



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director

December 9, 2020

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

Re: 2020 Legislative Tax Sale Ombudsman Annual Survey Report – MSAR #12804

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 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 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 our 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 black ink, appearing to read "M L Higgs", is written over a light gray rectangular background.

Michael Higgs
Director

Enclosure

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

Office of the Director

300 W. Preston St., Room 605, Baltimore, MD 21201

www.dat.maryland.gov

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1-800-552-7724 (MD Relay)

410-333-5873 (fax)

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I. THE OFFICE OF THE STATE TAX SALE OMBUDSMAN

The mission of the Office of State Tax Sale Ombudsman is to help homeowners navigate the tax sale process by providing the best tax sale help, information, and resources available. Prior to formally launching the office on January 1, 2020, the Department created a dedicated toll-free number hotline, shared email address, worked with counties to include required information on their tax sale notices, and implemented a new website at dat.maryland.gov/taxsale that lists information specific to each county's tax sale process, as well as more than 50 benefit programs and resources available to Marylanders.

Due to the many changes resulting from COVID, some of the following reporting is incomplete, as many counties delayed or canceled their 2020 tax sales entirely. However, the Ombudsman's office has accomplished its mission and is continually working to improve the service the office provides and explore how to best meet the needs of Maryland homeowners.

II. SUMMARY & ANALYSIS OF THE 2020 ANNUAL SURVEY

The following is a summary and analysis of information reported by the counties in our first Annual Survey, described in Tax Property Article §14-879.

COUNTY TAX SALE PROCESSES & POLICIES

1. Fee Types Collected through Tax Sale, Fiscal Year (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 sale.

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

<u>Fee Type</u>	<u>Number of Counties</u>
Property Taxes	24
Water & Sewer	22
Clean up/ Maintenance	14
Environmental	9

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Table with 2 columns: Fee Category and Count. Categories include Miscellaneous Fees, Special Assessments, Nuisance Fees, Code Violations, Hotel/Motel Fee, Personal Property Tax, PACE Loans, Agricultural Tax Penalties, Financial Info Fee, and Abandoned Property Fee.

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.

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

Table with 2 columns: Counties and Required Time Overdue. Lists counties such as Baltimore City, Howard, Anne Arundel, Washington, Charles, Cecil, St. Mary's, Calvert, and Allegany with their respective overdue periods.

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3. Annual County Tax Sales.

All but one of the counties conduct a tax sale every year. Only Wicomico County holds its sale every other year. Typically, all tax sales are held from March through June, prior to the next year’s tax billing cycle that starts on July 1. Twelve tax sales are held in May. Table 3 shows the month when each county usually has its tax sale. In 2020, due to the COVID-19 pandemic, half of the counties canceled or delayed their tax sales until the second half of the year to give homeowners more time to make arrangements to pay their bills.

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

4. Municipal Corporation Tax Sales.

Seventeen of the 24 counties conduct tax sales on behalf of municipal corporations in their county.

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

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 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 determining the interest rate is whether they can attract

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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 - FY2020

<u>County</u>	<u>Overdue Property Taxes</u> Monthly Rate	<u>Redemption Interest</u> 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

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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 on (“redeem”) their property. The homeowner has the right to redeem their property at any time after a tax sale up until the right of redemption is finally foreclosed, when a circuit court judge signs an order to foreclose 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 in their 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 to \$750 across the State, and may be subject to change each year by the county. 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. The homeowner still owes this amount, 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 is sold at tax sale. Table 5 shows that in 2020 five counties that will remove a property from tax sale with an unpaid bill balance of up to \$750, and four counties may include a property in their tax sale if there is any amount unpaid.

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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, Prince George's	\$500
Anne Arundel, Charles, Frederick,	\$250
Harford, Howard, Kent,	
Montgomery, Somerset	
Worcester	\$200
Wicomico	\$100
Talbot	\$50
Queen Anne's	\$25
Allegany, Dorchester,	\$0
St. Mary's, Washington	

9. Establishment of a County Tax Sale Ombudsman.

None of the 24 counties established a Tax Sale Ombudsman to fulfill all the responsibilities in accordance with Tax Property Article §2-112(d). However, some counties have designated specific county officers to handle tax sale-related matters.

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

None of the 24 counties reported the withholding of a property from their 2020 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. None of the 24 counties reported the establishment of eligibility criteria to withhold a property under this provision.

BID BALANCE FUNDS

These 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, and they lose their property, they are entitled to claim from the county these funds in excess of what is owed.

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11. Total Funds Held and Distributed, FY 2020.

According to the 2020 Annual 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. Some bid balance data is currently unavailable as of this report. We will continue working with the counties to collect their updated data. Table 6 shows that ten counties reported over \$1,000,000 in their special funds, and 11 counties report less than \$100,000 in their special funds, including four counties reporting zero balances.

