



**MARYLAND  
LEGAL AID**

*Advancing*  
**Human Rights and  
Justice for All**

**03/07/23**

**Senate Bill 0766**

**Baltimore City - Collection of Unpaid Property Taxes**

In the Senate Budget & Taxation Committee

Hearing on March 8, 2023

**Position: FAVORABLE**

*Maryland Legal Aid (MLA) submits its written and oral testimony on SB 0766 at the request of Senator Jill Carter.*

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters including housing, family law, public benefits, bankruptcy and other debt collection matters, as well as criminal record expungements.

Maryland Legal Aid asks that the Committee report **favorably** on SB 0766.

SB 0766 gives authority to the Mayor and City Council of Baltimore City to create and implement changes in the tax sale process that protect low-income and vulnerable homeowners while safeguarding the City's interest in collecting unpaid taxes. These changes include, among other things:

1. Establishing an installment payment program for taxes in arrears on residential property;
2. Authorizing the Mayor of Baltimore City to cancel the annual tax sale;
3. Authorizing the Mayor and City Council of Baltimore City to establish a program to divert residential property from the private tax lien sale process into an alternative program for the payment of taxes in arrears;
4. Authorizing the collector of taxes in Baltimore City to withhold any residential property from tax sale;
5. Authorizing Baltimore City to conduct a judicial in rem foreclosure and sale of residential property on which the taxes are in arrears.

MLA represents many low-income clients with tax sale issues across the State of Maryland. The number of properties in tax sale in the City of Baltimore, however, is deeply concerning and worthy of our attention. According to data contained in the State Department of Assessments & Taxation's 2022 Annual Maryland Tax Sale Report, the total number of property liens offered for sale in 2021 for all Maryland jurisdictions that held a tax sale was 20,977 with the largest number of liens offered for sale being 9,842 in Baltimore City. The total lien amount for these nearly 10,000 properties amounted to over

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\$424 million and the average lien amount was \$43,000. Baltimore City has perennially had the largest tax sale list in the State of Maryland.

Significant action has been taken recently to address the disproportionately high number of property liens in Baltimore City, which this bill looks to expand. In fiscal year 2021, the City removed all first-time owner-occupied properties from its tax sale, and in fiscal year 2022 the City removed all owner-occupied properties from its tax sale. While this action has helped protect first-time and low-income homeowners, systemic, long-term changes need to be employed to ensure that more homeowners are protected. SB 0766 does just that.

The consequences of facing a tax sale are severe. Similar to other jurisdictions in Maryland, the minimum threshold amount of unpaid taxes on a residential property that will cause the City to put the property in tax sale is currently \$750 for owner-occupied properties. A person's home could be worth hundreds of thousands of dollars and for them to lose it due to a \$800 property tax bill, for example, results in housing loss for not only the homeowner but also for their children, grandchildren and/or elderly parents who are often living in the home as well. Reducing tax sales and avoiding the loss of housing in the City will help all of us – homeowners, communities and local governments.

This bill makes it easier for homeowners to redeem their property by establishing an installment payment plan to collect the unpaid taxes, which gives homeowners more time to obtain the funds. This bill also allows for the tax sale to be cancelled or for eligible properties to be excluded from tax sale. In addition, this bill would specifically benefit older adults and long-time homeowners who are at risk of losing the equity in their home. Having fewer tax sales results in fewer vacant houses and more stabilized communities which, again, benefits all of us.

SB 0766 is a crucial piece of legislation that will stem the tide of housing loss across the City of Baltimore, especially for some of our most vulnerable residents.

**Maryland Legal Aid urges the Committee to issue a FAVORABLE report on Senate Bill 0766.**

If you have any questions, please contact Lorna Henry, Staff Attorney, (410) 951-7652, [LHenry@mdlal.org](mailto:LHenry@mdlal.org).