

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 1998.

May 20, 1998

The Honorable Casper R. Taylor, Jr.
Speaker of the Maryland House of Delegates
State House
Annapolis MD 21401-1991

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I today vetoed House Bill 585 – Personal Property Tax – Lien for Unpaid Taxes.

House Bill 585 provides that any personal property tax liens placed on real property by a local government are subordinate to any previously filed liens. According to the Attorney General, a lien for personal property tax debt that attaches to the debtor's real property is currently given a priority over other debts, such as mortgages, when recorded. The preferential treatment of this tax lien represents "long-standing Maryland law" that has enabled counties and municipalities to collect millions of dollars in delinquent personal property taxes.

In the past six weeks, I have received scores of letters from mayors, town officials, county executives and county commissioners throughout Maryland raising serious concerns regarding the impact of House Bill 585 on local revenues. If the current lien priority is eliminated, local governments will lose critical leverage to collect unpaid personal property taxes. In most cases it is the mere existence of these liens, rather than their use, that results in the payment of delinquent taxes. The elimination of this enforcement tool will result in a substantial loss in revenues to local governments at a time when localities are pressing to increase education funding and reduce class size in elementary and secondary schools.

While I have objections to House Bill 585 in its present form, I am sympathetic to concerns raised by the banking community with regard to the preferential treatment of personal property tax liens. I believe this issue warrants additional factual research and study. I encourage representatives of local governments to work with the Legislature and financial community to develop a narrowly tailored approach to the treatment of personal property tax liens in preparation for the 1999 Session. Such an approach should address concerns of lenders over the security of loans while protecting the basic ability of local governments to collect delinquent property taxes.

For the above reason, I have vetoed House Bill 585.

Sincerely,
Parris N. Glendening
Governor

House Bill No. 585

AN ACT concerning