

CDN HB 59 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



TESTIMONY
HOUSE BILL 59
House Ways & Means Committee
January 28, 2025
Position: FAVORABLE

Dear Chairperson Atterbeary and Members of the Ways and Means Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

CDN has been part of the ongoing work to reform the process of tax sale in the state since 2016. In 2017, CDN was a lead partner in the Task Force to Study Tax Sales in Maryland. CDN currently serves on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City.

HB 59- Increases the tax sale delinquency threshold to \$1,000 for all owner-occupied properties in the state; removes water and sewer bill liens only from eligibility for tax sale statewide; authorizes statewide withholding from tax sale property designated for redevelopment purposes; voids statewide the sale of abandoned property that is sold for less than the lien amount if action is not brought in 3 months; fixing the rate of redemption at 6% for owner-occupied properties sold at tax sale and capping it at 10% for other properties; prohibiting taxes, interest, and penalties accruing after the date of a tax sale from being included in the required redemption payment; extending to 12 months statewide the period of time during which a holder of a certificate of sale is prohibited from filing a complaint to foreclose the right of redemption for owner-occupied residential property after the date of sale; extending the time after a tax sale during which notice of intent to foreclose may not be sent; requiring the lien purchaser of an owner-occupied property subject to tax sale to send written notice of the proceeding to the State Tax Sale Ombudsman; Requiring all municipalities that conduct a tax sale to have a payment plan process and other changes.

When homeowners have missed several tax payments, the outstanding balance can quickly grow due to penalties and interest. For homeowners whose medical and financial situation may be unstable, it may be impossible for them to avoid tax default and make a lump-sum payment of the outstanding balance. Just as mortgage servicers have seen the benefits of forbearance

and loss mitigation programs, requiring local government tax collectors to enter into payment plans, both pre-sale to avoid the sale or post-sale to repay the redemption amount could help many older adults remain in their homes. While there are administrative costs to servicing such plans, and pre-sale payment plans can delay receipt of tax revenue to the local government, these costs in most cases are offset by the interest that continues to be paid by the property owner during the repayment period and the avoidance of tax sale related administrative costs. In addition, by making arrangements for homeowners to pay their taxes and save their homes, municipalities likely avoid substantial indirect expenses by avoiding neighborhood blight caused by vacant homes and by reducing the demand for emergency services for displaced families.

The tax lien sales make it more likely a homeowner will suffer a devastating loss of home equity. In Maryland, the property is sold only for the amount of back taxes owed. A tax lien sale may be started over nonpayment of a tax bill of only a few hundred or thousand dollars. Thus, a \$200,000 home may be sold at a tax lien sale for \$2,200. These bidding procedures mean that homeowners may lose not only a homestead but also thousands or even hundreds of thousands of dollars in equity. This equity may be their sole savings and generational wealth.

The current property tax sale system harms Black homeowners throughout the state by widening the racial wealth gap and injuring non-white communities by contributing to the number of vacant properties. The sweeping changes proposed by this bill could help many legacy homeowners and many communities in Maryland to maintain homeownership.

We urge your favorable report for HB 59.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

HB0059_BT_SUPP.docx.pdf

Uploaded by: Daniel Phillips

Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



DANIEL K. PHILLIPS
Director

ROBERT YEAGER
Deputy Director

HEARING DATE: March 27, 2025

BILL: HB0059

TITLE: State Department of Assessments and Taxation and Department of General Services - Property Appraisal Aids - Geographic Images

SDAT POSITION: SUPPORT

House Bill 59 aims to enhance Maryland's efforts to assist homeowners, who struggle to pay their property taxes, avoid tax sale, improve their financial circumstances, and ultimately retain their homes. **This bill furthers the governor's goal of making Maryland an affordable home for all residents.**

HB 59 is based on SDAT's first-hand experience working with homeowners through our State Tax Sale Ombudsman's Office and the Homeowner Protection Program. The implementation of this bill would have no fiscal impact on the state.

