

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 Senate Bill 536 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 Senate Bill 536 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 Senate Bill 536.

Sincerely,
Parris N. Glendening
Governor

Senate Bill No. 536

AN ACT concerning

Personal Property Tax - Lien for Unpaid Taxes

FOR the purpose of clarifying that the lien on real property for unpaid tax on personal property is subordinate to all other liens perfected against the real property prior to the attachment of the lien; and providing for the application of this Act.

BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 14-804(b)

Annotated Code of Maryland

(1994 Replacement Volume and 1997 Supplement)

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