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**HB 43**

**PROPERTY TAX— TAX SALES – PAYMENT OF BALANCE AFTER FORECLOSURE  
HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE**

**JANUARY 24, 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](mailto:aharris@probonomd.org) • 443-703-3050