



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen St.
Annapolis, MD 21401

The Honorable Anne Kaiser
Chair, House Ways and Means Committee
131 House Office Building
6 Bladen St.
Annapolis, MD 21401

November 15, 2021

Re: 2021 Legislative Tax Sale Ombudsman Annual Survey Report – MSAR #13266

Dear Chairman Guzzone and Madam Chair Kaiser:

The State Department of Assessments and Taxation (SDAT) is required to submit a report to the Chairmen of the Senate Budget and Taxation and the House Ways and Means Committees on the information collected through its Annual Tax Sale Survey of the counties and the activities of the State Tax Sale Ombudsman. This requirement is in accordance with Tax Property Article §14-880 and stated under House Bill 1181 (Ch. 440, Acts of 2020). In accordance with this reporting requirement, SDAT is pleased to provide you with the enclosed report.

As always, I appreciate the opportunity to share more information on SDAT's policies and procedures with you. Please feel free to follow up with me or other members of my team should you require additional information.

Very truly yours,

A handwritten signature in blue ink, appearing to read "M. Higgs", is placed over a light blue rectangular background.

Michael Higgs
Director

Enclosure

cc: Committee Members
Ms. Sarah Albert, DLS Library and Information Services



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

I. OFFICE OF THE STATE TAX SALE OMBUDSMAN

The mission of the State Tax Sale Ombudsman’s Office (the “Office”) is to help homeowners navigate the tax sale process by providing the best tax sale information, assistance, and resources available.

Since launching the Office in January 2020, its Maryland Homeowners’ Tax Sale Help Center [website](#) has provided a centralized source of information and updates on each county’s tax sale process, helpful resources, and the up to date county-by-county tax sale schedule. In Fiscal Year (FY) 2021, the Office more than tripled its assistance resources across the state to over 150 federal, state, and local service providers and assistance programs to help struggling homeowners in every Maryland county pay their property taxes and improve their financial situations.

Homeowners throughout the state can access personal, individualized assistance with their delinquent property taxes and related issues by calling the Office’s Tax Sale Help Line at (833) 732-8411 toll-free, (410) 767-4994 locally, or by emailing sdattaxsale@maryland.gov. In its 18 months, the Office helped nearly 3,000 Maryland homeowners pay their delinquent property taxes and keep their homes; and in FY2021, the office helped more than three times as many homeowners as it assisted in FY 2020.

Building on the achievements of the first 18 months, the Ombudsman’s Office continues to accomplish its mission, and it continually works to improve the services provided by the Office and explore how to best meet the needs of Maryland homeowners.

II. SUMMARY & ANALYSIS OF THE 2021 ANNUAL TAX SALE SURVEY

The following is a summary and analysis of information reported by the counties in SDAT’s second Annual Tax Sale Survey, described in Tax Property Article §14-879.

Despite ongoing challenges resulting from the pandemic, every Maryland county has responded to the 2021 Annual Tax Sale Survey, providing valuable insights into their tax sale processes, as well as detailed data on each jurisdictions’ tax sales, redemptions and foreclosures.

Last year, the first year conducting this survey, nearly every county reported that providing tax sale data in the same calendar year that the tax sale occurred was a significant challenge. As a result, last year’s survey was missing some important data. Therefore, this year’s survey again covers the counties’ 2020 tax sales, and the redemptions and foreclosures that occurred in FY 2020. This fills in missing data from last year’s survey and makes future surveys more manageable for the counties, thus enabling them to provide complete data.



DEPARTMENT OF ASSESSMENTS AND TAXATION

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

COUNTY TAX SALE PROCESSES & POLICIES

1. Fee Types Collected through Tax Sale, FY 2020.

Each county collects a variety of charges through the tax sale process. All counties include property taxes, and 22 counties include water and sewer charges. However, many charges, such as environmental, nuisance liens, and local government assessments, may also be collected through tax sale. Table 1 shows how many counties reported collecting each type of fee through tax sales.

Table 1. Fee Types Collected through Tax Sale - FY 2020

<u>Fee Type / Number of Counties</u>	
Property Taxes	24
Water & Sewer	23
Clean-up / Maintenance	14
Environmental	10
Miscellaneous Fees	5
Special Assessments	5
Nuisance Fees	4
Code Violations	3
Hotel / Motel Fee	2
Personal Property Tax	2
PACE Loans	1
Agricultural Tax Penalties	1
Bay Restoration Fee	1
Financial Info Fee	1
Abandoned Property Fee	1
Municipal Charges	1

2. Required Time Overdue for Tax Sale Eligibility, FY 2020.

The length of time the tax on a property is required to be overdue before the county includes the property on the tax sale eligibility list ranges from as soon as the current year tax bill is delinquent to three years past due. Table 2 shows the range by county.



