

HOUSE BILL 1573

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HB 1153/16 – W&M

By: **Prince George's County Delegation**

Introduced and read first time: February 17, 2017

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Tax Sales – Limited Auction and Foreclosure for**
3 **Abandoned Property**

4 **PG 411-17**

5 FOR the purpose of requiring the tax collector in Prince George's County to conduct a
6 certain limited auction prior to conducting a public auction for property subject to
7 tax liens; specifying the individuals who may participate in a limited auction;
8 requiring a purchaser of property at a limited auction to occupy the property as the
9 purchaser's dwelling; requiring the tax collector to include the date, time, and
10 location of a limited auction in certain notices; establishing that a limited auction
11 shall be subject to the same requirements as a certain public auction; establishing
12 that the purchase of property at a limited auction shall be treated the same as the
13 purchase of property at a certain public auction; requiring the tax collector to
14 establish a system to verify that individuals who place bids at a limited auction are
15 eligible to place bids; establishing that a certificate of sale for property purchased at
16 a limited auction is void if it is not purchased by an individual who meets certain
17 criteria; requiring property offered for sale at a limited auction that is not sold at the
18 limited auction to be offered for sale at a public auction; establishing certain
19 remedies when a certificate of sale for property sold at a limited auction is void;
20 authorizing a holder of a certificate of sale for certain property sold at a limited
21 auction to file a complaint to foreclose all rights of redemption in the property at any
22 time after the date of sale; and generally relating to tax sales of property in Prince
23 George's County.

24 BY repealing and reenacting, with amendments,
25 Article – Tax – Property
26 Section 14-817 and 14-833(c)
27 Annotated Code of Maryland
28 (2012 Replacement Volume and 2016 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 14–833(d)(1)
Annotated Code of Maryland
(2012 Replacement Volume and 2016 Supplement)

BY adding to
Article – Tax – Property
Section 14–833(h)
Annotated Code of Maryland
(2012 Replacement Volume and 2016 Supplement)

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

Article – Tax – Property

14–817.

(a) (1) (i) The sale shall be held on the day and at the place stated in the
notice by advertising.

(ii) The sale shall be held in the county in which the land to be sold
is located.

(iii) If the sale cannot be completed on that day, the collector shall
continue the sale as determined by the collector and announced to the bidders at the sale
until all property included in the sale is sold.

(2) All sales shall be at public auction to the person who makes the highest
good faith accepted bid, in fee or leasehold, as the case may be.

(3) (i) The collector shall retain any common law or other authority
normally granted to an auctioneer conducting a public auction and may refuse to accept
bids that are not made in good faith.

(ii) The collector may delegate this authority to an auctioneer.

(4) The conduct of the sale shall be according to terms set by the collector,
and published with a reasonable degree of specificity in the public notice of the tax sale, to
ensure the orderly functioning of the public auction and the integrity of the tax sale process,
including requirements that potential bidders:

(i) establish their eligibility for bidding by presenting evidence of
the legal existence of the bidding entity that is satisfactory to the collector;

(ii) limit their representation at a tax sale to no more than a single agent per bidding entity; and

(iii) refrain from any act, agreement, consent, or conspiracy to suppress, predetermine, rig, or fix the bidding at the sale.

(5) (i) If determined by the collector to be in the best public interest and included in the required public notice of the sale, the collector may solicit and accept bids from the highest bidder for any group of properties to be sold at the tax sale.

(ii) 1. Upon the request of any individual or group, the collector may remove any individual property or properties from a group of properties to be sold at the tax sale.

2. Upon the request of the property owner at least 15 days before the date of the tax sale, the collector shall remove any individual property or properties from a group of properties to be sold at the tax sale.

(iii) The collector shall provide notice to the potential bidders of any alterations to a group of properties at the time the bidders become known.

(iv) The collector may conduct the sale of a group of properties under this paragraph by a sealed bid process.

(v) Except in Montgomery County, the collector shall establish a high-bid premium under subsection (b)(2) of this section for all properties to be sold:

1. in groups; or

2. by sealed bid process.

(b) (1) Except as provided in subsection (c) of this section, property may not be sold for a sum less than the total amount of all taxes on the property that are certified to the collector under § 14-810 of this subtitle, together with interest and penalties on the taxes and the expenses incurred in making the sale, and the lien for the taxes, interest, penalties, and expenses passes to the purchaser.

