

# HOUSE BILL 475

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By: **Delegates Ali and Mosby**

Introduced and read first time: January 25, 2018

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Tax Sales – Accrual of Property Tax, Interest, and Penalties**

3 FOR the purpose of prohibiting tax on real property in Baltimore City from accruing after  
4 the tax has been in arrears for a certain number of years and the property has not  
5 been sold at tax sale during a certain period; prohibiting certain interest for unpaid  
6 tax accruing on real property in Baltimore City if the property meets certain  
7 conditions; prohibiting certain penalties for unpaid tax accruing on real property in  
8 Baltimore City if the property meets certain conditions; requiring Baltimore City to  
9 offer an owner of real property an installment payment plan for payment of unpaid  
10 taxes; prohibiting the tax collector in Baltimore City from selling real property at tax  
11 sale if the owner of the real property has entered into an installment payment plan  
12 and is in compliance with the plan; altering the interest rate for the redemption of  
13 property sold at tax sale in Baltimore City; providing for the application of this Act;  
14 and generally relating to tax sales of real property in Baltimore City.

15 BY repealing and reenacting, with amendments,

16 Article – Tax – Property

17 Section 6–202, 14–604, 14–605, 14–703, 14–808(a), and 14–820(b)(3)

18 Annotated Code of Maryland

19 (2012 Replacement Volume and 2017 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article – Tax – Property

22 Section 14–801(a) and (d)

23 Annotated Code of Maryland

24 (2012 Replacement Volume and 2017 Supplement)

25 BY adding to

26 Article – Tax – Property

27 Section 14–808(e)

28 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2012 Replacement Volume and 2017 Supplement)

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

**Article – Tax – Property**

6–202.

(A) The Mayor and City Council of Baltimore City or the governing body of a county may impose property tax on the assessment of property that is subject to that county's property tax.

**(B) IN BALTIMORE CITY, PROPERTY TAX MAY NOT CONTINUE TO ACCRUE ON REAL PROPERTY:**

**(1) IF THE TAXES ON THE REAL PROPERTY ARE IN ARREARS FOR AT LEAST 3 YEARS; AND**

**(2) THE REAL PROPERTY HAS NOT BEEN SOLD UNDER TITLE 14, SUBTITLE 8 OF THIS ARTICLE DURING THE 3-YEAR PERIOD.**

14–604.

(A) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may set, by law, an interest charge for:

(1) overdue final determination of estimated county or municipal corporation property tax on personal property or operating property; or

(2) overdue 1/4, 1/2, or 3/4 year county or municipal corporation property tax or taxing district property tax on real property.

**(B) IN BALTIMORE CITY, INTEREST UNDER SUBSECTION (A) OF THIS SECTION MAY NOT ACCRUE ON REAL PROPERTY WHILE:**

**(1) REAL PROPERTY TAX IS NOT ACCRUING ON THE REAL PROPERTY IN ACCORDANCE WITH § 6–202(B) OF THIS ARTICLE; OR**

**(2) THE OWNER OF THE REAL PROPERTY HAS ENTERED INTO AN INSTALLMENT PAYMENT PLAN UNDER § 14–808(E) OF THIS TITLE AND IS IN COMPLIANCE WITH THE INSTALLMENT PAYMENT PLAN AGREEMENT.**

14–605.

1           **(A)** If a person fails to pay property tax when required by this article, the person  
2 shall pay interest on the total tax liability on property for each month or fraction of the  
3 month from the date the property tax payment is required to be paid under Title 10 of this  
4 article to the date the tax is paid.

5           **(B) IN BALTIMORE CITY, INTEREST UNDER SUBSECTION (A) OF THIS**  
6 **SECTION MAY NOT ACCRUE ON REAL PROPERTY WHILE:**

7                   **(1) REAL PROPERTY TAX IS NOT ACCRUING ON THE REAL PROPERTY**  
8 **IN ACCORDANCE WITH § 6-202(B) OF THIS ARTICLE; OR**

9                   **(2) THE OWNER OF THE REAL PROPERTY HAS ENTERED INTO AN**  
10 **INSTALLMENT PAYMENT PLAN UNDER § 14-808(E) OF THIS TITLE AND IS IN**  
11 **COMPLIANCE WITH THE INSTALLMENT PAYMENT PLAN AGREEMENT.**

12 14-703.

