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MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB181: HOMEOWNERS PROPERTY TAX CREDIT –
APPLICATION FILING DEADLINE - EXTENSION

WEDNESDAY, JANUARY 19, 2022

Chairman Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 181.

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 the Homeowners Property Tax Credit. For the reasons explained below, we respectfully request a favorable report on Senate Bill 181.

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 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 Baltimore City 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.

Paula came to an MVLS clinic for assistance with opening an estate. She and her brother inherited the property from their mother. An MVLS volunteer attorney determined that there was a \$3,329 property tax bill from the last two years that would need to be paid before the property could transfer to Paula and her brother. However, Paula and her brother are unable to save up the money required to pay the taxes in addition to their other living expenses. Paula has an annual household income of only \$18,000 and could have instead only owed approximately \$600 per year, a savings of over \$2,000 if she had utilized this tax credit. Instead, Paula and her brother faced the possibility of losing the home in tax sale.

Without the ability to access the Homeowners Property Tax Credit, families facing financial hardship face numerous issues that can and do lead to homelessness. Unfortunately, many homeowners do not know about the credit or have circumstances in their lives, such as hospitalization, death in the family, etc. that prevent them from meeting the homeowner's property tax credit deadline. Without families anchored in these homes, as they have been for generations, their communities become destabilized. MVLS supports SB181 because it would allow homeowners who missed the deadline to apply for the Homeowners Property Tax Credit to apply. This would remove a huge barrier standing in the way of Maryland families' ability to sustain homeownership.

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