



## House Bill 419

### *Personal Property Tax – Liens for Unpaid Tax*

MACo Position: **SUPPORT**

Date: April 2, 2013

To: Budget and Taxation Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 419 as amended. This bill establishes a process for a secured party to notify a local government at the time personal property is being repossessed to pay any outstanding personal property taxes that may be owed on the property to satisfy a tax lien.

MACo believes HB 419 would benefit both local governments and secured parties. Due to the nature of personal property, it is typically difficult for local governments to collect outstanding personal property taxes. Usually by the time a local government goes to collect, the business has dissolved and the assets have already been sold off or demolished. For secured parties who have financed items such as heavy equipment, after the property has been repossessed, they find that there is a tax lien on the property and they cannot sell the property until the lien is paid.

The process outlined in HB 419 would authorize a secured party to notify a local government at the time of repossession and pay any outstanding taxes associated with that personal property up front, allowing the secured party to take clear possession of the property. It also enables a local government to collect taxes owed on property that otherwise would not be collected.

For these reasons, MACo urges the Committee to give HB 419 a **FAVORABLE** report as amended.