DEPARTMENT OF ASSESSMENTS AND TAXATION

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 2. Required Time Overdue for Tax Sale Eligibility - FY 2020

Counties	Required Time Overdue
Baltimore City, Baltimore County, Caroline, Carroll, Frederick, Harford, Queen Anne’s, Talbot, Wicomico	Same tax year, once delinquent
Howard	2 months
Anne Arundel, Montgomery, Prince George’s	4 months
Washington	5 months
Charles	8 months
Cecil, Garrett	1 year
St. Mary’s	18 months
Calvert, Dorchester, Kent, Somerset, Worcester	2 years
Allegany	3 years

3. Annual County Tax Sales.

All but one of Maryland’s counties conduct a tax sale every year; only Wicomico County holds its sale every other year. Typically, all tax sales are held between March and June, prior to the next year’s tax billing cycle that starts on July 1. Twelve tax sales are usually held in May. Table 3 shows the month when each county typically holds its tax sale.

In 2020, due to the COVID-19 pandemic, half of the counties canceled or delayed all tax sales until the second half of the year to give homeowners more time to make arrangements to pay past-due bills.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 3. Annual County Tax Sales - by Month

<u>Month</u>	<u>Counties holding tax sales</u>
March	St. Mary's
April	Calvert
May	Allegany, Baltimore City, Baltimore County, Charles, Frederick, Garrett, Howard, Kent, Prince George's, Queen Anne's, Talbot, Worcester
June	Anne Arundel, Caroline, Carroll, Cecil, Dorchester, Harford, Montgomery, Somerset, Washington, Wicomico (every other year)

4. Municipal Corporation Tax Sales.

18 of the 24 counties conduct tax sales on behalf of municipal corporations.

5. Interest Charged on Overdue Property Taxes, FY 2020.

The monthly rate of interest charged by counties on overdue property taxes ranges from 0.5% to 2%. Table 4 shows that 15 counties charge 1%, seven counties charge between 1.5% and 2%, and two counties charge less than 1%.

6. Interest Charged to Redeem After Tax Sale, FY 2020.

The annual rate of redemption interest a property owner is required to pay to redeem the property after a tax sale ranges from 6% to 20%. This amount is paid to the lien purchaser, and counties report that one of the main factors used to set this interest rate is their relative ability to attract interested bidders to the tax sales. Table 4 shows that more than half of the counties charge between 12 and 20%, and 11 counties charge between 6 and 10%.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 4. Interest Charged on Overdue Property Taxes & Redemption - FY 2020

Overdue Property Tax Redemption Interest by County

	Monthly Rate	Annual Rate
Allegany	1.5	18
Anne Arundel	0.5	18
Baltimore City	2	12
Baltimore County	1	12
Calvert	1	10
Caroline	1	10
Carroll	0.66	14
Cecil	1	12
Charles	1	12
Dorchester	1	10
Frederick	1	8
Garrett	1	10
Harford	1.5	12
Howard	1	18
Kent	1.5	10
Montgomery	1.66	20
Prince George's	1.66	20
Queen Anne's	1	12
St. Mary's	1	6
Somerset	1	12



DEPARTMENT OF ASSESSMENTS AND TAXATION

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Talbot	1.5	6
Washington	1	6
Wicomico	1	8
Worcester	1	10

7. Redemption Period, FY 2020.

The redemption period is determined by statute. This is the period after a tax sale when the homeowner may pay off the lien (“redeem”) on their property. The homeowner has the right to redeem their property at any time after a tax sale up until a circuit court judge signs an order to foreclose their right of redemption, in favor of the tax lien purchaser.

In the 23 counties, the earliest the lien purchaser may file a motion to foreclose the owner’s right to redeem is six months after the date of the tax sale. In Baltimore City, the earliest a lien purchaser may file this motion for an owner-occupied residential property is nine months after the date of the tax sale.

Two years after the date of the tax sale, an investor who has not filed this motion loses their right to foreclose, and they forfeit any funds paid to the local jurisdiction. When this happens, the homeowner may still redeem the property by paying off the county’s remaining lien amount. If the lien continues to remain unpaid, the county may sell the lien again at the next tax sale.

