

SENATE BILL 766

Q2

3lr2091
CF HB 867

By: **Senator Carter (By Request – Baltimore City Administration)**

Introduced and read first time: February 6, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 12, 2023

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City – Collection of Unpaid Property Taxes**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore City to establish
4 an installment payment program for taxes in arrears on owner-occupied residential
5 property; ~~authorizing the Mayor of Baltimore City to cancel the annual tax sale;~~
6 authorizing the Mayor and City Council of Baltimore City to establish a program to
7 divert owner-occupied residential property from the private tax lien sale process into
8 an alternative program for the payment of taxes in arrears; authorizing the collector
9 of taxes in Baltimore City to withhold any owner-occupied residential property from
10 tax sale; authorizing Baltimore City to conduct a judicial in rem foreclosure and sale
11 of owner-occupied residential property on which the taxes are in arrears under
12 certain circumstances; establishing certain procedures for an in rem foreclosure and
13 sale; and generally relating to the collection of unpaid property taxes in Baltimore
14 City.

15 BY adding to

16 Article – Tax – Property

17 Section 10–209 and 14–811(b)(4); and 14–894 to be under the new part “Part VIII.

18 Baltimore City Judicial In Rem Tax Foreclosure for Owner-Occupied

19 Residential Property”

20 Annotated Code of Maryland

21 (2019 Replacement Volume and 2022 Supplement)

22 BY repealing and reenacting, without amendments,

23 Article – Tax – Property

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 Section 14–801(d)
 2 Annotated Code of Maryland
 3 (2019 Replacement Volume and 2022 Supplement)

4 BY repealing and reenacting, with amendments,
 5 Article – Tax – Property
 6 Section 14–808(a)
 7 Annotated Code of Maryland
 8 (2019 Replacement Volume and 2022 Supplement)

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

11 **Article – Tax – Property**

12 **10–209.**

13 (A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY, BY LAW,
 14 ESTABLISH AN INSTALLMENT PAYMENT PROGRAM FOR TAXES IN ARREARS ON ANY
 15 OWNER–OCCUPIED RESIDENTIAL PROPERTY IN WHICH ANY PERSON WITH AN
 16 INTEREST IN THE PROPERTY MAY ENROLL, INCLUDING A LESSEE OR A PERSON WHO
 17 STANDS TO INHERIT THE PROPERTY FROM THE PERSON WHO LAST APPEARS AS THE
 18 OWNER OF THE PROPERTY ON THE COLLECTOR’S TAX ROLL MAY ENROLL.

19 (B) ANY FEE OR CHARGE OF ANY KIND THAT IS INCLUDED ON A BALTIMORE
 20 CITY PROPERTY TAX BILL MAY BE PAID THROUGH THE INSTALLMENT PAYMENT
 21 PROGRAM AUTHORIZED UNDER SUBSECTION (A) OF THIS SUBSECTION.

22 (C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY PROVIDE, BY
 23 LAW, FOR:

24 (1) ~~ANY ADDITIONAL ELIGIBILITY CRITERIA FOR AN INSTALLMENT~~
 25 ~~PAYMENT PROGRAM UNDER THIS SECTION;~~

26 ~~(2)~~ THE PROCESS FOR ENROLLING IN AN INSTALLMENT PAYMENT
 27 PROGRAM; AND

28 ~~(3)~~ (2) THE FREQUENCY AND DUE DATES OF INSTALLMENT
 29 PAYMENTS; ~~AND~~

30 ~~(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.~~

31 (D) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY ESTABLISH AN
 32 INSTALLMENT PAYMENT PROGRAM UNDER SUBSECTION (A) OF THIS SECTION,

1 **BALTIMORE CITY SHALL ARRANGE FOR THE PAYMENT TO THE STATE OF ANY STATE**
 2 **PROPERTY TAXES IN ARREARS ON A PROPERTY ENROLLED IN THE PROGRAM.**

3 14-801.

4 (d) (1) "Tax" means any tax, or charge of any kind due to the State or any of
 5 its political subdivisions, or to any other taxing agency, that by law is a lien against the
 6 real property on which it is imposed or assessed.

7 (2) "Tax" includes interest, penalties, and service charges.

8 14-808.

9 (a) (1) Except for property that has been transferred by a municipality or
 10 county to a land bank authority established under § 1-1403 of the Local Government
 11 Article, and except as provided [under] **IN PARAGRAPH (3) OF THIS SUBSECTION OR §**
 12 **14-811** of this subtitle, the collector shall proceed to sell and shall sell under this subtitle,
 13 at the time required by local law but in no case, except in Baltimore City, later than 2 years
 14 from the date the tax is in arrears, all property in the county in which the collector is elected
 15 or appointed on which the tax is in arrears.

