



HB 236
TAX SALES – STATE TAX SALE OMBUDSMAN – OUTREACH CAMPAIGN
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 236 because enhanced outreach to vulnerable homeowners in tax sale would help them redeem and resolve their tax sale situation.**

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.

Homeowners who call us after they receive a notice that their lien was sold at the tax sale auction almost inevitably are confused: they don’t fully understand what the auction was, what it means for their property interest, or how to resolve the situation. Most homeowners we encounter would be able to pull together the funds to redeem – either through family help or a through eligibility for a financial assistance program – but they often delay or fail to complete the redemption process in a timely manner because they don’t have critical information about deadlines, additional resources, or processes to redeem. If they delay, the interest on the lien begins to add up quickly; if they delay beyond the initial redemption period, the attorney’s fees and expenses pile up. The cost of redemption can very quickly become out of reach for these homeowners. Phone calls from the Ombudsman’s office immediately following the tax sale, as provided in HB 236, would reach homeowners faster, more directly, and earlier in the process than through mail communications. Further, phone outreach would help the State reach homeowners who don't regularly read their mail, as well as those who might better understand a verbal explanation than a written notice and referral. The ability to have a conversation with a live person who can inform the homeowner of the redemption process and who can guide the homeowner to available resources will increase the number of homeowners who successfully redeem after a tax sale auction.

PBRC supports HB 236, 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 236.

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