8. Minimum Threshold Amount of Unpaid Taxes for the 2020 Tax Sale.

The minimum threshold amount of unpaid taxes on a residential property that will cause the county to put the property in tax sale ranges from \$0 (any delinquent amount) to \$750 across the state, and may be subject to change each year by the county. Where partial payments are permitted, if the homeowner makes a partial payment that brings the balance below the threshold amount, the county will remove the property from the tax sale list for that year. The homeowner still owes the remaining unpaid balance, but they will have more time to pay and won’t incur the added interest and fees associated with redeeming the property after a lien has been sold at tax sale. Table 5 shows that in 2020, five counties had policies to remove a property from tax sale with an unpaid bill balance of up to \$750, and four counties’ policies included a property in the tax sale if there was *any* amount unpaid.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 5. Minimum Threshold Amount Unpaid for the 2020 Tax Sale

Baltimore City	\$750 owner occupied; \$250 non-owner occupied
Caroline	\$750 or any amount 2 years delinquent
Carroll	\$750 or any amount 5 years delinquent
Calvert, Cecil	\$750
Baltimore County	\$500 owner occupied; \$250 non-owner occupied
Garrett	\$500
Prince George’s	\$500
Anne Arundel	\$250
Charles	\$250
Frederick	\$250
Harford	\$250
Howard	\$250
Kent	\$250
Montgomery	\$250
Somerset	\$250
Worcester	\$200
Wicomico	\$100
Talbot	\$50
Queen Anne’s	\$25
Allegany	\$0 (any amount unpaid)
Allegany	\$0 (any amount unpaid)
Dorchester,	\$0 (any amount unpaid)
St. Mary’s	\$0 (any amount unpaid)
Washington	\$0 (any amount unpaid)

9. Establishment of a County Tax Sale Ombudsman.

Of the 24 local jurisdictions, only Baltimore City has established a local Tax Sale Ombudsman to fulfill all the responsibilities of Tax Property Article §2-112(d). However, most counties have designated specific county officers to assist homeowners with tax sale-related matters.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

10. Properties Withheld from Tax Sale & Eligibility Criteria, FY 2020.

None of the 24 counties reported the withholding of a property from 2020 tax sale under Tax Property Article §14-811(e), which allows a county to withhold from sale a dwelling owned by a low-income homeowner, at least 65 years old, or disabled, if the homeowner meets eligibility criteria established by the county or municipal corporation. None of the 24 counties reported the establishment of eligibility criteria to withhold a property under this provision.

BID BALANCE FUNDS

Bid balance funds are the lien purchaser's bid amount minus the amount owed for taxes, interest, penalties, and sale costs. When the property owner's right to redeem has been foreclosed, they are entitled to claim from the county those funds paid by the lien purchaser at title transfer that were in excess of what is owed.

1. Total Funds Held and Distributed, FY 2020.

According to the 2021 Annual Tax Sale Survey responses, the amount of bid balance money held by each county in a special fund pending distribution to property owners ranges from zero to nearly \$4,000,000. Table 6 shows that six counties reported over \$1 million, 12 counties reported less than \$100,000, including four counties reporting zero balances, and 6 counties reported amounts between \$100,000 and \$1 million in special fund balance.

2. Funds Distributed to Property Owners, FY 2020.

The bid balance funds distributed to property owners between July 1, 2019, and June 30, 2020 were nearly \$17 million by Baltimore County, over \$9 million by Montgomery County, nearly \$1.7 million by Prince George's County, and over \$1.5 million by Anne Arundel County. 20 counties reported distributing under \$500,000, including nine counties reporting \$0. Table 6 shows this range.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 6. Bid Balance Funds Held & Distributed to Property Owners - FY 2020

<u>County</u>	<u>Funds Held \$</u>	<u>Funds Distributed \$</u>
Allegany	1,333	0
Anne Arundel	2,847,725	1,532,110
Baltimore City	3,646,114	0
Baltimore County	1,581,984	16,724,610
Calvert	2,690,618	114,782
Caroline	3,128	2,584
Carroll	55,697	0
Cecil	51,811	492,617
Charles	190,031	217,255
Dorchester	57,115	0
Frederick	405,660	476,708
Garrett	0	0
Harford	181,515	1,283



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Howard	497,336	447,388
Kent	67,871	1,239
Montgomery	3,615,426	9,128,190
Prince George's	2,290,344	1,675,240
Queen Anne's	52,788	27,530
Somerset	700,393	3,108
St. Mary's	0	23,027
Talbot	0	0
Washington	201,118	42,000
Wicomico	107,351	2,415
Worcester	59,613	0

3. Funds Transferred to the County, FY 2020.

Only Howard County reported that bid balance money was transferred to the county between July 1, 2019, and June 30, 2020. The total amount transferred was \$77,351.

2020 TAX SALES

The following data is from the 11 counties that held tax sales in 2020:

1. Properties Advertised in the First Notice.

According to the survey responses, the total number of properties advertised in the first notice for all counties that held a tax sale in 2020 was 41,469. This number includes commercial, non owner occupied, and owner occupied properties. The largest number advertised was 15,789 in Baltimore City. The next largest was 13,856 in Baltimore County, then 3,242 in Prince George’s County. The smallest was 346 in Howard County.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

The average lien amount for all properties advertised in the first notice was \$8,505. This includes commercial, non-owner occupied, and owner occupied properties.

