SENATE BILL 192

Q1 5lr0139 HB 243/24 – W&M (PRE–FILED) CF HB 59

By: Chair, Budget and Taxation Committee (By Request - Departmental - Housing and Community Development)

Requested: October 6, 2024

Introduced and read first time: January 8, 2025

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2

3

4

5

6

7

8

9

10

11

12

13

14

15 16

17

18

19 20

21

22

23

24

25

26

27

28

29

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; 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

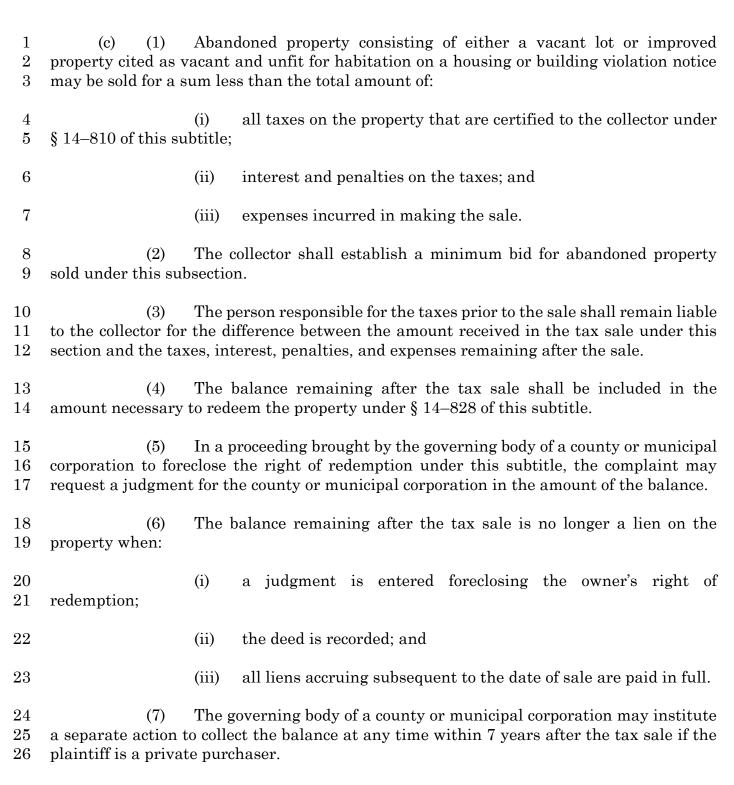
EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 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.

