

HOUSE BILL 54

Q1, N1

4lr0603

(PRE-FILED)

By: **Delegate Atterbeary**

Requested: September 7, 2023

Introduced and read first time: January 10, 2024

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Transfer to Heir – Payment Plans**

3 FOR the purpose of exempting an instrument transferring residential real property from
4 the estate of a decedent to an heir of the decedent from certain requirements for the
5 payment of taxes on real property if the heir of the decedent enters into a payment
6 plan to pay all the taxes due and owed on the property; requiring the State Tax Sale
7 Ombudsman to contract with a vendor to operate an installment payment program
8 for the payment of taxes in which any homeowner may enroll; authorizing the
9 governing body of a county or municipal corporation to establish, by law, an
10 installment payment program for taxes in arrears on any residential property; and
11 generally relating to the payment of property taxes.

12 BY repealing and reenacting, without amendments,
13 Article – Real Property
14 Section 3–104(a) and (b)
15 Annotated Code of Maryland
16 (2023 Replacement Volume)

17 BY repealing and reenacting, with amendments,
18 Article – Real Property
19 Section 3–104(c)
20 Annotated Code of Maryland
21 (2023 Replacement Volume)

22 BY repealing and reenacting, with amendments,
23 Article – Tax – Property
24 Section 2–112
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Tax – Property
3 Section 10–209
4 Annotated Code of Maryland
5 (2019 Replacement Volume and 2023 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Real Property**

9 3–104.

10 (a) (1) The Clerk of the Circuit Court may record an instrument that effects a
11 change of ownership if the instrument is:

12 (i) Endorsed with the certificate of the collector of taxes of the
13 county in which the property is assessed, required under subsection (b) of this section;

14 (ii) 1. Accompanied by a complete intake sheet; or

15 2. Endorsed by the assessment office for the county as
16 provided in subsection (g)(8) of this section; and

17 (iii) Accompanied by a copy of the instrument, and any survey, for
18 submission to the Department of Assessments and Taxation.

19 (2) The Supervisor of Assessments shall transfer ownership of property in
20 the assessment records, effective as of the date of recordation, upon receipt from the Clerk
21 of the Circuit Court of a copy of the instrument, the completed intake sheet, and any survey
22 submitted under paragraph (1) of this subsection.

23 (b) (1) (i) Except as provided in subsection (c) of this section, property may
24 not be transferred on the assessment books or records until:

25 1. All public taxes, assessments, and charges currently due
26 and owed on the property have been paid to the treasurer, tax collector, or director of
27 finance of the county in which the property is assessed; and

28 2. All taxes on personal property in the county due by the
29 transferor have been paid when all land owned by the transferor in the county is being
30 transferred.

31 (ii) The certificate of the collecting agent designated by law, showing
32 that all taxes, assessments, and charges have been paid, shall be endorsed on the deed, and
33 the endorsement shall be sufficient authority for transfer on the assessment books.

1 (2) (i) Except as provided in subsection (c) of this section, in Allegany,
2 Cecil, Charles, Dorchester, Harford, Howard, Kent, Queen Anne's, Somerset, and St.
3 Mary's counties no property may be transferred on the assessment books or records until:

4 1. All public taxes, assessments, any charges due a
5 municipal corporation, and charges due on the property have been paid as required by law;
6 and

7 2. All taxes on personal property in the county due by the
8 transferor have been paid when all land owned by the transferor in the county and
9 municipal corporation is being transferred.

10 (ii) The certificate of the collecting agent and municipal corporation
11 designated by law showing that all taxes, assessments, and charges have been paid, shall
12 be endorsed on the deed and the endorsement shall be sufficient authority for transfer on
13 the assessment books.

14 (c) (1) (i) **1.** The requirements for prepayment of personal property
15 taxes in subsection (b) of this section do not apply to grants of land made:

16 **[1.] A.** By or on behalf of any mortgagee, lien creditor,
17 trustee of a deed of trust, judgment creditor, trustee in bankruptcy or receiver, and any
18 other court-appointed officer in an insolvency or liquidation proceeding; or

19 **[2.] B.** By a deed in lieu of foreclosure to any holder of a
20 mortgage or deed of trust or to the holder's assignee or designee.