12. Funds Distributed to Property Owners, FY 2020.

The bid balance funds distributed to property owners between July 1, 2019, and June 30, 2020, were an estimated \$10 million by Montgomery County, over \$1.5 million by Anne Arundel County, 15 counties under \$500,000, and seven counties reporting \$0. Some bid balance data is currently unavailable as of this report. Table 6 shows this range.

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

County	Funds Held \$	Funds Distributed \$
Allegany	1333	0
Anne Arundel	2847725	1532110
Baltimore City	3646114	0
Baltimore County	*	*
Calvert	2690618	*
Caroline	3128	2584
Carroll	55697	*
Cecil	51811	492617
Charles	0	0
Dorchester	*	*
Frederick	405660	476708
Garrett	0	0
Harford	0	0

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Howard	497336	447388
Kent	67871	1239
Montgomery	3615426	9128190
Prince George's	2290344	*
Queen Anne's	52788	27530
Somerset	700393	3108
St. Mary's	0	23027
Talbot	0	0
Washington	201118	42000
Wicomico	107351	2415
Worcester	59613	0

* Not available as of this report

13. 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 ten of the 11 counties that held tax sales this year. Baltimore County's data is not available as of this report.

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 25,270. 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 3,242 in Prince George's County. The smallest was 346 in Howard County.

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The total lien amount for all properties advertised in the first notice was \$214,914,008, with an average lien amount of \$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 10,067. This includes commercial, non-owner occupied, and owner-occupied properties. The largest number of property liens offered for sale by a county was 5,651 in Baltimore City. Table 7 shows the total number offered, the total lien amount, and the average lien amount for each county that held a tax sale.

Table 7. Liens Offered for Sale, Total & Average 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 Amount</u>
Baltimore City	5651	\$81,952,980	\$14,502
Baltimore County	<i>Not available as of this report</i>		
Cecil	412	\$1,042,597	\$2,543
Dorchester	545	\$683,383	\$1,254
Frederick	461	\$1,574,983	\$3,417
Harford	258	\$833,041	\$3,229
Howard	206	\$1,084,850	\$5,266
Prince George's	1856	\$11,786,380	\$6,350
Somerset	150	\$380,000	\$2,500
St. Mary's	261	\$600,961	\$2,303
Washington	267	\$1,770,295	\$6,630

3. Water & Sewer Service Property Tax Sale Liens.

Table 8. Liens Offered for Sale for Water & Sewer Only - 2020 Tax Sales

<u>County</u>	<u>Number Offered</u>	<u>Total Lien Amount \$</u>	<u>Average Lien Amount \$</u>
Baltimore City	148	1927901	13026
Baltimore County	<i>Not available as of this report</i>		
Cecil	45	58802	1307

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Dorchester	3	3616	1205
Frederick	152	72001	474
Harford	35	24148	690
Howard	64	17884	279
Prince George's	<i>Not available as of this report</i>		
Somerset	0	0	0
St. Mary's	18	28642	1592
Washington	25	18750	750

4. Property Liens Offered for Sale.

Commercial, Non-Owner Occupied, and Owner Occupied, Combined

The 11 counties that held tax sales in 2020 reported 8,399 liens sold across the state, not including Baltimore County, whose data was not available as of this report. 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.

Owner Occupied Properties

For properties listed as owner-occupied, including dual-use properties occupied by the owner, there were 2,552 liens sold (not including Baltimore County, whose data was not available as of this report). Baltimore City has the highest number, with 1,015 owner-occupied liens sold. Prince George's County has the second-highest with 691 owner-occupied liens sold. The average lien amounts on owner-occupied properties sold were \$5,709 in Baltimore City, \$2,324 in Cecil County, and \$4,495 in Howard County.

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

<u>County</u>	<u>Number Sold</u>
Baltimore City	1015
Baltimore County	<i>Not available as of this report</i>
Cecil	212
Dorchester	32
Frederick	275
Harford	118

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Howard	108
Prince George's	691
Somerset	21
St. Mary's	31
Washington	49

5. County Obtained Lien Certificates, 2020 Tax Sales.

Table 10. Obtained by the County, Total & Average Lien Amounts - 2020 Tax Sales

County	Number Obtained	Total Lien Amount \$	Average Lien Amount \$
Baltimore City	1352	66725038	49362
Baltimore County	<i>Not available as of this report</i>		
Cecil	23	60529	2632
Dorchester	434	340609	785
Frederick	9	347420	38602
Harford	29	254037	8760
Howard	9	123038	13670
Prince George's	142	3759721	26477
Somerset	32	121000	3782
St. Mary's	113	86099	762
Washington	70	1218859	17412

REDEMPTIONS & FORECLOSURES

The three final categories of data: properties redeemed before foreclosure, subject to foreclosure, and foreclosed, were incomplete at the time of this report. The counties require additional time to process and compile. We will continue working with the counties to provide this data.