Key provisions:

1. **Additional Time for Homeowners:**
The bill provides an additional 3 months for homeowners to access relief resources before foreclosure proceedings can begin.
2. **Capping Interest Rates:**
It would cap the interest on unpaid property taxes after tax sale at 10%. Currently, counties can charge up to 20% interest.
3. **Increased Threshold for Tax Sale:**
It would raise the debt threshold required to be included in tax sale to a minimum of \$1,000.
4. **Reducing the Redemption Amount:**
The bill would exclude any non-delinquent taxes from the payoff amount. This makes it easier to redeem, and potentially makes the difference between saving their home or losing it.
5. **Enhanced Foreclosure Notices:**
- The bill requires that a copy of any foreclosure notice for an owner-occupied property be sent to

Maryland Department of Assessments and Taxation
700 E Pratt Street Suite 2100 Baltimore, MD 21202
1-888-246-5941 TTY: 1-800-735-2258

the State Tax Sale Ombudsman's Office. This allows us to proactively reach out to homeowners and offer assistance.

- Additionally, the bill mandates that tenants living in foreclosed properties receive 90 days' notice to vacate, up from 30 days, and it requires notices to be sent by certified mail and posted on the property within one day of mailing.

6. Extended Time for Investors to Take Possession:

It would extend the timeframe for an investor to take possession of a foreclosed property from 30 to 90 days after the foreclosure. This again gives homeowners more time to take action.

7. Support for Estates and Heirs:

The bill would broaden the definition of "homeowner" to include a deceased homeowner's estate, personal representative, or any heirs entitled to inherit the property.

This would ensure that families have the opportunity to keep their homes even after the owner has passed away, thus fostering generational wealth and preserving family homes.

8. Record Retention:

It would require counties to maintain their tax sale records for at least three years. This ensures transparency and accountability, as well as preserves data for the State Tax Sale Ombudsman's Annual Tax Sale Survey.

9. Vacant and abandoned properties:

HB 59 would streamline the tax sale process for vacant and abandoned properties. This would help local jurisdictions with their community development efforts, foster stronger neighborhoods, and increase housing availability as well as local tax bases.

In conclusion, HB 59 offers meaningful reforms that would provide critical relief to homeowners in tax sale, while ensuring fairness and protecting both homeowners and tenants.

It would help homeowners retain their homes, rebuild their financial stability, and foster community resilience.

The Department respectfully requests a favorable report on House Bill 59.

XHB059_DHCD_SUPPORT.pdf

Uploaded by: Jake Day

Position: FAV

DATE: March 27, 2025

BILL NO.: House Bill 59

TITLE: Property Tax – Tax Sales - Revisions

COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

House Bill 59 extends a number of Baltimore City protections for homeowners facing tax sale statewide, including:

- Allowing a tax collector to withhold from sale any residential property with less than \$750 total taxes owed;
- Excluding taxes accrued post-sale on owner-occupied property from the required redemption payment;
- Allowing local jurisdictions to sell abandoned or vacant properties for less than the taxes owed and, unless the purchaser forecloses within 3 months, to foreclose on the property or resell the certificate of sale; and
- Enables local jurisdictions to withhold from sale any property designated for “redevelopment purposes” based on objective criteria.

The bill also limits the redemption interest rate for owner-occupied residential properties to 10% and expands the definition of “homeowner” to allow heirs of deceased property owners to receive assistance through the Homeowners’ Protection Program to avoid tax sale while working to obtain clear title.

Background and Analysis:

The modifications to tax sale procedures in House Bill 59 are aimed at protecting residential property owners at risk of losing their homes to tax sale foreclosure. Owner-occupied residential properties represent only a small fraction of all properties that go to tax sale, but their owners are disproportionately Black, are often elderly and/or disabled, and live on low and/or fixed incomes. Under current Maryland law, the cost to redeem a property that has gone to tax sale can easily rise into the thousands of dollars. Extending the amount of time before a foreclosure action can be filed, capping interest rates (which in some jurisdictions are currently as high as 20%), and freezing the amount owed at the time of tax sale, will help protect some of Maryland’s most vulnerable homeowners and prevent their displacement. Extending these protections to homeowners across the state ensures that low-income, minority populations are better protected from predatory speculators and are better able to repay the tax debt that they owe and remain in their homes. Allowing heirs of deceased homeowners to participate in the Homeowners’ Protection Program will also help prevent families’ primary asset from being lost to tax sale because of lack of clear title. We recognize that property taxes are an important source of revenue for local governments, and this legislation does not target that revenue stream. It offers additional protection for vulnerable homeowners without a significant impact to those governments.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on HB 59.

