



MAMWA Serving on Tax Sales Task Force August 2017

MAMWA SERVING ON TAX SALES TASK FORCE. During the last General Assembly session, Delegate Washington (City of Baltimore), working with 22 other delegates, introduced HB 453 (Tax Sales—Water Liens). Originally, the bill prohibited a collector, defined in the Tax Code as an officer of a county or municipal corporation who has a duty to collect or remit taxes, from selling real property “solely” to enforce a lien for unpaid water, sewer, or sanitary system charges, fees, or assessments. Later amendments deleted this problematic prohibition, but established a moratorium on selling real property “solely” to enforce a lien that would have run from July 1, 2017 to July 1, 2018.

MAMWA submitted letters opposing HB 453 to both the House Ways and Means Committee and the Senate Budget and Taxation Committee. MAMWA explained that having the option to sell a property at tax sale to enforce a lien is a critical tool for recouping overdue payments for service provided. If a local utility is not able to do so, it may be forced to pass unpaid charges and fees to its remaining paying customers. As we reported during the May Member Meeting, HB 453 stalled in the Senate Committee.

While MAMWA was working to defeat HB 453, another broader tax bill was winding its way through the House and Senate. HB 659 was introduced by Delegates Angel, Carr, Davis, Hill, Jackson, Oaks, Tarlau, Washington, Washington, and Wilkins, and was originally written to establish a task force to review the sales of homes for unpaid taxes. During the session, however, the House Ways and Means Committee amended the bill to include a review of tax sales to address unpaid water bills, and to add MAMWA to the list of task force members.

Other task force members include two members of the Senate, two members of the House, the Secretary of Housing and Community Development, and representatives from: the City of Baltimore; Dorchester County; Prince George’s County; MACO; MML; the Center for Community Progress; the Community Development Network of Maryland; the Maryland Multi-Housing Association; the Maryland State Bar Association; the National Tax Lien Association; and the Maryland Tax Sale Participants Association. HB 659 charges the task force with evaluating the impact of tax sales in Maryland, how tax sales are conducted in each county, and how tax sales are used to collect delinquent water charges and whether there are alternative methods for collecting these charges.



HB 659 directs the task force to submit a report on its findings and recommendations to the Governor and the General Assembly by December 1, 2017. We expect that House and Senate Members will review the report before deciding whether to file bills to change Maryland law on tax sales during the 2018 session.

The Center for Community Progress (Center), a national nonprofit with offices in Flint, Michigan, Washington, D.C., and New Orleans, Louisiana, is working to coordinate the first task force meeting. In advance of the meeting, the Center circulated a position paper it wrote in October, 2016 entitled *Assessment of Baltimore City's Tax Sale System: Impacts on City Finances, Vacant Properties, and Vulnerable Owner Occupants*. The Center's basic premise is that the current tax sale system the City of Baltimore uses, which is based on the sale of tax sale certificates to private investors who then collect the debt plus interest, penalties, and legal fees, is "not equitable, efficient, or effective." The Center suggests in the alternative that the City "establish a date certain by which property owners would have to pay off delinquent taxes (or, if eligible, enter into a payment plan) or face foreclosure. Baltimore City would then auction off the actual deed of a foreclosed property, and in the absence of a bidder, would assume ownership of the property." At this point, it is unclear whether the Center is advocating that the procedures change for the City of Baltimore, or whether it wants to see broader changes to tax sale procedures across the state.

We anticipate that the first meeting of the task force will occur in September.