13           **(A)** If a person fails to pay property tax when required by this article, the person  
14 shall pay a tax penalty imposed under § 14-702 of this subtitle on the total tax liability on  
15 property for each month or fraction of a month from the date the property tax is required  
16 to be paid under Title 10 of this article to the date the tax is paid.

17           **(B) IN BALTIMORE CITY, A PENALTY UNDER SUBSECTION (A) OF THIS**  
18 **SECTION MAY NOT BE CHARGED WHILE:**

19                   **(1) REAL PROPERTY TAX IS NOT ACCRUING ON THE REAL PROPERTY**  
20 **IN ACCORDANCE WITH § 6-202(B) OF THIS ARTICLE; OR**

21                   **(2) THE OWNER OF THE REAL PROPERTY HAS ENTERED INTO AN**  
22 **INSTALLMENT PAYMENT PLAN UNDER § 14-808(E) OF THIS TITLE AND IS IN**  
23 **COMPLIANCE WITH THE INSTALLMENT PAYMENT PLAN AGREEMENT.**

24 14-801.

25           **(a)** In §§ 14-801 through 14-854 of this subtitle, the following words have the  
26 meanings indicated.

27           **(d) (1)** “Tax” means any tax, or charge of any kind due to the State or any of  
28 its political subdivisions, or to any other taxing agency, that by law is a lien against the  
29 real property on which it is imposed or assessed.

30           **(2)** “Tax” includes interest, penalties, and service charges.

31 14-808.

1 (a) Except **AS PROVIDED UNDER SUBSECTION (E) OF THIS SECTION, AND**  
2 **EXCEPT** for property that has been transferred by a municipality or county to a land bank  
3 authority established under § 1-1403 of the Local Government Article, the collector shall  
4 proceed to sell and shall sell under this subtitle, at the time required by local law but in no  
5 case, except in Baltimore City, later than 2 years from the date the tax is in arrears, all  
6 property in the county in which the collector is elected or appointed on which the tax is in  
7 arrears. The collector is required to sell, but failure of the collector to sell within the 2-year  
8 period does not affect the validity or collectability of any tax, or the validity of any sale  
9 thereafter made.

10 (E) (1) **BEFORE REAL PROPERTY IN BALTIMORE CITY IS SOLD UNDER**  
11 **THIS SUBTITLE, BALTIMORE CITY SHALL OFFER THE OWNER AN OPPORTUNITY TO**  
12 **ENTER INTO AN INSTALLMENT PAYMENT PLAN TO SATISFY ANY UNPAID TAXES ON**  
13 **THE REAL PROPERTY.**

14 (2) **THE COLLECTOR IN BALTIMORE CITY MAY NOT SELL REAL**  
15 **PROPERTY UNDER THIS SUBTITLE IF THE OWNER OF THE REAL PROPERTY HAS**  
16 **ENTERED INTO AN INSTALLMENT PAYMENT PLAN WITH BALTIMORE CITY UNDER**  
17 **PARAGRAPH (1) OF THIS SUBSECTION AND IS IN COMPLIANCE WITH THE**  
18 **INSTALLMENT PAYMENT PLAN AGREEMENT.**

19 14-820.

20 (b) The rate of redemption is 6% a year except:

21 (3) in Baltimore City the rate is [6% a year or as fixed by a law of the City  
22 Council] **THE AVERAGE PRIME RATE OF INTEREST QUOTED BY COMMERCIAL BANKS**  
23 **TO LARGE BUSINESSES DURING THE STATE'S PREVIOUS FISCAL YEAR, BASED ON**  
24 **DETERMINATION BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE BANK;**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
26 apply retroactively and shall be applied to and interpreted to affect real property in  
27 Baltimore City that has at least 3 years of taxes in arrears.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 2018.