21 **2. THE REQUIREMENTS FOR PAYMENT OF REAL**
22 **PROPERTY TAXES IN SUBSECTION (B) OF THIS SECTION DO NOT APPLY TO GRANTS**
23 **OF LAND THAT TRANSFER RESIDENTIAL REAL PROPERTY FROM THE ESTATE OF A**
24 **DECEDENT TO AN HEIR OF THE DECEDENT, IF THE HEIR OF THE DECEDENT ENTERS**
25 **INTO A PAYMENT PLAN TO PAY ALL PUBLIC TAXES, ASSESSMENTS, AND CHARGES**
26 **CURRENTLY DUE AND OWED ON THE PROPERTY WITH:**

27 **A. THE COUNTY OR MUNICIPAL CORPORATION TO**
28 **WHICH THE TAXES, ASSESSMENTS, AND CHARGES ARE DUE; OR**

29 **B. THE STATE TAX SALE OMBUDSMAN.**

30 **3. THE CLERK OF THE CIRCUIT COURT SHALL PROVIDE**
31 **THE HEIR OF A DECEDENT TO WHOM PROPERTY IS TRANSFERRED UNDER**
32 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH WITH THE TOLL-FREE TELEPHONE**
33 **NUMBER AND WEBSITE ADDRESS OF THE STATE TAX SALE OMBUDSMAN AND A**
34 **BRIEF DESCRIPTION OF THE SERVICES AND PROGRAMS AVAILABLE THROUGH THE**
35 **OMBUDSMAN'S OFFICE.**

1 (ii) Notwithstanding any other provision of law, and except as
2 provided in subparagraph (iii) of this paragraph, after the recordation of a deed or other
3 instrument that effects a grant of land described in subparagraph [(i)] **(I)1** of this
4 paragraph, the land shall be free and clear of, and unencumbered by, any lien or claim of
5 lien for any unpaid taxes on personal property.

6 (iii) Subparagraph (ii) of this paragraph does not apply to:

7 1. Any lien for unpaid taxes on personal property that
8 attached to the land by recording and indexing a notice as provided in § 14–804(b) of the
9 Tax – Property Article prior to the recording of the mortgage, lien, deed of trust, or other
10 encumbrance giving rise to the grant of land described in subparagraph [(i)] **(I)1** of this
11 paragraph; or

12 2. Unpaid taxes on personal property owed by the transferee
13 or subsequent owner of the land after a grant of land described in subparagraph [(i)] **(I)1**
14 of this paragraph.

15 (iv) This paragraph does not affect the rights of the personal property
16 tax lienholder to make a claim to any surplus proceeds from a judicial sale of land resulting
17 in a grant of land described in subparagraph [(i)] **(I)1** of this paragraph.

18 (2) Subsection (b) of this section does not apply in Charles, St. Mary’s,
19 Dorchester, Harford, Howard, Kent, Prince George’s, Worcester, Carroll, Montgomery,
20 Frederick and Washington counties to any deed executed as a mere conduit or for
21 convenience in holding and passing title, known popularly as a straw deed or, as provided
22 in § 4–108 of this article, a deed making a direct grant in lieu of a straw deed, or to a deed
23 which is a supplementary instrument merely confirming, correcting, or modifying a
24 previously recorded deed, if there is no actual consideration paid or to be paid for the
25 execution of the supplementary instrument.

26 (3) Subsection (b) of this section does not apply in Baltimore City and Anne
27 Arundel, Baltimore, Carroll, Frederick, St. Mary’s, or Washington counties to any deed
28 transferring property to the county when the controller or treasurer of the county has
29 certified that the conveyance does not impair the security for any public taxes, assessments,
30 and charges due on the remaining property of the grantor.

