

Written Testimony HB 29-SB 53 - tax payment exempt

Uploaded by: Allison Harris

Position: FAV



HB 29/SB 53
REAL PROPERTY – TRANSFER TO HEIR – EXEMPTION FROM PREPAYMENT OF TAXES
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
January 18, 2024
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 29/SB 53 because vulnerable surviving family members of homeowners who are under economic strain need relief from a large tax payment to help prevent the loss of their homes.**

Over the past nine 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. The clients served by our tax sale prevention clinics held in Baltimore in 2023 represented some of our state’s most vulnerable citizens: 60% were seniors, 30% were disabled, 72% identify as Black, and 78% 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.

When homeowners pass away, the heirs to their home must pre-pay the home’s tax bill to properly obtain title to the home. The prepayment requirement may force an unexpected and large expense on the family, and it precludes certain heirs who would be eligible for the Homeowners’ Property Tax Credit from receiving the discount prior to paying the full bill. The full property tax bill, required to be paid in a single lump sum, is simply out of reach for many low-income surviving families and so they are unable to get the deed in their names. This “tangled title” problem frequently lands families in tax sale. By exempting surviving family members of homeowners from the prepayment requirement, these heir homeowners will be better positioned to obtain title, avoid tax sale foreclosure, and keep their homes and the equity their families have worked to build.

PBRC supports HB 29/SB 53, which may protect certain Marylanders from the loss of their family home to tax sale foreclosure, thereby preserving homeownership and the transfer of intergenerational wealth while stabilizing neighborhoods. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on HB 29/SB 53.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.

aharris@probonomd.org • 443-703-3050

SB 53 - Real Property – Transfer to Heir – Exempti

Uploaded by: Anthony Davis

Position: FAV



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**Senate Bill 53
In the Senate Budget and Taxation Committee– Real Property – Transfer to Heir –
Exemption from Prepayment
Hearing on January 18, 2024
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 53 in response to a request from Senator Ariana Kelly.

January 17, 2024

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

RE: Testimony of Maryland Legal Aid in Support of Senate Bill 53 – Real Property – Transfer to Heir – Exemption from Prepayment

Dear Chairperson Guzzone and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 53. The current law requires that prior to a property transfer being recorded in land records, all property taxes and other charges due on the property must be paid. SB 53 provides an exemption from this requirement for transfers of residential real property from the estate of a decedent to an heir of the decedent. As such, the legislation makes it easier for people who have inherited a home to obtain clear title without the financial strain of having to satisfy all delinquent charges assessed to the property. The practical effect is to conserve vital financial resources, preserve homeownership and equity, and support housing stability. MLA submits this written testimony at the request of Senator Ariana Kelly.

MLA is Maryland's largest non-profit law firm, with 12 offices serving each of Maryland's 24 jurisdictions, providing free civil legal services to the State's low-income and vulnerable residents. Our advocates have been representing low-income homeowners in housing matters, foreclosures, tax sales and consumer matters for over 100 years.

SB 53 addresses key areas of concern affecting low-income households and offers the opportunity to build intergenerational wealth and combat the continued proliferation of intergenerational poverty, which occurs when children who grow up in families with incomes below the poverty line are themselves poor when they become adults. This cycle of poverty is linked with extreme

crime, homelessness, high levels of lead¹. Homeownership and housing equity play a critical role in building wealth for all communities but is especially important for low-income². Our analysis of the existing legal requirement to pay all public taxes, assessments, and charges currently due and owing on an inherited property in Maryland before a transfer of title can occur, finds that low-income families are adversely affected in terms of housing stability, financial strain, and wealth building.

Low-income families face challenges in coming up with the funds needed to settle the outstanding taxes and charges. These families are already under significant financial strain, without access to credit, and working with limited resources, if any at all. Requiring low-income families to pay off any outstanding obligations creates a tremendous financial burden, and often diverts funds away from other essential needs like food, clothing, medicine, and basic utilities. Instead of the inherited property constituting a wealth-building asset that can be used to pay for improvements, provide educational opportunities, or reach other financial goals the inheritance becomes a liability that can worsen a family's financial instability and wipe away any ability to use the inherited property for wealth-building purposes.

At Maryland Legal Aid, our attorneys have spent countless hours in county offices and municipal buildings trying to resolve property tax bills, water bills, and figure out fee issues for individuals trying to save their homes from foreclosure; homes that are not titled in their names. We represent individuals who cannot afford to pay the costs imposed to obtain title and who are then prevented from assuming mortgages, obtaining loan modifications, and taking advantage of available resources like home repair and property tax reduction programs, that require clear title of ownership. In fact, the current requirement creates a strange scenario in which individuals are forced to pay the full property tax amount in order to become eligible to get their property taxes reduced. Passage of SB 53 would undo that scenario and make it much easier for a person to get the tax credits to which they are entitled.

