


FROM	NAME & TITLE	Alfred H. Foxx, Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	CITY COUNCIL BILL 11-0242R		

DATE: April 6, 2011

TO

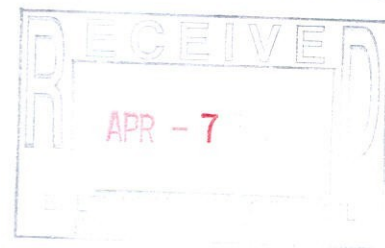
The Honorable President and Members
of the Baltimore City Council
c/o Karen Randle
Room 400 - City Hall

I am herein reporting on City Council Resolution 11-0242R introduced by Council Member Conaway, the Council President, and Council Members Cole, Middleton, Kraft, Stokes, Clarke, Branch, Reisinger, Welch, Spector, and Henry.

The purpose of the Resolution is to request the Director of Finance and the Chief, Bureau of Revenue Collections, to report to the City Council on the Tax Lien Certificate Sale Program; present an outline of the foreclosure process; explain the fees collected or paid by all parties involved in the redemption or forfeiture of a property; and to give a final accounting of the disposition of all proceeds from the sale of the forfeited property.

The tax lien, a collection tool of last resort, is an effective means to dramatically reduce the amount of overdue revenues and corresponding bad debt for the City's water and wastewater utilities. Between issuance of the City's "Dunning Notice" in December and the tax sale in May, approximately \$10 million in revenue is collected by the utility in any one year. Every dollar that is overdue affects the rates for all customers. Rating agencies' evaluation of a utility's ability to effectively collect delinquent water and sewer bills directly impacts the bond ratings and corresponding borrowing costs. Lower debt costs help keep water and sewer rates as reasonable as possible.

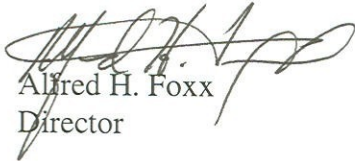
Currently, a property may be eligible for tax lien solely for an unpaid water and sewer bill if the account totals \$250 or more and is two quarters in arrears. Legislation before the Maryland General Assembly (Senate Bill 645), if approved and signed by the Governor, would increase the lien threshold to \$350 and three quarters in arrears. A customer may do one of the following to bring their account below the lien threshold and avoid tax sale: make appropriate payments to their account at any time prior to May tax sale; enter into a payment plan; or receive assistance either through the Senior Citizen or Low Income plans if income-eligible. A property owner may redeem their property up to the point of foreclosure by paying the lien amounts and, depending on the time at which the payment is made, pay simple annual interest and certain costs and legal fees.



Comments

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The Department of Public Works will have a representative attend the hearing on this Resolution to assist with any questions the members of the Taxation, Finance and Economic Development Committee may have on the Baltimore City Tax Lien Certificate Sales.



Alfred H. Foxx
Director

AHF/MMC:pat