



Testimony SB 197
Budget & Taxation Committee
January 19, 2022
Position: FAVORABLE

Dear Chairman Guzzone & Members of the Budget & Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

CDN has been part of the ongoing work to reform the process of tax sale in the state since 2016. In 2017, CDN was a lead partner in the Task Force to Study Tax Sales in Maryland. CDN currently serves on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City.

SB 197 enables eligible homeowners to retroactively access the Homestead Tax Credit. Under this bill, if SDAT determines that a current Homeowners Tax Credit applicant was eligible for the credit in the prior year but did not apply, it will retroactively qualify the homeowner for the prior year and recalculate the prior year's assessment. This can help homeowners facing tax sale by reducing their delinquent tax bill, as well as help them access prior year Homeowners' Property Tax Credits by establishing principal residence in the prior year, which is an HPTC requirement.

Most of the people in the state impacted by tax sale are older, single, African American women living at or below the poverty line. In 2019, the average amount owed was just under \$2500. Though most of the homeowners were eligible for the Homeowner's Tax Credit Program, few had applied or were aware of the program.

Over the years, Maryland has enacted more consumer-friendly policy to prevent the poorest homeowners from losing their houses. These improvements include higher thresholds for tax sale, removal of water bills, and the appointment of a public ombudsman to help owner occupants keep their homes. Helping vulnerable homeowners to retroactively access the Homestead Tax Credit will help them age in place and maintain generational wealth.

We urge your favorable report.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network