(2) (i) The collector may establish a high-bid premium to be applied to all properties to be sold at the tax sale.

(ii) Except as provided in subparagraphs (iii) and (iv) of this paragraph, the high-bid premium shall be 20% of the amount by which the highest bid exceeds 40% of the property's full cash value.

(iii) Except as provided in subparagraph (iv) of this paragraph, in Baltimore City and Prince George's County, the high-bid premium shall be 20% of the amount by which the highest bid exceeds the greater of:

1. the lien amount; or

2. 40% of the property's full cash value.

(iv) For property assessed under agricultural use assessment, the high-bid premium shall be 20% of the amount by which the highest bid exceeds the appropriate value determined by the collector.

(v) In addition to the amounts payable under paragraph (1) of this subsection, the highest bidder shall pay a high-bid premium if the collector:

1. determines that a high-bid premium shall be used for the tax sale; and

2. indicates in the public notice of the sale that the high-bid premium will be applied.

(vi) The collector shall refund the high-bid premium, without interest, to:

1. the holder of the tax sale certificate on redemption of the property for which the high-bid premium was paid; or

2. the plaintiff in an action to foreclose the right of redemption on delivery of a tax sale deed for the property for which the high-bid premium was paid.

(vii) The high-bid premium is not refundable after the time required under § 14-833 of this subtitle for an action to foreclose the right of redemption if there has been no redemption and if an action to foreclose the right of redemption has not been filed within that time.

(c) (1) In Baltimore City, abandoned property consisting of either a vacant lot or improved property cited as vacant and unfit for habitation on a housing or building violation notice may be sold for a sum less than the total amount of:

(i) all taxes on the property that are certified to the collector under § 14-810 of this subtitle;

(ii) interest and penalties on the taxes; and

(iii) expenses incurred in making the sale.

(2) The collector shall establish a minimum bid for abandoned property sold under this subsection.

(3) The person responsible for the taxes prior to the sale shall remain liable to the collector for the difference between the amount received in the tax sale under this section and the taxes, interest, penalties, and expenses remaining after the sale.

(4) The balance remaining after the tax sale shall be included in the amount necessary to redeem the property under § 14–828 of this subtitle.

(5) In a proceeding brought by the Mayor and City Council of Baltimore City to foreclose the right of redemption under this subtitle, the complaint may request a judgment for the city in the amount of the balance.

(6) The balance remaining after the tax sale is no longer a lien on the property when:

(i) a judgment is entered foreclosing the owner's right of redemption;

(ii) the deed is recorded; and

(iii) all liens accruing subsequent to the date of sale are paid in full.

(7) The Mayor and City Council may institute a separate action to collect the balance at any time within 7 years after the tax sale if the plaintiff is a private purchaser.

(D) (1) THIS SUBSECTION APPLIES ONLY IN PRINCE GEORGE'S COUNTY.

(2) IN ADDITION TO THE SALE BY PUBLIC AUCTION REQUIRED UNDER THIS SECTION, THE COLLECTOR SHALL CONDUCT A SALE BY LIMITED AUCTION PRIOR TO THE PUBLIC AUCTION.

(3) THE SALE BY LIMITED AUCTION REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL BE OPEN TO BIDS ONLY FROM AN INDIVIDUAL WHO IS:

(I) EMPLOYED IN A PUBLIC SCHOOL LOCATED IN PRINCE GEORGE'S COUNTY;

(II) EMPLOYED BY THE PRINCE GEORGE'S COUNTY POLICE DEPARTMENT;

(III) EMPLOYED BY THE PRINCE GEORGE'S COUNTY FIRE DEPARTMENT;

(IV) EMPLOYED BY THE PRINCE GEORGE'S COUNTY OFFICE OF THE SHERIFF;

(V) EMPLOYED BY THE PRINCE GEORGE'S COUNTY
DEPARTMENT OF CORRECTIONS;

(VI) EMPLOYED BY THE PRINCE GEORGE'S COUNTY
GOVERNMENT IN A POSITION NOT INCLUDED UNDER ITEM (I), (II), (III), (IV), OR (V)
OF THIS PARAGRAPH;

(VII) EMPLOYED BY THE FEDERAL GOVERNMENT;

(VIII) EMPLOYED BY A MUNICIPAL GOVERNMENT IN PRINCE
GEORGE'S COUNTY;

(IX) A VETERAN OF ANY BRANCH OF THE ARMED FORCES OF THE
UNITED STATES WHO HAS RECEIVED AN HONORABLE DISCHARGE; OR

(X) A RESIDENT OF PRINCE GEORGE'S COUNTY.

