



Maryland Consumer Rights Coalition

Testimony to the House Ways and Means Committee
HB 1255: Homestead and Homeowners Property Tax Credits-Access and Eligibility
Position: Support

March 2, 2021

The Honorable Anne Kaiser, Chair
House Ways & Means Committee
Room 131, HOB
Annapolis, MD 21401
cc: Members, Ways & Means Committee

Chair Kaiser and Members of the Committee:

My name is Ashleigh Maples and I am a social work intern working under the Securing Older Adult Resources Program (SOAR) operating within 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 support of HB 1255.

For the past five years, MCRC has helped homeowners, particularly older adults and disabled adults, apply for the Homeowners Property Tax Credit (HOTC). MCRC has led marketing campaigns, trained financial and housing counselors, VITA staff, and legal service providers on how to assist homeowners in applying for the tax credit and served as a sounding board when colleagues ran into trouble with the application process. In Baltimore, we have been able to help homeowners avert tax-sale foreclosure because of these tax credits. Last year, one of our applicants was awarded \$5,886.19 for three years of retroactive tax credits. He was able to use these credits to pay property taxes and some of his past due water bills, allowing him to stay in his home.

HB 1255 addresses homeowners eligibility to apply retroactively for the HOTC. Currently, an applicant must be 70-years-old to apply for up to three years of retroactive tax credits. We stand in strong support of HB 1255's provision to reduce the age of retroactive application to age 60. Doing so would extend the benefit of receiving retroactive tax credits to many financially vulnerable Marylanders, giving them the ability to keep up with bills during these financially strenuous times, the autonomy to make financial decisions about their homes, and the ability to pass down the wealth they have built in the equity of their homes to future generations.

During my first week as the SOAR program intern, I was trained to screen prospective applicants for the HOTC through our Maryland Property Tax Credit Hotline. Through screening prospective applicants, it became quickly apparent that the HOTC is not just a smart, equitable tax policy, but a life line for many financially vulnerable



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homeowners in Maryland. During the screening process, many prospective applicants told me their stories and how they hoped the tax credit would help them. I spoke to a retired Baltimore City School teacher who's pension barely paid the bills, but at the same time rendered her ineligible for needed social services and with an Anne Arundle county man who fell behind on his water bill while trying to keep up with mounting medical debt. I have also heard from numerous recently retired individuals who, now on social security, were struggling to make ends meet. For many of these applicants, receiving the HOTC allowed them to reconcile many of their expenses that had been piling up.

The onset of the COVID-19 pandemic has pushed many Americans into a state of financial emergency. MCRC's Property Tax Credit Hotline has reflected our state's growing need for financial relief. In 2020 the Hotline had a 185% increase in calls leading to 326 HOTC screenings. To date, 45 applicant's have confirmed that they have received their tax credits, totaling \$56,580 with an average tax credit award of \$1,488.98. Our 2020 screening data predicts that when all applicants have received their credits, we will have returned \$136,360 to financially vulnerable individuals and families.

The HOTC is not only helping homeowners in Maryland make ends meet, it is also promoting the growth of intergenerational wealth in marginalized communities. Many HOTC recipients use their credit towards past due bills that if left unpaid could leave them in jeopardy of tax sale, foreclosure, or of becoming the victim of a predatory reverse mortgage. In 2020 82% of our HOTC applicants were from female headed households, 66% were Black or African American, and 57% were disabled. The HOTC helps low and middle income minority homeowners in Maryland retain the wealth that they have built in their home equity, allowing them to pass it on to future generations. Additionally, 80% of our 2020 HOTC applicants were 65 and older meaning that the HOTC promotes older adults in Maryland aging in place, among their communities, and in the homes they have worked hard for.

This is an urgently needed, common-sense policy that will not only address financial burden brought on by COVID-19, but ensure that in the future, financially vulnerable Marylanders will be able to retain their homeownership status and establish intergenerational wealth within their families.

For all of these reasons, we support HB 1255 and urge a favorable report.

Ashleigh Maples
SOAR Program Intern