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The Honorable Vanessa E. Atterbeary, Chairwoman
Ways and Means Committee
Maryland House Of Delegates
6 Bladen Street, Room 317
Annapolis, MD 21401

**RE: Testimony of Maryland Legal Aid in Support of House Bill 203– Homeowners
Property Tax Program – Retroactive Qualification and Calculation of the Credit**

Dear Chair Atterbeary and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 203. Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving residents in each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. MLA submits this written testimony on HB 203 at the request of Delegate Dalya Attar. MLA supports this Bill and asks that the Committee give it a favorable report.

This bill would allow a homeowner who applies for the Homeowners Property Tax Credit and is determined to qualify for the credit to be retroactively awarded the credit for previous years. One of MLA's statewide projects is the Foreclosure Legal Assistance Project. Through this project, MLA represents many homeowners facing foreclosure. MLA advocates have seen many homeowners, especially elderly homeowners with reverse mortgages, who qualify for the Homeowner's Property Tax credit but did not apply. Based on the experience of MLA clients, the reason why clients do not apply is either because they do not know about the tax credit, they confuse it with income taxes, did not realize they are eligible, they applied once but did not realize they had to apply each year, or they forgot to reapply. Failing to apply causes homeowners to fall into tax sale and foreclosure more frequently than they would otherwise. Once a homeowner is in tax sale or foreclosure, it becomes costly for them to save their home, as they generally have to pay fees and costs in addition to what is owed for the property taxes.

One client, Ms. S, would never have owed any taxes after applying the tax credit if she had received her property tax credits timely, but because she did not, she ended up in a tax sale that is still being litigated. If this law had been in place a few years ago, Ms. S. would have received her retroactive tax credits, and maybe the tax sale itself could have been avoided.

MLA advocates have also had many older adult clients who were able to bring their home out of a reverse mortgage foreclosure after receiving all of their retroactive

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property tax credits. If HB 203 were in place, they would never have faced the stress of foreclosure, to begin with, as they would have received their retroactive property tax credits.

There is also the practical benefit that the number of retroactive property tax credit applications that the State Department of Assessments and Taxation (SDAT) receives every year would be far fewer, as the homeowners would automatically receive the retroactive property tax credit from the year before.

The reality is that there are many low-income homeowners every year who fail to obtain property tax credits that they are entitled to because they fail to apply. HB 203 would prevent this issue to a certain extent and would greatly help those most vulnerable to adverse outcomes such as foreclosure and tax sales.

Thank you for considering this written testimony. For the reasons stated above, **Maryland Legal Aid urges a favorable report on House Bill 203.**

/s/ William F. Steinwedel

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