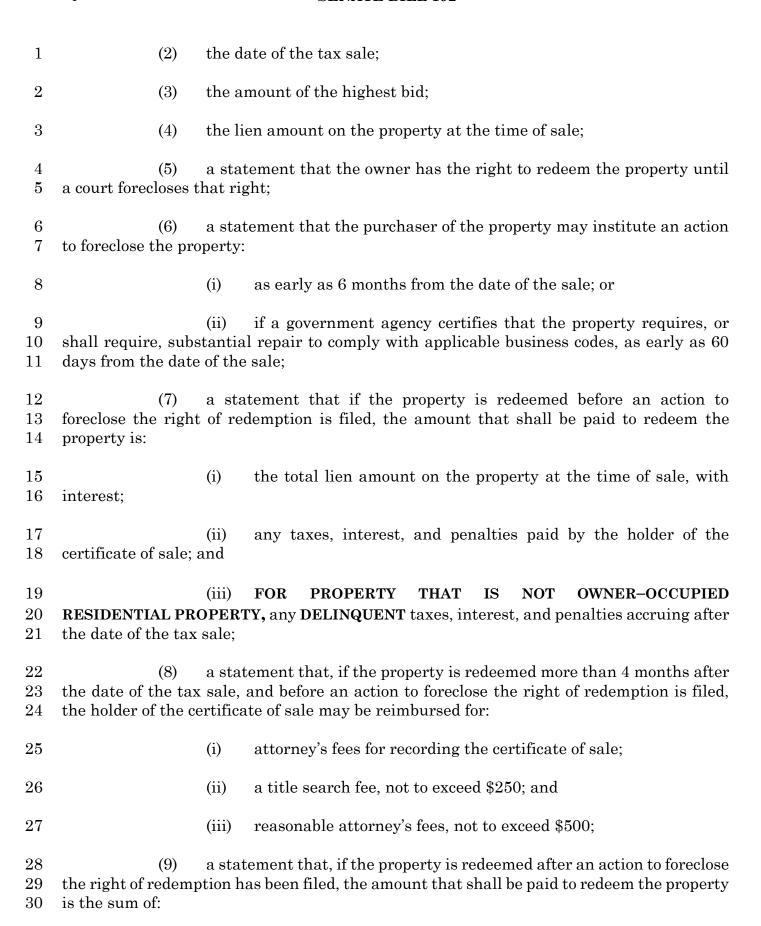
 BY repealing and reenacting, with amendments,
 Article Tax Property
 Section 14–811(b) and (e), 14–817.1(a), 14–820, 14–828(a), 14–833(a)(2), (a–1)(3)(v)3.
- 8 and (vi)3. and (4)(i)2., (c)(2), and (d)(2), 14–836(b)(4)(i) and (7), 14–843(a)(4)(ii) 9 and (b)(1)(ii), 14–844(e), 14–845(c), 14–849.1, 14–879(a), and 14–883(d)
- 10 Annotated Code of Maryland
- 11 (2019 Replacement Volume and 2024 Supplement)
- 12 BY repealing and reenacting, without amendments,
- 13 Article Tax Property
- 14 Section 14–817(c), 14–883(a), and 14–884
- 15 Annotated Code of Maryland
- 16 (2019 Replacement Volume and 2024 Supplement)
- SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 18 That the Laws of Maryland read as follows:
- 19 Article Tax Property
- 20 14-811.
- 21 (b) (1) The collector may withhold from sale any NON-OWNER-OCCUPIED residential property, when the total taxes on the property, including interest and penalties, amount to less than \$750.
- 24 (2) [In Baltimore City, the] **THE** collector shall withhold from sale 25 owner-occupied residential property, when the total taxes on the property, including 26 interest and penalties, amount to less than [\$750] **\$1,000**.
- 27 (3) [In Baltimore City, the] **THE** collector shall withhold from sale residential property or property that is exempt from taxation under § 7–204(1) or (2) of this article, if the taxes on the property consist only of a lien for unpaid charges for water and sewer service.
- 31 (e) [Baltimore City] THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY
 32 OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION may withhold
 33 from sale property that has been designated for redevelopment purposes if the property
 34 meets objective criteria established by the Mayor and City Council of Baltimore City OR
 35 THE GOVERNING BODY.
- 36 14–817.



27 14-817.1.

31

- 28 (a) Within 60 days after a property is sold at a tax sale, the collector shall send to 29 the person who last appears as owner of the property on the collector's tax roll, at the last 30 address shown on the tax roll, a notice that includes:
 - (1) a statement that the property has been sold to satisfy unpaid taxes;



1 (i) the total lien amount on the property at the time of sale, with 2 interest: 3 (ii) any taxes, interest, and penalties paid by the holder of the certificate of sale: 4 5 NOT (iii) **FOR PROPERTY THAT** \mathbf{IS} OWNER-OCCUPIED 6 RESIDENTIAL PROPERTY, any DELINQUENT taxes, interest, and penalties accruing after 7 the date of the tax sale; and 8 attorney's fees and expenses to which the holder of the certificate (iv) 9 of sale may be entitled under § 14–843(a)(4) and (5) of this subtitle; and 10 the provisions of § 14–843(a) of this subtitle, reproduced as they appear (10)in the Code. 11 12 14 - 820.13 The collector shall deliver to the purchaser a certificate of sale under the (a) collector's hand and seal, or by the collector's authorized facsimile signature, acknowledged 14 15 by the collector as a conveyance of land, which certificate shall set forth: 16 that the property described in it was sold by the collector to the (1) 17 purchaser; 18 (2) the date of the sale; 19 (3)the amount for which the property was sold; 20 (4) the total amount of taxes due on the property at the time of sale 21together with interest, penalties and expenses incurred in making the sale; 22a description of the property in substantially the same form as the 23description appearing on the collector's tax roll. If the property is unimproved or has no 24street number, and the collector has procured a description of the property from the county 25or municipal corporation surveyor, this description shall be included in the certificate of 26 sale. In Garrett County a copy of the description as required by § 14–813(f) of this subtitle, as that section relates specifically to Garrett County, shall be included in the certificate of 2728 sale: 29 a statement that the rate of redemption is 6% a year, except as provided (6) in subsection (b) of this section; 30

