



BILL SYNOPSIS

Committee: Taxation, Finance and Economic Development

Bill 20-0593

Tax Sales – Properties Exempt from Sale

Sponsor: Councilmember Danielle McCray

Introduced: August 17, 2020

Purpose:

For the purpose of directing the Director of Finance to withhold certain properties from tax sale; defining certain terms; requiring that the Director of Finance adopt regulations to implement the requirements of this section; requiring that the Director of Finance submit an annual report to the Mayor and City Council; and generally implementing the authority provided by Section 14-811(f) of the State Tax-Property Article.

Effective: 30th Day after enactment

Agency Reports

City Solicitor	
Department of Housing and Community Development	
Department of Finance	

Analysis

Tax Sale Process

Throughout the State of Maryland, any unpaid property taxes will cause the local jurisdiction to issue a lien on the property from the date they are due until they are paid. This lien is a debt attached to the property, like a mortgage. During this process local jurisdictions have the authority to apply charges that can be added to this lien. It is a requirement of State law that each local municipality's Collector of Taxes sell these tax liens to collect delinquent taxes and other fees owed to the jurisdiction. The tax liens are sold as "tax lien certificates" through what is called a "tax sale."

During the tax sale process, tax lien certificates along with unpaid debt and fees are sold at public auction to the highest bidder. Once the lien certificate is sold at the auction, the local municipality's lien on the property passes to the purchaser. The purchaser buys the debt owed and a right to foreclose on the property if the homeowner fails to pay off the debt within a limited time. During this process no real property itself is sold, and the homeowner still retains ownership of the property. After a tax sale, the homeowner can still "redeem" the property by paying off the debt owed in the lien certificate.

If enacted, Bill 20-0593 would authorize the City of Baltimore to withhold from sale certain dwellings owned by:

1. Individuals residing in a dwelling for at least 3 years;
2. Low-income individuals with a combined household income of less than \$40,000;
3. An individual that is at least 65 years old; or
4. Is an adult currently receiving disability benefits from the federal Social Security Disability Insurance program or the supplemental Security Income Program.

Statistics obtained from Suburban Stat, an online database that produces demographic information for local jurisdictions stated that approximately 23,794 households in the City of Baltimore are led by individuals age 65 or older. That number is representative of approximately 249,903 households citywide.

Additional Information

Fiscal Note: Not Available

Information Source(s): Agency Reports

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Analysis Date: August 26, 2020

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