

SB0325 Tax Sale reform support letter.pdf

Uploaded by: Ellis, Dan

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

Corporate Office
(410) 327-1200

25 E 20th Street
(410) 675-1855 (fax)

Baltimore, Maryland 21218
www.nhsbaltimore.com

January 25, 2021

Senator Guzzone
Chair, Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401

RE: Senate Bill 0325

Position: SUPPORT

Dear Chairperson Guzzone and Members of the Committee:

I am Dan Ellis, Executive Director of Neighborhood Housing Services of Baltimore. NHS, a non-profit working in Baltimore City, believes all residents deserve the opportunity for decent housing and financial opportunities for their families. We accomplish this by offering housing counseling, financial coaching, affordable loans to low and moderate income customers, conducting acquisition and renovation on vacant properties, community engagement, and helping money flow into historically disinvested communities. Last year we helped over 450 families purchase homes, invested in the preservation of over 100 homes to help seniors age in place and invested and leveraged over \$25 million in West Baltimore. I co-chaired the Baltimore City Tax Sale Work Group from 2012-2020.

Tax sale is a system that sells government debt to private firms, often funded from out of state, and then collects the debt along with significant fees and interest from property owners. This system, designed by the State of Maryland, results in homeowners who are typically low-income and often seniors struggling to pay raising bills. Neighborhoods are also often destabilized by the tax sale system by making it more difficult to move vacant properties back into productive use. SB325 provides additional protections for property owners throughout the process. While the bill does not reform the system or create systemic change, it will make it easier for residents to navigate the confusing tax sale process.

We look forward to working with the committee throughout this and future sessions to identify ways to further protect homeowners and communities from the negative impacts of tax sale. SB325 is a positive step.

We respectfully request a **favorable report** on SB 325.

Sincerely;

Daniel T. Ellis
Executive Director



SB0325 Testimony.docx.pdf

Uploaded by: Glaser, Jonathan

Position: FAV



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

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

DATE: January 27, 2021

BILL NUMBER: SB0325

COMMITTEE: Budget and Taxation

BILL TITLE: Tax Sales – Redemption – Nondelinquent Taxes

SDAT POSITION: Support

The State Department of Assessments and Taxation (SDAT) supports SB0325, a bill that would reduce the payoff amount for homeowners redeeming their property after tax sale when the redemption occurs between July 1 and December 31.

Currently, to redeem a sold tax lien certificate on a property after a tax sale, a homeowner must pay the county Collector the total tax lien sale price, plus interest, as well as any taxes, penalties, and interest accruing after the date of the tax sale. If the redemption occurs after June 30, the entire tax bill for the next fiscal year will be included. For a principal residence, from July 1 - September 30, half of the next fiscal year's property taxes are due, but not delinquent until October 1. And the second half is not delinquent until after December 31. These extra months, while the new property tax bill is not yet past due, would give homeowners more time to assemble the funds needed to redeem their property, and lower the redemption amount during that period.

Current law (requiring the next fiscal year's property taxes to be due before they are delinquent) places a more substantial financial burden on homeowners facing tax sale than homeowners not facing tax sale. For instance, a tax lien on the home of a Prince George's County resident was recently sold at the county's June 22, 2020 tax sale. The lien was for the unpaid portion of the homeowner's 2019/2020 tax bill. After the tax sale, the payoff amount to redeem the property was \$2,111.48.

Current law requires the county to add any taxes accrued after the tax sale date to the redemption payoff amount. After July 1, the county will include the new 2020/21 property tax bill, here \$7,645.92, as part of the redemption payoff amount. Essentially, treating the new 2020/21 property tax bill as delinquent.

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)



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

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

Under the new legislation, since the example is the homeowner's principal residence, only half of the 2020/21 tax bill is due by September 30, and the second half is due by December 31. However, under current law, the redemption payoff amount immediately includes the entire 2020/21 tax bill even though it is not yet delinquent, making the redemption payoff total, as of August 2020, \$9,757.40.

Under this proposed legislation, only delinquent taxes would be added to the redemption payoff amount, and this homeowner could redeem the property by paying \$2,111.48 until September 30, 2020. Of course, if the homeowner fails to redeem by October 1, half of the new 2020/21 tax bill becomes delinquent and added to the redemption payoff amount. Furthermore, after December 31, the second half of the new bill becomes delinquent and added to the redemption payoff amount. By requiring only delinquent taxes to be added to the redemption payoff amount, the homeowner would have more time to redeem their home at a lower payoff amount. Currently, the only way for this homeowner to redeem the property, clear the title and prevent future foreclosure action by the tax lien purchaser is to pay the full amount of \$9,757.40, and this amount increases each month with interest and fees.

The proposed legislation will reduce a homeowners' tax sale redemption payment amount and give homeowners more time to assemble funds to redeem their property after a tax sale. Accrued taxes added to the redemption amount will be limited to delinquent taxes only. Currently, homeowners must pay the tax sale amount and their entire new property tax bill after July 1, essentially doubling their redemption payoff amount. There is no reasonable basis for including the next fiscal year property taxes (that are non-delinquent) in the required redemption payment. The proposed legislation will allow the counties to retain their ability to collect taxes that become delinquent after a property is redeemed in their next tax sale.

For these reasons, SDAT strongly urges a favorable vote by the Committee for Senate Bill 0325.