the time when an action to foreclose the right of redemption may be

31

32

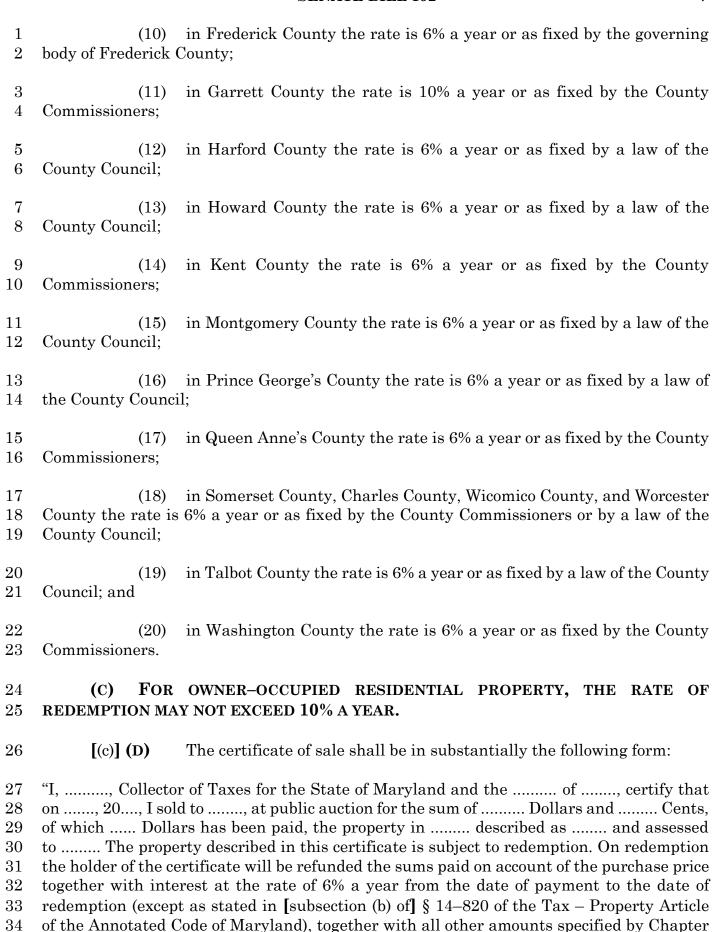
(7)

instituted; and

31

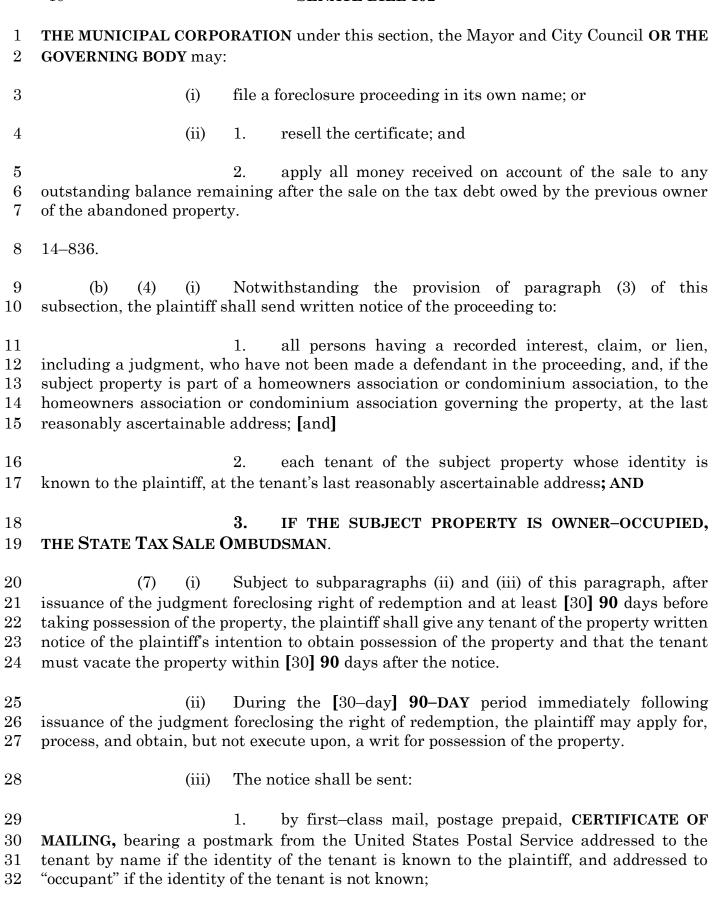
Commissioners;

