

Stanley J. Milesky

FROM	NAME & TITLE	Stanley J. Milesky, Chief
	AGENCY NAME & ADDRESS	Bureau of Treasury Management 200 Holliday Street, Room 7
	SUBJECT	City Council Bill 08-0100 Tax Sales – “Property to be Acquired” – Agency Coordination

CITY of
BALTIMORE
MEMO



DATE: May 13, 2008

TO
The Honorable President and
Members of the City Council
City Hall Room 400
100 N. Holliday Street

City Council Bill 08-0100 – Tax Sales – “Property to be Acquired” – Agency Coordination has been introduced before the City Council for the purpose of prohibiting the tax sale of property that is designated or being considered for possible future acquisition by or on behalf of the City under a plan for development or redevelopment; requiring certain notices to and certain verifications from certain entities before a property may be advertised for tax sale; and generally relating to tax and other lien sales.

The Department of Finance opposes the proposed legislation on the basis of the existing tax sale requirements under state law and the practicality in determining the interest in acquiring property, by various City agencies, as articulated in the proposed legislation.

The Annotated Code of Maryland, Property-Tax Article §14-808 requires that the “Collector shall proceed to sell and shall sell all property in the county...on which the tax is in arrears.” The only exception to the required sale of tax liens permitted by the Annotated Code of Maryland is stated in §14-811, where the collector is permitted to “withhold from sale any property where the total taxes on the property, including interest and penalties, amount to less than \$250 in any 1 year.

State law is very clear on this point and our ability to hold a delinquent lien from the tax sale, for any cause, is limited by the language expressed in the Annotated Code.

The proposed legislation would also pose practical limitations to the achievement of its intended purpose. The Department, believes, its current practice in this area is intended to accomplish a similar result and has the added advantage of being consistent with state law governing the tax sale.

At present, the Department of Housing and Community Development prepares and submits to the Department of Finance, an annual listing of properties for which the City is actively engaged in acquisition. Acquisition activities include either foreclosure action in the Circuit Court of Baltimore City (properties for which an active docket number has been established); or for which the City has publicized its intentions to acquire the property. These exceptions to the existing requirements under state law have been successfully implemented in each of the last four annual tax sales. The Department of Housing and Community Development has requested the removal of between 1,500 and 2,000 properties from the tax sale each year under this current practice. Our authority for

unfair.



the removal of these properties is predicated upon the City's pending ownership of the properties. Property owned by the City is exempt from the tax sale.

The proposed legislation would require the Department of Finance to provide notification to and obtain verification from seven municipal agencies that "the city has no interest in acquiring the property under any plan for development or redevelopment" for any of the approximately 25,000 to 30,000 properties listed for tax sale and included in the annual publication notices in local newspapers. The proposed legislation requires notification and verification of the City's interest prior to advertising a property for tax sale and would therefore include the larger pool of properties for which the account remains in a delinquent status and thus eligible for tax sale.

The Department of Finance does not support a favorable recommendation of this proposed legislation by the committee.

cc: Ms. Linda Barclay
Ms. Deepa Bhattacharyya
Ms. Carolyn Espy
Mr. Andrew Frank
Mr. Edward Gallagher
Ms. Angela Gibson
Ms. Helene Grady
Mr. Henry Raymond