



## House Bill 419

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

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 14, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** HB 419. This bill would require a county to record a lien on personal property for unpaid taxes with the clerk of the court and make a personal property lien secondary to other non-tax liens.

Counties are concerned that HB 419 would significantly undermine a county's ability to effectively pursue the collection of delinquent taxes. Under current law, both personal property and real property taxes are given first lien priority for payment, ahead of private lenders and other entities. Priority lien status was granted for both of these taxes because it was understood that the revenue collected through the real property and personal property taxes funded needed programs and services to serve citizens across the state. The State has also recognized this important taxpayer policy, and also provides similar lien status for the collection of its property tax. It is this priority status that effectively allows counties to pursue delinquent taxes through a tax sale, and ensure overall fairness of the tax system.

Legislation affecting a county's priority lien status with respect to the personal property tax has been introduced in the past and MACo has aggressively opposed such legislation. Collection of delinquent taxes is an essential part of a fair and functioning tax system to provide essential public services. Removing this statutory authority takes away the counties' most powerful tool for collecting this revenue, and harms the many taxpayers who pay their taxes on time and in full.

The bill specifies new requirements for county governments when attaching liens to personal property, but even these broad requirements cannot accomplish the underlying goal of simplicity to a new buyer of the property. The transportable nature of personal property makes it a fundamentally poor fit for recordation by the Clerk of its host county. The absence

of a lien in the land records of its current county would not preclude a lien having been placed on the property when it resided elsewhere. The most direct means to accomplish this certainty for a new buyer, even with the notice requirements in HB 419, would be an indemnification clause in the purchase agreement. Even a burdensome State law cannot overcome the commonsense notion of "buyer beware."

For these reasons, MACo urges the Committee to give HB 419 an **UNFAVORABLE** report.