

**Testimony
HB 404
Budget and Taxation 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 have 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 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.

The provision in HB 404 for qualified homeowners to apply for the Homeowner Property Tax Credit regardless of their income would be a huge step forward in supporting homeowners suffering adverse circumstances.

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 have 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, overall. 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.

We respectfully request a favorable report for HB 404.

Sincerely,



Mike Posko
Chief Executive Officer