



JUSTICE FOR ALL

SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB0283: HOMEOWNERS' PROPERTY TAX
CREDIT - APPLICATION - ATTESTATION OF GROSS INCOME

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WEDNESDAY, JANUARY 17TH, 2024

Chair Guzzone and distinguished members of the Committee thank you for the opportunity to testify in support of Senate Bill 283.

My name is Steven Kappen, and I am a Tangled Title Staff Attorney at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. MVLS serves some of the most vulnerable people in Maryland, and we help our clients surmount numerous economic, logistic, and legal barriers daily. Our vision is for a fair legal system that is free of injustice and equitably serves underrepresented Marylanders. The Homeowners' Tax Credit can save an individual hundreds or thousands of dollars in property taxes each year. Senate Bill 283 would remove a simple legal barrier for our clients and bring cohesion to a legal framework without increasing costs to the administration of the Homeowners' Tax Credit. We respectfully request a favorable report on Senate Bill 283.

MVLS has been working for decades to make homeownership a reality for low-income Marylanders. MVLS was founded in 1981 by a group of concerned Maryland lawyers, legal services providers and leadership of the Maryland State Bar Association. For over 40 years, our statewide panel has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY23, over 300 MVLS volunteers along with our staff attorneys, moved justice forward in over 3,200 cases. Our panel of 985 attorneys and tax professionals impacted the lives of 7,927 clients and immediate family members. These cases covered areas such as family law, housing, expungements, tax, and deeds and estates. Every day, we help clients surmount economic barriers to justice. Due to our organization's consistent presence in the community, we are exposed to consistent issues affecting vulnerable Marylanders. The Homeowners' Tax Credit is vital to our clients.

The human impact of this credit is tangible. We had a client come to MVLS to help her save her home when she had nowhere else to turn. An active and dedicated Baltimorean, she raised her family in Baltimore for 58 years. The client consistently applied for the Homeowners' Tax Credit, but a hospital stay put her in a dire situation. She missed the application deadline, and when she returned from the hospital, she was faced with the impending reality of losing her house to tax sale. The sum of money that was placing her home, shelter, and safety in jeopardy? \$2,017.11. Our client had made plans to sell personal belongings and borrow funds to try to pay off the tax sale amount. An MVLS volunteer was able to help the client get the Homeowners' Tax Credit, apply it retroactively, and keep her safely housed. It would have been impossible for our client, as an older adult on a fixed income, to come up with the money to keep her housed. Access to the Homeowners' Tax Credit was critical to saving her home.

Several MVLS projects directly involve outreach and legal assistance around the Homeowners' Tax Credit and other critical resources. MVLS strives to help our clients navigate thorny legal challenges to preserving homeownership. MVLS seeks to remove any legal barriers our clients find to accessing housing stabilization resources. Several of our projects focus on housing, deeds, and estates. This includes our My Home, My Deed, My Legacy project, which works to preserve homeownership in at-risk communities and decrease neighborhood displacement, particularly in Black neighborhoods. In addition, we help clients preserve their homes, access critical support, and properly plan to pass on their hard-earned assets (like their home) to their family. This includes focusing on foreclosure prevention, tax sale, tangled titles, estate administration and estate planning. We inform clients about the Homeowners' Tax Credit and related benefits that they may be unaware of, and MVLS helps clients with application assistance. Assisting clients with the Homeowners' Tax Credit is a consistent part of our practice because it frequently is the key element to being able to sustain homeownership.

Senate Bill 283 removes a key barrier to access and brings cohesion to the legal framework of this tax credit. The current statutory regime mandates that a tax return must be provided as proof of income to access the credit. This proof of income is required to ensure eligibility for the benefit. However, not all individuals are required to file a tax return. Due to Internal Revenue Service (IRS) guidelines, if your income is below a predetermined threshold, you are not required to file a return. For example, the single household filing threshold provided by the IRS in 2023 was just \$12,950. Due to the requirements of this exception, those who fall under the exception are among the most vulnerable Marylanders. This bill is a simple and efficient reform to help the people who need this credit the most. Senate Bill 283 simply removes the requirement of providing a tax return only for those who do not have to file one for tax purposes. By doing so, it makes sure that eligible homeowners will have less administrative and procedural steps to access the help they are entitled to and often desperately need. With this bill, the General Assembly can remove barriers to justice, and lift those who need the help the most.

Chair Guzzone and members of the Committee, thank you again for the opportunity to testify in support of Senate Bill 283.