

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



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

The Honorable Vanessa Atterbeary
Chair, House Ways and Means Committee
131 House Office Building
6 Bladen Street
Annapolis, MD 21401

November 15, 2022

Re: MSAR #13843

Dear Chair Guzzone and Chair Atterbeary,

The State Department of Assessments and Taxation (SDAT) is required to submit a report to the Chairs of the Senate Budget and Taxation and the House Ways and Means Committees on the information collected through our 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 852 (Ch. 382, Acts of 2021).

As always, 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 black ink, appearing to read "M. Higgs".

Michael Higgs
Director

cc: Sarah Albert, Department of Legislative Services (5 copies)

I. OFFICE OF THE STATE TAX SALE OMBUDSMAN

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

Since launching the Ombudsman's Office in January 2020, its Maryland Homeowners' Tax Sale Help Center website dat.maryland.gov/taxsale has been a centralized source of information and updates on each county's tax sale process, the up to date county-by-county tax sale schedule, and over 150 federal, state, and local resources to help 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 Ombudsman's Tax Sale Helpline at (410) 767-4994, (833) 732-8411 toll-free, or by emailing sdattaxsale@maryland.gov. In FY 2022, the Office helped over 2500 Maryland homeowners pay their delinquent property taxes and keep their homes; over 5000 homeowners have been assisted since the Office's launch in 2020.

The Office also uses its first hand experience helping homeowners to continually explore ways to address their specific needs. In the 2021 and 2022 sessions of the Maryland General Assembly, the TSO successfully championed a series of strategic legislative changes to improve homeowners' access to tax credits, grant them critical extra time to redeem a sold tax lien, and provide a second chance when they missed an application deadline or weren't aware of it. There are more solutions on the way in 2023.

Building on the achievements of its first 2-1/2 years, the TSO accomplishes its mission and continually works to improve the service that it provides and explores how to best meet the needs of Maryland homeowners.

II. SUMMARY & ANALYSIS OF THE 2022 ANNUAL TAX SALE SURVEY

The following is a summary and analysis of information reported by the counties in response to the TSO's third Annual Tax Sale Survey, described in Tax Property Article §14-879.

Every Maryland county has responded to the 2022 Annual Tax Sale Survey, providing valuable insights into tax sale processes, as well as detailed data on tax sales, redemptions and foreclosures.

In 2020, 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, that year's survey was missing important data. The 2021 survey again covered the counties' 2020 tax sales, as well as the redemptions and foreclosures that occurred in FY 2020. This filled in the data gaps from the prior year's survey and set the Office on a better schedule to make future surveys more manageable for the counties

to provide more complete data.

This year, the 2022 survey covered counties' 2021 tax sales, and the redemptions and foreclosures that occurred in FY 2021.

COUNTY TAX SALE PROCESSES & POLICIES

1. Fee Types Collected through Tax Sale, FY 2021

Each county collects a variety of charges through the tax sale process. All counties include property taxes and 20 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 sale.

Table 1. Fee Types Collected through Tax Sale - FY 2021

Fee Type	Number of Counties
Property Taxes	24
Water & Sewer	20
Municipal Charges	8
Code Violations	6
Miscellaneous Fees	4
Advertisement fees	4
County Penalty Fee	4
Environmental	3
Auctioneer fees	3
Clean-up / Maintenance	2
Personal Property Tax	2

Abandoned Property Fee	2
Attorney Fee	2
Special Assessments	1
Nuisance Fees	1
Hotel / Motel Fee	1
PACE Loans	1
Agricultural Tax Penalties	1
Bay Restoration Fee	1

2. Required Time Overdue for Tax Sale Eligibility, FY 2021

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.

Table 2. Required Time Overdue for Tax Sale Eligibility - FY 2021

Counties	Required Time Overdue
Baltimore City, Baltimore County, Caroline, Carroll, Frederick, Harford, Queen Anne's, Talbot	Same tax year, once delinquent
Howard	2 months
Prince George's	3 months
Anne Arundel, Montgomery	4 months
Charles	6 months
Washington	7 months
Cecil, Garrett	1 year

St. Mary's	14 months
Calvert, Dorchester, Kent, Somerset, Worcester, Wicomico	2 years
Allegany	3 years

3. Annual County Tax Sales

All but one of the local jurisdictions conduct a yearly tax sale (Wicomico County schedules its sale every other year). Typically, all tax sales are held between March and June, and are completed prior to the next year's tax billing cycle which starts on July 1. Table 3 shows the month when each county usually holds its tax sale.

