Maryland Consumer Rights Coalition

**Testimony to the Senate Budget & Taxation Committee**
**HB852: Tax Sales-Homeowner Protection Program**
**Position: Favorable**

March 30, 2021

The Honorable Senator Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Good afternoon. Thank you for allowing me to present testimony in favor of HB 852, the Homeowner Protection Program. My name is Marceline White and I'm the executive director of the Maryland Consumer Rights Coalition (MCRC). MCRC is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, organizing, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of HB 852 and thank Chair Kaiser for her thoughtful approach to addressing the devastating issue of tax sale foreclosure.

For the past four years, MCRC's SOAR (Securing Older Adult Resources) program as part of our comprehensive financial capabilities work has led efforts to promote the Homeowners' Tax Credit. We extensively market the program, train service providers, VITA staff, and others how to screen for it, and partner with older-adult, legal services, and financial providers to increase the number of applicants each year. In 2020, MCRC returned $139,360 in tax credits to financially fragile older adults. In addition, using these tax credits, we averted tax lien foreclosures for three older adults and ensured they could remain in their homes.

In fact, we began our work promoting, screening, and helping olde adults apply for the Homeowners' Tax Credit as an outgrowth of our work on tax-lien foreclosures. In many parts of Maryland, but particularly in Baltimore, too many older adults were at risk of losing their homes, the majority of which had been paid off, as well as all the equity, due to a tax-lien that they were unable to afford. Not only would an individual lose a home, but a family would also lose the intergenerational wealth from the home, a community would lose an elder, and an empty house may affect home values in a neighborhood.

This is a short-sighted policy but one driven in part by the revenue needs of municipalities as federal funding has declined and states have needed to increase fines, fees, and find other revenue sources for their budgets. Recognizing the unintended consequences of the policy enabling tax lien foreclosures, this body has passed a series of measures that have improved the process and reduced the number of individuals who experience the threat of a tax lien foreclosure each year.

Yet, as I recounted, our program assisted three homeowners this year. Legal service providers that we partner with assisted others. Neighborhood CDFIs that MCRC works with assisted still others.

Not only are tax lien foreclosures an economic rights issue, but they are also a racial equity issue. Eighty-seven percent of applicants were African-American women, 68% are 65 years or older, and the median income was $21,300. Since many own their homes outright, the vast majority of our clients have paid their bills on time for many years. However, in their current financial situation, any unexpected cost could be cataclysmic.

HB 852 provides a thoughtful, comprehensive approach to the issue of tax-lien foreclosures. HB 852 establishes an office and funding for a Homeowner Protection Program and Ombudsman. Individuals who would otherwise be sent to tax sale, will instead, be routed through this program and receive assistance applying for tax credits, benefits, and other assistance. This program will withhold homes from tax sale but ensure that the state is paid the tax lien or the tax sale certificate. The Program will work with the homeowner to ensure that the cost to redeem the home is repaid through a payment plan, application of other credits, or in other ways.

As a result of the passage of  HB 852, no homeowner will lose their home to tax sale but neither will the state or municipality forgo the revenue. This is a common-sense and compassionate approach to this public policy problem.

For all these reasons, we are in strong support of HB852 and urge a favorable report.

Best,

Marceline White
Executive Director