2. Property Liens Offered for Sale.

The total number of property liens offered for sale for all counties that held a tax sale was 11,056. This includes liens on commercial, non-owner occupied, and owner-occupied properties. The largest number of liens offered for sale by a county was 5,651 in Baltimore City. Table 7 shows the total number of liens offered, the total lien amount, and the average lien amount for each county that held a tax sale.

Table 7. Liens Offered for Sale & Lien Amounts - 2020 Tax Sales

(Includes commercial, non-owner and owner occupied properties)

<u>County</u>	<u>Number Offered</u>	<u>Total Lien Amount</u>	<u>Average Lien</u>
Baltimore City	5,651	\$81,952,980	\$14,502
Baltimore County	1,069	\$5,944,662	\$5,561
Cecil	412	\$1,042,597	\$2,543
Dorchester	545	\$663,205	\$1,217
Frederick	461	\$1,574,983	\$3,417
Harford	258	\$833,041	\$3,229
Howard	206	\$1,084,850	\$5,266
Prince George's	1,856	\$11,786,380	\$6,350
Somerset	150	\$380,000	\$2,500
St. Mary's	261	\$600,961	\$2,303
Washington	187	\$1,609,850	\$8,609

3. Water & Sewer Service Property Tax Sale Liens.

Table 8. Liens Offered for Sale for Water & Sewer Service Only

2020 Tax Sales

<u>County</u>	<u>Number Offered</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Baltimore City	148	1,927,901	13,026
Baltimore County	0	0	0



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Cecil	45	58,802	1,307
Dorchester	6	22,246	3,708
Frederick	152	72,001	474
Harford	35	24,148	690
Howard	64	17,884	279
Prince George's	0	0	0
Somerset	0	0	0
St. Mary's	18	28,642	1,592
Washington	0	0	0

Combined Commercial, Non-Owner Occupied, and Owner Occupied

The 11 counties that held tax sales in 2020 reported 9,436 liens sold across the state. This number includes commercial, non-owner occupied, and owner occupied properties. Baltimore City sold the largest number with 4,299, and Prince George's County sold the second largest with 1,714. Baltimore County sold the third highest number with 977.

Owner Occupied Properties

For properties listed as owner occupied, including dual-use properties occupied by the owner, there were 3,015 liens sold statewide. Table 9 shows Baltimore City sold the highest number, with 1,015 owner occupied liens sold, followed by Prince George's County with 691, and Baltimore County with 471. The average lien amounts on owner occupied properties sold were \$5,709 in Baltimore City, \$4,014 in Prince George's County, and \$4,084 in Baltimore County.

Table 9. Liens Sold on Owner Occupied Properties - 2020 Tax Sales

<u>County</u>	<u>Number Sold</u>
Baltimore City	1,015
Baltimore County	471
Cecil	212
Dorchester	32
Frederick	275
Harford	118



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Howard	108
Prince George's	691
Somerset	21
St. Mary's	31
Washington	41

4. *County Obtained Lien Certificates, 2020 Tax Sales.*

Table 10. Lien Obtained by the County - 2020 Tax Sales

<u>County</u>	<u>Number Obtained</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Baltimore City	1,352	66,725,038	49,362
Baltimore County	92	1,857,295	20,188
Cecil	23	60,529	2,632
Dorchester	435	351,068	807
Frederick	9	347,420	38,602
Harford	29	254,037	8,760
Howard	9	123,038	13,670
Prince George's	142	3,759,721	26,477
Somerset	32	121,000	3,782
St. Mary's	113	86,099	762
Washington	60	1,319,695	21,995

REDEMPTIONS & FORECLOSURES

1. Redemptions

A property owner may pay off the sold lien against (“redeem”) their property at any time after a tax sale, until and unless a circuit court judge signs an order, in favor of the lien purchaser, foreclosing the property owner’s right to redeem. The longer it takes the owner



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

to redeem the property, the higher the lien payoff amount becomes due to accruing taxes, interest and fees.

The liens sold in the 2020 tax sales, detailed earlier in this report, may be redeemed up until a foreclosure judgment is entered, which may be months or years after the date of the tax sale.

The data reported by the counties below is for properties redeemed by their owners during the period from July 1, 2019, through June 30, 2020. These liens may have been sold at a tax sale in any prior year, but the liens were paid off by the owners during FY 2020.

