

Chapter 647

(House Bill 953)

AN ACT concerning

Tax Sales – Homeowner Protection Program – Funding and Alterations

FOR the purpose of requiring each collector of taxes that maintains a website to include on the collector's website certain information and a certain link relating to the Homeowner Protection Program; altering the information the State Department of Assessments and Taxation is required to obtain and include in a certain annual report regarding tax sales; requiring the State Tax Sale Ombudsman to take certain actions to maximize enrollment in the Homeowner Protection Program; prohibiting the Department from charging interest on unpaid taxes owed to the Department by homeowners enrolled in the Homeowner Protection Program; requiring the Governor to include in the annual budget bill a certain appropriation for the Homeowner Protection Fund; requiring county governments collectively to pay a certain amount to the Homeowner Protection Fund each fiscal year; and generally relating to tax sales and the Homeowner Protection Program.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 4–201.1(a) and 14–884

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

BY adding to

Article – Tax – Property

Section 4–201.1(e)

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 14–879(c) and (d), 14–880(a), 14–886(c), 14–887(e), 14–889, and 14–891

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

BY repealing

Article – Tax – Property

Section 14–885(e)

Annotated Code of Maryland

(2019 Replacement Volume and 2024 Supplement)

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

Article – Tax – Property

4–201.1.

(a) In this section, “Program” means the Homeowner Protection Program established under Title 14, Subtitle 8, Part VII of this article.

(E) EACH COLLECTOR THAT MAINTAINS A WEBSITE SHALL INCLUDE ON THE COLLECTOR’S WEBSITE IN A CONSPICUOUS LOCATION:

(1) A CONCISE DESCRIPTION OF THE PROGRAM; AND

(2) A LINK TO THE APPLICATION FOR THE PROGRAM.

14–879.

(c) The Department shall obtain the following information concerning each county’s tax sale process for the second immediately preceding taxable year:

(1) each type of charge that the county collects through its tax sale process, including property taxes, water and sewer charges, environmental charges, and any other local government charges;

(2) THE TOTAL NUMBER OF REAL PROPERTY TAX ACCOUNTS IN THE 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;

(3) THE TOTAL AMOUNT OF INTEREST ON OVERDUE COUNTY REAL PROPERTY TAXES COLLECTED DURING THE SECOND IMMEDIATELY PRECEDING TAXABLE YEAR;

[(2)] (4) the length of time the tax on a property is required to be overdue before the county begins the process to sell the property under Part III of this subtitle;

[(3)] (5) how frequently the county conducts a tax sale and the time of year when the tax sale occurs;

[(4)] (6) whether the county conducts tax sales on behalf of municipal corporations in the county and, if applicable, which municipal corporations;

[(5)] (7) the rate of interest the county charges on overdue property taxes under § 14–603 of this title;

[(6)] (8) the rate of redemption interest a property owner is required to pay to redeem a property after a tax sale under § 14–820 of this subtitle;

[(7)] (9) the minimum threshold amount of unpaid taxes on a residential property that will cause the county to put the property in tax sale under § 14–811(b) of this subtitle;

[(8)] (10) regarding bid balance money in excess of the amount required for the payment of taxes, interest, penalties, and costs of the sale of a property:

(i) the total aggregate amount of all bid balance money held by the county in a special fund pending distribution to property owners under § 14–819(a) of this subtitle;

(ii) the total aggregate amount of bid balance money distributed to property owners under § 14–819(a) of this subtitle; and

(iii) the total aggregate amount of bid balance money transferred to the county under § 14–819(b) and (c) of this subtitle;

[(9)] (11) whether the county has established a County Tax Sale Ombudsman under § 2–112(e) of this article; and

[(10)] (12) a copy of the separate insert required to be mailed to property owners under § 14–812(b) of this subtitle.

(d) The Department shall obtain:

(1) the number of counties and municipal corporations that have withheld from sale under **[§ 14–811(e)] § 14–811(H)** of this subtitle a dwelling owned by a homeowner who is low-income, at least 65 years old, or disabled;

(2) the eligibility criteria used by each county and municipal corporation to withhold a dwelling from sale under **[§ 14–811(e)] § 14–811(H)** of this subtitle; and

(3) the number of dwellings withheld from sale by each county and municipal corporation under **[§ 14–811(e)] § 14–811(H)** of this subtitle.

14–880.

