

SENATE BILL 518

Q2, Q1

3lr1301
CF 3lr1302

By: **Senators Corderman and McKay**

Introduced and read first time: February 3, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Revisions**

3 FOR the purpose of authorizing the governing body of a county or municipal corporation to
4 file a motion with a court to request that a certain certificate of sale be assigned to
5 the governing body of the county or municipal corporation in a certain foreclosure
6 action under certain circumstances; providing that, on a grant of the motion by the
7 court, the holder of the certificate of sale forfeits certain rights and the amount paid
8 to acquire the certificate of sale; authorizing a court, under certain circumstances, to
9 strike the final judgment in a tax sale action foreclosing the right of redemption in a
10 property and grant the governing body of a county or municipal corporation the right
11 to pay the balance of the purchase price due on the property; requiring a court to
12 direct a tax collector to execute a deed to the governing body of a county or municipal
13 corporation on payment by the governing body of the purchase price due on the
14 property; requiring the governing body of a county or municipal corporation to take
15 title to the property in a certain manner; authorizing a county or municipal
16 corporation to withhold a property from tax sale if the county or municipal
17 corporation intends to demolish a vacant and blighted building or structure on the
18 property; requiring the collector of taxes to deliver a certificate of sale to the
19 governing body of a county or municipal corporation for each property withheld from
20 sale by the county or municipal corporation under certain provisions of law; applying
21 certain provisions of this Act retroactively; and generally relating to tax sales.

22 BY adding to
23 Article – Tax – Property
24 Section 14–820.1 and 14–821(c)
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2022 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article – Tax – Property
29 Section 14–811(c) and 14–847

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2019 Replacement Volume and 2022 Supplement)

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

Article – Tax – Property

14–821.

(C) (1) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY FILE A MOTION WITH THE COURT REQUESTING THAT A CERTIFICATE OF SALE BE ASSIGNED TO THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION IF:

(I) A FORECLOSURE ACTION HAS BEEN INITIATED BY THE HOLDER OF THE CERTIFICATE OF SALE IN ACCORDANCE WITH THIS SUBTITLE; AND

(II) THE FORECLOSURE ACTION IS SUBJECT TO DISMISSAL FOR A LACK OF PROSECUTION UNDER MARYLAND RULE 2–507 OR A MOTION FOR THE ENTRY OF A FINAL ORDER HAS NOT BEEN FILED IN THE FORECLOSURE ACTION WITHIN 18 MONTHS AFTER THE FILING OF THE COMPLAINT, WHICHEVER IS EARLIER.

(2) ON THE FILING OF A MOTION UNDER THIS SUBSECTION, THE COURT SHALL DIRECT THE HOLDER OF THE CERTIFICATE OF SALE TO SHOW GOOD CAUSE AS TO WHY THE COURT SHOULD NOT GRANT THE MOTION.

(3) IF THE HOLDER OF THE CERTIFICATE OF SALE FAILS TO RESPOND TO THE MOTION IN ACCORDANCE WITH THE MARYLAND RULES, THE COURT SHALL GRANT THE MOTION.

(4) IF A COURT GRANTS A MOTION UNDER THIS SUBSECTION, THE HOLDER OF THE CERTIFICATE OF SALE SHALL FORFEIT:

(I) ANY RIGHTS UNDER THE CERTIFICATE OF SALE; AND

(II) THE AMOUNT PAID TO ACQUIRE THE CERTIFICATE OF SALE.

14–847.

(a) (1) (I) Except as provided in paragraph (2) of this subsection, the judgment of the court shall direct the collector to execute a deed to the holder of the certificate of sale in fee simple or in leasehold, as appropriate, on payment to the collector

1 of the balance of the purchase price, due on account of the purchase price of the property,
2 together with all taxes and interest and penalties on the property that accrue after the date
3 of sale.

4 (II) The judgment shall direct the supervisor to enroll the holder of
5 the certificate of sale in fee simple or in leasehold, as appropriate, as the owner of the
6 property.

7 (2) In Frederick County, if the collector is absent, the deed may be executed
8 by a deputy collector designated by the collector.

9 (b) The deed shall be prepared by the holder of the certificate of sale or the
10 attorney for the holder of the certificate of sale and all expenses incident to the preparation
11 and execution of the deed shall be paid by the holder of the certificate of sale.

12 (c) The clerk of the court in which the suit is instituted shall issue a certified copy
13 of the judgment of the court to the collector and supervisor and the collector is not obligated
14 to execute the deed provided for in this section until that certified copy of the judgment is
15 delivered to the collector.

16 (d) (1) If the holder of the certificate of sale does not comply with the terms of
17 the final judgment of the court within 90 days as to payments to the collector of the balance
18 of the purchase price due on account of the purchase price of the property and of all taxes,
19 interest, and penalties that accrue after the date of sale, that judgment may be stricken by
20 the court on the motion of an interested party for good cause shown.

