
HB 21

**PROPERTY TAX— TAX SALES – NOTICES AND PAYOFF AMOUNT FOR REDEMPTION
HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE**

JANUARY 24, 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 21 because it would enable more vulnerable homeowners the opportunity to participate in the tax sale redemption process; thereby preventing the loss of their homes and preserving community stability.**

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, over a short period of time, the amount they owe the lien purchaser has jumped yet again. **Allowing for a 30-day hold on the payoff amount, once requested, before additional fees and expenses can be charged would enable more homeowners to redeem, thereby avoiding tax sale foreclosure and keeping their homes and the equity their families have worked hard to build.**

PBRC supports HB 21, 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 21.

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

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