

Senate Copy of HB610 HOTC Testimony.pdf

Uploaded by: Hill, Terri

Position: FAV

TERRI L. HILL, M.D.
Legislative District 12
Baltimore and Howard Counties

Health and Government Operations
Committee

Subcommittees

Government Operations
and Estates and Trusts

Public Health and
Minority Health Disparities



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Annapolis Office
The Maryland House of Delegates
6 Bladen Street, Room 214
Annapolis, Maryland 21401
410-841-3378 · 301-858-3378
800-492-7122 Ext. 3378
Fax 410-841-3197 · 301-858-3197
Terri.Hill@house.state.md.us

District Office
410-884-4380
Fax 410-884-5481

March 25, 2021

House Bill 610

Homeowners' Property Tax Credit – Eligibility of Surviving Family Member

Dear Chair Guzzone, Vice Chair Rosapepe and Members of the Budget and Taxation Committee,

HB610 is introduced to make it easier for a family's primary residence to remain in possession of the family when a homeowner dies. This bill arises from the work of the Attorney General's Access to Justice Task Force, Life and Health Planning Subcommittee and is directed at correcting the identified problem of current law effectively penalizing poorer individuals and families from inheriting the homeowner's tax credit they otherwise qualify for simply because they cannot afford to go through probate.

The family home is usually an individual's most valuable asset. In cases where the home is a shelter for multiple generations or an expanded family, when the homeowner dies, the family living in the home must file through probate to transfer the home to the decedent's heirs. The probate process is often unfamiliar and overwhelming, and the cost, particularly absent the authority to leverage the family's most valuable asset (i.e. the home itself) can be prohibitive. This can create a conundrum: family members sharing a home who could afford to take on that home's ownership if given the benefit of the qualifying homeowner's tax credit upon the death of the homeowner, can't inherit the property until they are able to pay taxes that would not have been assessed had they been able to afford to go through the legal process to assume ownership of the property.

In some cases, rather than having continuity of residency and of ownership, the homes will go to tax sale for nonpayment of real property taxes and the surviving family members may face homelessness. This negatively impacts not only the family but the communities as a whole, as the number of homeowners who are part of and live in the community decrease. The individual and societal, short and long-term ramifications can be profound. The significant size of the problem has been brought into focus by the pandemic.

Without expanding the number of people for whom the HOTC was designed to benefit, HB610 simplifies the process and decreases the associated cost so that more of those the program intends to benefit actually can.

In summary:

- Our homes represent safety and security and, for many of us, is our most valuable asset.
- Probate can be a costly process with filing fees, publication costs, bond requirements, and existing property taxes.
- An inability for a decedent's heirs to access the HOTC may make it impossible for them to continue owning or residing in the family home.
- HB610 can help decrease racial, ethnic, and gender wealth disparities and transgenerational inequities.
- HB610 facilitates the transference of the family home and better ensures that vulnerable families protection against predatory policies and practices.

I ask for a favorable report on HB610 so families dealing with the loss of a family member do not simultaneously face the potential loss of the family home.

A handwritten signature in black ink, appearing to read "Terri L. Hill". The signature is stylized with a large, sweeping initial "T" and "H".

Terri L. Hill, M.D.

SENATE HB610.docx.pdf

Uploaded by: Higgs, Michael

Position: INFO



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael Higgs, Director

DATE: March 25, 2021

BILL NUMBER: HB0610

COMMITTEE: Budget and Taxation

BILL TITLE: Homeowners' Property Tax Credit - Eligibility of Surviving Family Member

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB0610, a bill that would expand eligibility for the Homeowners' Tax Credit to include surviving family members, even if the property is not recorded in their name.

SDAT asks the committee to consider the following three issues as it deliberates HB0610.

First, the Department is not familiar with the phrase "nonprobate instrument of writing."

Second, the Department would have to interpret wills, trusts, and the laws of intestacy to determine the legitimacy of a surviving family member applicant. SDAT would need to request documentation such as birth, adoption, marriage, and death certificates to complete a thorough investigation.

Third, if the surviving family member applicant is approved for a homeowners' tax credit but does not inherit the property or transfer the property into their own name, SDAT's audit team will need to recoup any tax credits improperly paid.

Office of the Director

300 W. Preston St., Room 605, Baltimore, MD 21201

www.dat.maryland.gov

410-767-1184 (phone)

1-800-552-7724 (MD Relay)

410-333-5873 (fax)

1-888-246-5941 (toll free)