In recent years, some counties have postponed or canceled their sales to give homeowners more time to pay their taxes due to the pandemic. In 2021, Garrett, Howard, Prince George's, and Baltimore County all postponed their tax sales, and Calvert County canceled their sale, to give homeowners more time to make arrangements to pay their bills.

Table 3. Annual County Tax Sales - by Month

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

4. Municipal Corporation Tax Sales

Seventeen of the 24 counties conduct tax sales on behalf of municipal corporations in their county. The seven counties that do not are: Baltimore City, Baltimore County, Calvert, Garrett, Howard, Montgomery, and Worcester Counties.

5. Interest Charged on Overdue Property Taxes, FY 2021

The monthly rate of interest counties charge 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 2021

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 they use to determine their interest rate is whether they can attract bidders to their tax sales. Table 4 shows that more than half the counties charge between 12% and 20%, and 11 counties charge between 6% and 10%.

Table 4. Interest Charged on Overdue Property Taxes & Redemption - FY 2021

Overdue Property Tax Redemption Interest by County

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

7. Redemption Period, FY 2021

The redemption period is determined by statute. This is the period after a tax sale when the homeowner may pay off the lien on (i.e. redeem) 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.

Three months after a foreclosure order has been signed, if the lien purchaser has not transferred title to their name by paying their bid amount to the county and recording a deed, the homeowner may file a motion to strike foreclosure and regain their right to redeem and clear their title.

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 in their next

tax sale.

8. Minimum Threshold Amount of Unpaid Taxes for the 2021 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 their tax sale list for that year. The homeowner still owes the remaining unpaid balance, but they'll 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 five counties will remove a property from tax sale with an unpaid bill balance of up to \$750, and three counties may include a property in their tax sale if there is any amount unpaid. In 2021, Baltimore City removed all first-time owner occupied properties from their tax sale.

Table 5. Minimum Threshold Amount Unpaid for the 2021 Tax Sale

Counties	Minimum Threshold Amount Unpaid
Baltimore City	\$750 owner occupied; \$250 non-owner occupied
Caroline	\$750 or any amount 1 year delinquent
Carroll	\$750 or any amount 5 years delinquent
Calvert, Cecil	\$750
Baltimore County	\$500 owner occupied; \$250 non-owner occupied
Prince George's	\$500
Garrett	\$250
Anne Arundel, Charles, Frederick, Harford, Howard, Kent, Montgomery, Somerset	\$250
Wicomico	\$250

St. Mary's	\$250
Worcester	\$201
Talbot	\$50
Queen Anne's	\$25
Allegany, Dorchester, Washington	\$0

9. Establishment of a County Tax Sale Ombudsman

Of the 24 jurisdictions, Baltimore City and Montgomery County report they have established a local Tax Sale Ombudsman to fulfill all the responsibilities in accordance with Tax Property Article §2-112(d). However, most counties report that they have designated specific county officers to assist homeowners with tax sale-related matters.

10. Properties Withheld from Tax Sale & Eligibility Criteria, FY 2021

Charles, Harford, and Wicomico counties reported the withholding of a property from their 2021 tax sales 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. These counties also reported the establishment of eligibility criteria to withhold a property under this provision.

Several counties also reported that they routinely remove properties from tax sale under certain circumstances on a case-by-case basis, following criteria permitted by the county.

BID BALANCE FUNDS

These funds are the lien purchaser's bid amount paid to the county when the purchaser takes title to the home, minus the amount owed for taxes, interest, penalties, and sale costs. When the homeowner loses their property, they are entitled to claim from the county these funds paid by the lien purchaser at title transfer that are in excess of what is owed.

1. Total Funds Held and Distributed, FY 2021

According to the survey responses, the amount of bid balance money held by each county in a

special fund pending distribution to property owners in FY 2021 ranges from zero to just over \$14 million. Table 6 shows that Anne Arundel, Montgomery, and Baltimore Counties reported over \$1 million in their special funds, and nine counties report less than \$100,000 in theirs, including four counties reporting zero balances. Eleven counties reported amounts between \$100,000 and \$1 million in their special funds.

