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MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB197: HOMESTEAD PROPERTY TAX CREDIT
PROGRAM – RETROACTIVE QUALIFICATION AND CALCULATION
OF THE CREDIT

WEDNESDAY, JANUARY 19, 2022

Chairman Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 197.

My name is Amy Hennen and I am the Director of Advocacy and Financial Stabilization at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. MVLS was founded in 1981 by a group of concerned Maryland lawyers, legal services providers and leadership of the Maryland State Bar Association. Since then, our statewide panel of over 1,700 volunteer has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY21, MVLS volunteers provided legal services to 3,353 people across the state. As part of our tax sale foreclosure work, we see numerous clients at risk of losing their housing due to not receiving applicable tax credits. For the reasons explained below, we respectfully request a favorable report on Senate Bill 197.

MVLS represents clients who face losing their homes due to unpaid property taxes. Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to vacant and abandoned properties all over the state. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was to protect communities and homeowners, especially people with lower incomes and the elderly, who face the most devastating effects of the tax sale process. Since 2014, MVLS has maintained a partnership with the Pro Bono Resource Center of Maryland to conduct tax sale workshops aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected at our 2020 Baltimore City tax sale clinics, 72% of clients are seniors, 48% were disabled, 85% identified as Black, and 72% reported a household income of \$30,000 or less per year. Many of these clients survive on fixed incomes and struggle to pay their bills even before a tax sale happens. We also found that most homeowners live in

multigenerational households where they provide shelter and support for their children and grandchildren.

One such client is Estelle. Estelle came to MVLS to help her save her home when she had nowhere else to turn. For 58 years, she has raised her family in the Middle East neighborhood in Baltimore, participated in community events, and been a staple in her neighborhood. Estelle was proactive and made sure to apply for the Homeowner's Property Tax Credit every year. However, the year before coming to MVLS, Estelle was hospitalized, and as a result, she missed the Homeowner's Property Tax Credit application deadline. Without the tax credit, Estelle faced a property tax bill that she could not afford on her limited pension. When she was finally released from the hospital, instead of focusing on her recovery, Estelle faced the threat of losing her home to tax sale. Estelle needed to pay \$2,017.11 in a short time to keep her home out of the tax sale auction. With no savings and a limited income, she had few options. Desperate to save her home, Estelle began looking around her home, identifying any furniture and other personal items that she might sell to raise funds. She also started making a list of everyone she knew that she might be able to borrow money from to pay her property taxes. Thankfully, Estelle also took one more key step – she contacted MVLS. Once Estelle was matched with an attorney, they contacted the Maryland State Department of Assessment and Taxation. The attorney explained the situation and requested that the property tax credits be applied retroactively. Once the attorney had filed the necessary paperwork, the credits were approved, and Estelle was able to remain in her home.

Unfortunately, by the time someone comes to MVLS at risk of tax sale, it is often very difficult to come up with the lump sum they would need to keep their property out of tax sale or redeem it. Our clients are typically older adults on a fixed income and coming up with hundreds or thousands of dollars all at once is nearly impossible. Estelle was able to get a homeowners tax credit applied retroactively, but this retroactive credit has strict requirements and is not currently available to all clients. SB197 would allow retroactive eligibility for the homestead property tax credit, another credit available to homeowners, to all applicants who would have been eligible if they had submitted an application the year before. The Homestead Tax Credit is particularly important for a legacy homeowner that has been in their home for a significant period of time and is at risk for being priced out of a gentrifying neighborhood. The credit will prevent their taxes from going up more than a certain percentage from one year to the next.

Based on our experience serving Marylanders facing tax sale and the data we have compiled over the years, MVLS strongly supports SB197. We believe that providing our most vulnerable citizens a straightforward and more affordable way to pay their property tax bill will help stabilize communities and preserve homeownership in neighborhoods across the state.

Mister Chairman and members of the Committee, thank you again for the opportunity to testify.

