

Written Testimony - HB 43 (payment balance after f

Uploaded by: Allison Harris

Position: FAV



HB 43
PROPERTY TAX— TAX SALES – PAYMENT OF BALANCE AFTER FORECLOSURE
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
MARCH 29, 2023
POSITION: SUPPORT

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for pro bono civil legal services in Maryland. PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics. **PBRC supports HB 43 because it is fair and just to institute a process that helps low-income families and individuals who just lost their homes recoup monies owed to them at the conclusion of the tax sale foreclosure.**

Over the past eight years, PBRC has assisted nearly 800 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, not an unwillingness. The clients served by our tax sale prevention clinics held in Baltimore in 2022 represented some of our state’s most vulnerable citizens: 74% were seniors, 39% were disabled, 76% identify as Black, and 76% 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 2022 Baltimore clients encountered in our clinics had owned their homes for 32 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. Unlike in a mortgage foreclosure process whereby the homeowner can recoup available equity in the home after the property is sold at auction, *the tax sale foreclosure process does not entitle a homeowner to any of the equity that the homeowner spent years building.* The only amount of money available to the homeowner once the judgment of foreclosure has been entered is the surplus bid amount that the lien certificate purchaser pledged at the auction in order to win, and which must be paid to the municipality when the purchaser picks up the deed to the home. However, homeowners are unaware that they are owed this amount, and they rarely, if ever, collect the surplus bid amount. There is currently not a process in place for ensuring these amounts make it into the hands of those that just lost their home. Sometimes these surplus bid amounts are a few thousand dollars and sometimes they are \$20,000 – amounts of money that would go a long way towards helping the family resettle and get their feet under them once again.

PBRC supports HB 43, which will help Marylanders who lost their family home to tax sale foreclosure obtain much-needed funds owed to them that will help them resettle and recover. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on HB 43.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.
aharris@probonomd.org • 443-703-3050

HB43 Crossover.pdf

Uploaded by: Dan Ellis

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

March 28, 2023

Senator Guy Guzzone, Chair
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 43

Honorable Chair Atterbeary and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore (NHS), and a resident of Baltimore City. Our organization believes that economic and social justice are a right for all people and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment. I have worked on tax sale reform supporting residents and communities for more than 10 years and currently serve as co-chair of Mayor Scott's Tax Sale Work Group identifying ways to reform and improve the tax sale system.

As part of the current tax sale system lien purchasers sometimes bid more than the outstanding lien amount for the right to collect the debt. This amount remains in an account held by the local jurisdiction until the case is resolved. If the lien is redeemed the excess funds are returned to the lien purchaser's. If the property is foreclosed the funds should be provided to the prior property owner. HB43 will make it mandatory that the prior owner who is entitled to any balance after a tax sale to be notified within 90 days. Currently more than \$3 million statewide has not been claimed by prior property owners. Many of these people are not aware that they could receive these funds and have never received notice of their eligibility. We recognize that much more is needed to bring equity to the tax sale system in Maryland and are committed to continuing working together to identify those solutions. This is an important step toward ensuring property owners are compensate for any funds to which they are entitled.

We ask that the Committee issue a favorable report on HB 43 as we continue to work on ways to reform the tax sale system as a whole,

Sincerely,

Daniel T. Ellis
Executive Director



25 E. 20th Street, Suite 170 Baltimore, Maryland 21218
Office: 410-327-1200
Fax: 410-675-1855
www.nhsbaltimore.org

HB0043 Crossover.docx.pdf

Uploaded by: Director Michael Higgs

Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



MICHAEL HIGGS
Director

MARCUS ALZONA
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: March 29, 2023

BILL: HB0043

TITLE: Property Tax - Tax Sales - Payment of Balance After Foreclosure

SDAT POSITION: SUPPORT

HB0043 Requires the counties to notify a foreclosed prior homeowner within 90 days that there is a remaining balance they may claim. This way, every foreclosed homeowner who loses their home is aware that the funds exist. Further, the bill requires each county to establish a uniform process that does not require a court order to claim the funds.

After a tax sale foreclosure, the winning bidder can record a deed to the property by paying their bid to the county, but the prior homeowner is entitled to claim any "bid balance" paid that is above and beyond the taxes, interest, penalties, and sale costs. Tax-Prop §14-818(a). The counties hold these "bid balance" or "excess" funds in escrow until the prior homeowner or their heirs claim the funds.

However, often the prior homeowner is neither aware of these funds, nor that they are entitled to claim the funds. Further, when the prior homeowner becomes aware of them, many counties require the prior homeowner to get a court order stating that they are entitled to the funds. Court orders are almost impossible to file without legal assistance, further burdening the foreclosed prior homeowner.

For these reasons, SDAT urges a favorable vote on HB0043.

Testimony Hb43_1.22 favorable.pdf

Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

(410) 396 - 4814

odette.ramos@baltimorecity.gov

100 N. Holliday Street, Room 506

Baltimore MD 21202

Testimony
HB43-Property Tax – Tax Sales – Payment of Balance After Foreclosure
March 29, 2023
FAVORABLE

Chair Guzzone and Members of the Senate Budget and Taxation Committee:

I am writing to urge your support for **HB43 – Property Tax – Tax Sales – Payment of Balance After Foreclosure**. Thanks to Chair Atterbeary for introducing this important legislation.

Currently, any excess proceeds between the bid for the liens on a property and the actual amount of the liens goes to an Excess Funds Balance in each jurisdiction. Currently the homeowner who just was foreclosed upon has to provide proof they were the owner of the property in order to get that balance. Many of the prior homeowners don't even know they are owed this funding. Ine they do know, that process is cumbersome. For property owners that went through the stress of foreclosure for two years, trying to collect those funds should not be difficult.

HB43 requires that the collector to – within 90 days of the foreclosure – notify the owner who was just foreclosed upon through tax sale that they are entitled to the excess bid balance, what the final amount is, and how the family can claim in. This law puts the onus on the collector, and not on the resident.

While several jurisdictions have processes already in place, this bill clarifies the role of the collector in the process of ensuring that the family gets the excess balance they are due.

I urge your favorable report for this legislation.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

Odette Ramos
Baltimore City Councilwoman
District 14