2. Funds Distributed to Property Owners, FY 2021

The bid balance funds distributed to property owners between July 1, 2020, and June 30, 2021 were over \$10 million by Montgomery County, nearly \$3 million by Baltimore County, and over \$1.1 million by Anne Arundel County. Twenty counties reported distributing under \$500,000, including Kent, Prince George’s, Queen Anne’s, and Washington Counties reporting \$0. Table 6 shows this range.

Table 6. Bid Balance Funds Held & Distributed to Property Owners - FY 2021

Counties	Funds Held	Funds Distributed
Allegany	\$510,886	\$6,079
Anne Arundel	\$3,005,445.93	\$1,122,960.04
Baltimore City	\$0	\$8,070.30
Baltimore County	\$2,996,736.80	\$2,944,901.87
Calvert	\$311,831.21	\$141,831.21
Caroline	\$21,306.72	\$6,035.89
Carroll	\$353,426.91	\$350,832.05
Cecil	\$3,742.15	\$3,742.15
Charles	\$329,353.79	\$8,103.91
Dorchester	\$265,742.51	\$31,367.26
Frederick	\$337,521.82	\$288,897.07
Garrett	\$0	\$15,895.75
Harford	\$74,266.18	\$74,266.18

Howard	\$455,219.92	\$120,437.34
Kent	\$67,870.59	\$0
Montgomery	\$14,217,732.62	\$10,902,297.68
Prince George's	\$0	\$0
Queen Anne's	\$161,815	\$0
Somerset	\$737,228.75	\$29,127.40
St. Mary's	\$32,007.18	\$163,624.41
Talbot	\$260,737.15	\$21,331.61
Washington	\$0	\$0
Wicomico	\$244,394.42	\$48,189.67
Worcester	\$141,297.28	\$107,235.15

3. Funds Transferred to the County, FY 2021

In the 2022 Survey, no county reported a bid balance that was transferred from an escrow account pending distribution to prior homeowners to the county's general fund.

2021 TAX SALES

The following data is from the 23 counties that held tax sales in 2021.

1. Property Liens Advertised in the First Notice

According to 2022 survey responses, the total number of property liens advertised in the first notice for all counties that held a tax sale in 2021 was 40,106. The largest number advertised was 22,101 in Baltimore City. The next largest was 3,517 in Prince George's County, then 2,266 in Montgomery County. The smallest was 148 in Garrett County. The average lien amount for all properties advertised in the first notice in 2021 was \$4,719. Table 7 shows this range.

Table 7. Liens Advertised in the First Notice - 2021 Tax Sales

County	Total parcels advertised	Total lien amount	Average lien amount
Allegany	669	\$2,280,209	\$3,408
Anne Arundel	860	\$4,368,253.19	\$5,079.36
Baltimore City	22,101	\$604,961,578.56	\$27,373
Baltimore County	1,879	*	*
Calvert	Sale canceled	Sale canceled	Sale canceled
Caroline	350	\$751,256.34	\$2,146.45
Carroll	450	\$1,740,635.65	\$3,868.08
Cecil	744	\$2,077,503.19	\$2,788.59
Charles	794	\$5,557,231.51	\$6,999.03
Dorchester	264	\$738,203.55	\$2,796.23
Frederick	695	\$2,513,462.88	\$3,616
Garrett	148	\$604,735.87	\$4,086.05
Harford	887	\$2,308,075.66	\$2,602.11
Howard	838	\$3,566,068.04	\$4,348.86
Kent	508	\$1,380,411.28	\$2,717.35
Montgomery	2,266	\$12,096,544.17	\$5,338.28
Prince George's	3,517	\$17,310,414.02	\$4,921.93
Queen Anne's	518	\$1,271,518.22	\$2,454.67
Somerset	367	734,641.53	\$2,001.75
St. Mary's	355	\$1,104,592.57	\$3,111.53
Talbot	217	\$697,037.14	\$3,179.89
Washington	632	\$2,580,564.44	\$4,083.17
Wicomico	823	\$3,643,491.45	\$4,427.09

Worcester	224	\$1,065,285.18	\$4,755.74
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* Not available as of report.

