



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

January 18, 2023

Testimony in Support of SB53  
Real Property – Transfer to Heir – Exemption from Prepayment

Dear Chair Guzzone, Vice Chair Rosapepe, and Committee Members,

As introduced, SB53 is the work product of the *Life and Health Planning Committee* of the Attorney General's *Access to Justice Taskforce* from 2020. It modifies the current process for paying property taxes on inherited residences with the goal of ensuring family homes can be successfully passed down to heirs.

Easing this process will eliminate an unnecessary barrier to multigenerational wealth building faced by lower-income families, and is one factor that can help close the racial wealth gap. The *Access to Justice Taskforce* identified the burden of prepaying property tax bills when a home is inherited as one barrier that can be easily removed.

This bill modifies the current process for paying property taxes when a home is passed on to an heir, without reducing overall property tax revenue. It does this by:

1. Eliminating real property **prepayment** tax requirements for individuals inheriting real property
2. Allowing a **deferral of payment** until after ownership is transferred from the decedent to the heir. The deferral applies exclusively to inherited real property and does not extend to arms-length transfers or sales.

The deferment of payment outlined in SB53 is **not** an outright exemption from payment. It alleviates financial hardship by giving the heir an ability to leverage the inherited property towards paying the tax debt.

SB53 encourages the maintenance of transferred real property by allowing heirs potential eligibility for state assistance programs, facilitating the payment of housing and mortgage-related expenses. By fostering generational wealth and providing families with additional opportunities for security and homeownership, SB53 is a step toward a more equitable Maryland.

In the House, Ways and Means Chair Atterbeary has been working throughout the interim to ensure the intent of this legislation is implementable. She has introduced HB54 which takes a modified approach to solving this problem. HB54 requires an heir to enter into a payment plan agreement prior to ownership being transferred which I do believe is a reasonable approach. I have prepared an amendment to SB53 to confirm it to Chair Atterbeary's legislation.

I thank you for your consideration and urge a favorable report.

*Chiana Kelly*