



House Bill 1209

Property Tax - Collection of Unpaid Taxes and Tax Sales

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 28, 2019

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 1209. This bill deprives counties of the opportunity to use an effective tool for enforcement – tax sale – by requiring counties to enact a law implementing judicial in rem tax foreclosure procedures for specified properties.

Counties are concerned that this legislation would result in significant revenue losses due to the bill's limitations on the use of tax sales to enforce liens. Specifically, HB 1209 would require counties to enact specified judicial in rem tax foreclosure legislation, including a requirement that the dwelling of an eligible homeowner not be subject to foreclosure and sale unless the tax on the dwelling (1) has been delinquent for at least 2 years; and (2) exceeds \$1,000.

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 send properties 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 utility bills from lack of enforcement – leading to increased rates on residents who properly 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 ample 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.

HB 1209 undermines local governments' most effective collection tool, and would lead to greater delinquency and default on utility bills, which would result in higher rates on other ratepayers. For these reasons, MACo **OPPOSES** HB 1209 and urges an **UNFAVORABLE** report.