2. Property Liens Offered for Sale

In 2021, the total number of property liens offered for sale for all counties that held a tax sale was 20,977. The largest number of liens offered for sale by a county was 9,842 in Baltimore City. Table 8 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 8. Liens Offered for Sale & Lien Amounts - 2021 Tax Sales

County	Offered for sale	Total Lien Amount	Average Lien Amount
Allegany	538	\$1,909,989	\$3,479
Anne Arundel	586	\$2,990,879.37	\$5,103.89
Baltimore City	9,842	\$424,012,474.79	\$43,081.94
Baltimore County	1,398	*	*
Calvert	Sale canceled	Sale canceled	Sale canceled
Caroline	137	\$315,576.29	\$2,303.48
Carroll	91	\$359,930.03	\$3,955.28
Cecil	360	\$970,274.18	\$2,695.21
Charles	560	\$4,697,644.91	\$8,388.65
Dorchester	91	\$278,895.11	\$3,064.78
Frederick	328	\$1,243,967.27	\$3,793
Garrett	77	\$329,659.39	\$4,280.12
Harford	226	\$660,443.18	\$2,922.31
Howard	476	\$1,226,526.30	\$2,611.65

Kent	309	\$1,407,778.43	\$4,555.92
Montgomery	1,853	\$9,841,785.94	\$5,311.27
Prince George's	2,159	\$11,219,804.33	\$5,196.76
Queen Anne's	259	\$690,633.64	\$2,666.54
St. Mary's	204	\$605,292.95	\$2,967.12
Somerset	226	\$439,552.21	\$1,944.92
Talbot	109	\$398,432.73	\$3,655.35
Washington	242	\$1,732,279.57	\$7,158.18
Wicomico	821	\$2,590,679.00	\$7,898.42
Worcester	85	\$329,523.88	\$3,876.75

* Not available as of report.

3. Property Liens for Water & Sewer Service

Table 9. Liens Offered for Sale for Water & Sewer Service Only - 2021 Tax Sales

County	Total parcels	Total lien amount	Average lien amount
Allegany	15	\$42,016	\$2,801
Anne Arundel	96	\$164,447.15	\$1,712.99
Baltimore City	142	\$2,040,344.86	\$14,368.63
Baltimore County	0	0	0
Calvert	Sale canceled	Sale canceled	Sale canceled
Caroline	7	\$10,119.05	\$1,445.58
Carroll	2	\$3,700.17	\$1,850.09

Cecil	0	0	0
Charles	0	0	0
Dorchester	0	0	0
Frederick	0	0	0
Garrett	10	\$23,460.10	\$2,346.01
Harford	0	0	0
Howard	255	\$252,452.79	\$2,608.40
Kent	77	\$81,856.96	\$1,063.08
Montgomery	0	0	0
Prince George's	0	0	0
Queen Anne's	75	\$75,369.37	954.04
St. Mary's	11	\$15,971.09	\$1,451.92
Somerset	0	0	0
Talbot	10	\$8,438.28	\$843.83
Washington	0	0	0
Wicomico	0	0	0
Worcester	1	\$1,595.58	\$1,595.58

4. Property Liens Sold

It's important to note here that the liens sold does not mean the property is sold. At the annual tax sale, each county sells liens against properties whose owners owe outstanding amounts to the county. The counties do not sell the physical properties. After the tax sale, the owner of the property itself does not change.

