
SB 197

**HOMESTEAD PROPERTY TAX CREDIT PROGRAM – RETROACTIVE QUALIFICATION
AND CALCULATION OF THE CREDIT
JANUARY 19, 2022
POSITION: SUPPORT**

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide clearinghouse for pro bono civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. PBRC supports SB 181 because vulnerable homeowners would benefit from increased access to the Homestead Tax Credit to help prevent the loss of their homes.

Over the past seven years, PBRC has assisted nearly 700 homeowners at risk of losing their homes to tax sale. For homeowners, ending up on the tax sale list is usually the result of the inability to pay one’s property taxes. The clients served by our tax sale prevention clinics held in Baltimore in 2021 represented some of our state’s most vulnerable citizens: 81% were seniors, 26% were disabled, 84% identify as Black, and 81% reported annual household incomes of less than \$30,000. Through the advocacy of volunteer attorneys, many of these clients can access programs and credits that reduce their property tax burden allowing them to stay in their homes. However, most Maryland homeowners are unrepresented.

On average, our 2021 Baltimore clients encountered in our clinics had owned their homes for 28 years, and over 70% of them owned their homes free of a mortgage. As lower-income homeowners, the predominant form of accumulated wealth that they have, and that they can pass on to their families, is the equity in their homes. Many low-income homeowners are only able to afford their property taxes with the assistance of both the Homestead and the Homeowners’ Property Tax Credits. Eligibility for the Homeowners’ Property Tax Credit requires that the home be classified in the SDAT system as a “principal residence.” For Baltimore homeowners, the only way to achieve this for a home that was previously not classified as (or was misclassified as) non-owner occupied is to submit a Homestead Property Tax Credit application. During tax sale season, we see clients who do reside in their homes slated to be included in the tax sale and who were unaware that their home is classified as non-owner occupied, or who have experienced barriers to obtaining principal residence status, and for whom access to the Homeowners’ Tax Credit is critical to preventing it from going to tax sale. Allowing homeowners retroactive acceptance to the Homestead Property Tax Credit Program would not only bring down their bills for the portion of that credit, it would also allow certain homeowners to access the Homeowners’ Tax Credit retroactively: those over age 70 could currently apply for retroactive credit and, if SB 194 also passes, certain other eligible homeowners facing tax sale would be able to have their bills reduced to an affordable level to redeem prior to tax sale.

PBRC supports SB 197, which may protect certain Marylanders from the loss of their family home to tax sale foreclosure, thereby preserving homeownership and the transfer of intergenerational wealth. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on SB 197.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.

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