2. Properties Redeemed Prior to Foreclosure, FY 2020.

Table 11. Properties Redeemed & Lien Amounts - FY 2020

<u>County</u>	<u>Number Redeemed</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Allegany	76	219,906	2,894
Anne Arundel	651	2,217,601	3,406
Baltimore City	4,057	2,710,5363	6,681
Baltimore County	816	*	*
Calvert	59	349,080	5,917
Caroline	48	95,325	1,986
Carroll	72	234,154	3,252
Cecil	403	806,677	2,002
Charles	156	556,837	3,569
Dorchester	73	136,182	1,866
Frederick	236	640,994	2,716
Garrett	57	160,953	2,824



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Harford	239	559,502	2,341
Howard	21	52,550	2,502
Kent	63	90,989	1,444
Montgomery	939	3,589,239	3,822
Prince George's	1,528	9,086,255	5,947
Queen Anne's	108	332,888	3,139
Somerset	9	22,904	2,545
St. Mary's	76	229,194	3,016
Talbot	44	107,535	2,444
Washington	135	333,512	2,470
Wicomico	405	597,463	1,475
Worcester	16	112,207	7,013

* Baltimore County reports that its system does not have access to the individual property lists or lien amounts; only the total number of properties redeemed. The County also reports that it plans to implement a new data organization system next year.

3. Foreclosures

Lien purchasers cannot file a motion to foreclose until at least six months (nine months in Baltimore City) after the tax sale date.

The data reported below is for properties whose owners' right to redeem was foreclosed during the period from July 1, 2019, through June 30, 2020. These liens may have been sold at tax sale in any prior year, but the foreclosure was finalized during FY 2020.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

4. Properties Subject to Foreclosure by the County.

Seven of the 24 counties reported properties foreclosed by the county during the period from July 1, 2019, through June 30, 2020.

Table 12. Foreclosed by the County - FY 2020

<u>County</u>	<u>Number Foreclosed</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Allegany	5	27,368	5,474
Anne Arundel	0	0	0
Baltimore City	51	2,470,381	48,439
Baltimore County	0	0	0
Calvert	6	33,360	5,560
Caroline	0	0	0
Carroll	0	0	0
Cecil	0	0	0
Charles	0	0	0
Dorchester	26	201,280	7,742
Frederick	0	0	0
Garrett	0	0	0
Harford	0	0	0
Howard	0	0	0
Kent	0	0	0



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Montgomery	0	0	0
Prince George's	99	532,056	5,374
Queen Anne's	0	0	0
Somerset	8	15,761	1,970
St. Mary's	1	9,250	9,250
Talbot	0	0	0
Washington	0	0	0
Wicomico	0	0	0
Worcester	0	0	0

5. Properties for which the Right of Redemption has been Foreclosed by a Private Holder of a Tax Lien Certificate, FY 2020.

These properties include owner occupied, non-owner occupied, and commercial properties.

Table 13. Foreclosed by a Private Lien Certificate Holder - FY 2020

<u>County</u>	<u>Number Foreclosed</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Allegany	5	8,342	1,668
Anne Arundel	44	147,820	3,360
Baltimore City	356	1,131,965	3,180
Baltimore County	21	*	*
Calvert	14	130,858	9,347
Caroline	1	3,942	3,942



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Carroll	2	4,576	2,288
Cecil	0	0	0
Charles	39	144,162	3,696
Dorchester	14	37,852	2,704
Frederick	12	43,757	3,646
Garrett	5	3720	744
Harford	21	80,514	3,834
Howard	3	24,699	8,233
Kent	5	17,022	3,404
Montgomery	32	106,980	3,343
Prince George's	85	394,980	4,647
Queen Anne's	10	35,986	2,999
Somerset	12	10,466	872
St. Mary's	2	5,089	2,545
Talbot	0	0	0
Washington	11	20,457	1,860
Wicomico	10	47,327	4,733
Worcester	42	1,187,527	28,274

* Baltimore County reports that its system does not have access to the individual property lists or lien amounts; only the total number of foreclosed properties in this period. The County also reports that it plans to implement a new data organization system next year.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

6. Owner Occupied Properties for which the Right of Redemption has been Foreclosed by a Private Holder of a Tax Lien Certificate, FY 2020.

Statewide, there were 177 finalized tax sale foreclosures on owner occupied properties in FY 2020. The average lien amount on these properties was \$5,207. (This does not count Baltimore County’s 21 total foreclosed properties in this period because the county was unable to determine how many, if any, were owner occupied or the lien amounts.)

Table 14. Owner Occupied Foreclosed by a Private Tax Lien Holder - FY 2020

<u>County</u>	<u>Number Foreclosed</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Allegany	1	3,639	3,639
Anne Arundel	0	0	0
Baltimore City	100	427,056	4,271
Baltimore County	*	*	*
Calvert	0	0	0
Caroline	0	0	0
Carroll	1	4,172	4,172
Cecil	0	0	0
Charles	13	103,717	7,978
Dorchester	0	0	0
Frederick	2	5,673	2,837
Garrett	0	0	0
Harford	0	0	0
Howard	2	8,308	4,154
Kent	1	1,079	1,079
Montgomery	13	62,018	4,771



DEPARTMENT OF ASSESSMENTS AND TAXATION

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Prince George's	36	154,152	4,282
Queen Anne's	2	20,636	10,318
Somerset	0	0	0
St. Mary's	2	10,554	5,277
Talbot	0	0	0
Washington	1	1,252	1,252
Wicomico	0	0	0
Worcester	3	9,738	3,246

* Baltimore County reports that they cannot access the individual property list, and thus cannot determine which properties were owner occupied. The County also reports that it plans to implement a new data organization system next year.