Table 10. Liens Offered for Sale that are Sold - 2021 Tax Sales

County	Total parcels	Total lien amount	Average lien amount
Allegany	260	\$1,027,153	\$3,950
Anne Arundel	455	\$2,323,111.73	\$5,105.74
Baltimore City	6,101	\$19,683,462.14	\$3,226.27
Baltimore County	1323	\$5,553,001.44	\$4,197.28
Calvert	Sale canceled	Sale canceled	Sale canceled
Caroline	135	\$307,320.44	\$4,197.28
Carroll	90	\$359,742.79	\$3,997.14
Cecil	349	\$941,202.51	\$2,696.86
Charles	422	\$2,400,345.59	\$5,688.02
Dorchester	88	\$261,702.01	\$2,973.89
Frederick	325	\$1,166,613.11	\$2,973.89
Garrett	73	\$307,505.63	\$4,212.41
Harford	199	\$391,871.95	\$1,969.21
Howard	468	\$11,226,525.30	\$2,611.65
Kent	176	\$426,147.98	\$2,421.30
Montgomery	1478	7,684,946.24	\$5,199.56
Prince George's	2,004	\$9,285,656.69	\$4,633.56
Queen Anne's	255	\$667,697.87	\$2,618.42
Somerset	185	\$348,373.50	\$1,883.10
St. Mary's	204	\$602,828.48	\$2,937.29
Talbot	99	\$244,671.42	\$2,471.43
Washington	201	\$573,300.95	\$2,852.24
Wicomico	257	\$479,522.55	\$1,865.85
Worcester	80	\$281,190.92	\$3,514.89

5. Liens with No Private Purchaser and Obtained by the County.

Table 11. Liens Obtained by the County - 2021 Tax Sales

County	Total parcels	Total lien amount	Average lien amount
Allegany	278	\$848,521	\$3,052
Anne Arundel	131	\$667,767.64	\$5,097.46
Baltimore City	3,741	\$404,329,012.65	\$108,080.46
Baltimore County	75	\$1,442,939.77	\$19,239.20
Calvert	Sale canceled	Sale canceled	Sale canceled
Caroline	1	\$8,255.85	\$8,255.85
Carroll	1	\$187.24	\$187.24
Cecil	11	\$32,719.82	\$2,974.53
Charles	138	\$2,297,299.32	\$16,647.10
Dorchester	3	\$46,277.54	\$8,759.18
Frederick	3	\$77,354.16	\$25,785
Garrett	4	\$22,153.76	\$5,538.44
Harford	27	\$268,571.23	\$9,947.08
Howard	2	\$94,746	\$47,373.03
Kent	\$2,421.30	\$981,630.45	\$7,380.68
Montgomery	6	\$186,335.65	\$31,055.94
Prince George's	155	\$2,534,147.64	\$16,349.34
Queen Anne's	4	\$22,935.77	\$5,733.94
St. Mary's	19	\$35,552.59	\$1,871.19
Somerset	41	\$91,178.71	\$2,223.87

Talbot	10	\$153,761.31	\$15,376.13
Washington	41	\$1,158,978.62	\$28,267.77
Wicomico	96	\$21,019,675.38	\$21,038.29
Worcester	5	\$49,800.54	\$9,960.11

REDEMPTIONS & FORECLOSURES

Redemption

As described earlier in this report, a property owner may pay off the sold lien against (i.e. redeem) their property at any time after a tax sale until 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 to redeem the property, the higher the lien payoff amount becomes due to accruing taxes, interest and fees.

The liens sold in the 2021 tax sales may be redeemed up until a foreclosure judgment is entered, which may be months or years after the date of the tax sale. Three months after a foreclosure judgment, the property owner may file a motion to strike foreclosure if the lien purchaser has not yet transferred title to the property into their name by paying their winning bid amount to the county and recording a deed. After a foreclosure is struck the property owner may once again redeem by paying off the lien.

The data reported by the counties below is for properties redeemed by their owners during the period from July 1, 2020 through June 30, 2021. These liens may have been sold at a tax sale in any prior year, but the liens were paid off by the owners during FY21.

1. Properties Redeemed Prior to Foreclosure, FY 2021

Table 12. Properties Redeemed & Lien Amounts - FY 2021

County	Total Parcels	Total lien amount	Average lien amount
Allegany	153	\$498,568	\$3,258
Anne Arundel	59	\$264,553.67	\$4,483.96