31 (4) (i) Property may be transferred on the assessment books or records
32 in July, August, or September if instead of paying the taxes required under subsection (b)(1)
33 of this section on a property transfer by assumption, a lender or the attorney handling the
34 transfer of title files with the county treasurer, tax collector, or director of finance of the
35 county in which the property is assessed a statement that certifies that the lender
36 maintains a real estate tax escrow account.

37 (ii) Upon receipt of the statement required in subparagraph (i) of
38 this paragraph, the county treasurer, tax collector, or director of finance shall endorse on

1 the deed an appropriate certification and the endorsement shall be sufficient authority for
2 transfer on the assessment books.

3 (5) (I) [At] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
4 **PARAGRAPH, AT** the time of transfer of real property subject to a semiannual payment
5 schedule for the payment of property taxes, only those semiannual payments that are due
6 for the current taxable year under § 10–204.3 of the Tax – Property Article must be paid
7 prior to the transfer of the property.

8 (II) **THE SEMIANNUAL PAYMENTS THAT ARE DUE FOR THE**
9 **CURRENT TAXABLE YEAR UNDER § 10–204.3 OF THE TAX – PROPERTY ARTICLE ARE**
10 **NOT REQUIRED TO BE PAID BEFORE THE TRANSFER OF THE PROPERTY IF:**

11 1. **THE PROPERTY IS RESIDENTIAL REAL PROPERTY**
12 **THAT IS BEING TRANSFERRED FROM THE ESTATE OF A DECEDENT TO AN HEIR OF**
13 **THE DECEDENT; AND**

14 2. **THE HEIR OF THE DECEDENT ENTERS INTO A**
15 **PAYMENT PLAN TO PAY ALL PUBLIC TAXES, ASSESSMENTS, AND CHARGES**
16 **CURRENTLY DUE AND OWED ON THE PROPERTY WITH:**

17 A. **THE COUNTY OR MUNICIPAL CORPORATION TO**
18 **WHICH THE TAXES, ASSESSMENTS, AND CHARGES ARE DUE; OR**

19 B. **THE STATE TAX SALE OMBUDSMAN.**

20 (III) **THE CLERK OF THE CIRCUIT COURT SHALL PROVIDE THE**
21 **HEIR OF A DECEDENT TO WHOM PROPERTY IS TRANSFERRED UNDER**
22 **SUBPARAGRAPH (II) OF THIS PARAGRAPH WITH THE TOLL-FREE TELEPHONE**
23 **NUMBER AND WEBSITE ADDRESS OF THE STATE TAX SALE OMBUDSMAN AND A**
24 **BRIEF DESCRIPTION OF THE SERVICES AND PROGRAMS AVAILABLE THROUGH THE**
25 **OMBUDSMAN’S OFFICE.**

26 Article – Tax – Property

27 2–112.

28 (a) (1) In this section the following words have the meanings indicated.

29 (2) “Homeowner” has the meaning stated in § 9–105 of this article.

30 (3) “Tax” has the meaning stated in § 14–801 of this article.

31 (b) There is a State Tax Sale Ombudsman in the Department.

1 (c) The Ombudsman:

2 (1) shall be appointed by the Director;

3 (2) shall be in the management service of the State Personnel Management
4 System; and

5 (3) may be removed from office only after a hearing before the Department
6 and a finding of incompetency or other good cause.

7 (d) The Ombudsman shall:

8 (1) assist homeowners to understand the process for collection of
9 delinquent taxes;

10 (2) actively assist homeowners to apply for tax credits, discount programs,
11 and other public benefits that may assist the homeowners to pay delinquent taxes and
12 improve their financial situation;

13 (3) refer homeowners to legal services, housing counseling, and other social
14 services that may assist homeowners to pay delinquent taxes and improve their financial
15 situation;

16 (4) maintain a website that functions as a clearinghouse for information
17 concerning:

18 (i) the process for collection of delinquent taxes; and

19 (ii) services and programs that are available to assist homeowners
20 to pay delinquent taxes and improve their financial situation; and

21 (5) maintain a toll-free telephone number that a homeowner may call to
22 obtain individualized personal assistance with delinquent taxes.

