



HB 243

Tax Sales – Homeowner Protection Program – Funding

Hearing before the House Ways and Means Committee

Feb. 6, 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 remediate property vacancy and abandonment.

CLC supports HB 243 to reduce the negative impacts of tax sale on communities. The bill would take a number of positive steps to protect Maryland homeowners and neighborhoods, including:

- Raising the threshold lien amount at which owner occupied properties go to tax sale;
- Expanding statewide the protections for residential and religious institution properties;
- Giving more control to municipalities over properties designated for redevelopment;
- Capping the rate of redemption;
- Expanding the ability of county governments to address vacant properties using tax sale;
- Allowing homeowners statewide to redeem their properties with payment plans; and
- Giving notice to the State Tax Sale Ombudsman of tax sale foreclosure court filings.

Through our work with nonprofits and neighborhoods in Maryland, CLC has seen the often negative impacts that tax sale has on communities – transforming occupied homes into vacant and abandoned properties, as longtime homeowners lose (or believe they have lost) their properties, but the tax sale certificate purchaser does not complete the foreclosure process, or does not file a deed after the foreclosure judgment. In addition, tax sale clouds property titles, making them more difficult and expensive to transfer and insure. Finally, tax sale creates a complicated and labyrinthine process that is difficult for property owners to navigate – and in this process, it becomes all too easy for mistakes or bad behavior by lien certificate purchasers to confuse property owners trying to redeem their properties. When this happens, homeowners can lose their homes if they do not know where to turn for help, leading to the loss of generational wealth and destroying the fabric of Maryland communities.

HB 243 addresses these issues by making it easier for homeowners to avoid tax sale and stay in their homes, while also giving municipalities more control over vacant properties in tax sale. This a win for homeowners, for communities, for local governments, and for the state as a whole. CLC supports HB 243. Thank you for the opportunity to testify.

For the above reasons,

CLC urges a FAVORABLE VOTE ON HB 243.

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

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