

HOUSE BILL 243

Q1

(PRE-FILED)

4lr4524
CF 4lr4525

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

Requested: September 19, 2023

Introduced and read first time: January 10, 2024

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Property Tax – Tax Sales – Revisions**

3 FOR the purpose of requiring that certain owner-occupied property be withheld from tax
4 sale; authorizing a county or a municipal corporation to withhold from tax sale
5 certain property designated for redevelopment purposes; altering certain provisions
6 of law concerning abandoned property that is sold for less than the lien amount;
7 altering certain requirements concerning the rate of redemption for owner-occupied
8 properties sold at tax sale; prohibiting taxes, interest, and penalties accruing after
9 the date of a tax sale from being included in the payment required to redeem a
10 property; extending the period of time during which a holder of a certificate of sale
11 is prohibited from filing a complaint to foreclose the right of redemption for
12 owner-occupied residential property after the date of sale; extending the period of
13 time after a tax sale during which a certain notice may not be sent to certain persons
14 with an interest in owner-occupied residential property sold at the tax sale;
15 requiring the plaintiff in an action to foreclose the right of redemption for an
16 owner-occupied property subject to tax sale to send written notice of the proceeding
17 to the State Tax Sale Ombudsman; extending in all counties, except Talbot County,
18 the amount of time that has to pass after a tax sale before the plaintiff or the holder
19 of a certificate of sale for owner-occupied residential property may be reimbursed for
20 certain expenses when the property is redeemed; ~~requiring the governing body of a~~
21 ~~county and any municipal corporation that conducts a tax sale to establish a process~~
22 ~~by which an owner of owner-occupied residential property sold at tax sale may~~
23 ~~redeem the property through an installment payment plan; prohibiting the sale of~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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



1 property to enforce a lien for unpaid charges for water and sewer service except
 2 under certain circumstances; requiring a county to maintain a record of the
 3 information the county provides for the Annual Tax Sale Survey for a certain
 4 minimum number of years; and generally relating to tax sales.

5 BY repealing and reenacting, with amendments,

6 Article – Tax – Property

7 Section ~~14-811(a), (b)~~, 14-811(b) and (e), 14-820, 14-828(a), 14-833(a)(2),
 8 (a-1)(4)(i)2., (c)(2), and (d)(2), 14-836(b)(4)(i), 14-843(a)(4)(ii), and (b)(1)(ii),
 9 ~~and (d)~~, 14-844(e), 14-845(c), 14-849.1, and 14-879(a)

10 Annotated Code of Maryland

11 (2019 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article – Tax – Property

14 Section 14-817(c) and 14-836(a) and (b)(1), (2), (3), and (4)(ii)

15 Annotated Code of Maryland

16 (2019 Replacement Volume and 2023 Supplement)

17 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 ~~(a) Except as provided in this section, the collector [may] SHALL withhold from~~
 22 ~~sale any property, when the total taxes on the property, including interest and penalties,~~
 23 ~~amount to less than \$250 in any 1 year.~~

24 (b) (1) The collector may withhold from sale any **NON-OWNER-OCCUPIED**
 25 residential property, when the total taxes on the property, including interest and penalties,
 26 amount to less than \$750.

27 (2) [In Baltimore City, the] **THE** collector shall withhold from sale
 28 owner-occupied residential property, when the total taxes on the property, including
 29 interest and penalties, amount to less than [~~\$750~~] **\$1,000**.

30 (3) [In Baltimore City, the] **THE** collector shall withhold from sale
 31 **OWNER-OCCUPIED** residential property or property that is exempt from taxation under §
 32 7-204(1) or (2) of this article, if the taxes on the property consist only of a lien for unpaid
 33 charges for water and sewer service.

34 (e) [Baltimore City] **THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY**
 35 **OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** may withhold
 36 from sale property that has been designated for redevelopment purposes if the property

1 meets objective criteria established by the ~~Mayor and City Council of Baltimore City~~ **OR**
2 **THE GOVERNING BODY.**

3 14–817.

4 (c) (1) Abandoned property consisting of either a vacant lot or improved
5 property cited as vacant and unfit for habitation on a housing or building violation notice
6 may be sold for a sum less than the total amount of:

7 (i) all taxes on the property that are certified to the collector under
8 § 14–810 of this subtitle;

9 (ii) interest and penalties on the taxes; and

10 (iii) expenses incurred in making the sale.

