



## House Bill 453

### *Tax Sales – Water Liens*

MACo Position: **OPPOSE**

Date: February 23, 2017

To: Ways and Means Committee

From: Barbara Zektick

The Maryland Association of Counties (MACo) **OPPOSES** HB 453. This bill deprives counties of the opportunity to use an effective tool for enforcement – tax sale – to enforce liens for unpaid water, sewer, or sanitary system charges.

The tax sale process, or more specifically the potential for a property to go to tax sale, presents a much-needed tool of last resort to ensure that property owners remit payment for their fair share of taxes and charges connected to public services. Most counties in Maryland go to tax sale solely to enforce utility liens. This bill removes this leverage for all counties, and undoubtedly would create many more deficient accounts for water and sewer bills from lack of enforcement – leading to increased rates on citizens who properly pay.

This bill unjustly alleviates delinquent account holders from responsibility for funding key infrastructure, at the expense of timely paying customers. Counties often budget for water and wastewater systems using enterprise funds, meaning that they recover costs for services almost primarily through user fees. They must meet their obligations to maintain their systems – so when they cannot collect on delinquent accounts, they must raise rates on all other users to recover the lost funds. This problem is exacerbated when the service provider must continue to expend resources to provide utilities to customers with severely delinquent accounts. While this bill nobly seeks to accommodate customers in need, the result unjustly reassigns infrastructure costs to those who opt to timely pay.

All property owners deserve full and adequate notice of any collection efforts to collect taxes or charges assessed on the property – and as such, every county has procedures to ensure notice is provided prior to tax sale. Additionally, property owners have the right to redeem property within six months from the date of any tax sale by paying the amount owed. The tax sale process includes multiple checks and balances to ensure that local governments can collect overdue fees without unjustly depriving taxpayers of due process, water, or their homes.

HB 453 undermines local government's most effective collection tool for public taxes and charges, and would lead to greater delinquency and default on public water and sewer bills, which would result in higher rates on other ratepayers. For these reasons, MACo **OPPOSES** HB 435 and urges an **UNFAVORABLE** report.