SB 53 imposes no expenditure of State and local resources and does not reduce the collection of property taxes at either level. It protects assets and allows for the transfer of equity from one generation to another. Historically, current and past policies have interfered with homeownership and wealth building for people of color³ by a multitude of market players and continues to

¹ See *New Report Identifies Policies to Reduce Intergenerational Poverty in the U.S.*, National Academies of Sciences, Engineering, and Medicine. <https://www.nationalacademies.org/news/2023/09/new-report-identifies-policies-to-reduce-intergenerational-poverty-in-the-u-s>. | National Academies. (September 2023).

² Black, Latino, and Hispanic homeowners tend to rely on their home equity for wealth building more than White homeowners; housing equity represents roughly 60 percent of Black, Latino, and Hispanic homeowners' total net worth, as opposed to 43 percent of White homeowners' total net worth. See McCargo, Alanna and Jung Hyun Choi. "Closing the Gaps: Building Black Wealth through Homeownership." Urban Institute, 2020. https://www.urban.org/sites/default/files/publication/103267/closing-the-gaps-building-black-wealth-through-homeownership_1.pdf.

³ See https://www.urban.org/sites/default/files/publication/103267/closing-the-gaps-building-black-wealth-through-homeownership_1.pdf.

contribute to the ever-widening racial wealth gap.⁴ We see SB 53 as a step in the right direction to shrink the gap and provide stability in a critical area of need and a basic human right: shelter. For these reasons, Maryland Legal Aid fully supports the passage of SB 53. MLA finds that this bill is in the best interests of our State's low-income communities and asks that the Committee grant SB 53 a favorable report and urge its ultimate passage.

Respectfully Submitted,

Anthony Hayes Davis II, Esq.
Director of Advocacy for Consumer Law
Statewide Advocacy Support Unit
Maryland Legal Aid, Inc.
500 E. Lexington Street
Baltimore, Maryland 21202
(410) 951-7703

⁴ See <https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/01/fact-sheet-biden-harris-administration-takes-sweeping-action-to-address-racial-bias-in-home-valuations/>

Senator Kelly SB53 Testimony FAV.pdf

Uploaded by: Ariana Kelly

Position: FAV



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

Testimony SB0053 1.24.pdf

Uploaded by: Councilwoman Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

(410) 396 - 4814

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100 N. Holliday Street, Room 506

Baltimore MD 21202

Testimony
SB0053 – Real Property - Transfer to Heir – Exemption from Pre-Payment
January 18, 2024
FAVORABLE

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

I am writing to urge your support for **SB0053 – Real Property-Transfer to Heir – Exemption from Pre-Payment.**

A similar bill was introduced last session for Baltimore City only, and I'm glad to see that a statewide bill will offer the same protections that should be in Baltimore City as well.

Baltimore City has the benefit of residents and their families living in the City for many generations. When an elder passes, the family often wants to have the property in their name and live in the property. This is the essence of intergenerational wealth, which is what we want to retain residents.

Currently, any unpaid taxes, water bills, or liens have to be paid upon transfer of the property to the heir. At times, the elder has not paid the taxes and liens for some reason, or the tax bill is due even though the elder was current. The heir may not have the funds available to cover the cost of these liens right away. As a result, the heir decides not to take the property because of this hardship. This leaves the property empty, and likely to become one of our several thousand vacant and abandoned properties.

SB0053 changes that. This bill allows for heirs to have the property transferred in their name even without having paid the liens yet. The state and each of our jurisdictions have programs to help owners pay down their debts, and the heir can only enter into these programs if they have their name on the property. Allowing the transfer helps the heir have a home, the community to have a great neighbor, and the jurisdiction to have someone who will pay the liens and current taxes on the home. This is a winning scenario and will assist so many families and neighborhoods in Baltimore City and all of our jurisdictions.

I urge your favorable report for this legislation.

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

Respectfully Submitted:

Odette Ramos
Baltimore City Councilwoman, District 14

SB 53 Transfer to Heir Exemption from Prepayment.p

Uploaded by: Dan Ellis

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

January 16, 2024

Senator Guy Guzzone, Chair
Miller Senate Office Building
3 West
Annapolis, Maryland 21401

RE: Senate Bill 53

Honorable Chair Guzzone and Members of the Committee:

I am the Chief Executive Officer of Neighborhood Housing Services of Baltimore (NHS). 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.

