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Baltimore and Howard Counties

Health and Government Operations
Committee

Subcommittees

Government Operations
and Estates and Trusts

Public Health and
Minority Health Disparities



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House Bill 610

Homeowners' Property Tax Credit – Transfer of Dwelling to Surviving Family Member

Dear Chairwoman Kaiser, Vice Chair Washington, and Members of the Ways and Means 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 the most valuable asset that an individual owns. In many cases, the home is a shelter for multiple generations or expanded members of a family. When the owner of the home dies, the family members who remain living in the home must file through probate in order to transfer the home to the decedent's heirs. For some family members, the probate process is unfamiliar and overwhelming, and the cost, particularly absent the authority to leverage the family's most valuable asset (i.e. the home itself) is prohibitive. So a spiral is created: lower-income 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 family members may face homelessness. This negatively impacts not only the surviving family members but the communities as a whole, too, 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 and the significance of the problem has been brought into focus by the pandemic.

HB610 provides a fix without expanding the number of people for whom the HOTC is intended to benefit. Rather, it simplifies the process and decreases the associated cost so that more of those who are intended 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.
- The process for the surviving family to reside in their home can be prohibitive without the ability to access the HOTC.
- Families who struggle financially are at risk of losing not only their home but their entire family's home.
- This legislation can help decrease racial, ethnic, and gender wealth disparities and transgenerational inequities.
- The legislation 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 have to face the potential loss of the family home.

A handwritten signature in black ink, appearing to read "Terri L. Hill", with a long horizontal stroke extending to the left.

Terri L. Hill, M.D.