21 (2) In Baltimore City, a certificate holder who has been enrolled as the
22 owner of the property under subsection (a) of this section is not an interested party within
23 the meaning of this subsection.

24 (3) IF THE HOLDER OF THE CERTIFICATE OF SALE DOES NOT COMPLY
25 WITH THE TERMS OF THE FINAL JUDGMENT OF THE COURT WITHIN 90 DAYS AS TO
26 PAYMENTS TO THE COLLECTOR OF THE BALANCE OF THE PURCHASE PRICE DUE ON
27 ACCOUNT OF THE PURCHASE PRICE OF THE PROPERTY AND OF ALL TAXES,
28 INTEREST, AND PENALTIES THAT ACCRUE AFTER THE DATE OF SALE, AND NO
29 MOTION HAS BEEN FILED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COURT
30 MAY, ON MOTION OF THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
31 CORPORATION IN WHICH THE PROPERTY IS LOCATED, FOR GOOD CAUSE SHOWN,
32 ENTER A JUDGMENT:

33 (I) STRIKING THE FINAL JUDGMENT OF THE COURT;

34 (II) DIRECTING THE COLLECTOR TO EXECUTE A DEED
35 PREPARED BY THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION
36 IN FEE SIMPLE, ON PAYMENT TO THE COLLECTOR OF THE BALANCE OF THE
37 PURCHASE PRICE DUE ON ACCOUNT OF THE PURCHASE PRICE OF THE PROPERTY

1 AND OF ALL TAXES, INTEREST, AND PENALTIES THAT ACCRUE AFTER THE DATE OF
2 SALE; AND

3 (III) VESTING TITLE TO THE PROPERTY IN THE GOVERNING BODY
4 OF THE COUNTY OR MUNICIPAL CORPORATION IN FEE SIMPLE, FREE AND CLEAR OF
5 ALL ALIENATIONS AND DESCENTS OF THE PROPERTY OCCURRING BEFORE THE
6 DATE OF THE FINAL JUDGMENT AND ENCUMBRANCES ON THE PROPERTY, EXCEPT
7 ANY TAXES THAT ACCRUE AFTER THE DATE OF SALE AND EASEMENTS OF RECORD
8 AND ANY OTHER EASEMENT THAT MAY BE OBSERVED BY AN INSPECTION OF THE
9 PROPERTY TO WHICH THE PROPERTY IS SUBJECT.

10 (4) IF A HOLDER OF A CERTIFICATE OF SALE SUBMITS A DEED UNDER
11 SUBSECTION (B) OF THIS SECTION FOR THE PROPERTY TO THE GOVERNING BODY OF
12 THE COUNTY OR MUNICIPAL CORPORATION BEFORE A JUDGMENT UNDER
13 PARAGRAPH (1) OR (3) OF THIS SUBSECTION IS ENTERED, THE MOTION UNDER
14 PARAGRAPH (1) OR (3) OF THIS SUBSECTION SHALL BE DENIED AS MOOT.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
16 as follows:

17 **Article – Tax – Property**

18 14–811.

19 (c) Except as provided in subsection (d) of this section, the governing body of a
20 county or municipal corporation may withhold from sale property that:

21 (1) HAS A VACANT BUILDING OR STRUCTURE THAT THE COUNTY OR
22 MUNICIPAL CORPORATION INTENDS TO DEMOLISH BECAUSE THE BUILDING OR
23 STRUCTURE IS UNSAFE OR UNFIT FOR HABITATION; OR

24 (2) has been designated for redevelopment purposes if:

25 [(1)] (I) the county or municipal corporation certifies that the property:

26 [(i)] 1. is a vacant lot; or

27 [(ii)] 2. has a building or structure that is:

28 [1.] A. vacant; and

29 [2.] B. unsafe or unfit for habitation;

30 [(2)] (II) the governing body of the county or municipal corporation finds
31 that withholding the property from sale under this subsection is necessary:

1 [(i)] 1. to eliminate a blighting influence; and

2 [(ii)] 2. to prevent the tax abandonment of the property; and

3 [(3)] (III) the property meets any additional objective criteria established
4 by the governing body of the county or municipal corporation for withholding property from
5 sale for redevelopment purposes.

6 **14-820.1.**

7 **THE COLLECTOR SHALL DELIVER A CERTIFICATE OF SALE TO THE**
8 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION FOR EACH PROPERTY**
9 **WITHHELD FROM SALE BY THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL**
10 **CORPORATION UNDER § 14-811(C) OF THIS SUBTITLE.**

11 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
12 construed to apply retroactively and shall be applied to and interpreted to affect tax sale
13 actions foreclosing the right of redemption in properties that are pending on enactment of
14 this Act.

15 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June
16 1, 2023.