III. STATE TAX SALE OMBUDSMAN'S ACTIVITIES

CONTACT WITH HOMEOWNERS

On January 1, 2020 of FY 2020, the Ombudsman's Office launched the Maryland Homeowners' Tax Sale Help Center where homeowners can access personal, individualized assistance with their delinquent tax issues via phone (toll free at 833-732-8411) or email (sdat.taxsale@maryland.gov). Between January 1 and June 30, 2020, about 835 homeowners contacted the Office for assistance.

In FY 2021, more than three times as many homeowners contacted the Office as in FY 2020. From July 1, 2020, through June 30, 2021, approximately 2,547 homeowners contacted the Office; an estimated 1,995 by phone, and roughly 552 by email. The Office expects these numbers to continue to increase, as ever more homeowners become aware of the services on offer.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

Homeowners contact the Office for assistance with a variety of issues related to tax sale. Ombudsman staff are trained to listen carefully, show compassion and empathy, provide information, and discuss resources that may help. In particular, the Office seeks to understand the unique issues each homeowner is facing and to provide individualized assistance.

Customer assistance usually starts with explaining the tax sale process, determining and explaining where the homeowner is in that process, and answering any questions they might have. Then, assistance is provided with communication with the county finance office, applying for tax credits, connecting with a legal service provider, when needed, and accessing financial and housing counseling. Homeowners occasionally also require assistance in resolving issues with tax credit applications or with updating their property's records with the local SDAT assessment office. The circumstances of customers seeking the Office's assistance vary widely, and often require an array of different solution strategies.

SDAT strives to make certain homeowners know that if they encounter an obstacle, are unsure of the next steps, or have any questions, to contact the Office again. Homeowners are often extremely appreciative that SDAT's employees are willing to take the time needed to help them, and that the Ombudsman's Office will continue to be available to help in the future.

TAX CREDITS

Tax credits, and in particular the Homeowners' Property Tax Credit, are some of the Office's most important tools to help homeowners address their delinquent tax bills.

In the program's first six months, from January 1, 2020 launch to June 30, 2020, the Office assisted 368 homeowners to apply for the Homeowners' Property Tax Credit, and about 217 homeowners to apply for the Maryland Homestead Tax Credit.

In FY 2021, the Office helped more than five times as many homeowners apply for tax credits than in FY 2020. From July 1, 2020, through June 30, 2021, the Office helped approximately 2,071 homeowners apply for the Homeowners' Property Tax Credit, and about 815 homeowners, nearly four times as many as in FY 2020, apply for the Maryland Homestead Tax Credit. These numbers are expected to increase as even more homeowners become aware of these assistive services.

Each homeowner is asked to check their address to determine whether they have applied for the Homestead Tax Credit and the Homeowners' Property Tax Credit for the current year. Whether or



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

not someone is currently receiving either of these credits, and status updates once an application is submitted, can be viewed on [SDAT's Real Property Search](#) portal. Homeowners who are over 70 can apply for multiple years of the Homeowners' Property Tax Credit, as permitted by statute.

When a homeowner may qualify and has not applied, the Office works closely with SDAT's Tax Credits division to assist homeowners through the application process. Sometimes there is an urgent rush to help a homeowner access a credit to avoid inclusion in an upcoming tax sale. Other times the homeowner has already applied but their application is incomplete or is missing supporting documentation.

The tax credit application is offered as part of a checklist, along with other information and referrals, and homeowners are encouraged to re-apply for the tax credit in the next billing cycle once their immediate delinquent tax situation is resolved.

BENEFITS PROGRAMS

From January 1, 2020, through June 30, 2020, the Office assisted about 75 homeowners to apply for other discount programs or public benefits. In FY 2021, 439 homeowners were assisted with applications for discount programs and public benefits.

The Office routinely helps homeowners in applying for public benefits programs. Additionally a majority of the homeowners assisted are referred to financial counselors, who regularly help homeowners apply for various public benefits and assistance programs, including ones not directly related to tax sale.