16 (2) The collector is required to sell, but failure of the collector to sell within
 17 the 2-year period does not affect the validity or collectability of any tax, or the validity of
 18 any sale thereafter made.

19 **(3) ~~(I) THE MAYOR OF BALTIMORE CITY MAY CANCEL THE~~**
 20 **~~ANNUAL TAX SALE.~~**

21 **~~(II)~~ THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY,**
 22 **BY LAW, ESTABLISH A PROGRAM TO DIVERT OWNER-OCCUPIED RESIDENTIAL**
 23 **PROPERTY FROM THE PRIVATE TAX LIEN SALE PROCESS INTO AN ALTERNATIVE**
 24 **PROGRAM FOR THE COLLECTION OF TAXES IN ARREARS THAT MAY INCLUDE:**

25 **~~1.~~ (I) OUTREACH TO PROPERTY OWNERS TO ASSIST THE**
 26 **PROPERTY OWNERS TO PAY THEIR TAXES;**

27 **~~2.~~ (II) INSTALLMENT PAYMENT PLANS FOR TAXES IN**
 28 **ARREARS UNDER § 10-209 OF THIS ARTICLE; AND**

29 **~~3.~~ (III) JUDICIAL IN REM FORECLOSURE AND SALE**
 30 **UNDER § 14-894 OF THIS SUBTITLE; ~~AND~~**

31 **~~4.~~ ANY OTHER PROVISION NECESSARY TO CARRY OUT**
 32 **~~THE PROGRAM.~~**

33 14-811.

1 (b) (4) IN BALTIMORE CITY, THE COLLECTOR MAY WITHHOLD FROM
2 SALE ANY OWNER-OCCUPIED RESIDENTIAL PROPERTY.

3 14-892. RESERVED.

4 14-893. RESERVED.

5 PART VIII. BALTIMORE CITY JUDICIAL IN REM TAX FORECLOSURE FOR
6 OWNER-OCCUPIED RESIDENTIAL PROPERTY.

7 14-894.

8 (A) (1) ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
9 ~~INDICATED.~~

10 (2) ~~“INTERESTED PARTY” MEANS:~~

11 (I) ~~THE PERSON WHO LAST APPEARS AS OWNER OF THE~~
12 ~~PROPERTY ON THE COLLECTOR’S TAX ROLL;~~

13 (H) ~~A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A~~
14 ~~MORTGAGE OF RECORD;~~

15 (III) ~~A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST~~
16 ~~RECORDED AGAINST THE PROPERTY;~~

17 (IV) ~~A TAXING AGENCY THAT HAS THE AUTHORITY TO COLLECT~~
18 ~~TAX ON THE PROPERTY; OR~~

19 (V) ~~ANY PERSON HAVING AN INTEREST IN THE PROPERTY~~
20 ~~WHOSE IDENTITY AND ADDRESS ARE:~~

21 1. ~~REASONABLY ASCERTAINABLE FROM THE COUNTY~~
22 ~~LAND RECORDS; OR~~

23 2. ~~REVEALED BY A FULL TITLE SEARCH CONSISTING OF~~
24 ~~AT LEAST 50 YEARS.~~

25 (3) ~~“TAX” HAS THE MEANING STATED IN § 14-801 OF THIS SUBTITLE.~~

26 (B) (A) BALTIMORE CITY MAY CONDUCT AN IN REM FORECLOSURE AND
27 SALE OF OWNER-OCCUPIED RESIDENTIAL PROPERTY ON WHICH THE TAXES ARE IN
28 ARREARS IN ACCORDANCE WITH THIS SECTION.

1 ~~(C)~~ (B) BALTIMORE CITY MAY FORECLOSE ON AND SELL ~~A~~ AN
2 OWNER-OCCUPIED RESIDENTIAL PROPERTY ON WHICH THE TAXES ARE IN ARREARS
3 UNDER THIS SECTION ONLY IF:

4 ~~(1)~~ ~~AT LEAST 3 YEARS HAVE ELAPSED SINCE BALTIMORE CITY FIRST~~
5 ~~BEGAN MAKING DOCUMENTED ATTEMPTS TO CONTACT THE PROPERTY OWNER TO~~
6 ~~OFFER ASSISTANCE WITH PAYING THE TAXES IN ARREARS;~~

7 ~~(2)~~ BALTIMORE CITY HAS MADE AT LEAST TEN ATTEMPTS TO
8 CONTACT THE PROPERTY OWNER TO OFFER ASSISTANCE WITH PAYING THE TAXES
9 IN ARREARS; AND

10 ~~(3)~~ (2) THERE HAS BEEN NO ACTIVE PAYMENT PLAN FOR THE
11 PAYMENT OF THE TAXES IN ARREARS ON THE PROPERTY FOR AT LEAST THE
12 PRECEDING 12 MONTHS.

