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**HB 243**  
**TAX SALES - REVISIONS**  
**HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE**  
**March 24, 2024**  
**POSITION: OPPOSE**

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 to over 6,200 clients annually. **PBRC strongly supported the version of HB 243 as originally drafted, but opposes HB 243 as it has since been amended because it would harm vulnerable homeowners and renters in Baltimore City.**

PBRC was at the forefront of advocating for important tax sale legislation that passed in 2019 to remove residential properties from eligibility to be included in the Baltimore tax sale auction if the only delinquency was water bills, and the property had no delinquent property taxes. We are dismayed now to see an amendment added to HB 243 that directly walks back a law we fought for years ago. The choice to change the law years ago to “residential” property rather than “owner occupied” was a deliberate one: **we know that "owner-occupied residential property," as worded in the amendment to HB 243, does not include all the properties at risk of tax sale for several reasons.** One reason is due to the “tangled title” or “heirs property” issue, which is when a home gets its principal residence status changed to non-principal residence status upon receipt by the State Department of Assessments and Taxation that the person on the title is deceased but yet the home remains occupied by the heirs. This is one way among others that misclassification has happened and can happen. Further, the Baltimore City deed transfer officer for years failed to provide any such classification to the State Department of Assessments and Taxation, which resulted in homes defaulting to non-owner occupied. For these reasons, we know that the City and the State’s databases contain errors in principal residence, or “owner occupied,” classification. **Therefore, we know that there are homeowners who live in those homes and whose families have owned those homes who then will end up in tax sale because of this misclassification.**

**This is a confusing issue.** The legislators who added this harmful amendment to HB 243 hope to use this legislation as another tool reduce vacancies in Baltimore. However, putting more residential properties into tax sale for water bills alone is not the way to go about it because of the unintended consequences.

As a provider for many years now of services to homeowners in Maryland, we know that **you cannot cleanly carve out homeowners or actual owner-occupied properties for any purpose.** **The SDAT database contains too many errors as to which homes are actually owner occupied or not.**

Each spring, we offer a series of pro bono legal clinics to homeowners on the tax sale list, which means anyone with delinquencies who could end up in the tax sale auction if they don't pay their bills by April 30. Last week alone we assisted 12 homeowners at a clinic who are facing tax sale. Of those, two homeowners live in homes that are not classified as owner occupied.

The first was a man who had purchased his home in 2011 as part of a HUD program to foster homeownership. **This man had no idea all this time, until he came to see us last week, that his home is not classified as "owner occupied" in the SDAT database.** He didn't even know that it exists as a concept, nor why it's important or what the consequence of such a classification are. He just knows that he bought a house for cheap, he lives there, he fixes it up, he goes to work he's a productive member of his community.

The second was a man whose father had purchased the home in 1981 but died a couple of years ago, and the client had been living there for years. He had inherited the home but had not yet gone through the probate process to obtain proper title. At some point along the way, the designation was changed in the SDAT database to non-owner-occupied. The client had no idea about this. We connected him with an assistance program that will pay his property tax bill by April 30, but he has a leak in his home and his water bill is currently over \$6,000. He is working diligently to get the water line repaired but then he has to go through the whole process of appealing to the Department of Public Works to get that excess bill reduced. Resolving water bill issues takes time.

We have already helped both of these clients begin the process to change their homes' designation from non-owner-occupied to owner occupied, which is not very difficult, but **these homeowners had absolutely no idea about this classification as a concept.** And why would they? **Do you know if your home is classified as owner-occupied or not in the SDAT database? Would you know how to check? Would you know how to fix it?**

While PBRC understands the critical need to reduce the vacant property rate in Baltimore City, **we believe that the detrimental effect that HB 243 will have on residential property owners outweighs its potential benefits.**

For the above reasons,

**PBRC urges an UNFAVORABLE report on HB 243.**

Please contact Allison Harris, Director of PBRC's Home Preservation Project, with any questions. [aharris@probonomd.org](mailto:aharris@probonomd.org) • 443-703-3050