The most common benefit programs homeowners are directed to is the Supplemental Nutrition Assistance Program (SNAP), which provides low- and no-income individuals and families with money to buy food each month. The Office also assists homeowners with Maryland Energy Assistance Programs, which provide low-income homeowners with financial assistance with heat and electric bills. These and other financial resources can help homeowners when they are assembling the funds they need to pay their tax bills.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

LEGAL SERVICES, HOUSING COUNSELING, & SOCIAL SERVICES

In the office's first six months, from January 1, 2020, through June 30, 2020, the office referred approximately 499 homeowners to legal services, housing counseling, and other social services. In FY 2021, the office more than quadrupled that number, referring about 2,013 homeowners to legal services, housing counseling, and other social services, described below.

1. Legal Services

The Ombudsman's Office does not provide legal advice, but it partners with nonprofit legal services that provide legal advice and assistance for free or reduced fees to qualifying homeowners. Homeowners' legal needs range from changing the title to a property after death and disputes over ownership, to responding to tax foreclosure, as well as advice and representation in other civil legal issues. The office also offers this service option whenever a homeowner states that they will not be able to pay their delinquent bill. Legal services are usually an important part of a list of resources the office provides to homeowners based on their individual circumstances.

2. Housing & Financial Counseling

These service providers help homeowners create budgets, manage their finances, discuss housing finance options, and determine how to meet their current housing needs. They are nonprofits and community-based organizations, approved by the U.S. Department of Housing and Urban Development. They are located across the state, serving local communities in every county. Many of their employees speak multiple languages, which helps the office make referrals suited to homeowners' language needs.

Their services include financial management and budget counseling, credit workshops, mortgage delinquency and default resolution, prevention counseling and workshops, predatory lending education, reverse mortgage counseling, homeless counseling services, and rental housing counseling and workshops, among others.

3. Government Assistance

The Maryland Department of Human Services assists those in economic need and provides a variety of preventive and protective services to vulnerable Marylanders across the state. The Maryland Department of Aging helps homeowners aged 60 or older access assisted living, meals, medication management, caregiver support, transportation, personal care and healthy living, and dealing with diseases and injuries.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

The Internal Revenue Service's Earned Income Tax Credit provides a financial benefit for individuals with low to moderate income. The Comptroller of Maryland offers income tax credits and deductions, including the Earned Income Tax Credit, Poverty Level Credit, Child and Dependent Care Credit, and Independent Living Tax Credit.

Finally, SDAT's Tax Credits division helps homeowners apply for the Homeowners' Property Tax Credit and Homestead Tax Credit. SDAT's local assessment offices help homeowners apply for the Disabled Veteran's Exemption, Blind Person's Exemption, and assist homeowners in updating property ownership/residence records and appealing property tax assessments.

[2021 ANNUAL TAX SALE SURVEY](#)

The second Annual Tax Sale Survey asks 50 questions about each county's tax sale processes, policies and detailed data from their tax sales. It also collects data on bid balance excess funds, and redemption and foreclosure data from the preceding tax year.

As mentioned earlier, this year's survey covers the same period as last year's--the counties' 2020 tax sales and the redemptions and foreclosures that occurred in FY 20. This is to provide the counties a more manageable schedule on which to assemble the data going forward in future surveys, and to collect important data that was missing from last year's survey results.

While each Maryland county holds a tax sale every year, except Wicomico County, which holds theirs every other year, in 2020 only 11 counties held tax sales. Seven counties postponed their sales, and 12 cancelled their sales, all in an effort to give homeowners more time to pay their taxes during the pandemic.

Despite their ongoing challenges resulting from the pandemic, every Maryland county has responded to the office's 2021 Annual Tax Sale Survey, providing valuable insights into their tax sale processes, as well as detailed data on their tax sales, redemptions and foreclosures.

Several counties continue to report that responding to the Annual Tax Sale Survey is a significant challenge. They point to limited time and staffing in their finance offices, county data systems that exclude access to certain data, and the need to compile data "by hand" in certain instances, among other challenges that delay or prevent their reporting and responding to the survey questions more readily.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

In addition to implementing this new prior-year tax sale survey strategy, the office continues to explore ways to make the survey process more manageable for the counties and to collect data as complete and accurate as possible.

IMPROVEMENT INITIATIVES

1. SB 325 (2021) was enacted into law earlier this year and modifies Tax Property Article §14-828 and §14-833. This new law, developed with the counties and based on homeowner feedback, gives homeowners extra critical time to redeem their sold tax lien before their new tax bill is included in their payoff amount. Numerous homeowners, service partners and county representatives have already shared that this new law is providing a meaningful relief to homeowners struggling--but now successfully redeeming--after tax sale.

The office continues to explore new legislative tools and strategies to make it easier for homeowners to pay their taxes and keep their homes.

