



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

2/24/23

House Bill 0897

**Homeowners' Property Tax Credit - Qualified Homeowner –
Application and Certification Requirements**

In the House Ways & Means Committee

Hearing on February 28, 2023

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 0897 at the request of bill sponsor, Delegate Jessica Feldmark.

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters including housing, family law, public benefits, bankruptcy and other debt collection matters, as well as criminal record expungements.

Maryland Legal Aid asks that the Committee report **favorably** on HB 0897.

HB 0897 allows homeowners whose gross income includes income only from Social Security benefits, pension, or an annuity to automatically qualify for the Homeowners' Property Tax Credit. This bill also requires that such homeowners apply only once every three years rather than every year in order to receive the credit. For any year in which an application is not required, the homeowner would certify that their gross income information has not changed.

MLA represents many low-income clients with tax sale, housing and foreclosure issues across the State of Maryland. The majority of MLA clients are eligible for the Homeowners' Property Tax Credit, which significantly reduces, if not eliminates, their property tax bill and often prevents their homes from going into foreclosure or tax sale. Notably, MLA also has elderly and disabled clients who face foreclosure or tax sale simply because they forgot to reapply for the tax credit. MLA attorneys attempt to prevent this from happening by sending out the application with instructions every year, but some clients still forget or are unable to apply and they have no one to assist them with their financial affairs.

One of MLA's clients, an 80-year-old resident taking care of her disabled son, had contacted MLA to find out why her mortgage payment increased by an additional \$500 each month. She owned her home for over 15 years and was current on her mortgage. However, she had not applied for the Homeowners' Property Tax Credit in the prior year and did not realize that was the sole reason for the drastic increase in her mortgage payment. Due to this unexpected increase, she became very concerned that she would

no longer be able to afford her home since she was on a fixed income. MLA explained to the client the reason for the increase in her mortgage payment and assisted her in resolving this situation.

HB 0897 reduces the likelihood that this situation would happen again to MLA's client or any other qualified homeowner under this bill. This legislation requires that a homeowner submit the application once every three years, as long as they continue to qualify financially. This prevents an eligible homeowner from being penalized for simply failing to resubmit their application and makes it easier for all homeowners to receive the tax credit which is designed to make homeownership more affordable.

HB 0897 also assists lenders and local governments by preventing residential properties from falling into tax sale and mortgage foreclosure. Many low-income homeowners with no mortgage or escrow account miss the deadline to reapply for the tax credit. Elderly homeowners with home equity conversion mortgages or reverse mortgages fail to apply for this program and also face foreclosure, because failure to remain current on property taxes is a default which can result in the loss of their homes.

This bill is a crucial piece of legislation that will stem the tide of housing loss across the State, especially for some of our most vulnerable residents.

Maryland Legal Aid urges the Committee to issue a FAVORABLE report on HB 0897.

If you have any questions, please contact Lorna Henry, Staff Attorney, (410) 951-7652, Lhenry@mdlalab.org.