It is also important to note that the liens sold in the 2020 tax sales, detailed earlier in this report, may be redeemed or subject to foreclosure during the two years that follow the tax sale date. As described in Part II, Number 7 of this report, lien purchasers in the 2020 tax sales cannot file a motion to foreclose until six months (nine months in Baltimore City) after the tax sale date.

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The data reported below is for redemption and foreclosure activity from July 1, 2019, through June 30, 2020.

1. Properties Redeemed Prior to Foreclosure, FY 2020.

Table 11. Total & Average Lien Amounts - FY 2020

County	Number Redeemed	Total Lien Amount \$	Average Lien Amount \$
Allegany	76	219906	2894
Anne Arundel	651	2217601	3406
Cecil	403	806677	2002
Frederick	236	640994	2716
Garrett	57	160953	2824
Howard	21	52550	2502
Prince George's	2122	<i>Not yet available</i>	<i>Not yet available</i>
Somerset	9	22904	2545
St. Mary's	76	229194	3016
Washington	185	518349	2801
Worcester	51	251977	4941

(Data not yet available for Baltimore City, Baltimore County, Calvert, Caroline, Carroll, Charles, Dorchester, Harford, Kent, Montgomery, Queen Anne's, Talbot and Wicomico Counties.)

2. Properties Subject to Foreclosure.

Two counties reported properties subject to foreclosure by the county as of this report. St. Mary's County reported 58 properties, with a total lien amount of \$42,206 and an average lien amount of \$728. Washington County reported 12 properties, with a total lien amount of \$78,000 and an average lien amount of \$6,500.

3. Properties for which the Right of Redemption has been Foreclosed by a Private Holder of a Tax Lien Certificate, FY2020.

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Table 12. Total & Average Lien Amounts - FY 2020

County	Number Foreclosed	Total Lien Amount \$	Average Lien Amount \$
Allegany	5	8342	1668
Anne Arundel	44	147820	3360
Cecil	0	0	0
Frederick	12	43757	3646
Prince George's	85	<i>Not yet available</i>	<i>Not yet available</i>
Somerset	0	0	0
St. Mary's	2	5089	2545
Washington	12	78000	6500
Worcester	2	70380	35190

(Data not yet available for Baltimore City, Baltimore County, Calvert, Caroline, Carroll, Charles, Dorchester, Garrett, Harford, Howard, Kent, Montgomery, Queen Anne’s, Talbot and Wicomico Counties.)

III. STATE TAX SALE OMBUDSMAN ACTIVITIES

CONTACT WITH HOMEOWNERS

From January 1, 2020, through June 30, 2020, approximately 835 homeowners contacted our office, an estimated 713 by phone, and roughly 122 by email. We expect these numbers to increase as more homeowners become aware of our service.

Homeowners contact us for assistance with a variety of issues surrounding tax sale. We listen carefully, show compassion and empathy, provide information, and discuss resources that may help them. In particular, we seek to understand the unique issues the homeowner is facing and to provide individualized assistance.

Our assistance strategy usually starts with explaining the tax sale process, where the homeowner is in that process, and answering any questions they might have. Then we assist 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. We also help homeowners resolve issues with their tax credit applications or update their property’s

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assessment or owner's records with the local SDAT assessment office. We also explore issues and solution strategies for a variety of individual circumstances.

At the end of our communications, we always make certain homeowners know that if they encounter an obstacle, are unsure of the next steps, or have any questions, to please contact us again. Homeowners are often extremely appreciative that we are willing to take the time needed to help them, and understand that we will continue to be available to help.

TAX CREDITS

From January 1, 2020, through June 30, 2020, we helped about 368 homeowners to apply for the Homeowners' Property Tax Credit, and about 217 homeowners to apply for the Maryland Homestead Tax Credit.

The Homeowners' Property Tax Credit is one of our most important tools to help homeowners address their delinquent tax bills. We ask every homeowner and 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 not someone is receiving either of these credits, and status updates once an application is submitted, can be viewed on our [free online real property search](#).

When a homeowner may qualify and has not applied, we work 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. We also have instances when the homeowner is over 70 and may apply for multiple years. Other times the homeowner has already applied but needs additional documentation for their application. Often, we offer the tax credit application as part of a "checklist", along with other information and referrals, as a reminder to re-apply for the coming tax bill once their immediate delinquent tax situation is resolved.

BENEFITS PROGRAMS

From January 1, 2020, through June 30, 2020, we helped about 75 homeowners to apply for other discount programs or public benefits.

