

Written Testimony HB 665 - SDAT and Comptroller Re

Uploaded by: Allison Harris

Position: FAV



HB 665
COMPTROLLER AND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION -
ENHANCING ACCESS TO PROPERTY TAX BENEFITS - REPORT
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
MARCH 30, 2023
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 665 because establishing collaboration and information-sharing between the Comptroller’s office and the State Department of Assessments and Taxation would ensure more low-income homeowners access the Homeowners’ Tax Credit Program, which is critical to their ongoing ability to afford their property taxes.

Over the past eight years, PBRC has assisted nearly 800 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, not an unwillingness. The clients served by our tax sale prevention clinics held in Baltimore in 2022 represented some of our state’s most vulnerable citizens: 74% were seniors, 39% were disabled, 76% identify as Black, and 76% reported annual household incomes of less than \$30,000. On average, our 2022 Baltimore clients encountered in our clinics had owned their homes for 32 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 that includes complete income documentation. One burden to applying or re-applying that we hear from our mostly senior clients is their inability to use or access technology to copy and upload documentation, or their inability to find a copier and mail the documents due to mobility issues. 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 homeowner out of the risk of tax sale foreclosure and the distinct possibility of losing their home. If the Comptroller shared income information with SDAT for purposes of confirming income eligibility, homeowners could more easily apply for the property tax credit, the system could possibly allow for automatic renewals, and far more homeowners would pay their taxes, avoid tax sale foreclosure, and keep their homes and the equity their families have worked to build.

PBRC supports HB 665, 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 665.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.
aharris@probonomd.org • 443-703-3050

HB665 Testimony 2023 Crossover.pdf

Uploaded by: Isadora Stern

Position: FAV



Testimony to the Senate Budget & Taxation Committee

HB0665: Comptroller and State Department of Assessments and Taxation - Enhancing Access to Property Tax Benefits

Position: Favorable

March 30, 2023

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401
cc: Senate Budget and Taxation Committee

Chair Guzzone and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are in support of HB 665. For the past six years, Economic Action Maryland's SOAR (Securing Older Adult Resources) program has led efforts to promote the Homeowners' Tax Credit as well as the Renters' Tax Credit. We extensively market the program, train service providers, VITA staff, and others how to screen for it, and partner with older-adult, legal services, and financial providers to increase the number of applicants each year. In 2022, Economic Action Maryland returned \$88,243.42 in tax credits to financially fragile older adults. For renters who received tax credits, the average return was between \$300-\$500 annually. The Renters Tax Credit is available to renters who are low-income or permanently disabled, as well as to some households who meet other criteria.

In Baltimore, we have been able to help homeowners avert tax-sale foreclosure because of these tax credits. Recently, one of our applicants was awarded \$5,886.19 for three years of retroactive tax credits. He was able to use these credits to pay property taxes and some of his past due water bills, allowing him to stay in his home.

Many of those who will benefit from HB 665 are older adults. In 2017, 91,630 older Marylanders (7.56% of the total state 60+ population) lived in poverty as defined by the federal poverty guidelines. Minorities composed nearly half (49%) of the State's low income older adult population. While eviction moratoriums were implemented at the beginning of the pandemic, as these protections wane, many renters face housing insecurity. In 2021, 45% of our clients who are 60+ and seeking assistance through our tenants' rights program came to us with issues relating to eviction.

We stand in strong support of HB 665, which will require the Comptroller to work with SDAT to identify ways to expand access to property tax benefits for applicants and raise awareness of these credits. HB 665 requires these topics to be discussed and findings and recommendations to be reported to the General Assembly. Doing so will provide recommendations to consider to extend these benefits to more eligible Marylanders.

For all of these reasons, we support HB 665 and urge a favorable report.

Sincerely,

Isadora Stern
Policy Manager

House Bill 665 _ Hearing on 3.30.23 - FINAL Writte

Uploaded by: Lorna Henry

Position: FAV



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

03/29/23

House Bill 665

**Comptroller and State Department of Assessments and Taxation –
Enhancing Access to Property Tax Benefits -- Report
In the Senate Budget & Taxation Committee
Hearing on March 30, 2023
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written testimony on HB 665 in response to a request from Delegate Jessica Feldmark.

Thank you for the opportunity to testify in support of House Bill 665. HB 665 would instruct the Maryland Department of Housing and Community Development (DHCD) and the Comptroller of Maryland to confer in 2023 about how to increase access and awareness of the property tax credits in Maryland and also on how to make the application process easier. The bill also instructs DHCD and the Comptroller to issue a joint report with recommendations to the House Ways and Means Committee by December 1, 2023.