11 (2) The collector shall establish a minimum bid for abandoned property
12 sold under this subsection.

13 (3) The person responsible for the taxes prior to the sale shall remain liable
14 to the collector for the difference between the amount received in the tax sale under this
15 section and the taxes, interest, penalties, and expenses remaining after the sale.

16 (4) The balance remaining after the tax sale shall be included in the
17 amount necessary to redeem the property under § 14–828 of this subtitle.

18 (5) In a proceeding brought by the governing body of a county or municipal
19 corporation to foreclose the right of redemption under this subtitle, the complaint may
20 request a judgment for the county or municipal corporation in the amount of the balance.

21 (6) The balance remaining after the tax sale is no longer a lien on the
22 property when:

23 (i) a judgment is entered foreclosing the owner's right of
24 redemption;

25 (ii) the deed is recorded; and

26 (iii) all liens accruing subsequent to the date of sale are paid in full.

27 (7) The governing body of a county or municipal corporation may institute
28 a separate action to collect the balance at any time within 7 years after the tax sale if the
29 plaintiff is a private purchaser.

30 14–820.

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1 (a) The collector shall deliver to the purchaser a certificate of sale under the
2 collector's hand and seal, or by the collector's authorized facsimile signature, acknowledged
3 by the collector as a conveyance of land, which certificate shall set forth:

4 (1) that the property described in it was sold by the collector to the
5 purchaser;

6 (2) the date of the sale;

7 (3) the amount for which the property was sold;

8 (4) the total amount of taxes due on the property at the time of sale
9 together with interest, penalties and expenses incurred in making the sale;

10 (5) a description of the property in substantially the same form as the
11 description appearing on the collector's tax roll. If the property is unimproved or has no
12 street number, and the collector has procured a description of the property from the county
13 or municipal corporation surveyor, this description shall be included in the certificate of
14 sale. In Garrett County a copy of the description as required by § 14-813(f) of this subtitle,
15 as that section relates specifically to Garrett County, shall be included in the certificate of
16 sale;

17 (6) a statement that the rate of redemption is 6% a year, except as provided
18 in subsection (b) of this section;

19 (7) the time when an action to foreclose the right of redemption may be
20 instituted; and

21 (8) (i) that the certificate will be void unless foreclosure proceedings are
22 brought within 2 years from the date of the certificate; or

23 (ii) that, unless foreclosure proceedings are brought within 3 months
24 from the date of the certificate to any abandoned property [in Baltimore City] sold under §
25 14-817(c)(1) of this subtitle with a minimum bid less than the lien amount, the certificate:

26 1. is void as to a private purchaser; and

27 2. reverts to the ~~Mayor and City Council~~ **OR THE**
28 **GOVERNING BODY OF THE COUNTY, OR IF THE PROPERTY IS LOCATED IN A**
29 **MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL**
30 **CORPORATION** for a period of 2 years from the date of the tax sale.

31 (b) [The] ~~SUBJECT TO SUBSECTIONS~~ **SUBSECTION (C) AND (D)** OF THIS
32 **SECTION, THE** rate of redemption is 6% a year except:

- 1 (1) in Allegany County the rate is 6% a year or as fixed by the County
2 Commissioners;
- 3 (2) in Anne Arundel County the rate is 6% a year or as fixed by a law of the
4 County Council;
- 5 (3) in Baltimore City the rate is 6% a year or as fixed by a law of the City
6 Council;
- 7 (4) in Baltimore County the rate is 6% a year or as fixed by a law of the
8 County Council;
- 9 (5) in Cecil County the rate is 6% a year or as fixed by the County
10 Commissioners;
- 11 (6) in Calvert County the rate is 10% a year or as fixed by the County
12 Commissioners;
- 13 (7) in Caroline County the rate is 10% a year or as fixed by the County
14 Commissioners;
- 15 (8) in Carroll County the rate is ~~14%~~ 10% a year or as fixed by the County
16 Commissioners;
- 17 (9) in Dorchester County the rate is 10% a year or as fixed by the County
18 Commissioners;
- 19 (10) in Frederick County the rate is 6% a year or as fixed by the governing
20 body of Frederick County;
- 21 (11) in Garrett County the rate is 10% a year or as fixed by the County
22 Commissioners;
- 23 (12) in Harford County the rate is 6% a year or as fixed by a law of the
24 County Council;
- 25 (13) in Howard County the rate is 6% a year or as fixed by a law of the
26 County Council;
- 27 (14) in Kent County the rate is 6% a year or as fixed by the County
28 Commissioners;
- 29 (15) in Montgomery County the rate is 6% a year or as fixed by a law of the
30 County Council;
- 31 (16) in Prince George's County the rate is 6% a year or as fixed by a law of
32 the County Council;

