALL ISSUE A NEW CERTIFICATE OF SALE IN THE NAME OF THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION THAT CONDUCTED THE TAX SALE AT WHICH THE PROPERTY WAS SOLD.

(C) THE COLLECTOR MAY REFER A PERSON WHO FALSELY STATED THAT THE PERSON WAS NOT PROHIBITED FROM BIDDING ON A PROPERTY UNDER § 14-817(A)(5) OF THIS SUBTITLE TO THE STATE'S ATTORNEY FOR PROSECUTION FOR PERJURY.

14-821.

(a) Except as provided in subsection (b) of this section, any certificate of sale executed and delivered by the collector to the purchaser is assignable and an assignment of the certificate of sale vests in the assignee, or the legal representative of the assignee, all

1 the right, title, and interest of the original purchaser. The assignment of certificate of sale
2 may be made in accordance with the provisions of law relating to the short assignment of
3 mortgages.

4 (b) **(1)** A certificate of sale issued to a purchaser at a limited auction under §
5 14–817(d) of this subtitle may not be assigned to another person.

6 **(2) A CERTIFICATE OF SALE MAY NOT BE ASSIGNED TO A PERSON WHO**
7 **IS PROHIBITED FROM BIDDING ON PROPERTY AT A TAX SALE UNDER § 14–817(A)(5)**
8 **OF THIS SUBTITLE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2022.