

LARRY HOGAN
Governor

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HEARING DATE: March 1, 2022

BILL: HB0979

TITLE: Tax Sales - Homeowner Protection Program - Automatic Enrollment and Funding

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB0979:

As written, this bill is impossible to implement as the Department does not have access to property owners' income information. Without income information, the Department lacks the ability to determine whether a property owner has a combined household of \$60,000 or less, and the Department cannot determine whether a property owner would be eligible for enrollment in the program.

Preventing homeowners from having an active role in the enrollment process would result in many qualified homeowners missing out on the benefits of the program such as the Department connecting homeowners with counseling, credits, benefits, and services. The Department would not be able to assist homeowners in preventing future tax debt, and ensuring homeowners access to a broad range of assistance individually tailored to their needs.

Additionally, from a fiscal impact perspective, homeowners could be unable to repay the funds paid out on their behalf. The premise of this program is that the homeowners will repay the taxes and fees the Department pays, plus interest, to help future enrollees. If the homeowners are not fully involved in the enrollment process, this is unlikely to happen. Without assessing applicants' ability to repay their liens, and without their full understanding of the repayment process, the state puts them at risk of increasing their tax debt and further limiting their options.

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This bill specifies that the enrollment date must be AFTER the home is advertised for sale in the newspaper, and BEFORE the home is offered for sale at tax sale. This bill, therefore, removes the option for homeowners' enrollment after their lien is sold at tax sale.

This bill removes the application process as well as the Department's ability to establish additional eligibility criteria. Therefore, the only criteria will be "assessment of \$300k or less," and "combined income of \$60k or less." The Department believes that the additional eligibility criteria would allow the Department to prioritize homeowners who need more help, and it ensures that program resources reach the maximum number of at-risk homeowners as possible. The Department's prioritization would further the program's mission, and utilize the Department's financial resources much more efficiently.

This bill removes the requirement to enroll homeowners in every county along with removing priority enrollment for those age 60+ and the disabled.

For these reasons, SDAT offers this Letter of Information of HB0979 and strongly urges a reconsideration of the legislation in its current form.