

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 753  
Ways and Means

(Delegate Lehman, *et al.*)

Budget and Taxation

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Tax Sales - Homeowner Protections - Revisions

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This bill makes several changes related to tax sales: (1) establishing protection from a tax sale for a homeowner who has a terminal illness or medical hardship and requiring that such individuals be given priority under the Homeowner Protection Program (HPP); (2) modifying one of the eligibility criteria for HPP – the upper limit for the assessed value of a person’s dwelling (beyond which a person is not eligible for HPP) – by increasing the upper limit from \$300,000 to \$450,000; and (3) requiring the State Tax Sale Ombudsman to develop a process to allow a homeowner to designate a family member or another representative of the homeowner to communicate and work with the ombudsman on their behalf, including under HPP.

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Fiscal Summary

**State Effect:** The bill does not affect the level of State funding appropriated to HPP; however, the bill’s expansion of the eligibility criteria for the program may allow for appropriated funding to be more fully expended for the purposes of the program, resulting in increased special fund expenditures from the fund beginning in FY 2027, to assist homeowners, and increased special fund revenues in future years from homeowner repayments. State finances are not expected to otherwise be materially affected by the bill.

**Local Effect:** Local government revenues may be affected, potentially only minimally, beginning in FY 2027, as discussed below.

**Small Business Effect:** Potential meaningful.

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## Analysis

### Bill Summary/Current Law:

#### *State Tax Sale Ombudsman*

##### *Current Law*

The State Tax Sale Ombudsman must (1) assist homeowners to understand the process for collection of delinquent taxes; (2) actively assist homeowners to apply for tax credits, discount programs, and other public benefits that may assist the homeowners to pay delinquent taxes and improve their financial situation; (3) refer homeowners to legal services, housing counseling, and other social services that may assist the homeowners to pay delinquent taxes and improve their financial situation; (4) maintain a toll-free telephone number that a homeowner may call to obtain individualized personal assistance with delinquent taxes; and (5) maintain a website that functions as a clearinghouse for information concerning the process for collection of delinquent taxes and services and programs available to assist homeowners.

##### *The Bill*

The bill requires the ombudsman to also develop a process to allow a homeowner to designate a family member or another representative of the homeowner to communicate and work with the ombudsman on the homeowner's behalf.

#### *Tax Sales and Withholding of Properties from Sale*

##### *Current Law*

Subject to certain exceptions, a county tax collector must sell, through the tax sale process established in statute, at the time required by local law, all property in the county on which tax is in arrears. When a property in a municipality is delinquent in the payment of municipal taxes or charges levied against the property, the county collector must be notified of the unpaid taxes or charges. If the county collector does not begin the tax sale process with respect to the unpaid taxes or charges within 30 days of receiving the notice, the municipal collector may use the tax sale process to collect the unpaid taxes or charges, at any time after the 30-day period expires, to the same extent available to county collectors.

There are various circumstances in which a property may or is required to be withheld from sale, including the following:

- The governing body of a county or municipality may withhold from sale owner-occupied residential property or residential property occupied by an heir of a deceased owner that meets objective criteria established by the governing body of the county or municipality.
- A tax collector is required to withhold from sale owner-occupied residential property and residential property occupied by an heir of a deceased owner when the total taxes on the property, including interest and penalties, amount to less than \$1,000.
- A tax collector may withhold from sale any nonowner-occupied residential property when the total taxes on the property, including interest and penalties, amount to less than \$750.
- The Mayor and City Council of Baltimore City or the governing body of a county or municipality may withhold from sale a dwelling owned by a homeowner or occupied by an heir of a deceased homeowner who is low-income, at least 65 years old, or disabled if the homeowner or heir meets eligibility criteria established by the county or municipality.
- A tax collector must withhold from sale the dwelling of a homeowner who is enrolled in HPP.

### *The Bill*

The bill adds a circumstance in which a property must be withheld from sale, by requiring the Mayor and City Council of Baltimore City or the governing body of a county to withhold from sale the dwelling of a homeowner who has a terminal illness or medical hardship as documented by a physician who has treated or examined the homeowner. The State Department of Assessments and Taxation (SDAT) and the State Tax Sale Ombudsman must, in consultation with the Maryland Department of Health, define “terminal illness” and “medical hardship” by regulation for purposes of the requirement that the dwelling of a homeowner who has a terminal illness or medical hardship be withheld from sale.