1 (17) in Queen Anne’s County the rate is 6% a year or as fixed by the County
2 Commissioners;

3 (18) in Somerset County, Charles County, Wicomico County, and Worcester
4 County the rate is 6% a year or as fixed by the County Commissioners or by a law of the
5 County Council;

6 (19) in Talbot County the rate is 6% a year or as fixed by a law of the County
7 Council; and

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

10 (C) ~~THE RATE OF REDEMPTION AS FIXED BY THE GOVERNING BODY OF A~~
11 ~~COUNTY MAY NOT EXCEED 10% A YEAR.~~

12 ~~(D)~~ FOR OWNER-OCCUPIED RESIDENTIAL PROPERTY, THE RATE OF
13 REDEMPTION IS ~~6%~~ 10% A YEAR.

14 [(c)] ~~(E)~~ (D) The certificate of sale shall be in substantially the following form:

15 “I....., Collector of Taxes for the State of Maryland and the of, certify that on
16, 20...., I sold to, at public auction for the sum of Dollars andCents, of
17 which Dollars has been paid, the property in described as and assessed to
18 The property described in this certificate is subject to redemption. On redemption the
19 holder of the certificate will be refunded the sums paid on account of the purchase price
20 together with interest at the rate of 6% a year from the date of payment to the date of
21 redemption (except as stated in [subsection (b) of] § 14–820 of the Tax – Property Article
22 of the Annotated Code of Maryland), together with all other amounts specified by Chapter
23 761 of the Acts of 1943, and acts that amend that chapter. The balance due on account of
24 the purchase price and all taxes, together with interest and penalties on the taxes, accruing
25 after the date of sale, must be paid to the Collector before a deed can be delivered to the
26 purchaser. After, 20...., a proceeding can be brought to foreclose all rights of
27 redemption in the property. This certificate will be void unless such a proceeding is brought
28 within 2 years from the date of this certificate, except that [in Baltimore City,] with respect
29 to any abandoned property sold under § 14–817(c) of the Tax – Property Article of the
30 Annotated Code of Maryland with a minimum bid less than the lien amount, the certificate
31 will revert to the ~~Mayor and City Council~~ OF BALTIMORE CITY OR THE GOVERNING
32 BODY OF THE COUNTY, OR IF THE PROPERTY IS LOCATED IN A MUNICIPAL
33 CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL CORPORATION, and will
34 be void as to the private purchaser at tax sale unless such a proceeding is brought within 3
35 months from the date of the certificate.

36 Witness my hand and seal, this day of, 20.....
37

1 Collector”
2 (To be followed by acknowledgment).

3 14–828.

4 (a) (1) If the property is redeemed, the person redeeming shall pay the
5 collector:

6 (i) the total lien amount paid at the tax sale for the property
7 together with interest;

8 (ii) any taxes, interest, and penalties paid by any holder of the
9 certificate of sale;

10 (iii) except as provided under paragraph (2) of this subsection, any
11 delinquent taxes, interest, and penalties accruing after the date of the tax sale;

12 (iv) in the manner and by the terms required by the collector, any
13 expenses or fees for which the plaintiff or the holder of a certificate of sale is entitled to
14 reimbursement under § 14–843 of this subtitle; and

15 (v) for vacant and abandoned property sold under § 14–817 of this
16 subtitle for a sum less than the amount due, the difference between the price paid and the
17 unpaid taxes, interest, penalties, and expenses.

18 (2) For owner–occupied residential property [in Baltimore City], any taxes,
19 interest, and penalties accruing after the date of the tax sale may not be included in the
20 redemption payment required under paragraph (1) of this subsection.

21 14–833.

22 (a) (2) Except as provided in subsections (a–1), (e), (f), and (g) of this section,
23 at any time after [9] 12 months from the date of sale of owner–occupied residential
24 property, a holder of any certificate of sale may file a complaint to foreclose all rights of
25 redemption of the property to which the certificate relates.

26 (a–1) (4) (i) 2. For owner–occupied residential property, the first of the
27 two notices required under this subsection may not be sent until [7] 10 months after the
28 date of sale.