13 ~~(D)~~ (C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY
14 ESTABLISH:

15 (1) OBJECTIVE CRITERIA FOR WITHHOLDING OWNER-OCCUPIED
16 RESIDENTIAL PROPERTIES FROM FORECLOSURE AND SALE UNDER THIS SECTION;
17 AND

18 (2) A PROCESS BY WHICH A PROPERTY OWNER MAY APPEAL THE
19 INCLUSION OF THE PROPERTY OWNER'S PROPERTY IN A FORECLOSURE AND SALE
20 UNDER THIS SECTION.

21 ~~(E)~~ (D) TO INITIATE AN IN REM FORECLOSURE ACTION, BALTIMORE CITY
22 SHALL FOLLOW THE PROCEDURES ESTABLISHED UNDER:

23 (1) ~~FILE A COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT~~
24 ~~COURT FOR BALTIMORE CITY; AND~~

25 ~~(2)~~ ~~SERVE THE COMPLAINT TO EACH INTERESTED PARTY IN~~
26 ~~ACCORDANCE WITH~~ PART V OF THIS SUBTITLE FOR THE FORECLOSURE AND SALE
27 OF VACANT OR NUISANCE PROPERTY DESCRIBED UNDER § 14-874(A) OF THIS
28 SUBTITLE; AND

29 (2) THE MARYLAND RULES.

30 ~~(F)~~ ~~ALL TAXES SHALL:~~

31 (1) ~~BE INCLUDED IN THE FORECLOSURE ACTION; AND~~

1 ~~(2) CEASE TO BE A LIEN AGAINST THE PROPERTY IF A JUDGMENT IS~~
2 ~~ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN~~
3 ~~THE PROPERTY.~~

4 ~~(C) THE COMPLAINT FOR AN IN REM FORECLOSURE SHALL INCLUDE:~~

5 ~~(1) THE NAME AND ADDRESS OF THE APPROPRIATE AGENCY OF~~
6 ~~BALTIMORE CITY;~~

7 ~~(2) A DESCRIPTION OF THE PROPERTY AS IT APPEARS IN THE COUNTY~~
8 ~~LAND RECORDS;~~

9 ~~(3) THE TAX IDENTIFICATION NUMBER OF THE PROPERTY;~~

10 ~~(4) A STATEMENT THAT THE TAXES ARE DELINQUENT AT THE TIME OF~~
11 ~~THE FILING;~~

12 ~~(5) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE~~
13 ~~OF THE FILING;~~

14 ~~(6) THE NAMES AND LAST KNOWN ADDRESSES OF ALL INTERESTED~~
15 ~~PARTIES IN THE PROPERTY AND, IF APPLICABLE, A STATEMENT THAT THE ADDRESS~~
16 ~~OF A PARTICULAR INTERESTED PARTY IN THE PROPERTY IS UNKNOWN; AND~~

17 ~~(7) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT~~
18 ~~FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE~~
19 ~~PROPERTY AND ORDERS THE PROPERTY TO BE SOLD AT PUBLIC AUCTION.~~

20 ~~(H) A COMPLAINT FOR AN IN REM FORECLOSURE MAY BE AMENDED TO~~
21 ~~INCLUDE ALL TAXES THAT BECOME DELINQUENT AFTER THE COMMENCEMENT OF~~
22 ~~THE IN REM FORECLOSURE ACTION.~~

23 ~~(I) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN~~
24 ~~INTERESTED PARTY HAS THE RIGHT TO CURE THE DELINQUENT TAXES ON THE~~
25 ~~PROPERTY BY PAYING ALL PAST DUE TAXES AT ANY TIME BEFORE THE ENTRY OF~~
26 ~~THE FORECLOSURE JUDGMENT.~~

27 ~~(2) THE RIGHT TO CURE THE DELINQUENT TAXES ON THE PROPERTY~~
28 ~~IS EXTINGUISHED ONCE THE FORECLOSURE JUDGMENT IS ENTERED.~~

29 ~~(J) A CIRCUIT COURT MAY NOT SET A HEARING FOR AN IN REM~~
30 ~~FORECLOSURE UNTIL 30 DAYS AFTER THE COMPLAINT FOR AN IN REM~~
31 ~~FORECLOSURE IS FILED.~~

1 ~~(K) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO~~
2 ~~BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY~~
3 ~~OF THE PROCEEDINGS.~~

