
HB 115

**REAL PROPERTY – TRANSFER TO HEIR – EXEMPTION FROM PREPAYMENT OF TAXES
HEARING BEFORE THE HOUSE WAYS AND MEANS 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 HB 115 because vulnerable surviving family members of homeowners who are under economic strain need relief from a large tax payment 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 that allow 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. When homeowners pass away, the heirs to their home must pre-pay the home’s tax bill to properly obtain title to the home. The prepayment requirement may force an unexpected and large expense on the family, and it precludes heirs who would be eligible for the Homeowners’ Property Tax Credit from receiving the discount prior to paying the full bill. The full property tax bill, required to be paid in a single lump sum, is simply out of reach for many low-income surviving families and so they are unable to get the deed in their names. This “tangled title” problem frequently lands families in tax sale. By exempting surviving family members of homeowners from the prepayment requirement, these heir homeowners will be better positioned to obtain title, avoid tax sale foreclosure, and keep their homes and the equity their families have worked to build.

PBRC supports HB 115, 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 HB 115.

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

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