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MARYLAND HOUSE WAYS AND MEANS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB979: PROPERTY TAX – TAX SALES – HOMEOWNER
PROTECTION PROGRAM
TUESDAY, MARCH 1, 2022

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

My name is Aja' Mallory and I am the Consumer Staff Attorney 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 979.

Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to the overall problem of 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 and is to protect communities and homeowners, especially those that are low-income and elderly, who face the devastating effects of the tax sale process. As part of our work on this issue, MVLS provides individual representation for homeowners in tax sale. In the last two years, MVLS volunteers and staff represented 115 individual homeowners. In addition, MVLS has partnered with the Pro Bono Resource Center of Maryland since 2014 to conduct yearly 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.

The two largest hurdles faced by homeowners in tax sale are (1) understanding the tax sale process itself, and (2) finding the money to redeem. I have counseled many clients facing tax sale, and, in my experience, most homeowners just do not understand the current tax sale process. Most of my time with tax sale clients is spent educating the homeowner about the tax sale process itself. The redemption process is even more confusing to explain because it can be different depending on where the homeowner is in the process.

For instance, James, an MVLS client, received a tax sale notice from the company that purchased his lien certificate. James was confused because he believed he had already redeemed his property. James used months of his small pension checks to pay the purchaser, but they failed to provide him with a receipt. Without the receipt, the finance department would not accept his payment for the lien and interest. A volunteer attorney had to assist James for several months to get a receipt from the purchaser, but as time passed more fees and interest accrued. The added fees and interest made redeeming the property exponentially more expensive for James to fully redeem his property.

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. HB979 would increase the ability of the state to protect homeowners like James. Consequently, we urge a favorable report.

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