(4) A PURCHASER OF PROPERTY AT A LIMITED AUCTION SHALL
OCCUPY THE PROPERTY AS THE PURCHASER'S DWELLING AS DEFINED IN § 9-105 OF
THIS ARTICLE.

(5) THE COLLECTOR SHALL INCLUDE THE DATE, TIME, AND
LOCATION OF THE LIMITED AUCTION REQUIRED UNDER THIS SUBSECTION IN ANY
NOTICE OF SALE AT PUBLIC AUCTION REQUIRED UNDER THIS SUBTITLE.

(6) (I) THE LIMITED AUCTION SHALL BE SUBJECT TO THE SAME
REQUIREMENTS FOR A PUBLIC AUCTION UNDER THIS SECTION.

(II) THE PURCHASE OF PROPERTY AT A LIMITED AUCTION
SHALL BE CONSIDERED THE SAME AS A PURCHASE AT PUBLIC AUCTION UNDER THIS
SECTION AND SHALL BE SUBJECT TO THE REQUIREMENTS OF THIS SUBTITLE IN THE
SAME MANNER AS A SALE AT PUBLIC AUCTION.

(III) THE COLLECTOR SHALL ESTABLISH A SYSTEM TO VERIFY
THAT INDIVIDUALS PLACING BIDS ON PROPERTY AT THE LIMITED AUCTION ARE
ELIGIBLE TO DO SO UNDER PARAGRAPH (3) OF THIS SUBSECTION.

(IV) A CERTIFICATE OF SALE FOR PROPERTY PURCHASED AT A
LIMITED AUCTION SHALL BE VOID IF THE PURCHASER WAS NOT AN ELIGIBLE
PARTICIPANT UNDER PARAGRAPH (3) OF THIS SUBSECTION.

(7) PROPERTY OFFERED FOR SALE DURING A LIMITED AUCTION THAT IS NOT SOLD SHALL BE OFFERED FOR SALE AT PUBLIC AUCTION IN ACCORDANCE WITH THIS SECTION.

14-833.

(c) (1) The certificate is void unless a proceeding to foreclose the right of redemption is filed within 2 years of the date of the certificate of sale.

(2) In Baltimore City a certificate for abandoned property sold under § 14-817(c) of this subtitle with a minimum bid less than the lien amount reverts to the Mayor and City Council and is void as to the private purchaser at tax sale unless:

(i) a proceeding to foreclose the right of redemption is filed within 3 months of the date of the certificate of sale; and

(ii) unless the holder is granted an extension by the court due to a showing of extraordinary circumstances beyond the certificate holder's control, the holder secures a decree from the circuit court in which the foreclosure proceeding was filed within 18 months from the date of the filing of the foreclosure proceeding.

(3) IN PRINCE GEORGE'S COUNTY, A CERTIFICATE FOR PROPERTY SOLD AT A LIMITED AUCTION IS VOID IF THE PURCHASER WAS NOT AN ELIGIBLE PARTICIPANT UNDER § 14-817(D)(3) OF THIS SUBTITLE.

(d) (1) If a certificate is void under subsection (c) of this section, then any right, title, and interest of the holder of the certificate of sale, in the property sold shall cease and all money received by the collector on account of the sale shall be deemed forfeited, and shall be applied by the collector on the taxes in arrears on the property.

(H) THE HOLDER OF A CERTIFICATE OF SALE FOR ABANDONED PROPERTY CONSISTING OF EITHER A VACANT LOT OR IMPROVED PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR BUILDING VIOLATION NOTICE IN PRINCE GEORGE'S COUNTY THAT IS SOLD UNDER § 14-817(D) OF THIS SUBTITLE MAY FILE A COMPLAINT TO FORECLOSE ALL RIGHTS OF REDEMPTION IN THE PROPERTY AT ANY TIME AFTER THE DATE OF SALE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.