MLA has many clients who benefit a great deal from Maryland's property tax credits. Every year, MLA sends out a mailer with the current fiscal year's tax credit application and instructions on how to complete it to every homeowner that MLA represents. MLA also offers to assist homeowners who need assistance with the application process. This assistance provides tangible financial benefits to homeowners, but it also stretches the resources of MLA and other non-profits who assist homeowners every year. Making the application process simpler and easier would put less of a strain on these resources and allow more homeowners to be able to access this assistance and potentially save their homes.

In addition, many homeowners, especially older homeowners, do not realize that these property tax credits are available. This causes many properties to go into tax sale, which can cause the owner to lose the home. By making homeowners more aware of the property tax credits available, and by making the property tax credits easier to obtain, more homeowners will be able to avoid a possible tax sale.

Also, older homeowners, when older homeowners they cannot afford their property taxes, sometimes decide that it would be better to obtain a reverse mortgage or sell the home to an investor than to lose it entirely. This can cause many homeowners to end up in predatory reverse- mortgage situations and can also cause the loss of generational wealth that they could pass down to future generations. This is especially true in many low-income and minority communities. By making property tax credits easier to obtain, this situation could be avoided.

Because this bill would require state agencies to study proposals to increase access and awareness for Maryland property tax credits and because MLA almost always supports State agencies working together to provide assistance to low-income Marylanders, MLA urges a favorable report on HB 665. If you need

additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.

/s/William F. Steinwedel

William F. Steinwedel

Supervising Attorney, Foreclosure Legal Assistance Project

Maryland Legal Aid Bureau

March 30_HB665_Habitat_Chesapeake.docx.pdf

Uploaded by: Mike Posko

Position: FAV

Testimony
HB 665
Ways and Means Committee
March 30, 2023
Position: FAVORABLE

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

For 40 years, Habitat for Humanity of the Chesapeake has been a catalyst for moving low-income families out of poverty toward more prosperous, stable futures through affordable homeownership. By bringing people together to build homes, communities, and inspire hope, we settled 789 families into energy-efficient, affordable homes with zero-interest mortgages. This positively impacted the lives of more than 3,000 partner family members (more than half of whom are children), involved more than 1,200 volunteers annually and impacted hundreds of other community residents who benefit from safer, more vital communities as homeownership rates increase.

We aim to give our homebuyers the tools for long-term success, with our program inclusion of an extensive, fifty-hour long homeowner education curriculum. Budgeting is key in our classes with homebuyers, as is an emphasis on applying for homeowner tax credits in every tax season. We send a newsletter to all of our homebuyers each winter that includes the reminder to apply for the credit and provide ongoing support for our homeowners to ensure their complete applications.

We've found that our reminder to apply for the credit are a welcome gesture. For a span of years, we served as a VITA site with the CASH Campaign of Maryland for tax preparation for our homeowners, and any community members who fit the income limits for free tax prep. In our time, we served several thousand taxpayers with this service, and saw that some people applying through CASH had no knowledge of the tax benefits available to them.

HB 665 "would require the Comptroller and State Department of Assessments and Taxation to collaborate on enhancing access to property tax benefits administered by the Department, and would generally enhance access to current property tax benefits." It would also "raise awareness of the property tax benefits and encourage taxpayers to apply; and make the application process for the homeowners' and renters' tax credits simpler and more user-friendly by reducing or eliminating the need for the applicant to separately report income

information to the Department on the homeowners' and renters' tax credit applications that the applicant has already reported to the Department."

Having the application pre-set with basic information about the applicant from previous year's applications would be a huge step forward in ease for application for homebuyers. In our experience, many of our lowest income earners rely on the receipt of the Homeowner's Property Tax Credit annually to ensure the continued affordability of their home. We've also found property tax increases to be the primary reason provided when a homeowner falls behind on their mortgage payments. Ensuring the easiest avenue possible to reapply is key.

Additionally, we recommend further analysis on the inclusion of total household income in the calculation of the tax credit. We would ask that income consideration be made to focus on the owner of record, or only focus on total household income if certain conditions are met. At present, even the common occurrence of an adult child going to live at home with their parent(s) can mean an inclusion of income that, while not large enough to make a difference in the household, is just enough to exceed the income cap of \$60,000, rendering the credit impossible for use by a single head of household, lower-income applicant.

HB665 will enable a clearer and direct path toward proper tax filing for these tax benefits already in place.

We respectfully request a favorable report for HB 665.

Sincerely,



Mike Posko,
Chief Executive Officer