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)

SB325 Testimony of the Maryland Volunteer Lawyers

Uploaded by: Hennen, Amy

Position: FAV

MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT TO SB325: TAX SALES—REDEMPTION – NON-DELINQUENT TAXES

Susan Francis
EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

Anthony P. Ashton
PRESIDENT

Michael S. Clevenger
VICE PRESIDENT

Alexandria K. Montanio
TREASURER

David G. Sommer
SECRETARY

Kerby Baden
Matthew M. Bryant
Jhonell Campbell
Richard L. Costella
Namha Edwards
Karen E. H. Gouline
Robert N. Grossbart
Kamil Ismail
Reba Letsa
Michelle N. Lipkowitz
Michael March
Amy M. McClain
Dana W. McKee
Penny J. Minna
Charles J. Morton, Jr.
Derek P. Roussillon
Martin H. Schreiber II
Dennis J. Shaffer
Allison Baker Shealy
James Tansey

Chairman Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in opposition to Senate Bill 325.

My name is Amy Hennen and I am the Director of Advocacy and Financial Stabilization at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY20, MVLS volunteer and staff lawyers provided legal services to 4,459 people across the state. Approximately 30% of our cases focus on consumer issues like foreclosure, tax sale, bankruptcy, and debt collection. For the reasons explained below, we respectfully request a favorable report on Senate Bill 325.

Tax sale most often affects the poorest homeowners in the most distressed neighborhoods, and contributes to the overall problem of vacant and abandoned properties all over the state. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was and is to protect communities and homeowners, especially those that are low-income and elderly, who face the devastating effects of the tax sale process. As part of our work on this issue, MVLS has partnered with the Pro Bono Resource Center of Maryland since 2014 to conduct tax sale workshops aimed at helping homeowners avoid tax sale.

From the data we collected, the average homeowner in tax sale is a low-income senior who has lived in their home for at least 23 years, with a household income of only \$19,800 per year. Many clients seen at these clinics survive on a fixed income, and struggle to pay their bills even before a tax sale happens. When attempting to redeem a property from tax sale our clients must pay all delinquent taxes and pay ones that are not technically due to remove themselves from tax sale.

MVLS has been fighting to even the playing field for Marylanders with limited means for decades, and we know that these residents struggle to redeem their homes from tax sale. SB325 makes it a little easier for struggling homeowners to get out of tax sale and become current on property taxes.

Mister Chairman and members of the Committee, thank you again for the opportunity to testify.

CDN SB325 FAVORABLE.pdf

Uploaded by: Wilson Randall, Claudia

Position: FAV



**Testimony SB 325
Budget & Taxation Committee
January 25, 2021**

Position: FAVORABLE

Dear Chairman Guzzone & Members of the Budget & Taxation 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.

SB 325 alters the amount which a person is required to pay the tax collector to redeem property sold at tax sale by limiting the requirement to pay certain taxes accruing after the sale to include only delinquent taxes; requiring that certain notices include certain information; making conforming changes; and generally relating to tax sale redemption.

Most of the people in the state impacted by tax sale are single, African American women living at or below the poverty line. In 2015, the average amount owed was just under \$2500. Though most of the homeowners were eligible for the Homeowner's Tax Credit Program, few had applied or were aware of the program. For these vulnerable homeowners, the tax sale has stripped away generational wealth and housing stability.

Over the years, Maryland has enacted more consumer-friendly policy to prevent the poorest homeowners from losing their houses. These improvements include higher thresholds for tax sale, removal of water bills, and the appointment of a public ombudsman to help owner occupants keep their homes.

Limiting the accrual of taxes after the sale would further eliminate additional fees to this predatory system and help homeowners to more easily understand the amount owed to redeem their property.

We urge your favorable report.

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

SB325_MCRC_FAV.pdf

Uploaded by: Yeager, Bob

Position: FAV



Maryland Consumer Rights Coalition

Testimony to the Senate Budget & Taxation Committee
SB0325: Tax Sales – Redemption – Nondelinquent Taxes
Position: Favorable

January 27, 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:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of SB0325.

Under current law, if a homeowner redeems their sold tax lien certificate after July 1, their new tax bill is added to their redemption payoff amount -- with the exception of owner-occupied residential properties in Baltimore City. This can make redeeming harder for some homeowners who struggle to assemble the necessary funds.

SB0325 would change the date when the new tax bill is added, giving homeowners three extra months to redeem after tax sale before their new bill is added to the redemption payoff amount.

To date, MCRC's Securing Older Adult Resources (SOAR) program has assisted 19 older adult homeowners facing tax lien foreclosure. The average age of these clients is 70 years old. 6 clients' homes were saved because they were granted retroactive credits, some, were referred to legal services, and others, if eligible, applied for the Consumer Small Dollar Loan with Neighborhood Housing Services, (NHS).

Mrs. Smith, a 68 year old homeowner in Baltimore City, was facing tax lien foreclosure and was not eligible for retroactive credits. We applied for the Consumer Small Dollar Loan and she was approved, unfortunately the sum of the loan was not enough to cover the balance owed. While she was relieved that the small dollar loan was available to her, what she really needed was more time to gather the necessary funds before the additional balance was added on. Many of SOAR's clients face the same reality, and most do not qualify for the small dollar loan.



Maryland Consumer Rights Coalition

For all these reasons, we support SB0325 and urge a favorable report.

Best,

Francine Hyman
Director of the SOAR Program