



JUSTICE FOR ALL

MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB766: BALTIMORE CITY - COLLECTION OF UNPAID PROPERTY TAXES
WEDNESDAY MARCH 8, 2023

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Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of House Bill SB766.

My name is Margaret Henn and I am the Deputy Director at Maryland Volunteer Lawyers Service (MVLS). I have been representing low income clients on tax sale foreclosure cases for 10 years. MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY22, MVLS volunteers and staff lawyers provided legal services to 3,458 people across the state. As part of our tax sale foreclosure work, we see hundreds of clients at risk of losing their housing due to unpaid property taxes. For the reasons explained below, we respectfully request a favorable report on SB766.

MVLS represents clients who face losing their homes due to unpaid property taxes or citations. Unpaid property taxes often affect the poorest homeowners in the most distressed neighborhoods and the resulting tax sales contribute to vacant and abandoned properties all over the state. Tax sale has a disproportionate effect on Black homeowners and communities of color. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was to protect communities and homeowners, especially people with lower incomes and the elderly, who face the most devastating effects of the tax sale process. Since 2014, MVLS has maintained a partnership with the Pro Bono Resource Center of Maryland to conduct annual tax sale clinics aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected at our 2020 tax sale clinics, 72% of clients are seniors, 48% were disabled, 85% identified as Black, and 72% reported a household income of \$30,000 or less per year. Many of these clients survive on fixed incomes and struggle to pay their bills even before a tax sale happens. We also found that most homeowners live in multigenerational households where they provide shelter and support for their children and grandchildren. The property tax system has long had the inequitable outcome of stripping wealth from Black families and communities. For these families, the predominant form of accumulated wealth that they have, and that they can

pass on to their families, is the equity in their homes. The loss of these homes further exacerbates the existing wealth gap.

Estelle came to MVLS to help her save her home when she had nowhere else to turn. For 58 years, she has raised her family in the Middle East neighborhood in Baltimore, participated in community events, and been a staple in her neighborhood. Estelle was proactive and made sure to apply for the Homeowners' Property Tax Credit every year. However, the year before coming to MVLS, Estelle was hospitalized, and as a result, she missed the Homeowners' Property Tax Credit application deadline. Without the tax credit, Estelle faced a property tax bill that she could not afford on her limited pension. When she was finally released from the hospital, instead of focusing on her recovery, Estelle faced the threat of losing her home to tax sale. Estelle needed to pay \$2,017.11 in a short time to keep her home out of the tax sale auction. With no savings and a limited income, she had few options.

Desperate to save her home, Estelle began looking around her home, identifying any furniture and other personal items that she might sell to raise funds. She also started making a list of everyone she knew that she might be able to borrow money from to pay her property taxes. Thankfully, Estelle also took one more key step – she contacted MVLS. Once Estelle was matched with an attorney, they contacted the Maryland State Department of Assessment and Taxation. Since Estelle was a senior, the attorney was able to explain the situation and requested that the property tax credits be applied retroactively. Once the attorney had filed the necessary paperwork, the credits were approved, and Estelle was able to remain in her home.

Estelle's story is just one of many. Homeowners who owe at least \$750 in property taxes or citations, or a combination of both, are at risk of losing their home to tax sale. Unfortunately, by the time someone comes to MVLS at risk of tax sale, it is often very difficult to come up with the lump sum they would need to keep their property out of tax sale or redeem it. Our clients are typically older adults on a fixed income and coming up with hundreds or thousands of dollars all at once is nearly impossible.

MVLS has been fighting to even the playing field for low-income Marylanders for decades, and we know that poor Marylanders are most often forced to face tax sale without an advocate. This imbalance of power makes it more likely that our clients will continue to struggle to get out of tax sale. The retroactive credit that Estelle received is only available to those over the age of 70, and many of our clients don't meet this criteria. We support SB766 which would allow Baltimore City to divert residential properties from the tax sale into a program that would conduct outreach and connect homeowners with resources to allow them to both pay their tax bill over time and avoid loss of their home. Consequently, we urge a favorable report.

Chair and members of the Committee, thank you again for the opportunity to testify.