Baltimore City	9,503	\$33,859,778.36	\$3,563.06
Baltimore County	893	\$3,724,671.73	\$4,170.96
Calvert	27	\$19,884.13	\$4,971.03
Caroline	103	*	*
Carroll	3	\$14,037.65	\$4,679.21
Cecil	194	\$393,006.82	\$2,025.81
Charles	196	\$938,554.68	\$4,788.54
Dorchester	97	\$195,610.59	\$2,016.60
Frederick	368	\$976,903.97	\$2,655
Garrett	43	\$182,948.61	\$4,254.62
Harford	197	\$477,839.08	\$2,425.58
Howard	191	\$928,675.87	\$4,862.18
Kent	58	\$95,662.56	\$1,649.35
Montgomery	1222	\$6,427,106.88	\$5,259.50
Prince George's	1,859	\$8,076,799.24	\$4,344.70
Queen Anne's	122	\$303,726.10	\$2,489.56
St. Mary's	125	\$363,611.40	\$2,908.89
Somerset	122	\$261,177.84	2,140.80
Talbot	23	\$58,998.11	\$2,565.14
Washington	151	\$380,298.26	\$2,518.53
Wicomico	36	\$74,239.48	\$2,062.21
Worcester	22	\$86,413.50	\$3,927.89

* Not available as of report.

Foreclosures

As described earlier in this report, a foreclosure is a court judgment that forecloses the property owner's right to "redeem" (pay off their sold lien). In the 23 counties, lien purchasers may file a motion to foreclose as soon as 6 months after the tax sale date, and up until two years after the tax sale date. For owner occupied properties in Baltimore City, the lien purchaser cannot file a motion to foreclose until at least nine months after the tax sale date.

Two years after the tax sale date, if a lien purchaser fails to file a motion to foreclose, they lose their right to do so and they forfeit any funds paid to the local jurisdiction. 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 in their next tax sale.

Three months after a foreclosure order has been signed, if the lien purchaser has not transferred title to their name by paying their bid amount to the county and recording a deed, the homeowner may file a motion to strike foreclosure in circuit court and regain their right to redeem and clear their title.

The data reported below is for properties whose owners' right to redeem was foreclosed during the period from July 1, 2020, through June 30, 2021. These liens may have been sold at tax sale in any prior year, but the foreclosure was finalized during FY21.

2. Properties Subject to Foreclosure by the County

Five of the 24 counties reported properties foreclosed by the county during the period from July 1, 2020, through June 30, 2021.

Table 13. Foreclosed by the County - FY2021

County	Total Parcels	Total lien amount	Average lien amount
Baltimore City	10	\$89,929.72	\$8,992.97
Calvert	5	\$16,976.49	\$4,244.10
Caroline	1	\$7,696.41	\$7,696.41
Dorchester	15	\$41,446.97	\$2,764.46
St. Mary's	2	\$9,762.69	\$4,881.35

3. Foreclosed by a Private Holder of a Tax Lien Certificate, FY 2021

Table 14. Foreclosed by a Private Lien Certificate Holder - FY2021

County	Total parcels	Total lien amount	Average lien amount
Allegany	17	\$54,020	\$3,178
Anne Arundel	29	\$1,400,290.77	\$48,285.99
Baltimore City	263	\$991,698.66	\$3,770.72
Baltimore County	26	*	*
Calvert	14	\$78,500.01	\$6,038.46
Caroline	5	*	*
Carroll	7	\$51,438.67	\$7,348.38
Cecil	12	\$69,030.96	\$5,752.58
Charles	19	\$107,730.29	\$5,670.02
Dorchester	9	\$32,612.77	\$3,623.64
Frederick	12	\$43,756	\$3,646
Garrett	0	0	0
Harford	6	\$32,828.32	\$5,471.39
Howard	3	\$15,303.37	\$5,101.12
Kent	10	\$26,538.94	\$2,653.89
Montgomery	4	\$6,880.79	\$3,440.40
Prince George's	0	0	0
Queen Anne's	10	\$31,554.65	\$3,155.47
St. Mary's	14	\$32,568.80	\$4,570.04
Somerset	0	0	0

Talbot	5	\$5,213.91	\$1,042.78
Washington	8	\$40,556.44	\$5,069.56
Wicomico	9	\$38,910.25	\$4,323.37
Worcester	0	0	0

* Not available as of report.

III. STATE TAX SALE OMBUDSMAN’S ACTIVITIES

CONTACT WITH HOMEOWNERS

On January 1, 2020, the Ombudsman’s Office launched the Maryland Homeowners’ Tax Sale Help Center at dat.maryland.gov/taxsale, where homeowners can access personal, individualized assistance with their delinquent tax issues by phone at (410) 767-4994, (833) 732-8411 (toll free), or by email at sdattaxsale@maryland.gov.