One barrier that we often encounter in our work with low-income residents is the ability to transfer a property to a decedent to access assistance programs. The rehab program for owner occupied properties operated by NHS provides support to about 100 families annually. We regularly encounter residents in our communities who need assistance and would otherwise qualify except that the property is in the name of a deceased relative. Without transferring the home into their name, we are unable to provide assistance. For some low-income families, the properties have liens preventing the transfer of properties. Not being able to transfer property ownership also restricts eligibility to important programs like the homestead tax credit and the homeowners property tax credit. These critical programs are designed to assist families struggling with their taxes. SB 53 allows local jurisdictions to permit the transfer of properties from a deceased owner to their heir without having to satisfy all liens. This will remove a significant barrier of access to assistance programs for many low-income families.

We ask that the Committee issue a *favorable* report on SB 53 to support Maryland families to maintain generational wealth.

Sincerely,

A handwritten signature in black ink that reads "D. T. Ellis".

Daniel T. Ellis
Executive Director



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

SB53_Support_ShoreLegalAccess_1-18-2024.pdf

Uploaded by: Meredith Girard

Position: FAV



SB53: REAL PROPERTY – TRANSFER TO HEIR – EXEMPTION FROM PREPAYMENT

HEARING BEFORE SENATE BUDGET AND TAXATION COMMITTEE
1-18-2024

Connecting Individuals and Families who need Civil Legal Services with Volunteer Attorneys and Community Resources

POSITION: SUPPORT

Shore Legal Access, Inc. (formerly Mid-Shore Pro Bono) supports SB53. This bill would significantly help people with limited financial means to be able to receive property intended to be transferred to them. This measure would provide a vital tool enabling heirs to keep property in their family, prevent homelessness, support intergenerational transfer of wealth, and help avoid future tangled title issues.

Shore Legal Access (SLA) connects people on the Eastern Shore with limited financial means to legal representation and essential community resources. Each year, SLA helps over 3,000 people in our community access the legal system when they would otherwise be shut out. Our small legal team and network of volunteer lawyers provide free legal services for life planning, family law, landlord/tenant, foreclosure, and consumer debt. These services help families gain financial and housing stability and create safe, secure homes for children.

SLA helps over 650 clients a year with life and estate planning issues, including obtaining a will, power of attorney, and advance medical directive, as well as planning for transfer of property and resolving tangled title issues. Many of our clients are seeking solutions to make sure that their homes, frequently shared with children and other family members, are passed on to their loved ones. Too often, people intend to leave their house to their family, but their heirs face insurmountable barriers, especially lack of resources to navigate the estate administration process. When people have tools available to help them take care of transferring assets such as property, they are empowered to ensure that assets pass from one generation to the next.

The requirement that property taxes be pre-paid in order to transfer property to an heir creates an often-insurmountable barrier for people with limited means. Many people come to us seeking assistance with planning their affairs so that their property can be transferred easily to their children or other family members. But for too many limited income Marylanders, the death of a loved one sets into motion a series of financial legal challenges, including potential loss of the family home due to unpaid taxes. One of our recent clients faced losing the home that three generations of her family had grown up in due to unpaid property taxes. The family had already spent its meager savings on funeral expenses, leaving no funds left to pay the property taxes. Sadly, this is not an uncommon situation. Reducing barriers to transferring properties to heirs improves family financial well-being and community stability.

For these reasons, Shore Legal Access supports SB 53 and we urge the Committee's support for this bill. If you have any questions regarding our position on this bill, please contact Meredith Lathbury Girard, Esq., executive director, at 410-690-8128 or mgirard@shorelegal.org.

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SB0053-BT-SUPP.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB0053

January 17, 2024

TO: Members of the Senate Budget and Taxation Committee
FROM: Nina Themelis, Director of Mayor's Office of Government Relations
RE: Senate Bill 53 – Real Property - Transfer to Heir - Exemption from Prepayment

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) supports Senate Bill (SB) 53.

SB 53 allows families to transfer deeds from a deceased homeowner to a family heir without prepaying outstanding property taxes. This would clear an important barrier faced by moderate-to-low-income families who are trying to transfer the family home from one generation to another.

Stabilizing families, homes, and neighborhoods is a critical goal for the Baltimore City Administration, especially our Health Department and the Department of Housing and Community Development. The family home is often the only major asset a working-class Baltimore City family owns. When the homeowner, usually an older adult, dies, the family may face legal and financial impediments to retitling the home – in particular, the requirement that a new deed can only be recorded until outstanding property taxes are paid. This requirement may delay the transfer of the property to a family member, or even render it impossible.