29 (c) (2) A certificate for abandoned property sold under § 14–817(c) of this
30 subtitle with a minimum bid less than the lien amount reverts to the MAYOR AND CITY
31 COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF THE county or, IF THE
32 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF
33 THE municipal corporation, and is void as to the private purchaser at tax sale unless:

1 (i) a proceeding to foreclose the right of redemption is filed within 3
2 months of the date of the certificate of sale; and

3 (ii) unless the holder is granted an extension by the court due to a
4 showing of extraordinary circumstances beyond the certificate holder's control, the holder
5 secures a decree from the circuit court in which the foreclosure proceeding was filed within
6 18 months from the date of the filing of the foreclosure proceeding.

7 (d) (2) If a certificate for abandoned property reverts to ~~the Mayor and City~~
8 ~~Council of Baltimore City~~ **OR THE GOVERNING BODY OF A COUNTY OR, IF THE**
9 **PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION, THE GOVERNING BODY OF**
10 **THE MUNICIPAL CORPORATION** under this section, the ~~Mayor and City Council~~ **OR THE**
11 **GOVERNING BODY** may:

12 (i) file a foreclosure proceeding in its own name; or

13 (ii) 1. resell the certificate; and
14 2. apply all money received on account of the sale to any
15 outstanding balance remaining after the sale on the tax debt owed by the previous owner
16 of the abandoned property.

17 14-836.

18 (a) The plaintiff in any action to foreclose the right of redemption shall be the
19 holder of the certificate of sale.

20 (b) (1) Except as otherwise provided in this subsection, the defendants in any
21 action to foreclose the right of redemption shall be:

22 (i) the record title holder of the property as disclosed by a search
23 performed in accordance with generally accepted standards of title examination of the land
24 records of the county, of the records of the register of wills of the county, and of the records
25 of the circuit court for the county;

26 (ii) if the property is subject to a ground rent, the record title holder
27 of the fee-simple title and the owner of the leasehold title as disclosed by a search
28 performed in accordance with generally accepted standards of title examination of the land
29 records of the county, of the records of the register of wills of the county and of the records
30 of the circuit court for the county;

31 (iii) any mortgagee of the property or any assignee of the mortgagee
32 of record, named as such in any unreleased mortgage recorded in the land records of the
33 county;

34 (iv) the trustee under any deed of trust recorded against the property
35 or any holder of a beneficial interest in a deed of trust who files notice of the interest, which

1 notice shall include identification of the deed of trust, the book and page where the deed of
2 trust is recorded, and the address at which the holder may be served with a summons;

3 (v) the county where the property is located; and

4 (vi) if appropriate, the State.

5 (2) The plaintiff may choose not to include as a defendant any of the
6 persons enumerated in paragraph (1) of this subsection. However, the rights of any person
7 not included as a defendant are not affected by the proceedings.

8 (3) Subject to the provisions of paragraph (4) of this subsection, it is not
9 necessary to name as defendant any other person that has or claims to have any right, title,
10 interest, claim, lien or equity of redemption in the property sold by the collector. Any of
11 these persons are included as defendants by the designation “all persons that have or claim
12 to have any interest in property (giving a description of the property in substantially
13 the same form as the description that appears on the Collector’s certificate of tax sale).”
14 Any of these persons may be designated throughout the proceeding by the above
15 designation and the cause may proceed against them by publication under order of court as
16 provided in this subtitle.

17 (4) (i) Notwithstanding the provisions of paragraph (3) of this
18 subsection, the plaintiff shall send written notice of the proceeding to:

19 1. all persons having a recorded interest, claim, or lien,
20 including a judgment, who have not been made a defendant in the proceeding, and, if the
21 subject property is part of a homeowners association or condominium association, to the
22 homeowners association or condominium association governing the property, at the last
23 reasonably ascertainable address; [and]

24 2. each tenant of the subject property whose identity is
25 known to the plaintiff, at the tenant’s last reasonably ascertainable address; **AND**

26 **3. IF THE SUBJECT PROPERTY IS OWNER–OCCUPIED,**
27 **THE STATE TAX SALE OMBUDSMAN.**

28 (ii) The notice under this subsection shall:

29 1. be sent by certified mail, postage prepaid, return receipt
30 requested, bearing a postmark from the United States Postal Service; and

31 2. be accompanied by a copy of the complaint.

32 14–843.

