
HB 1138
HOMEOWNERS' PROPERTY TAX CREDIT – EASY APPLICATION AND AUTOMATIC RENEWAL
HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
MARCH 1, 2022
POSITION: SUPPORT

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for volunteer 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 1138 because low-income homeowners would benefit from ongoing, automatic renewal of their 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 their inability to pay their 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% identified 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. If the homeowner misses the renewal 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 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 and the distinct possibility of losing their home. Allowing certain homeowners to more easily apply for the property tax credit and to allow for automatic renewals 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 HB 1138, 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 1138.

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

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