



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**House Bill 243 – Property Tax – Tax Sales -- Revisions
In the House Ways and Means Committee
Hearing on February 6, 2024
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 243 in response to a request from Delegate Atterbeary.

MLA is the largest public interest law firm in the state of Maryland, and represents many homeowners in tax sale cases. Maryland Legal Aid believes that the reforms in this bill will generally be favorable to the homeowners that we represent and testifies in strong support of HB 243.

There are several provisions of HB 243 that are important to protecting homeowners in the tax sale process, but the two most important are the removal of properties with less than \$1,000.00 owed, from the tax sale process, and the extension of the time period to redeem a property in the tax sale process, before attorneys fees are added and a Complaint to Foreclose the Right to Redeem is filed.

Under the present statute, Md. Code Tax Prop. §14-811, permits properties in every jurisdiction except for Baltimore City to go to tax sale for a balance owed of just \$250.00. In Baltimore City properties be removed from tax sale if the balance owed is less than \$750.00. HB 243 removes all properties where the amount owed is less than \$1,000.00. Low income homeowners in Maryland who apply, can receive the Homeowners Tax Credit, but in most jurisdictions, the tax credit is not enough to cover all of the taxes owed. Under HB 243 up to \$1000 of the uncovered tax amount would remove a property from tax sale. It is harmful for homeowners to lose their home in a tax sale due to a small amount of property taxes owed. MLA had a client who had to file a Chapter 13 bankruptcy because of small amounts of property taxes owed every year. MLA was able through the Chapter 13 bankruptcy and the HAF program to prevent this homeowner from going into foreclosure, but this homeowner should have never faced this issue.

HB 243 also allows homeowners whose property has been purchased at tax sale, ten (10) months, as opposed to six (6) months (seven (7) months in Baltimore City), to redeem the tax sale certificate without having to satisfy attorney's fees and costs. These costs typically are at least \$750.00 in addition to the amount owed on the tax sale certificate and interest that begins on the date the tax lien certificate is sold at auction. Redeeming a tax sale certificate can be an arduous and expensive process. Usually, the homeowner has to pay the attorney's fees accrued by the tax sale purchaser before even paying the taxes to the taxing authority. The taxing authority generally requires a release from the tax sale purchaser before even allowing the homeowner to redeem. Further, some jurisdictions require that the homeowner pay in cash or money order, which can be very difficult for a low-income homeowner to obtain. Providing additional time in which to satisfy

attorney's fees and costs, in addition to the tax sale certificate itself, makes the process simpler and allows more homeowners to cure the tax sale default and keep their homes.

MLA has had experience with the difficulties of the redemption process. MLA represented a homeowner in a case that went all the way to the Supreme Court of Maryland and one of the issues was the confusing process that a homeowner has to manage just to redeem their property. MLA's client was ultimately victorious, and the courts allowed the homeowner to redeem without satisfying additional attorney's fees due to the actions of the tax sale purchaser. If the protections set out in HB 243 had existed at the time our client was in tax sale, however, it is possible that MLA's client could have avoided the entire series of events, saving everyone time and money.

Because this bill improves the tax sale process for Marylanders, MLA urges a favorable report on HB 243. If you need additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.

/s/William F. Steinwedel

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Maryland Legal Aid Bureau