The tax collector for each county must establish a process for a homeowner who has a terminal illness or medical hardship, a family member of the homeowner, or another representative of the homeowner to apply for the homeowner’s dwelling to be withheld from sale. For a homeowner’s dwelling to continue to be withheld from sale, the homeowner, a family member, or another representative must reapply to the tax collector in the second year after the homeowner’s dwelling was first withheld from sale and every second year thereafter.

## *Homeowner Protection Program*

### *Current Law*

Chapter 382 of 2021 established HPP, administered by the State Tax Sale Ombudsman, and the Homeowner Protection Fund to support the program. The program diverts vulnerable homeowners from the private tax lien sale process into an alternative program – through the purchase of a homeowners’ lien, whether before or after the lien is sold at a tax sale – in order to (1) minimize tax collection costs to homeowners; (2) assist homeowners to pay their taxes; and (3) allow homeowners to remain in their homes.

Pursuant to changes made under Chapter 647 of 2025, (1) the Governor must annually appropriate \$250,000 to the fund and (2) county governments must collectively pay \$500,000 to the fund each fiscal year (allocated proportionally among the counties based on the number of real property accounts in a county).

To be eligible for the program, a homeowner must (1) reside in a dwelling that has an assessed value of \$300,000 or less and (2) have a combined income of \$60,000 or less. SDAT may establish additional eligibility criteria for enrollment in the program.

SDAT must establish, by regulation, a process to give priority for enrollment in the program to homeowners who are (1) at least 60 years old or (2) currently receiving disability benefits from the federal Social Security Disability Insurance program or the federal Supplemental Security Income program.

### *The Bill*

The bill expands the assessed value eligibility criteria, to allow a homeowner to be eligible if they reside in a dwelling that has an assessed value of \$450,000 or less.

The bill adds to the above-mentioned priorities for enrollment in the program by also requiring that priority be given to homeowners who are experiencing a documented terminal illness or medical hardship. The bill requires that the regulation establishing the process for priority enrollment include the definitions of “terminal illness” and “medical hardship” that are adopted for purposes of the requirement (discussed above) that the dwelling of a homeowner who has a terminal illness or medical hardship be withheld from sale.

The bill also requires the State Tax Sale Ombudsman to develop a process to allow a homeowner enrolled in the program to designate a family member or another representative of the homeowner to communicate and work with the ombudsman on the homeowner’s behalf.

**Local Fiscal Effect:** Local government revenues may be delayed and/or reduced, beginning in fiscal 2027, to the extent that properties of homeowners who have a terminal illness or medical hardship are withheld from tax sale under the bill's authority that would not otherwise have been withheld from sale under existing authority, affecting the timing and amount of local government tax and other revenues collected from those properties. Any delay or reduction in revenues, however, may only be minimal, especially if such homeowners enroll in HPP – facilitated by the priority under HPP established by the bill and the ability for a homeowner to communicate with the State Tax Sale Ombudsman through a representative – in which case SDAT pays the county or municipality for the tax lien.

The bill's requirement that the tax collector for each county establish a process for a homeowner who has a terminal illness or medical hardship, a family member of the homeowner, or another representative to apply for the homeowner's dwelling to be withheld from sale is assumed to not materially affect local government finances.

**Small Business Effect:** Small businesses that would otherwise generate revenue from tax sales that no longer occur, due to the bill's required withholding of properties from tax sale and/or expansion of the eligibility criteria for HPP, may be meaningfully affected.

**Additional Comments:** Descriptions of the tax sale process and related subjects are included on the Office of the State Tax Sale Ombudsman [web page](#) on SDAT's website, along with the office's most recent annual report, which contains data on tax sales in the State.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Anne Arundel, Baltimore, Cecil, Frederick, Montgomery, and Somerset counties; Maryland Association of Counties; State Department of Assessments and Taxation; Department of Legislative Services

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