We routinely assist homeowners in applying for public benefits programs. We also refer a majority of the homeowners we assist to financial counselors, who regularly help homeowners apply for various public benefits and assistance programs not directly related to tax sale.

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The most common benefits programs we help homeowners to apply for are the Supplemental Nutrition Assistance Program (SNAP), which provides low- and no-income individuals and families with money to buy food each month. We also assist homeowners with Maryland Energy Assistance Programs, which provide low-income homeowners with financial assistance with heat and electric bills. These 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, 2020, through June 30, 2020, we referred approximately 499 homeowners to legal services, housing counseling, and other social services, described below.

Legal Services

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

Housing & Financial Counseling

These service providers help homeowners create budgets, manage their finances, 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 (HUD). They are located across the state, serving local communities in every county. Many HUD employees speak multiple languages, which helps us make referrals suited to homeowners' language needs.

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

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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.

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.

2020 ANNUAL SURVEY

Our first Annual Survey asks 50 questions about each county's tax sale processes and policies and detailed data on properties in their most recent tax sale. It also collects data on bid balance excess funds, and redemption and foreclosure data from the preceding tax year.

To summarize and analyze this information for the 2020 Annual Report due on November 15, we initially gave the counties a survey response deadline of August 31. However, all but four counties delayed or canceled their tax sales in 2020 to provide homeowners additional time during the COVID-19 pandemic. One of the consequences was that instead of all tax sales occurring before July (as usually happens), many sales occurred later, even into October. This meant that the counties were administering their tax sales during the busy July 1 tax billing cycle. It also meant that some of their tax sale data were not available at the time of this report.

With COVID-19 delaying or canceling tax sales, many counties have not provided some of the data required in our survey. Since this is our first year conducting the Annual Survey, the results will be an important insight informing our assistance strategies in the future to continue to pursue any missing data.

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In our first survey this year, we asked the counties about their 2020 tax sales and for other data for FY 2020. Several counties have stated that our survey response schedule is a significant challenge for them. They point to the survey itself, which requires significant effort, and the limited time to conduct their tax sale, compile data, and respond to our survey by August 31 as they prepare for the next tax billing cycle on July 1. Counties have suggested that it would be an easier, more complete reporting process if the survey asked for the prior year's tax sale information.

Given our insight into collecting the most complete and accurate county data, as well as COVID-19 related impacts limiting many survey responses, we are considering whether our 2021 Annual Survey should be a follow up on the same period as the 2020 Annual Survey. This would let us fill in missing or incomplete data, particularly on redemption and forfeiture, which requires significant effort by the counties to compile but important to gain a full understanding of what homeowners are facing. A prior-year tax sale strategy would put us on a schedule to collect more complete data in future surveys while giving the counties more time and flexibility to respond.

IMPROVEMENT INITIATIVES

1. In discussions with our partner service providers, county finance officers, and many hundreds of homeowners, we find that one of the major factors contributing to tax sales is the need for financial knowledge and skills training that to help homeowners make informed and effective decisions with their financial resources. Most homeowners facing tax sale on their principal residence have some income and often no mortgage, but they often lack a plan or strategy to pay their taxes on time. Financial training would help homeowners with financial decisions, management of money, and help them stay out of tax sale.

2. Currently, homeowners receive their annual tax bill on July 1, and if they cannot pay the full amount, they will often put the bill aside instead of contacting their county finance office to arrange to make a partial payment. Partial payments can help homeowners gradually pay down their bill. Many homeowners could avoid being placed on the tax sale list by making a partial payment to reduce their balance below that county's tax sale threshold. It might be helpful to provide information on property tax bills encouraging homeowners to make partial payments if they don't have the full amount. It could also include that county's threshold amount and specify how much the homeowner must pay to bring their balance below that amount and avoid tax sale.

Homeowners also seem to be more comfortable making payments as part of a structured payment plan than doing so on their own. Baltimore County offers a formal payment plan for homeowners to apply. However, most counties do not provide this. There are models in other

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states, including one in Philadelphia, where a third-party provider manages a payment plan system. Partnering with third-party billing services could help homeowners to budget their tax bill 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.

3. Homeowners 70 years or older may apply for prior year Homeowners' Property Tax Credits, but many homeowners facing tax sale are younger. While the application deadline to apply the credit to the July 1, 2020 tax bill is October 1, 2020, the tax sale notice for this tax bill would not be sent until January 2021 at the earliest, well past the October 1 deadline and too late to apply for the credit. This homeowner might have forgotten to apply, or may not have been aware of the credit, or that they would have qualified. We are currently exploring improvements to this situation that would have a minimal budget impact and would not incentivize homeowners to become delinquent on their taxes to qualify for more credits.

IV. CONCLUSION

We are continually exploring ideas to improve how we meet the needs of homeowners. We look forward to working with our partners and the legislature to find creative solutions that work for everyone.

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