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## HB 44/SB 343

### RENTERS' PROPERTY TAX RELIEF AND HOMEOWNERS' PROPERTY TAX CREDIT PROGRAMS - GROSS INCOME AND ASSESSED VALUE LIMITATIONS - ALTERATIONS

#### HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE

January 24, 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. As the designated pro bono arm of the MSBA, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics to over 6,200 clients annually. **PBRC supports HB H44/SB 343 because vulnerable renters and homeowners would benefit substantially from increased access to the Renters' and Homeowners' Tax Credit to help prevent the loss of their homes.**

Over the past nine years, PBRC has assisted 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.

Many low-income homeowners are only able to afford their property taxes with the assistance of the Homeowners' Property Tax Credit, which currently has a low-income eligibility threshold that has stagnated at \$60,000 per household for nearly two decades. Further, the assessed value of the home to which the credit can apply has remained capped at \$300,000 for that period, despite the tremendous jump in home values Maryland has seen in recent years. Increasing the income threshold and increasing the maximum assessed value of the home on which the credit is based would enable more homeowners to pay their taxes, avoid tax sale foreclosure, and keep their homes and the equity their families have worked hard to build.

PBRC also provides day-of-court legal representation to tenants who appear unrepresented for their proceedings and has represented thousands of tenants in both Baltimore City and Baltimore County in multiple types of legal actions that could result in eviction. The overwhelming majority of our tenant clients are low-income renters facing Failure to Pay Rent (FTR) actions filed by their landlords. Most of our clients report incomes of less than \$30,000 annually, which typically qualifies as extremely low income. Statewide, over 75% of "extremely low income" tenants are severely cost-burdened, meaning they spend over half of their income on rent (National Low Income Housing Coalition, 2023). These tenants often must choose between paying rent or satisfying other financial needs, such as utilities, food, or medication. Choices like these lead to higher eviction rates, unnecessary moves, and housing instability in general. All these renters contribute indirectly to property taxes through their rent. They would also benefit from the increased access to the Renters' Property Tax Relief provided by HB 44/SB 343.

PBRC supports HB H44/SB 343, which could protect certain Marylanders from the loss of their family home, thereby avoiding eviction, 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 H44/SB 343.**

Please contact Allison Harris, Director of the Home Preservation Project, or Katherine Davis, Director of the Courtroom Advocacy Project, with any questions. [aharris@probonomd.org](mailto:aharris@probonomd.org) • [KDavis@probonomd.org](mailto:KDavis@probonomd.org)