From July 1, 2021 through June 30, 2022, approximately 2,536 homeowners contacted the Office; an estimated 2,071 by phone, and roughly 465 by email. These numbers are similar to the prior year, where from July 1, 2020, through June 30, 2021, approximately 2,547 homeowners contacted the Office, with an estimated 1,995 by phone, and roughly 552 by email.

Some factors to consider with these similar numbers are that in FY 22 the counties sent about 16,959 fewer tax sale notice letters, which contain the Office’s contact information, than they sent to homeowners in FY 21. Also, in FY 22, Baltimore City, which had the state’s largest tax sale list each year, removed all owner occupied properties from their tax sale. (The data covering the 2022 tax sales will be reported on in the Office’s 2023 Annual Tax Sale Report in November 2023.)

Also important to note, is that of the homeowners who contacted the Office this year, over 90% were first time contacts. This shows that awareness of the TSO’s service, through its outreach partnerships throughout the state, continues to grow. And the Office expects these homeowner contact numbers to further increase as even more homeowners become aware of its service.

Additionally, this year, the TSO began systematically following up with homeowners it assisted in prior years, building upon a less formal follow up process from the prior year.

Nearly every homeowner reached, about 96% of homeowners contacted, avoided tax sale in the following year. This shows that the TSO's assistance strategy succeeds in helping homeowners navigate their current tax sale but also prepares them to avoid tax sale in the future.

Assistance Strategy

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.

The homeowner assistance strategy 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 and grants, connecting with a legal service provider, when needed, and accessing financial and housing counseling. Homeowners occasionally also require help resolving issues with tax credit applications or with updating their property's records with the local SDAT assessment office. The circumstances of homeowners seeking the Office's assistance vary widely, and often require an array of different solution strategies.

The TSO staff make certain that 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 staff members 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 & GRANTS

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.

From July 1, 2021 through June 30, 2022, the TSO helped approximately 2,189 homeowners to apply for the Homeowners Property Tax Credit. It also helped about 758 homeowners apply for the Maryland Homestead Tax Credit.

TSO staff ask each homeowner whether they have applied for the Homestead Tax Credit and the current year's Homeowners' Property Tax Credit. They also check each homeowner's address in [SDAT's Real Property Search](#) portal, where application status can be viewed. The Office also helps homeowners who are over 70 apply for multiple years of the Homeowners' Property Tax Credit, as permitted by statute.

When a homeowner may qualify and has not applied, the TSO 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 TSO offers the tax credit application as part of a checklist, along with other information and referrals, and they encourage homeowners to re-apply for the credit in future years once their immediate delinquent tax situation is resolved.

This year, another important resource was introduced by the Maryland Department of Housing and Community Development. The Homeowner Assistance Fund (HAF) Grant provides, among other benefits, grants of up to \$20,000 to homeowners at risk of losing their homes due to certain circumstances, including tax delinquency, caused by financial hardship connected to the pandemic. This grant has helped many homeowners across the state avoid tax sale and tax sale foreclosure by making direct payments to county finance offices and lien purchasers on behalf of the homeowner, and the TSO regularly offers referral to this program as part of each homeowner's assistance plan.

BENEFITS PROGRAMS

From January 1, 2021, through June 30, 2022, the Office assisted about 484 homeowners to apply for other discount programs or public benefits.

The Office routinely helps homeowners in applying for public benefits programs. Additionally, the 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 benefits programs homeowners are referred to are the Supplemental Nutrition Assistance Program (SNAP), which provides low- and no-income individuals and families with money to buy food each month, and the 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.

LEGAL SERVICES, HOUSING COUNSELING, & SOCIAL SERVICES

From January 1, 2021, through June 30, 2022, the TSO referred approximately 2,055

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. And again, the Maryland Department of Housing and Community Development's Homeowner Assistance Fund Grant program provides valuable assistance to homeowners with pandemic-related financial hardship.

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.

2022 ANNUAL TAX SALE SURVEY

The third Annual Tax Sale Survey again 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.

This year, every Maryland county has responded to the 2022 Annual Tax Sale Survey, providing valuable insights into their tax sale processes, as well as detailed data on their tax sales, redemptions and foreclosures.

