

HB1196 - MVLS Testimony Favorable.pdf

Uploaded by: Amy Hennen

Position: FAV



EXPANDING ACCESS TO JUSTICE FOR 40 YEARS

MARYLAND SENATE BUDGET AND FINANCE COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB1196: TAX SALES – ALTERNATIVE COLLECTION
PROGRAMS
WEDNESDAY, MARCH 30, 2022

Susan Francis
EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

Anthony P. Ashton
PRESIDENT

Alexandria K. Montanio
VICE PRESIDENT

David G. Sommer
TREASURER

Penny J. Minna
SECRETARY

Tyree Ayres
Shereefat O. Balogun
Matthew M. Bryant
Jhonell Campbell
Richard L. Costella
Brian Gordon
La'Tika Howard
Dr. Ann Irvine
Robin Leone
Reba Letsa
Michael March
Amy M. McClain
Dana W. McKee
Charles J. Morton, Jr.
Derek P. Roussillon
Marc E. Shach
Dennis J. Shaffer
James Tansey

Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify.

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. MVLS was founded in 1981 by a group of concerned Maryland lawyers, legal services providers and leadership of the Maryland State Bar Association. Since then, our statewide panel of over 1,700 volunteers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY21, MVLS volunteers provided legal services to 3,353 people across the state. As part of our tax sale foreclosure work, we see numerous clients at risk of losing their housing due to not receiving applicable tax credits. For the reasons explained below, we respectfully request a favorable report on House Bill 1196.

MVLS represents clients who face losing their homes due to unpaid property taxes. Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to 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 to protect communities and homeowners, especially people with lower incomes and the elderly, who face the most devastating effects of the tax sale process. Since 2014, MVLS has maintained a partnership with the Pro Bono Resource Center of Maryland to conduct annual tax sale workshops aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected at our 2020 tax sale clinics, 72% of clients are seniors, 48% were disabled, 85% identified as Black, and 72% reported a household income of \$30,000 or less per year. Many of these clients survive on fixed incomes and struggle to pay their bills even before a tax sale happens. We also found that most homeowners live in multigenerational households where they provide shelter and support for their children and grandchildren.

Victoria is an MVLS client whose home went into tax sale during the height of the pandemic. Enduring job loss, sickness, and the other issues that came along with COVID-19, she paid her property taxes on the deadline. However, the home was sold at tax sale. She came to MVLS for help after receiving notice that the lien purchaser filed to foreclose her right of redemption. Victoria should have never gone to tax sale because she had proof of payment and an error resulted in her home being included in the tax sale. It took a volunteer attorney several months to resolve the confusion.

MVLS has been fighting to even the playing field for low-income Marylanders for decades, and we know that poor Marylanders are most often forced to face tax sale without an advocate. This imbalance of power makes it more likely that our clients will continue to struggle to get out of tax sale. We support HB1196 because it would give cities and counties options when trying to assist vulnerable clients like Victoria. Consequently, we urge a favorable report.

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

HB1196-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 1196

Tax Sales – Alternative Collection Programs

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 30, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1196, as it would grant counties broad discretion to establish criteria for withholding properties from tax sale, which could help minimize tax collection costs, assist with the payment of overdue taxes, and ultimately allow homeowners to remain in their homes.

The tax sale process, or more specifically the potential for a property to go to tax sale, presents a much-needed tool of last resort to ensure that property owners remit payment for their fair share of taxes and charges connected to public services. Of course, no jurisdiction wants to send any property to tax sale if it can be avoided.

Under current law, local governments may withhold from tax sale a dwelling owned by a low-income homeowner, at least 65 years old, or disabled if the homeowner meets specified eligibility criteria. HB 1196 would allow local governments to withhold from tax sale properties that meet objective criteria established by local law or properties enrolled in a payment program established by local ordinance. In addition, the bill would authorize local governments to cancel or postpone a tax sale during a state of emergency.

MACo strongly prefers that homeowners receive all counseling, education, information, and support which may be available to them and additional assistance when appropriate, to help them pay on time and avoid going through tax sale. To that end, MACo supports this bill as a wise approach to facilitating access to support services at the time when it is most helpful.

For these reasons, MACo requests a **FAVORABLE** report on HB 1196.

