

Written Testimony - HB 83 (redemption without sati

Uploaded by: Allison Harris

Position: FAV



HB 83
PROPERTY TAX— TAX SALES – REDEMPTION
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
MARCH 29, 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 pro bono civil legal services in Maryland. PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics. **PBRC supports HB 83 because vulnerable homeowners who would be able to redeem their properties and preserve homeownership but for the letter of satisfaction should have the benefit of an easier tax sale redemption process.**

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. 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 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. Once a homeowner has received notice that they are facing tax sale, there is usually very little time, only a few weeks, to find the money to pay off the tax debt prior to the auction. In the initial few months after the lien certificate auction, many homeowners are able to pull together the funds needed to pay the tax delinquency. However, the multi-step redemption process required in Maryland is challenging for homeowners, who often have a hard time figuring out to whom they owe money, how much they must pay, and how to navigate the numerous tight deadlines. We have seen many homeowners excitedly realize they have the money to redeem and begin the process, only to find that the lien certificate purchaser, who must be paid and provide proof of payment before redeeming to the municipality, ignores or refuses requests to arrange for payment. **Allowing municipalities to redeem a property without the letter of satisfaction from a non-responsive purchaser would enable more homeowners to redeem, thereby avoiding tax sale foreclosure and keeping their homes and the equity their families have worked so hard to build.**

PBRC supports HB 83, which will 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 83.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.
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HB83 Crossover.pdf

Uploaded by: Dan Ellis

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

March 28, 2023

Senator Guy Guzzone

Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 83

Honorable Senator Guzzone and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore (NHS), and a resident of Baltimore City. Our organization believes that economic and social justice are a right for all people and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment. I have worked on tax sale reform supporting residents and communities for more than 10 years and currently serve as co-chair of Mayor Scott's Tax Sale Work Group identifying ways to reform and improve the tax sale system.

In our experience with tax sale one of the challenges encountered is being able to get clarity on how much is owed to redeem a property. It is sometimes difficult to get in contact with tax sale purchasers and there are significant points in the tax sale process when significant fees can be added to the cost to redeem. Requiring a response from tax sale purchasers within 5 days will ensure access to information for residents looking to retain their home.

We ask that the Committee issue a *favorable* report on HB 83 as we continue to work on ways to reform the tax sale system as a whole,

Sincerely,

A handwritten signature in black ink that reads "D. T. Ellis".

Daniel T. Ellis
Executive Director



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HB0083 Crossover.docx.pdf

Uploaded by: Director Michael Higgs

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HEARING DATE: March 29, 2023

BILL: HB0083

TITLE: Property Tax - Tax Sales - Redemption

SDAT POSITION: SUPPORT

HB0083 would permit the collector to redeem the homeowner's tax lien without a release from the lien purchaser when the purchaser fails to respond to requests for a payoff amount.

When a homeowner redeems after a tax sale, they must pay the lien purchaser's attorney's fees first, and then provide the attorney's release letter to the county. The county does not accept payment from the homeowner to redeem without the release.

This bill would incentivize lien purchasers to respond to payoff requests in a timely manner by (1) requiring the collector to attempt to contact the purchaser when a homeowner reports no response, and (2) if the purchaser still failed to respond, it would allow the collector to accept redemption payoff from the homeowner without a release from the purchaser.

This would help the homeowner redeem after tax sale, and remove their home from the risk of foreclosure and move forward with plans to stay current on payments to their future tax bills.

This bill would save homeowners significant interest and fees from delays by lien purchasers' failing to respond to payoff requests.

Homeowners regularly report to the Office of the State Tax Sale Ombudsman that lien purchasers do not consistently respond to requests for the payoff amount or respond to requests regarding how to transact the payment promptly. The longer it takes the homeowner to redeem, the more interest and fees the homeowner must ultimately pay to the lien purchaser.

For these reasons, SDAT urges a favorable vote on HB0083.

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Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

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Testimony
HB83 – Property Tax – Tax Sales - Redemption
March 29, 2023
FAVORABLE

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

I am writing to urge your support for **HB83 – Property Tax – Tax Sales – Redemption**. Thanks to Chair Atterbeary for introducing this important legislation.

Any property owner whose lien was sold in tax sale is allowed to redeem the property, which is the amount of the lien plus the fees to the lien holder. However, often, the owner who is trying to redeem the property is unable to get a hold of the lien holder to find out what are the fees owed, and pay them for the satisfaction letter. The jurisdiction can then collect the lien from the owner. Because these fees accrue monthly, it is important for the lien holder to get back to the owner so that minimal fees accrue, but that is often not the case.

HB83 requires the collector to contact the lien holder on behalf of the owner. If the collector does not hear from the lien holder within 5 days, the collector shall redeem the property without the satisfaction letter. This is important to help the owners get their properties back, without waiting for the lien holder to get back to them, and owners can work to stay in their homes without additional fees.

I urge your favorable report for this legislation.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

Odette Ramos
Baltimore City Councilwoman
District 14