2. HB 852 (2021) was enacted into law this year. The new Homeowner Protection Program, which the Ombudsman's Office will administer and launch in FY 2023, removes enrolled homeowners from tax sale by purchasing their tax lien and creates a repayment plan to satisfy their accumulated tax debt. It provides extra assistance and support for up to three years, and is individually tailored to each enrollee's needs.

The Ombudsman's Office is currently working to develop how this program will function to the maximum benefit of homeowners in need. The enrollment for FY 2023 will target homeowners at risk of inclusion in the 2023 tax sales. The current estimate is that SDAT will purchase up to 120 tax liens from counties throughout the state in FY 2023. This estimate will be finalized next June. It is based on an average delinquent tax lien amount of \$4,000.

To ensure homeowners from every Maryland county will benefit, the number of program enrollees each year will be divided by county based on each county's historical percentage of tax sales statewide. Table 15 shows each county's percentage of tax sale notice letters sent statewide for the 2019 tax sales, which all 24 counties held.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director

Table 15. Percentage of Total Tax Sale Notice Letters Sent Statewide, by County
Based on 2019, the most recent year when all 24 counties held tax sales

<u>County</u>	<u>Percentage of Total Notices</u>
Baltimore City	24.34%
Prince George’s	16.05%
Baltimore County	14.98%
Cecil	5.35%
Anne Arundel	4.19%
Montgomery	4.08%
Harford County	3.16%
Wicomico	3.14%
Frederick	3.10%
Charles	2.49%
Howard	2.35%
Queen Anne’s	2.14%
Washington	1.93%
Carroll	1.69%
Garrett	1.50%
Allegany	1.41%
Worcester	1.20%
Dorchester	1.15%
Somerset	1.07%
Caroline	1.04%
Calvert	0.96%
Talbot	0.95%
St. Mary’s	0.93%
Kent	0.80%

More details on this program will be provided in the coming year, as well as in the 2022 Annual Tax Sale Report.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

INSIGHTS & RECOMMENDATIONS

1. In discussions with partner service providers, county finance officers, and hundreds of homeowners, once again one of the major factors contributing to tax sales is the need for financial knowledge and skills training to help homeowners make informed and effective decisions with their financial resources. Homeowners in tax sale continue to report that they regularly fall behind in paying their bills, and that once they accumulate debt, they feel overwhelmed and hopeless about how to pay it off.

Most homeowners facing tax sale on their principal residence have some income, and almost always have no mortgage. However, they often are in need of a plan or strategy to pay their taxes on time. In addition to financial counseling, which we regularly recommend, financial training would help homeowners with financial decisions, management of money, and help them avoid tax sale.

2. Homeowners continue to report that it is a challenge to pay their tax bills on an annual or semi-annual basis. They regularly inquire about whether a payment plan is available, and most often it is not. They describe how they could afford a monthly bill, and often describe a specific monthly amount they could afford to pay. However, they consistently report feeling overwhelmed by their annual or semi-annual tax bill.

They are also sometimes confused by the way the semi-annual amounts and late fees/early payment discounts are listed on their bills. And they express a desire for a clearer description of any additional charges that are listed separately on their bills.

Several homeowners have specifically described similar variations of a preferred billing method. It would list the total annual tax bill amount, clearly labelling each charge using easy to understand labels. Then it would provide a “pay this amount now” payment amount, which they would pay each month to pay down the bill, with the idea that paying this monthly amount would keep them out of risk of tax sale.

Sending out monthly bills is not likely practical, affordable or manageable for the counties. However, there are structured payment plan models where a third-party provider manages a payment plan system. Partnering with third-party billing services could help homeowners to budget their tax bills throughout the year. It wouldn't require the counties to change to a monthly billing system, which could be prohibitively expensive and labor-intensive, nor would counties have to administer a payment plan option. There would be no cost to the state or the counties. And homeowners would likely prefer paying a reasonable fee charged by the provider for their service to struggling with the semi-annual bill.



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor
Michael Higgs, Director · Corbett Webb, Deputy Director*

3. The office continues to explore ways to expand access to the Homeowners' Property Tax Credit. While the application deadline is October 1 to apply the credit to the prior July 1 tax bill, the counties send the tax sale notice in December or January at the earliest, well past the October 1 deadline and too late to apply for the credit. Homeowners 70 years or older may apply for prior year credits, but many homeowners facing tax sale are under 70 and cannot, even if they have regularly applied on time for multiple years.

A homeowner may also forget to apply, experience unusual circumstances one year, or may not have been aware of the credit, or that they would have qualified. Making certain targeted exceptions to the application deadline could have a minimal budget impact and would not encourage tax payment delinquency to qualify, and it would help homeowners who would otherwise qualify for the credit.

IV. CONCLUSION

The Ombudsman's Office is continually exploring ideas to improve how the office can meet the needs of homeowners. The office looks forward to working with our partners to find creative solutions that work for all parties.