SB 53 allows families more time to establish payment plans and access resources to pay outstanding taxes. As a result, the home stays in the family, reducing the risk of homelessness and family destabilization. This is especially important for multigenerational households, which frequently include older adults who need family support.

For these reasons, the BCA respectfully requests a **favorable** report on SB 53.

CLC Written Testimony SB 53 - Real Property – Tran

Uploaded by: Shana Roth-Gormley

Position: FAV



SB 53

Real Property – Transfer to Heir – Exemption From Prepayment

Hearing before the Senate Budget and Taxation Committee

Jan. 18, 2024

POSITION: Favorable

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits in pursuit of more just and vibrant communities. CLC provides direct legal representation to communities and nonprofits on issues like tax exemption and organizational governance, real estate, contracts, intellectual property, employment law, and more. We advocate on issues that impact our Maryland neighborhood and nonprofit clients, including to reform the tax sale system and to prevent and redediate property vacancy and abandonment.

CLC supports SB 53 to make it easier for families to keep their homes after the family member on the deed passes away. SB 53 will allow residential real property to be transferred to a property owner's heirs without pre-payment of the property taxes. Removing this hurdle will make it easier for grieving family members to keep the home in the family. It will give the family time to address any tax issues that may arise and to apply for tax credits and assistance programs. Keeping properties in families builds generational wealth and strengthens neighborhoods by ensuring that properties stay occupied and maintained and are not abandoned.

CLC supports SB 53. Thank you for the opportunity to testify.

For the above reasons,

CLC urges a FAVORABLE VOTE ON SB 53.

Please contact Shana Roth-Gormley, Staff Attorney at Community Law Center, with any questions.

ShanaR@communitylaw.org | 410-366-0922 x 118

2024-01-18 SB53 - Favorable - OAG.pdf

Uploaded by: Tiffany Clark

Position: FAV

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January 18, 2024

TO: The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

FROM: Tiffany Clark
Chief Counsel, Legislative Affairs, Office of the Attorney General

RE: SB 53 Real Property - Transfer to Heir - Exemption From Prepayment -
Favorable

The Office of Attorney General urges this Committee to favorably report Senate Bill 53. This bill eliminates real property tax prepayment requirements on instruments of writing transferring real property from the estate of a decedent to that decedent's heirs.

Real property should transfer to a decedent's heirs irrespective of when the taxes on the property are paid. Some heirs may not have the means to pay taxes prior to inheriting. If Senate Bill 53 passes, heirs can leverage the real property for loans, etc., in order to pay the necessary transfer taxes. According to the U.S. Department of Agriculture, heir property is "the leading

cause of Black involuntary land loss.”¹ Senate Bill 53 is a means of stemming the tide of such land loss and is consistent with nationwide progressive trends with respect to real property laws.²

For the foregoing reasons, the Office of the Attorney General urges a favorable report of Senate Bill 53.

cc: Senator Ariana Kelly
Committee Members

¹ See Lizzie Presser, *Their Family Bought Land One Generation After Slavery. The Reels Brothers Spent Eight Years in Jail for Refusing to Leave It*, ProPublica, July 15, 2019, available at:

<https://features.propublica.org/blackland-loss/heirs-property-rights-why-black-families-lose-land-south/>

² See Lizzie Presser, *How to Close Heirs Property Loopholes*, ProPublica, July 15, 2019, available at <https://www.propublica.org/article/what-can-heirs-property-owners-do-to-protect-their-land-loss> (noting that advocates call for “Legislation that allows heirs’ property owners to access exemptions from property taxes that are available to all homeowners.”).

BaltimoreCounty_FAV_SB0053.pdf

Uploaded by: William Thorne

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

KIMBERLY S. ROUTSON
Deputy Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: **SB 53**

TITLE: Real Property – Transfer to Heir – Exemption From
Prepayment

SPONSOR: Senator Kelly

COMMITTEE: Budget and Taxation

POSITION: **SUPPORT**

DATE: January 18, 2024

Baltimore County **SUPPORTS** Senate Bill 53 – Real Property – Transfer to Heir – Exemption From Prepayment. This legislation would provide an exemption from the requirement that all property taxes and other charges due on the property be paid prior to a property transfer being recorded. The exemption only applies for transfer of residential real property from the estate of a deceased individual to the heir of the deceased.

