

SB181 Maryland Volunteer Lawyers Service - Favorab

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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.

CDN SB181 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



**Testimony SB 181
Budget & Taxation Committee
January 19, 2022
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. CDN currently serves on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City.

SB 181 helps homeowners who missed the Homeowners' Property Tax Credit's October 1 application deadline but are otherwise eligible get the tax credit. This bill waives the application deadline for first time Homeowner Property Tax Credit applicants, and those who have applied for the three years prior but missed the deadline this year.

Hundreds of homeowners have lost their homes to sales of liens on unpaid local taxes over the last twenty years. Tax-debt sales enable powerful, wealthy, corporate actors to use the law to bully and exploit the state's most vulnerable residents. The majority of these homeowners are elderly and black in Maryland. These are also the group that has been hit hard by the Covid-19 pandemic. These vulnerable residents have faced death, cognitive decline and home loss in the last two years.

The homeowners' tax credit is the most effective strategy in Maryland to remove low-income households facing tax sale. Any effort to increase access to the homeowners' credit complements the effort to reform tax sale.

We urge your favorable report.

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

SB0181.docx.pdf

Uploaded by: Director Michael Higgs

Position: FAV

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HEARING DATE: January 19, 2022

BILL: SB0181

TITLE: Homeowners' Property Tax Credit – Application Filing Deadline – Extension

SDAT POSITION: SUPPORT

SB0181 is a proposal that came from the State Tax Sale Ombudsman's Office and is based on its experience helping homeowners and exploring challenges they may face paying their property taxes and keeping their homes.

This bill helps homeowners who have missed the Homeowners' Property Tax Credit (HPTC) application deadline but who are otherwise eligible to receive this important income-based credit.

This bill does not do away with the October 1 deadline entirely, but it waives the application deadline for: 1) first time HPTC applicants, and 2) those who have applied for the credit for the three years prior but missed the application deadline this year which lands them on the tax sale list in their county. These are the two application situations that the Ombudsman's Office often sees facing tax sale.

Carving out this targeted exception to the application deadline for homeowners who were either unaware of the credit or who were unable to apply as they usually do, would help struggling homeowners at a time when they need it most. It would give them access to a credit they otherwise qualify for, allow them to pay the remaining amount, if any, and help them stay in their homes.

For these reasons, SDAT supports SB0181 and urges a favorable report.

Written Testimony SB 181 (waive Oct 1 HOTC deadlin

Uploaded by: Jade McDuffie McClary

Position: FAV

SB 181**HOMEOWNERS' PROPERTY TAX CREDIT – APPLICATION FILING DEADLINE – EXTENSION
HEARING BEFORE THE SENATE BUDGET & TAXATION COMMITTEE****JANUARY 19, 2022****POSITION: SUPPORT**

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide clearinghouse for pro bono civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. **PBRC supports SB 181 because vulnerable homeowners would benefit from increased access to the Homeowners’ Tax Credit to help prevent the loss of their homes.**

Over the past seven years, PBRC has assisted nearly 700 homeowners at risk of losing their homes to tax sale. For homeowners, ending up on the tax sale list is usually the result of the inability to pay one’s property taxes. The clients served by our tax sale prevention clinics held in Baltimore in 2021 represented some of our state’s most vulnerable citizens: 81% were seniors, 26% were disabled, 84% identify as Black, and 81% reported annual household incomes of less than \$30,000. Through the advocacy of volunteer attorneys, many of these clients can access programs and credits that reduce their property tax burden allowing them to stay in their homes. However, most Maryland homeowners are unrepresented.

On average, our 2021 Baltimore clients encountered in our clinics had owned their homes for 28 years, and over 70% of them owned their homes free of a mortgage. As lower-income homeowners, the predominant form of accumulated wealth that they have, and that they can pass on to their families, is the equity in their homes. Many low-income homeowners are only able to afford their property taxes with the assistance of the Homeowners’ Property Tax Credit, which currently requires an annual application with a due date of October 1. If the homeowner misses that due date, the homeowner is obligated to pay the full amount of the tax bill, which is simply out of reach for many Marylanders. Failure to apply or to reapply for the credit in a timely manner frequently lands families in tax sale. By the time we meet with clients when tax sale is looming weeks away, it is too late to help them apply for the property tax credit that would, if given, pull that family out of the risk of tax sale foreclosure. Allowing certain homeowners to apply for the property tax credit outside of the October 1 deadline would enable far more homeowners to pay their taxes, avoid tax sale foreclosure, and keep their homes and the equity their families have worked to build.

PBRC supports SB 181, which may protect certain Marylanders from the loss of their family home to tax sale foreclosure, thereby preserving homeownership and the transfer of intergenerational wealth. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on SB 181.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.

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