As mentioned earlier, this year's survey covers the counties' 2021 tax sales and the redemptions and foreclosures that occurred in FY 21. This prior-year reporting strategy gives the counties a more manageable schedule on which to assemble the data and provide responses than reporting about activity in the same year as the survey.

Each Maryland county usually holds a tax sale every year, except Wicomico County, which holds theirs every other year. In 2021, 23 counties held tax sales. Garrett, Howard, Prince George's, and Baltimore Counties postponed their sales, and Calvert County canceled their sale, all to give homeowners more time to pay their taxes during the ongoing pandemic.

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 reports, particularly property lists sorted by owner occupied status, and the need to compile some data "by hand" in certain instances, among other challenges that delay or prevent their reporting and responding to the survey questions more readily.

The department continues to explore ways to make the survey process more manageable for the counties and to collect as complete and accurate data as possible.

IMPROVEMENT INITIATIVES

1. In 2021 and 2022, the TSO successfully championed a series of legislative changes that

were enacted into law. They improved homeowners' access to tax credits (SB0197 2022), granted them critical extra time to redeem (SB0325 2021), and provided a second chance when they missed an application deadline or weren't aware of it (SB0181 2022), all increasing homeowners' ability to access much needed resources, pay their bills, and keep their homes.

There are more solutions on the way as the Office continues to explore new legislative tools and strategies that respond to specific challenges that the TSO sees first hand while helping homeowners.

2. This December, the TSO will launch the new Homeowner Protection Program (HPP), created by HB0852 2021 and enacted into law. Enrollees to the program will benefit from being removed from the tax sale process and given a repayment plan that's tailored to their needs. Enrollees will also receive an individualized assistance strategy and ongoing support to connect with resources, help pay their taxes, and improve their financial situations.

Homeowners are eligible to apply if they are at risk of tax sale, reside in a home with an assessed value of \$300,000 or less, have a household income of \$60,000 or less, and have no more than \$200,000 in assets other than the home. Preferential enrollment is reserved for homeowners who are at least 60 years old, currently receiving disability benefits, or owner occupants of their homes for ten years or more. More information and the enrollment application will be available starting this December on the TSO web page dat.maryland.gov/taxsale.

The Ombudsman's Office is working to make this program function to the maximum benefit of homeowners in need. The enrollment in FY 23 will target homeowners at risk of inclusion in the 2023 tax sales. During this period, SDAT will purchase up to 120 tax liens from counties throughout the state, based on an average delinquent tax lien amount of about \$4,000.

To ensure homeowners from each Maryland county will benefit, the number of program enrollees this year will be divided by county based on each county's historical percentage of tax sales statewide, as well as other factors that encourage, as much as possible, statewide participation.

INSIGHTS & RECOMMENDATIONS

1. In discussions with partner service providers, county finance officers, and thousands of homeowners, 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 report that they 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 and money management, 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 labeling 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.

3. Finally, there are many resources available to homeowners in need; from tax credits and grant programs, to counseling and other benefits programs. They're provided by federal, state, and local governments, as well as nonprofit organizations, but the ongoing challenge is connecting these resources with the homeowners who need them.

This year, the TSO began a systematic effort to connect with homeowners it helped previously. Through its *Homeowner Follow Up* initiative, it has reached out to find out where those it previously assisted are today. The discovery is that nearly all homeowners contacted were able to avoid tax sale in the following year after they were helped. They applied for tax credits, received grants, met with housing and financial counselors, made budgets, resolved title issues, and accessed an assortment of other services and benefits

programs that stabilized their financial situations and helped them to continue to keep their homes.

As previously mentioned, nearly all of the homeowners who contacted the TSO this year were doing so for the first time; a different 2,500 homeowners this year from the roughly 2,500 who called or emailed last year. This not only shows that the existing resources are beneficial, but also that ongoing outreach is key.

The TSO collaborates with a statewide network of partner service providers, governmental agencies and offices, elected officials, nonprofit organizations, and local community groups to expand awareness of its services. The Office welcomes further opportunities to partner locally to reach Maryland homeowners in need.

IV. CONCLUSION

The Tax Sale Ombudsman's Office is continually exploring ideas to improve how it can meet the needs of Maryland homeowners. The TSO looks forward to working with partners across the state to find creative solutions that work for everyone.