



BILL NO.: Senate Bill 123

TITLE: Real Property – Foreclosure Sale of Residential Property – Notice to Local Supervisor of Assessments

POSITION: **SUPPORT**

DATE: March 29, 2012

COMMITTEE: Environmental Matters

CONTACT: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 123. This bill, as amended by the Senate, would require a bank or other secured party who purchases a property through the foreclosure process to notify the local supervisor of assessments of the State Department of Assessments and Taxation (SDAT) within 60 days after the entry of the court order to ratify the sale to provide for the removal of the Homestead Tax Credit that may have been associated with the property. If an appeal has been filed, notification must be filed 30 days after the entry of the court order that resolved the motion. The bill also provides that if the notification is not made, the purchaser of the property is still liable for paying the amount of the tax credit or exemption that was provided to the taxing authority.

The Homestead Tax Credit Program provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties. When a property is acquired by a secured party, the property is no longer owner-occupied and it becomes ineligible for the Homestead Tax Credit.

Under the current foreclosure process, when a bank or other secured party acquires a property, a deed is not recorded until the property sells to another party. Although the property is no longer owner-occupied, the Homestead Tax Credit will remain in effect because SDAT has no way of knowing the property has changed hands to a secured party. This has resulted in many foreclosed residential properties improperly retaining tax credits.

By requiring notification to be sent to the local supervisor of assessments within 30 days after the court ratifies the sale, SDAT would be able to remove the Homestead Credit allowing the property to be taxed on the full value of the assessment, not the value associated with the credit. This would result in a more efficient process for the removal of Homestead Tax Credits and increased revenue for the State and local jurisdictions.

For these reasons, MACo urges the Committee to give SB 123 a **FAVORABLE** report.