4 ~~(L) IF THE CIRCUIT COURT FINDS THAT THE COMPLAINT WAS SERVED ON~~
5 ~~EACH INTERESTED PARTY AND THAT THE INFORMATION SET FORTH IN THE~~
6 ~~COMPLAINT IS ACCURATE, THE COURT SHALL:~~

7 ~~(1) ENTER A JUDGMENT THAT PROPER NOTICE HAS BEEN PROVIDED~~
8 ~~TO ALL INTERESTED PARTIES; AND~~

9 ~~(2)~~ (E) ON THE ENTRY OF A JUDGMENT IN ACCORDANCE WITH THE
10 PROCEDURES ESTABLISHED UNDER § 14-876 OF THIS SUBTITLE FOR THE SALE OF
11 VACANT OR NUISANCE PROPERTY, THE COURT SHALL ORDER THAT THE PROPERTY
12 BE SOLD AT PUBLIC AUCTION.

13 ~~(M)~~ (F) (1) AFTER ENTRY OF JUDGMENT UNDER SUBSECTION ~~(L)~~ (E) OF
14 THIS SECTION, BALTIMORE CITY SHALL SELL THE PROPERTY AT PUBLIC AUCTION
15 IN ACCORDANCE WITH THE MARYLAND RULES.

16 (2) THE PROPERTY MAY NOT BE SOLD UNTIL AT LEAST 45 DAYS AFTER
17 THE ENTRY OF JUDGMENT.

18 ~~(N)~~ (G) THE MINIMUM BID FOR THE SALE OF THE PROPERTY SHALL BE
19 BASED ON THE FAIR MARKET VALUE OF THE PROPERTY, AS DETERMINED BY
20 BALTIMORE CITY.

21 ~~(O)~~ (H) (1) THE PROPERTY SHALL BE SOLD TO THE PERSON MAKING
22 THE HIGHEST BID.

23 (2) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID
24 AMOUNT TO BALTIMORE CITY.

25 (3) IF THE MINIMUM BID IS NOT MADE OR EXCEEDED, BALTIMORE
26 CITY MAY BID THE MINIMUM BID PRICE AND PURCHASE THE PROPERTY.

27 ~~(P)~~ (I) (1) BALTIMORE CITY SHALL DEPOSIT ANY AMOUNT BY WHICH
28 THE HIGHEST BID EXCEEDS THE AMOUNT OF TAXES DUE ON THE PROPERTY IN AN
29 ESCROW ACCOUNT.

30 (2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED
31 INTO THE ESCROW ACCOUNT TO THE INTERESTED PARTIES IN THE ORDER OF
32 PRIORITY OF THE INTERESTS OF THE INTERESTED PARTIES.

1 ~~(Q)~~ (J) AFTER A SALE, BALTIMORE CITY SHALL FILE A NOTICE
 2 INFORMING THE CIRCUIT COURT OF THE SALE AND STATING THE DATE OF THE SALE,
 3 THE SALE PRICE, AND THE IDENTITY OF THE PURCHASER.

4 ~~(R)~~ (K) A SALE OF A PROPERTY UNDER THIS SECTION IS FINAL AND
 5 BINDING ON THE MAKER OF THE HIGHEST BID.

6 ~~(S)~~ (L) (1) THE TITLE ACQUIRED IN AN IN REM FORECLOSURE
 7 PROCEEDING SHALL BE AN ABSOLUTE OR FEE SIMPLE TITLE INCLUDING THE RIGHT,
 8 TITLE, AND INTEREST OF EACH OF THE DEFENDANTS IN THE PROCEEDING WHOSE
 9 PROPERTY HAS BEEN FORECLOSED UNLESS A DIFFERENT TITLE IS SPECIFIED IN
 10 THE JUDGMENT ENTERED.

11 (2) A JUDGMENT IN AN ACTION UNDER THIS SECTION IS BINDING AND
 12 CONCLUSIVE, REGARDLESS OF LEGAL DISABILITY, ON:

13 (I) ALL PERSONS, KNOWN AND UNKNOWN, WHO WERE PARTIES
 14 TO THE ACTION AND WHO HAD A CLAIM TO THE PROPERTY, WHETHER PRESENT OR
 15 FUTURE, VESTED OR CONTINGENT, LEGAL OR EQUITABLE, OR SEVERAL OR
 16 UNDIVIDED; AND

17 (II) ALL PERSONS WHO WERE NOT PARTIES TO THE ACTION AND
 18 HAD A CLAIM TO THE PROPERTY THAT WAS NOT RECORDED AT THE TIME THAT THE
 19 ACTION WAS COMMENCED.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 21 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.