(a) Each year, the Department shall issue a report that includes:

(1) an analysis and summary of the information collected through the survey under § 14–879 of this subtitle; and

(2) the following information concerning the activities of the State Tax Sale Ombudsman established under § 2–112 of this article in the preceding taxable year:

- (i) the number of homeowners who contacted the Ombudsman;
- (ii) the number of homeowners assisted by the Ombudsman to apply for each of the tax credits under § 9–104 or § 9–105 of this article;
- (iii) the number of homeowners assisted by the Ombudsman to apply for other discount programs or public benefits and a brief summary of those programs and benefits;
- (iv) the number of homeowners referred by the Ombudsman to legal services, housing counseling, and other social services, and a brief summary of those services;
- (v) the number of homeowners enrolled in the Homeowner Protection Program under Part VII of this subtitle;
- (vi) a summary of the implementation of the Homeowner Protection Program under Part VII of this subtitle, including outreach to homeowners under § 14–886(d) of this subtitle;

(VII) THE TOTAL NUMBER OF PERSONS MAKING A VOLUNTARY DONATION TO THE HOMEOWNER PROTECTION PROGRAM UNDER PART VII OF THIS SUBTITLE THROUGH THE WEBSITE UNDER § 4–201.1 OF THIS ARTICLE;

(VIII) THE TOTAL AMOUNT OF VOLUNTARY DONATIONS MADE TO THE HOMEOWNER PROTECTION PROGRAM UNDER PART VII OF THIS SUBTITLE THROUGH THE WEBSITE UNDER § 4–201.1 OF THIS ARTICLE;

(IX) THE BALANCE OF FUNDS IN THE HOMEOWNER PROTECTION FUND ESTABLISHED UNDER § 14–891 OF THIS SUBTITLE AS OF THE DATE OF THE REPORT, AND A DETAILED ACCOUNTING OF REVENUES RECEIVED BY THE HOMEOWNER PROTECTION FUND AND EXPENDITURES MADE FROM THE HOMEOWNER PROTECTION FUND IN THE PRECEDING TAXABLE YEAR;

[(vii)] ~~(IX)~~ **(X)** any statutory or administrative changes the Ombudsman recommends to improve the administration of the Homeowner Protection Program under Part VII of this subtitle; and

[(viii)] ~~(X)~~ **(XI)** any other relevant information.

14–884.

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

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

- (1) minimizing tax collection costs to homeowners;
- (2) assisting homeowners to pay their taxes; and
- (3) allowing homeowners to remain in their homes.

14–885.

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

14–886.

(c) The Ombudsman shall **PRIORITIZE MAXIMIZING ENROLLMENT IN THE PROGRAM BY:**

(1) prominently [advertise] **ADVERTISING** the Program and [make] **MAKING** applications available on the Ombudsman’s website; [and]

(2) [collaborate] **COLLABORATING** with local governments, community organizations, and public and private providers of social services and benefits to raise awareness of the Program and disseminate applications;

(3) STRONGLY ENCOURAGING ALL HOMEOWNERS WHO MEET THE ELIGIBILITY REQUIREMENTS TO ENROLL IN THE PROGRAM; AND

(4) SCREENING EACH HOMEOWNER WHO CONTACTS THE OMBUDSMAN FOR ELIGIBILITY FOR THE PROGRAM AND, IF THE HOMEOWNER APPEARS TO BE ELIGIBLE, STRONGLY ENCOURAGING THE HOMEOWNER TO COMPLETE AN APPLICATION FOR THE PROGRAM.

14–887.

(e) If a homeowner’s enrollment in the Program is canceled under [§ 14–886(d)] **§ 14–886(E)** 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.

14–889.

(a) [(1) The Department may charge interest on unpaid taxes owed to the Department at a rate not exceeding 6%.]

(2) The Ombudsman may set a lower interest rate or waive interest entirely at the Ombudsman’s discretion.] **THE DEPARTMENT MAY NOT CHARGE INTEREST ON UNPAID TAXES OWED TO THE DEPARTMENT.**

(b) [Other than the interest specified in subsection (a) of this section, the] **THE** Department may not impose any fees or costs on a homeowner in addition to the taxes owed.

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) voluntary donations to the Fund under § 4–201.1 of this article;

(3) money appropriated in the State budget to the Fund;

(4) MONEY PAID BY COUNTY GOVERNMENTS UNDER SUBSECTION (H) OF THIS SECTION;

[(4)] (5) interest earnings; and

[(5)] (6) any other money from any other source accepted for the benefit of the Fund.

(g) For each [of] fiscal [years 2023, 2024, and 2025] YEAR, the Governor shall include in the annual budget bill an appropriation of [\$750,000] ~~\$500,000~~ \$250,000 OF THE INTEREST ON OVERDUE STATE PROPERTY TAX to the Fund.

(H) (1) FOR EACH FISCAL YEAR, COUNTY GOVERNMENTS SHALL COLLECTIVELY PAY ~~\$1,000,000~~ \$500,000 TO THE FUND.

(2) THE AMOUNT REQUIRED TO BE PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE 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.

(3) THE AMOUNT PAID BY EACH COUNTY UNDER THIS SUBSECTION SHALL BE DERIVED FROM INTEREST ON OVERDUE COUNTY PROPERTY TAX.

(4) EACH COUNTY SHALL REMIT TO THE DEPARTMENT THE COUNTY'S SHARE OF THE AMOUNT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON OR BEFORE THE FIRST DAY OF EACH FISCAL YEAR.

[h] (I) (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] (J) (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] (K) Expenditures from the Fund may be made only in accordance with the State budget.

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.

Approved by the Governor, May 20, 2025.