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January 18, 2021

The Honorable Guy Guzzone, Chairman
Miller Senate Office Building
Budget and Taxation Committee
11 Bladen Street
Annapolis, MD 21401

**RE: Testimony of Maryland Legal Aid in Support of Senate Bill 197 –
Homeowners Property Tax Program – Retroactive Qualification and Calculation
of the Credit**

Dear Chair Guzzone and Members of the Committee:

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving residents in each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. MLA submits this written testimony on SB 197 at the request of Senator Guzzone. MLA supports this Bill and asks that the Committee give it a favorable report.

This bill would allow for a homeowner who applies for the Homeowners Property Tax Credit and is determined to qualify for the credit to be retroactively awarded the credit for previous years. One of the statewide projects that MLA has developed is the Foreclosure Legal Assistance Project. Through this project, MLA represents many homeowners facing foreclosure. We have seen many homeowners, especially elderly homeowners with reverse mortgages, who qualify for the Homeowner's Property Tax credit but did not apply. Based on the experience of our clients, the reasons why clients do not apply is either because they do not know about the tax credit, they confuse it with income taxes, they did not realize they are eligible, they applied once but did not realize they had to apply each year, or they simply forgot to reapply. Failing to apply causes homeowners to fall into tax sale and foreclosure more frequently than they would do so otherwise. Once a homeowner is in tax sale or foreclosure, it becomes very expensive for them to save their home, as they generally have to pay fees and costs in addition to what is owed for the property taxes.

One client, Ms. S, never would have owed any taxes after application of the tax credit if she had received her property tax credits timely, but because she did not, she ended up in a tax sale that is still being litigated to this day. If this law had been in place a few years ago, she would have received her retroactive tax credits and maybe the tax sale itself could have been avoided.

I have also had many senior clients who after receiving all of their retroactive property tax credits were able to bring their home out of a reverse mortgage foreclosure. If this law was in place, they would never have faced the stress of a foreclosure to begin with, as they would have received their retroactive property tax credits.

I think this goes into more detail than the Committee will understand or appreciate so I deleted it. There is also the practical benefit that the hundreds of retroactive property tax credit applications that the State Department of Assessments and Taxation (SDAT) receives every year would be far fewer in number, as the homeowners would automatically receive the retroactive property tax credit from the year before. [Bill I do know that MLA asks for retro credits as do other low income legal services agencies but I am not sure if it reaches into the hundreds. Do you have that information?]

The reality is there are many low-income homeowners every year who fail to obtain property tax credits that they are entitled to because they fail to apply. This law would prevent this issue to a certain extent, and would be a great help to those that are the most vulnerable to adverse outcomes such as foreclosure and tax sale.

Thank you for your consideration of this written testimony. For the reasons stated above, **Maryland Legal Aid urges a favorable report on Senate Bill 197.**

/s/ William F. Steinwedel

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