33 (a) (4) (ii) For owner–occupied residential property, if an action to foreclose
34 the right of redemption has not been filed, and the property is redeemed more than [7] 10

1 months after the date of the tax sale, the holder of a certificate of sale may be reimbursed
2 for the following expenses actually incurred:

- 3 1. costs for recording the certificate of sale;
- 4 2. a title search fee, not to exceed \$250;
- 5 3. the postage and certified mailing costs for the notices
6 required under § 14–833(a–1) of this subtitle; and
- 7 4. reasonable attorney’s fees, not to exceed \$500.

8 (b) (1) (ii) For owner–occupied residential property, the plaintiff or holder
9 of a certificate of sale may not be reimbursed for expenses incurred within [7] 10 months
10 after the date of sale.

11 ~~(d) The [Mayor and City Council of Baltimore City may] GOVERNING BODY OF~~
12 ~~A COUNTY AND ANY MUNICIPAL CORPORATION THAT CONDUCTS A TAX SALE UNDER~~
13 ~~§ 14–809 OF THIS SUBTITLE SHALL establish, by law, a process by which an owner of~~
14 ~~owner–occupied residential property sold at tax sale in accordance with this subtitle may~~
15 ~~redeem the property through an installment payment plan.~~

16 14–844.

17 (e) [In Baltimore City where] **WHERE** abandoned property has been sold for a
18 sum less than the amount due under § 14–817 of this subtitle, in a foreclosure proceeding
19 brought by the ~~[Mayor and City Council]~~ **OF BALTIMORE CITY OR THE GOVERNING**
20 **BODY OF A COUNTY OR MUNICIPAL CORPORATION**, the final order may include a
21 judgment in favor of the ~~[city],~~ **COUNTY, OR MUNICIPAL CORPORATION** and against the
22 person liable for taxes prior to the sale, in the amount of the unpaid taxes, interest,
23 penalties, and expenses otherwise due in a tax sale.

24 14–845.

25 (c) [In Baltimore City, with] **WITH** respect to abandoned property that is subject
26 to §14–817(c) of this subtitle:

27 (1) a defendant or any person described in § 14–836(b)(1) or (4)(i) of this
28 subtitle may file an action to recover damages on the ground of inadequate notice within 3
29 years after the date of judgment foreclosing rights of redemption;

30 (2) damages in an action under item (1) of this subsection may not exceed
31 the fair market value of that person’s interest in the property at the time of the sale; and

32 (3) a person may not file to reopen a judgment foreclosing rights of
33 redemption based on inadequate notice.

1 14-849.1.

2 (a) [In Baltimore City, the Mayor and City Council] **THE MAYOR AND CITY**
3 **COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR**
4 **MUNICIPAL CORPORATION** may not sell a property to enforce a lien for unpaid charges
5 for water and sewer service unless:

6 (1) the lien is for at least \$350;

7 (2) the property is not:

8 (i) ~~an~~ **AN OWNER-OCCUPIED** residential property; or

9 (ii) real property that is exempt from taxation under § 7-204(1) or
10 (2) of this article; and

11 (3) the unpaid charges for water and sewer service are at least 3 quarters
12 in arrears.

13 (b) Notwithstanding subsection (a) of this section, the ~~Mayor and City Council~~
14 **OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION** may enforce
15 a lien on a property other than **OWNER-OCCUPIED** residential property or real property
16 that is exempt from taxation under § 7-204(1) or (2) of this article for unpaid water and
17 sewer service that is less than \$350 if the property is being sold to enforce another lien.

18 (c) This section does not affect any other right or remedy of ~~Baltimore City~~, **A**
19 **COUNTY, OR A MUNICIPAL CORPORATION** for the collection of a water and sewer service
20 charge.

21 14-879.

22 (a) (1) The Department shall conduct an annual survey of each county that
23 conducts a tax sale under Part III of this subtitle to obtain the information specified in this
24 section.

25 (2) Each county shall provide the Department all the information specified
26 in this section on the form that the Department provides.

27 (3) The Department may not disburse or authorize the disbursement of any
28 funds to a county under this article if the county has not provided all the information
29 specified in this section.

30 (4) **EACH COUNTY SHALL MAINTAIN A RECORD OF THE INFORMATION**
31 **SPECIFIED IN THIS SECTION FOR AT LEAST 3 YEARS AFTER THE DATE OF TAX SALE.**

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1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
2 apply only prospectively and may not be applied or interpreted to have any effect on or
3 application to any tax sale certificate issued before the effective date of this Act.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 January 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.