HB0059-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 59

Property Tax – Tax Sales – Revisions

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 27, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 59 as amended by the House. The bill proposes reforms to Maryland's tax sale process to protect vulnerable homeowners and improve transparency. MACo supports the House amendments and urges the Committee to retain them.

The tax sale process — or, more precisely, the potential for a property to go to tax sale — remains a tool of last resort to ensure that property owners meet their obligations for taxes and charges connected to public services. This mechanism promotes fairness and protects local governments' fiscal stability in delivering essential services.

MACo has consistently supported policies that offer homeowners better access to information, counseling, and structured support. Counties backed the creation of the Homeowner Protection Program and have supported various measures to make the tax sale process more equitable and responsive.

As introduced, HB 59 would have prohibited the sale of residential properties based solely on unpaid water and sewer charges. Counties strongly opposed this provision, as it would have removed the only effective enforcement tool for collecting payment tied to critical infrastructure. The House amendments remove this language — a necessary correction to preserve the integrity of local enterprise funds and ensure continued delivery of essential water and sewer services.

The amended bill maintains provisions that: raise the tax sale threshold from \$750 to \$1,000 for owner-occupied properties; modify interest rates on redemption; and add recordkeeping requirements. While these changes present some administrative challenges — especially in jurisdictions without systems distinguishing property types — counties remain committed to implementing reforms that strike a fair balance between homeowner protection and fiscal responsibility.

MACo supports the House amendments and urges the Committee to adopt them. With these changes, HB 59 represents a more balanced and sustainable approach to tax sale reform.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on HB 59 in its current form.

HB59 Testimony.pdf

Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

(410) 396 - 4814

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100 N. Holliday Street, Room 553

Baltimore MD 21202

HB59 – Property Taxes- Tax Sales - Revisions

March 25, 2025

FAVORABLE

Honorable Chair Guzzone and Members of the Budget and Taxation Committee:

I am writing to urge your support for **HB59 Property Taxes – Tax Sales – Revisions**. Thank you to the Maryland Department of Housing and Community Development for introducing this bill.

HB59 extends the protections against the harmful impacts of Maryland's tax sale system that many of us fought so hard for Baltimore City to the rest of the state. We have seen results where there is less stress on an elder, communities thrive, and residents can get assistance to help pay the liens or get the Homeowner's Property Tax Credit to reduce the debt.

Specifically, this bill calls for raising the threshold for homeowners to be removed from tax sale from \$750 to \$1,000 meaning that any properties with liens below that amount will not be in the tax sale. It also reduces the allowable interest on redemption to 10% for owner-occupied properties, and provides more time for redemption.

In addition, it calls for residential properties with only a water bill debt to be removed from tax sale. Water is a right, and residents should not be losing their homes or threatened by predatory investors just because they cannot pay their bill.

The Fiscal Note attaches large losses to jurisdictions to this policy. However, through a lot of work in the past several years, jurisdictions are allowed to create payment plans, affordability plans, and alternative means of collections. The Fiscal Note does not mention this nor takes this into account when calculating the losses. We are not saying that jurisdictions can't collect, it means they have to find ways to work with residents who are behind in only their water bill.

This bill does not reform the predatory tax sale itself. This is one of the first steps at protecting residents.

Please issue a favorable report for HB59.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

A handwritten signature in purple ink, appearing to read 'Odette', is positioned above the printed name.

Odette Ramos
Baltimore City Councilwoman, District 14