



**Odette Ramos**

**Baltimore City Councilwoman**

**District 14**

(410) 396 - 4814

[odette.ramos@baltimorecity.gov](mailto:odette.ramos@baltimorecity.gov)

100 N. Holliday Street, Room 506

Baltimore MD 21202

March 28, 2023

### **Testimony**

#### **SB766/HB867 Baltimore City – Collection of Unpaid Property Taxes**

#### **Support without amendments**

Dear Honorable Chair Atterbeary and Distinguished Members of the House Ways and Means Committee:

Thank you for all you do for our City. I am so grateful for your partnership.

I am writing regarding SB766/SB867 Baltimore City- Collection of Unpaid Property Taxes. **I am asking for your support of this bill without any amendments.**

As you know, I have been working on tax sale reform for more than 10 years in my previous role as the Executive Director of the Community Development Network of Maryland and now as the Baltimore City Councilwoman for the 14<sup>th</sup> District. In those roles, I've worked with you and advocates from around the City and state to reform tax sale - making sure no one loses their homes because they cannot pay taxes. Together, we have made incremental changes over the years.

SB766/HB867 allows Baltimore City to create our own tax sale system and not have to use third party collectors to collect taxes. This bill allows the Mayor to cancel the tax sale at any time, and allows for us to provide payment plans for residents whose tax bills are in arrears. This is for residential property. This bill comes from the Tax Sale Working group that Mayor Scott created shortly after taking office. **It is the first time we have had true leadership in the Mayor's Office, in the City Council, and in the General Assembly to create complete and total reform of this predatory tax sale system.**

**The Tax Sale Working Group will continue once this bill is passed to create the new system – which could take months and needs City Council action.** The work includes building the capacity of Finance Department or a proposed Tax Sale Services office to reach out to homeowners in arrears and work with them to create payment plans. This office will also work with residents to take advantage of the other tax sale prevention tools that Baltimore has – including the Homeowner's Property Tax Credit, the Homeowner's Assistance Fund, the Tax Sale Exemption program, and more. The Homeowner's Property Tax Credit is the best tool we have to help residents significantly reduce tax debt and continue to do so.

In addition, the very last resort is for the City to foreclose using In Rem. We DO NOT anticipate using this at all, because the work of the Tax Sale Services office or Finance will be such that each homeowner in arrears will have the opportunity for payment plans or take advantage of programs to help them. Foreclosure is only as a last resort, and can only happen after 10 attempts and three years of outreach. Right now the tax sale purchasers foreclose after 6 months in arrears.

**So, the amendment that was placed on the Senate version is not needed. I am asking you to strike this amendment and pass a clean bill.** The amendment was provided by the tax sale purchasers to save their industry – an industry that has taken advantage of our elders for far too long. Baltimore City

Administration even opposes the amendment. The amendment limits this bill to just homeowners. The impact of the amendment will defeat the purpose of even having this bill. Here's why:

- The proponents of the amendment argue this bill would cause vacant and abandoned properties to just sit, without anyone bidding on them if there is no sale. **This is incorrect.** Most vacant and abandoned properties are not purchased by tax sale purchasers. Each year less than 10% of liens offered at tax sale are purchased – as the liens often exceed the value of the property. Also, when there are bids on these properties, the purchaser often does not end up foreclosing, resulting in additional court action needed to address title issues and an INCREASE in vacant properties. Thanks to you, two bills have passed to address vacant and abandoned properties in Baltimore that we will implement immediately.
- There was a worry that the City can't afford the loss of \$18 to \$20 million in revenue from the tax sale. This revenue is offset by the services needed to support these homeowners, and more importantly, if the home remains vacant – the city incurs significant maintenance costs. **It is worth it to our city to ensure residence can stay in their homes.**
- While some say we can't afford a new system, **the numbers show our new system will pay for itself.** The costs of this system are offset by the revenue generated by the city for the 12% interest rate. Currently, 80% of properties with certificates purchased in tax sale are not owner occupied. This is about \$12 million annually. Assuming 80% of these properties enter 2-year payment plans this will result in about \$2 million in interest annually. This revenue will offset costs associated with implementing the payment plans and conducting the outreach. If the bill is limited to only owner-occupied properties, the interest generated will be reduced to about \$400,000. This would not offset the cost of outreach efforts and implementation of payment plans.
- The proposed amendment would also **eliminate protections for heirs properties.** Many properties are owned by deceased relatives of the residents. This is an especially prevalent issue among our Black and Brown communities. Because the properties are owned by heirs who are not listed on the deed, they are not considered to be owner-occupied. Sometimes the notation on SDAT still says the deceased's name and that it is owner-occupied but most times, it does not. The proposed amendment would remove protections for this important group of stakeholders.

I am asking your support in passing this bill clean, as originally drafted.

I am available for any questions. I can be reached on 443-801-8137 and [odette.ramos@baltimorecity.gov](mailto:odette.ramos@baltimorecity.gov). I will be contacting your offices for appointments, or will catch you in the hallways. Thanks as always for all you do for our city. I am grateful for the partnership.

Respectfully Submitted:



Odette Ramos  
Baltimore City Councilwoman, District 14