23 (e) A county may, by law, establish a County Tax Sale Ombudsman to fulfill all
24 the responsibilities of the State Tax Sale Ombudsman under subsection (d) of this section
25 with respect to homeowners within the county.

26 **(F) (1) THE OMBUDSMAN SHALL CONTRACT WITH A VENDOR TO**
27 **OPERATE AN INSTALLMENT PAYMENT PROGRAM FOR THE PAYMENT OF TAXES IN**
28 **WHICH ANY HOMEOWNER MAY ENROLL.**

29 **(2) THE INSTALLMENT PAYMENT PROGRAM SHALL ALLOW A**
30 **HOMEOWNER TO:**

31 **(I) MAKE ADVANCE PAYMENTS OF TAXES;**

1 (II) MAKE PAYMENTS OF TAXES CURRENTLY DUE; OR

2 (III) MAKE PAYMENTS OF TAXES IN ARREARS.

3 (3) (I) A HOMEOWNER WHOSE DWELLING IS SUBJECT TO A DEED
4 OF TRUST, A MORTGAGE, OR ANY OTHER ENCUMBRANCE THAT INCLUDES THE
5 ESCROWING OF TAX PAYMENTS MAY NOT ENROLL IN THE INSTALLMENT PAYMENT
6 PROGRAM FOR THE ADVANCE PAYMENT OF TAXES.

7 (II) AN ADVANCE PAYMENT OF TAXES IS CALCULATED BY
8 APPLYING THE CURRENT PROPERTY TAX RATE TO THE ASSESSMENT OF THE
9 HOMEOWNER'S PROPERTY FOR THE PRIOR YEAR.

10 (III) IF THE ADVANCE PAYMENT IS DIFFERENT THAN THE TAXES
11 DUE AS FINALLY DETERMINED, THE VENDOR SHALL:

12 1. BILL THE HOMEOWNER FOR THE UNPAID BALANCE;
13 OR

14 2. REFUND ANY EXCESS TAX PAID.

15 (IV) THE FAILURE BY A HOMEOWNER TO MAKE AN ADVANCE
16 PAYMENT UNDER THE INSTALLMENT PAYMENT PROGRAM MAY NOT BE CONSIDERED
17 TO BE A FAILURE TO PAY THE PROPERTY TAX WHEN DUE EXCEPT AS PROVIDED
18 UNDER TITLE 10, SUBTITLE 1 OF THIS ARTICLE.

19 (4) THE COST OF THE CONTRACT WITH THE VENDOR TO OPERATE THE
20 INSTALLMENT PAYMENT PROGRAM SHALL BE PAID ENTIRELY BY REASONABLE FEES
21 IMPOSED ON HOMEOWNERS ENROLLED IN THE PROGRAM.

22 **10-209.**

23 (A) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION
24 MAY, BY LAW, ESTABLISH AN INSTALLMENT PAYMENT PROGRAM FOR TAXES IN
25 ARREARS ON ANY RESIDENTIAL PROPERTY.

26 (B) ANY FEE OR CHARGE OF ANY KIND THAT IS INCLUDED ON A PROPERTY
27 TAX BILL MAY BE PAID THROUGH THE INSTALLMENT PAYMENT PROGRAM
28 AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION.

29 (C) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY
30 PROVIDE, BY LAW, FOR:

1 **(1) ANY ADDITIONAL ELIGIBILITY CRITERIA FOR AN INSTALLMENT**
2 **PAYMENT PROGRAM UNDER THIS SECTION;**

3 **(2) THE PROCESS FOR ENROLLING IN AN INSTALLMENT PAYMENT**
4 **PROGRAM;**

5 **(3) THE FREQUENCY AND DUE DATES OF INSTALLMENT PAYMENTS;**
6 **AND**

7 **(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2024.