SB 53 seeks to address a situation that is often referred to as a “tangled title,” where a homeowner passes away without a will. This leaves their heir with a legal interest in a home in which they live, but their name is not on the deed. They might be paying the mortgage, property taxes, and utilities, but are not seen as the legal owner by the State. This is an issue that has caused many families to lose their homes. Generational wealth built through homeownership is put at risk when heirs are then unable to pay back-owed taxes immediately following the loss of their deceased family member.

The combined burdens of back-owed taxes and estate planning expenses are further compounded by the fact that the Homeowner’s Property Tax Credit is inaccessible before the title is transferred to the new owner. New owners are unable to sell their home, access local and state credit program, and even face the prospect of losing their homes to tax sale foreclosure. This scenario – which disproportionately impacts communities of color – is one that leads to the loss of a family’s most significant asset, leaving them without stable and secure housing. SB 53

seeks to address a piece of this issue by making it easier for heirs to secure the title of their home as they work to address any outstanding taxes and charges on the property.

Accordingly, Baltimore County urges a **FAVORABLE** report on SB 53. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

MLTA SB 53 Testimony (Support).pdf

Uploaded by: Mark Glazer

Position: FWA



1783 Forest Drive, Suite 305, Annapolis, MD 21401 | (443) 620-4408 ph. | mlta@mdlta.com

To: Members of the Budget and Taxation Committee
From: MLTA Legislative Committee
Date: January 16, 2024 [Hearing date: January 18, 2024]
Subject: **SB 0053** – Real Property – Transfer to Heir – Exemption From Prepayment
Position: **Support**

The Maryland Land Title Association (MLTA) **SUPPORTS Senate Bill 0053** – Real Property – Transfer to Heir – Exemption From Prepayment.

The Maryland Land Title Association (MLTA) is a professional organization working on behalf of title industry service providers and consumers and is comprised of agents, abstractors, attorneys, and underwriters.

The bill seeks to remove the requirement of semi-annual payment of real property taxes that are due for the current taxable year under § 10-204.3 of the Tax –Property Article in order to record a deed conveying real property to heirs of a decedent.

We understand that the intent behind this bill is to eliminate a hurdle for heirs who may be unable for financial reasons to transfer to themselves real property that may otherwise be used as collateral for a loan sufficient to pay outstanding taxes and utilities. The MLTA is in favor of any legislation that enables the transfer of real property to heirs of a decedent

If the MLTA could make suggestions for possible amendments, they would be:

- The reach of the statute be extended to heirs *and legatees* of a decedent;
- The bill be amended to also take into account municipal/county fees and charges which are themselves considered taxes and which could represent as daunting a hurdle to recordation as the real property tax.

Should you wish input on these matters by members of the MLTA, please let us know and we would be happy to place you in contact with one or more land title professionals who can provide examples and suggested language.

MVLS_Support_SB53.pdf

Uploaded by: Steven Messmer

Position: FWA



JUSTICE FOR ALL

January 18, 2024

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TO: The Honorable Guy Guzzone, Chair, Budget and Taxation Committee
FROM: Steven Messmer
Tangled Title Attorney, Maryland Volunteer Lawyers Service
RE: SB53 – Real Property Transfer to Heir – Exemption from Prepayment – Support

The Maryland Volunteer Lawyers Service urges this Committee to favorably report SB 53. If passed, Senator Kelly's bill will take effect on October 1, 2024. This bill eliminates real property tax prepayment requirements on instruments of writing transferring real property from the estate of a decedent to that decedent's heirs.

Real property should transfer to a decedent's heirs irrespective of when the taxes on the property are paid. Some heirs do not have the means to pay taxes prior to inheriting. This leaves them with unclear title to the property, in a phenomenon called "heirs' property" or "tangled title." Many of our clients struggle to get clear title after the death of the homeowner due to a number of inequitable barriers, including the requirement to prepay taxes.

Without clear title, heirs do not qualify for the Homestead Tax Credit or home repair grants. And even though they technically qualify for the Homeowners' Tax Credit, almost no one knows this as the Maryland Department of Assessments and Taxation does not make this information readily available. Also, the wealth in the home is inaccessible to the heirs as they cannot leverage their real property in order to pay those taxes, replace the roof, send a kid to college or start a business.

This bill is fiscal neutral as heirs will continue to be liable for any incurred property taxes owed. Property taxes are not forgiven with the transfer and are still enforced through the tax sale process. In many cases, when an heir is able to record the deed and apply for and receive housing stabilization assistance, they are in a stronger position to pay their property taxes on time.

For the foregoing reasons, the Maryland Volunteer Lawyers Service urges a **favorable** report of the Senate Bill 53.