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MAYOR

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HB243

March 26, 2024

TO: The Senate Budget & Taxation Committee
FROM: Nina Themelis, Director of the Mayor's Office of Government Relations
RE: House Bill 243 - Property Tax - Tax Sales - Revisions

POSITION: SUPPORT WITH AMENDMENTS

Chair Guzzone, Vice Chair Rosapepe, and members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 243 with amendments.

HB 243, if passed, would extend several tax sale protections for homeowners that currently only exist in Baltimore City across the entire State of Maryland. The bill would also increase the minimum threshold for liens and unpaid taxes that would place an owner-occupied property into tax sale as well as extend the period that a property owner has to redeem a property that has gone to tax sale. The bill also requires that the Tax Sale Ombudsman be notified when initial action is taken to foreclose the right of redemption on an owner-occupied property which will provide additional resources to owners of those properties.

The overall potential positive impact that HB243 will have for residential property owners is significant, however, the BCA would recommend one slight amendment to ensure that each jurisdiction has the authority to choose whether or not to place non owner-occupied properties into tax sale for water liens alone. Baltimore City has provided protections for all residential properties, including both owner-occupied properties and non-owner occupied properties, since State law was enacted in 2019 to protect those property owners.

The BCA has introduced two separate water affordability programs over the last several years – Promise Pay and Water 4 All. Promise Pay launched in early 2023 allowing residents to pay off past-due Water and Sewer Utilities balances over time. The payment plans are provided at 0% interest and are available to Baltimore City residential, multifamily, and commercial customers. This program allows residents who may have fallen behind on their water bills an opportunity to pay off those past due amounts over a longer period than was previously provided without financial penalties. Water 4 All is a program created through local Ordinance 20-468 when Mayor Scott was Council President and implemented early on in the Scott Administration. The program is a water billing discount program for Baltimore City residential households whose income is below

200% of the federal poverty level and who are (1) homeowners whose name is on the water bill, (2) tenants whose name is on the water bill and pay their bill directly, or (3) tenants whose names are not on the water bill but who can provide documentation that they are under a lease where they are directly responsible for paying water and sewer services to their landlord separately from their rent. We currently have approximately 5,400 tenants and homeowners who are enrolled in the program with several thousand additional applications currently in the review process.

The amendment the BCA is asking for the Committee to consider would be to add additional language concerning the provision to place non owner-occupied residential properties into tax sale for water liens alone. The suggested language for this amendment would make changes to (b)(3) beginning on page 2, line 30 of the 3rd reader version of HB243 as follows:

(b)(3) (I) [In Baltimore City, the] THE collector shall withhold from sale OWNER–OCCUPIED residential property or property that is exempt from taxation under § 32 7–204(1) or (2) of this article, if the taxes on the property consist only of a lien for unpaid charges for water and sewer service.

**(II) THE COLLECTOR MAY WITHHOLD FROM SALE
NON-OWNER-OCCUPIED RESIDENTIAL PROPERTY IF THE TAXES
ON THE PROPERTY CONSIST ONLY OF A LIEN FOR UNPAID
CHARGES FOR WATER AND SEWER SERVICE.**

The above amendment would change the mandate for placing non owner-occupied residential properties into tax sale into an enabling action. The BCA believes this amendment provides the proper balance and protections for our most vulnerable residents. For these reasons, the Baltimore City Administration requests a **favorable with amendment** report on HB 243.