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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB953: Tax Sales - Homeowner Protection Program - Funding and Alterations March 27, 2025

Chair Guzzone and distinguished members of the Budget and Taxation Committee, it is my pleasure to come before you and offer testimony in favor of **HB 953**. This bill is designed to strengthen the Homeowner Protection Program (HPP) to better support low-income homeowners at risk for foreclosure. Specifically, this bill:

- Requires tax collectors to publish the HPP description and application online;
- Requires the State tax sale Ombudsman to take measures to maximize enrollment;
- Prohibits the State Department of Assessments and Taxation from charging interest on unpaid taxes owed to the department;
- Alters the funding sources and the distribution of the Homeowner Protection Fund; and
- Adds reporting requirements.

Maryland's tax sale system disproportionately affects elderly, low-income and minority homeowners. In 2023, the Pro Bono Resource Center of Maryland reported that the clients served in their tax sale prevention clinics identified as: 60% seniors, 30% disabled, 72% Black, and 78% with annual household incomes of less than \$30,000. Many of these homeowners are forced to choose between paying overdue debts or covering necessities. For these families, an unexpected illness, an accident, a job loss, or the death of a loved one could turn into a financial crisis that results in the loss of their home. What should be a temporary setback instead becomes a permanent displacement, further destabilizing already vulnerable communities. Without intervention, the private tax lien sale process will continue to strip generational wealth from marginalized communities and push long-time residents out of their homes.

While the HPP was created as an alternative process, many qualified homeowners are still unaware of its existence and the program remains under-enrolled. By increasing outreach, maximizing enrollment, and ensuring accountability in the administration of the HPP, we can make sure that no Marylander loses their home simply because they did not have the right information at the right time. Homeownership is one of the most powerful tools for economic security, and we must do everything we can to protect it.

As amended, this bill adds to the reporting requirements, by supplementing information about the revenues and expenditures from the Homeowner Protection Fund and its fund balance. Further, funding for the HPP was cut in half for both the counties and by the State for a total of \$750,000. This is the same amount the HPP has received each year since its inception. Without this bill, funding for the HPP runs out completely.

This bill passed the House of Delegates with a vote of 134-3. I urge a favorable report on **House Bill 953**. Thank you.