HB1196-BT-FAV.pdf

Uploaded by: Natasha Mehu

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 1196

March 30, 2022

TO: Members of the Senate Budget and Taxation Committee
FROM: Natasha Mehu, Director, Office of Government Relations
RE: HB 1196 -Tax Sales - Alternative Collection Programs

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 1196.

HB 1196 enables local jurisdictions to offer payment plans to residents who are in arrears of their property taxes. It also expands upon previously enacted laws that allow local jurisdictions to remove residents and non profits from tax sale. Finally, it enables local jurisdictions to cancel tax sales in cases of declared emergencies. The pandemic has made it very clear why such authority is necessary.

The BCA is committed to improving the tax sale process. Last year, Mayor Scott created a Tax Sale Workgroup that is tasked with studying the tax sale process in Baltimore City and recommending wholesale reform of the system. While their work continues, HB 1196 enables local jurisdictions, like Baltimore City, to have greater authority to address tax sale issues that commonly arise locally. The bill aligns with the spirit of the comprehensive reforms we hope to ultimately achieve.

For these reasons, the BCA respectfully requests a **favorable** report on HB 1196.

Councilwoman Odette Ramos Hb1196_3.30.2022.pdf

Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

(410) 396 - 4814

odette.ramos@baltimorecity.gov

100 N. Holliday Street, Room 506

Baltimore MD 21202

Testimony
HB1196 – Tax Sales - Alternative Collection Programs
March 30, 2022
FAVORABLE

Chair Guzzone and Members of the Budget and Taxation Committee:

I am writing to urge your support for **HB1196 – Tax Sales - Alternative Collection Programs**.

HB1196 – as amended by the House Ways and Means Committee does three major things that are very important to move us toward tax sale reform:

- It enables jurisdictions to provide payment plans to residents who are in arrears of their taxes. Currently jurisdictions take payments but can't provide payment plans that assist the owner. The House version limits payment plans to homeowners, non-owner-occupied properties, and nonprofit organizations.
- It enables jurisdictions to remove homeowners from tax sale, as long as at the local level there is clear criteria for removal. This goes beyond the tax sale exemption clause that was placed a few years ago allowing jurisdictions to remove anyone who is low income, senior, or disabled.
- It enables jurisdictions to cancel their tax sales in emergencies.

I urge your support of this legislation as it came from the House of Delegates. I urge this body to resist any amendments that would limit this legislation further.

This law comes from the years of work on tax sale reform for which this Committee has led, years of advocacy from organizations who work with homeowners to prevent them from losing their homes, and from the work of tax sale reform across the state. The property tax collection system in Maryland is predatory. Residents do not pay their taxes on time have their lien sold in tax sale. The lien is sold to a third party who then collects the lien, several thousand dollars in fees, and interest. A tax bill of \$1000 could easily end up being \$3,000 or more, and the family chooses between paying this investor or eating, paying for school clothes for children, or medication for elders. No one should have to make that choice. In the event they cannot pay, the investor will foreclose on the property, and the person will lose their home.

Maryland is only one of 20 states that still has this antiquated system. We must do better. This legislation is a step in the right direction.

By passing HB1196, jurisdictions like Baltimore City can complete our work to reform our property tax collection system so that it benefits our city and ensures that homeowners will be able to pay their taxes. In Baltimore, should this bill pass, we will create a new tax collection system that will provide payment

plans for those in arrears, and help us work with homeowners to pay rather than send them to a predatory collection system. Mayor Scott formed the Tax Sale Working Group that is studying this issue in depth. The members of the working group are experts in this field, and I am confident will come up with a system where our residents do not lose their homes, and where our city can more equitably collect tax revenue.

I don't know of anyone who does not want to pay their taxes. Residents face so many different situations – especially now – that prevents them from doing so. Residents report the need to help other family members, having a medical situation, and other difficulties. Our tax collection systems should be flexible enough to help people pay their taxes, and that is what we are striving for in this legislation.

I urge your favorable report for this legislation as it came from the House of Delegates. No other amendments are needed.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

A handwritten signature in cursive script, appearing to read "Odette Ramos".

Odette Ramos
Baltimore City Councilwoman
District 14