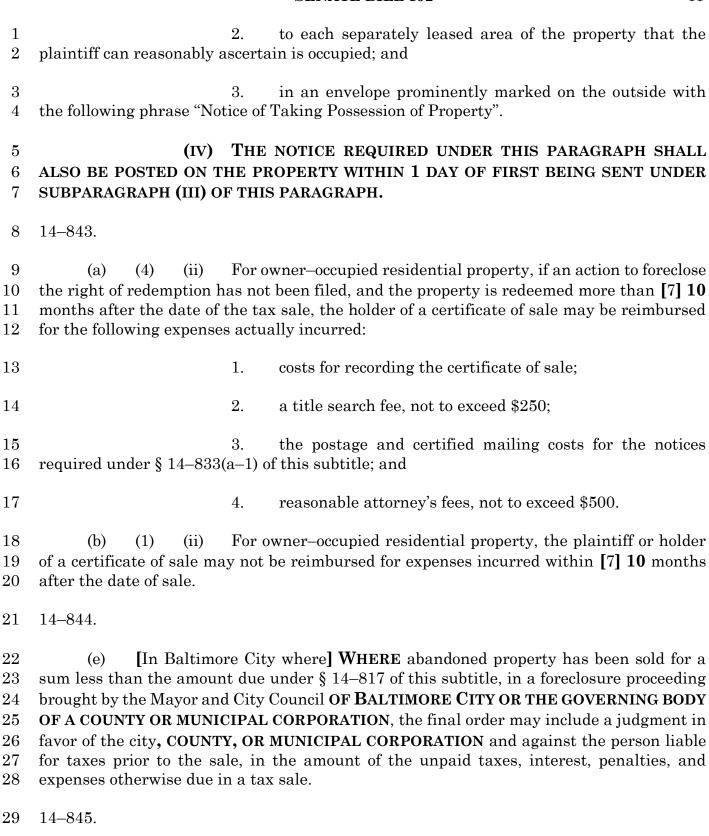
1 that the certificate will be void unless foreclosure proceedings are (8)(i) 2 brought within 2 years from the date of the certificate; or 3 that, unless foreclosure proceedings are brought within 3 (ii) 4 months from the date of the certificate to any abandoned property [in Baltimore City] sold 5 under § 14-817(c)(1) of this subtitle with a minimum bid less than the lien amount, the certificate: 6 7 1. is void as to a private purchaser; and 8 2. reverts to the Mayor and City Council OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY, OR IF THE PROPERTY IS LOCATED IN 9 A MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL 10 11 **CORPORATION** for a period of 2 years from the date of the tax sale. 12 [The] SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE rate of 13 redemption is 6% a year except: 14 (1) in Allegany County the rate is 6% a year or as fixed by the County Commissioners: 15 16 in Anne Arundel County the rate is 6% a year or as fixed by a law of the (2)17 County Council; 18 in Baltimore City the rate is 6% a year or as fixed by a law of the City (3) 19 Council; 20 in Baltimore County the rate is 6% a year or as fixed by a law of the **(4)** 21County Council; 22 in Cecil County the rate is 6% a year or as fixed by the County (5)Commissioners; 2324(6) in Calvert County the rate is 10% a year or as fixed by the County 25Commissioners; 26 (7)in Caroline County the rate is 10% a year or as fixed by the County 27 Commissioners; 28 in Carroll County the rate is 14% a year or as fixed by the County (8)29 Commissioners: 30 (9)in Dorchester County the rate is 10% a year or as fixed by the County



