


FROM	NAME & TITLE	Henry J. Raymond, Deputy Director <i>HJR</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Finance Department 100 Holliday Street, Room 454		
	SUBJECT	CC 12-0065 Tax Lien Certificates – Verifications Required Before Issuance for Water Bills		

DATE: October 13, 2012

TO
 Honorable President and Members of the City Council
 Attention: Karen Randle, Executive Secretary
 Room 409, City Hall

City Council Bill Number 12-0065, Tax Lien Certificates would require that before the Chief Clerk issues a tax lien certificate including water or sewer charges, the Chief Clerk must obtain a certification that the charges are based upon certain verified information; correcting, clarifying and conforming related provisions; and generally relating to tax lien certificates.

During the June 7, 2012 hearing on this bill, it was agreed that adoption of proposed Rules and Regulations governing the treatment of estimated single meter water bills and their inclusion in tax sale would supersede the need for consideration of CC 12-0065. Proposed Rules and Regulations were prepared for the September 20, 2012 hearing date. The hearing was cancelled with council members Clarke and Henry requesting clarification of Section III. (C). Edits were made to clarify the intent, and were submitted to council members Branch, Clarke, Cole, Henry, Reisinger and Stokes for review on October 1, 2012.

The lead sponsor of the bill, Councilwoman Mary Pat Clarke, has reviewed the proposed regulations and agrees that the proposed regulations achieve the intended purpose of CC 12-0065.

The proposed Rules and Regulations outline the process used during the 2012 tax sale where all delinquent single meter accounts with estimated bills that were eligible for tax sale were reviewed by the Departments of Finance and Public Works to determine if the accounts should be included or excluded from the tax sale. The process was initiated pursuant to CC 12-0032R – Water Bill Tax Lien Moratorium. A report was provided to the Council on April 25, 2012 that documented the review process. The Council was pleased with the results of this process and the report that was produced.

The proposed Rules and Regulations outline the process for the Finance Department to annually prepare a report using the process outlined above and report the data to the Council prior to each tax sale.

In closing, the Finance Department opposes CC 12-0065, since the proposed Rules and Regulations will govern the process.

- Cc: Harry E. Black
 Andrew Kleine
 Angela Gibson
 Janice Simmons

Unfav.



RULES AND REGULATIONS – WATER CHARGES IN TAX SALE

Adopted under the general powers granted to the Director of Finance pursuant to §§ 5 through 18 of Article VII, “Executive Departments”, of the Charter of Baltimore City; Subtitle 8, “Collection”, of Title 14, “Procedure”, of the Tax - Property Article of the Annotated Code of Maryland; and Subtitle 8, “Tax Sales”, of Article 28, “Taxes”, of the Baltimore City Code.

The authority to promulgate these rules and regulations is necessary and inherent to the powers granted to the Director of Finance to collect property taxes pursuant to § 12 of Article VII of the Baltimore City Charter and § 14-808 of the Tax - Property Article of the Maryland Code.

I. Background

State law requires the City to conduct periodic sales of unpaid liens, which it usually does at an annual tax sale lien auction online in May. Among the liens collected are unpaid water charges. The Director of Finance seeks to determine the validity of the unpaid water charges before they are subject to sale.

Erroneous or incompletely documented water charges may result in inconvenience, annoyance, and confusion to water account customers. Moreover, the customers may be compelled to pay invalid charges or face foreclosure. Tax sale certificate purchasers also have an interest in not wasting resources on properties whose certificates may be voided after the tax sale.

II. Definitions

- A. The Director adopts and incorporates the terms as used in Title 14 of the Tax - Property Article of the Maryland Code.
- B. In addition, the terms as used in these rules and regulations have the following definitions:
 1. “Estimated water charges” mean that an account has at least one estimated reading in the last eighteen histories in the water system records available to the Department of Finance.
 2. “History” means one of the eighteen events occurring on a water account and recorded in the water system records available to the Department of Finance. Histories include, but are not limited to, data related to meter readings and adjustments.
 3. “Informal conference” means a meeting conducted through the Department of Public Works to determine whether water charges to a water account should be abated.
 4. “Water charges” mean the charges for water consumption, sewer connection, bay restoration fees, interest, and any other charges levied on a water account for a property by the Department of Public Works.

III. Procedure

- A. To determine whether water charges are valid, the Bureau of Revenue Collections will examine the list of the properties eligible for tax sale. The examination will occur after the final publication required by § 14-813 of the Tax – Property Article of the Maryland Code and before

the final list of properties eligible for tax sale is completed by the Bureau. The examination only will involve properties eligible for tax sale solely as a result of metered water charges with no other liens.

- B. The Bureau will remove from the list of properties eligible for tax sale all properties:
1. with at least one estimated reading in the last eighteen histories,
 2. with known estimated water charges although not identified as such,
 3. in an active bankruptcy proceeding,
 4. for which an informal conference has been requested but not yet held,
 5. awaiting the results of a pending meter investigation or adjustment after an informal conference has been held,
 6. whose liens have been paid so that the balance is below the threshold defined in § 14-849.1 of the Tax – Property Article of the Maryland, and
 7. any other reason that would render the water charges invalid.
- C. No property will be removed from a list of properties eligible for tax sale for the same factual reason that it was removed from any prior tax sale list. For example, if a property was removed for an estimated water charge, then it will not be removed from a later list for the same charge unless an adjustment of the charge was made but not recorded on the account. However, the property will be removed if another reason described in subpart B arose after the date of the prior tax sale.
- D. The Bureau will compile and provide to the President and each member of the City Council a report delineating all water accounts examined pursuant to these rules and regulations, by councilmanic district. The fields of information will include:
1. water account number,
 2. service address with the block and lot,
 3. last bill date,
 4. current balance,
 5. last payment date
 6. whether the property has been removed from or is still on the list, and
 7. reason for the removal or inclusion.

These rules and regulations are effective this day of _____, 2012, and have been filed with the City of Baltimore Department of Legislative Reference.

Issued and Approved:

Harry Black, Director
Department of Finance

Date