- 1 761 of the Acts of 1943, and acts that amend that chapter. The balance due on account of
- 2 the purchase price and all taxes, together with interest and penalties on the taxes, accruing
- 3 after the date of sale, must be paid to the Collector before a deed can be delivered to the
- 4 purchaser. After, 20...., a proceeding can be brought to foreclose all rights of
- 5 redemption in the property. This certificate will be void unless such a proceeding is brought
- 6 within 2 years from the date of this certificate, except that [in Baltimore City,] with respect
- 7 to any abandoned property sold under § 14-817(c) of the Tax Property Article of the
- 8 Annotated Code of Maryland with a minimum bid less than the lien amount, the certificate
- 9 will revert to the Mayor and City Council OF BALTIMORE CITY OR THE GOVERNING
- 10 BODY OF THE COUNTY, OR IF THE PROPERTY IS LOCATED IN A MUNICIPAL
- 11 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
- 13 months from the date of the certificate.
- 14 Witness my hand and seal, this day of, 20.......
- 15
- 16 Collector"
- 17 (To be followed by acknowledgment).
- 18 14-828.
- 19 (a) (1) If the property is redeemed, the person redeeming shall pay the
- 20 collector:
- 21 (i) the total lien amount paid at the tax sale for the property
- 22 together with interest;
- 23 (ii) any taxes, interest, and penalties paid by any holder of the
- 24 certificate of sale;
- 25 (iii) except as provided under paragraph (2) of this subsection, any
- delinquent taxes, interest, and penalties accruing after the date of the tax sale;
- (iv) in the manner and by the terms required by the collector, any
- 28 expenses or fees for which the plaintiff or the holder of a certificate of sale is entitled to
- 29 reimbursement under § 14–843 of this subtitle; and
- 30 (v) for vacant and abandoned property sold under § 14–817 of this
- 31 subtitle for a sum less than the amount due, the difference between the price paid and the
- 32 unpaid taxes, interest, penalties, and expenses.
- 33 (2) For owner–occupied residential property [in Baltimore City], any taxes,
- 34 interest, and penalties accruing after the date of the tax sale may not be included in the
- 35 redemption payment required under paragraph (1) of this subsection.
- 36 14-833.

- 1 (a) (2)Except as provided in subsections (a-1), (e), (f), and (g) of this section, 2 at any time after [9] 12 months from the date of sale of owner-occupied residential 3 property, a holder of any certificate of sale may file a complaint to foreclose all rights of redemption of the property to which the certificate relates. 4 5 (a-1) (3) The notices required under this subsection shall include at least the 6 following: a statement that if the property is redeemed before an action to 7 8 foreclose the right of redemption is filed, the amount that shall be paid to redeem the 9 property is: 10 3 FOR PROPERTY THAT IS NOT OWNER-OCCUPIED 11 **RESIDENTIAL PROPERTY,** any delinquent taxes, interest, and penalties accruing after the 12 date of the tax sale; and 13 a statement that if the property is redeemed after an action to 14 foreclose the right of redemption has been filed, the amount that shall be paid to redeem 15 the property is the sum of: 16 3. FOR PROPERTY THAT IS NOT OWNER-OCCUPIED 17 **RESIDENTIAL PROPERTY**, any delinquent taxes, interest, and penalties accruing after the date of the tax sale; and 18 19 **(4)** For owner-occupied residential property, the first of the 2. 20 two notices required under this subsection may not be sent until [7] 10 months after the 21date of sale. 22 (c) A certificate for abandoned property sold under § 14–817(c) of this 23 subtitle with a minimum bid less than the lien amount reverts to the MAYOR AND CITY 24COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF THE county or, IF THE 25PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF 26 THE municipal corporation and is void as to the private purchaser at tax sale unless: 27 a proceeding to foreclose the right of redemption is filed within 3 (i) months of the date of the certificate of sale; and 2829 (ii) unless the holder is granted an extension by the court due to a 30 showing of extraordinary circumstances beyond the certificate holder's control, the holder 31 secures a decree from the circuit court in which the foreclosure proceeding was filed within 18 months from the date of the filing of the foreclosure proceeding. 32
- 33 (d) (2) If a certificate for abandoned property reverts to the Mayor and City 34 Council of Baltimore City OR THE GOVERNING BODY OF A COUNTY OR, IF THE 35 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF





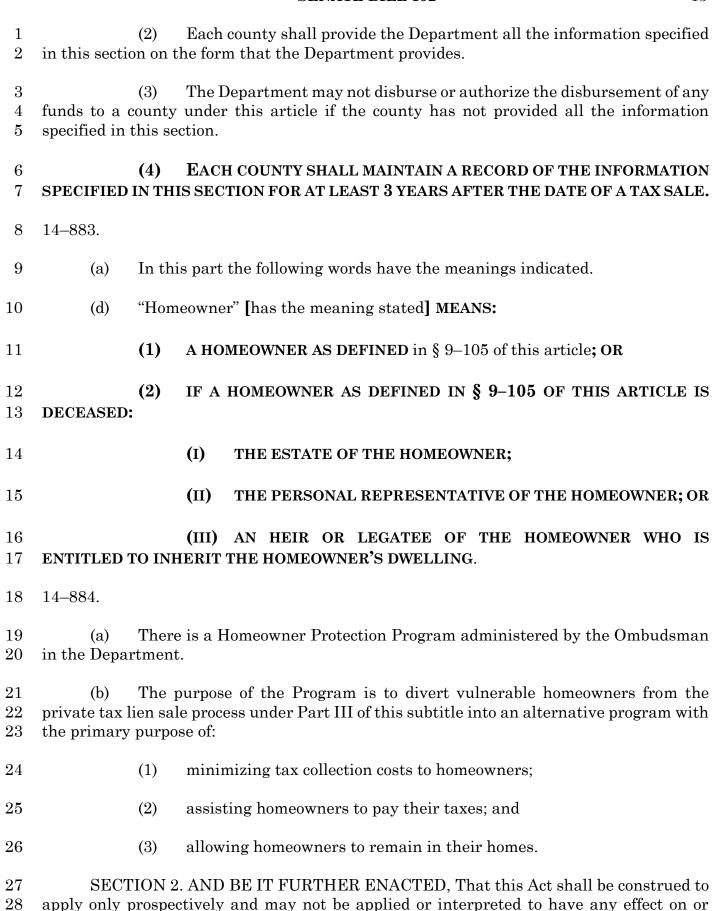
In Baltimore City, with WITH respect to abandoned property that is subject

30

31

to § 14–817(c) of this subtitle:

- 1 (1) a defendant or any person described in § 14–836(b)(1) or (4)(i) of this 2 subtitle may file an action to recover damages on the ground of inadequate notice within 3 3 years after the date of judgment foreclosing rights of redemption;
- 4 (2) damages in an action under item (1) of this subsection may not exceed 5 the fair market value of that person's interest in the property at the time of the sale; and
- 6 (3) a person may not file to reopen a judgment foreclosing rights of redemption based on inadequate notice.
- 8 14-849.1.
- 9 (a) [In Baltimore City, the Mayor and City Council] **THE MAYOR AND CITY**10 **COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR**11 **MUNICIPAL CORPORATION** may not sell a property to enforce a lien for unpaid charges
 12 for water and sewer service unless:
- 13 (1) the lien is for at least \$350;
- 14 (2) the property is not:
- (i) a residential property; or
- 16 (ii) real property that is exempt from taxation under $\S 7-204(1)$ or 17 (2) of this article; and
- 18 (3) the unpaid charges for water and sewer service are at least 3 quarters 19 in arrears.
- 20 (b) Notwithstanding subsection (a) of this section, the Mayor and City Council OF
 21 BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL
 22 CORPORATION may enforce a lien on a property other than residential property or real
 23 property that is exempt from taxation under § 7–204(1) or (2) of this article for unpaid water
 24 and sewer service that is less than \$350 if the property is being sold to enforce another lien.
- 25 (c) This section does not affect any other right or remedy of Baltimore City, A 26 COUNTY, OR A MUNICIPAL CORPORATION for the collection of a water and sewer service 27 charge.
- 28 14-879.
- 29 (a) (1) The Department shall conduct an annual survey of each county that 30 conducts a tax sale under Part III of this subtitle to obtain the information specified in this 31 section.



application to any tax sale certificate issued before the effective date of this Act.

29

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect 2 January 1, 2026.