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**HB 867/SB 766**  
**BALTIMORE CITY TAX SALE – COLLECTION OF UNPAID PROPERTY TAXES**  
**HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE**  
**FEBRUARY 28, 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 volunteer civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. PBRC supports HB 867/SB 766 because it would allow the City of Baltimore to make its own determinations about how and when to conduct tax sale auctions, thereby potentially preserving homeownership for hundreds of families while addressing other local concerns, including the issues of vacancy and blight that are particular to Baltimore.**

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. 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.

Baltimore City, where we primarily operate our tax sale work, has a particularly high number of residents facing tax sale: the City mailed Final Bills and Legal Notices in February 2023 to nearly 7,700 owner-occupied homes. The City government has recognized that there is a better way to address these delinquencies than through the current tax sale system: allowing payment plans will enable more residents to pay what they owe, interest and expenses can contribute to the City’s revenue instead of going in the pockets of third-party investors, and residents will have the extra time they need to pay down their tax debt. The Mayor of Baltimore is committed to helping residents who are at risk of tax sale, committed to reducing the inequities, to ending predatory third-party involvement, and committed to addressing the problem of vacancy. But, as the State tax sale law currently stands, he is hampered in his ability to reform the tax sale auction process to better suit the needs of this City.

Our client John is a typical example of a homeowner in tax sale. He is a senior who had owned his home for over 30 years, paid off his mortgage, and paid his property taxes on time every year for decades until he retired and became reliant on social security for income. Like many senior homeowners, his property taxes increased dramatically over the years, then suddenly his income was reduced significantly when he retired. The lien certificate to his house was sold in the tax sale auction, and in his desperation to save his home, John went door to door in his neighborhood offering to trim trees and do yard work for cash. He scrimped by eating sandwiches out of a dumpster.

We did save his home through a combination of the Homeowner Assistance Fund grant and tax credits, but he kept asking if there was a way that he could pay more than the tax limit that the State Department of Assessments and Taxation set for him with his property tax credits, because he truly wants to be a good resident and a good taxpayer.

We also worked to help the Mendez family. The lien certificate to their home was sold at tax sale for a few hundred dollars. The Mendez family had tried to pay off the bill by wire transfer from their bank but, unbeknownst to them, it didn't go through. In the meantime, they were unaware of the tax sale proceeding and continued to pay their property taxes and bills on time. The parents are of limited English proficiency, and they didn't understand the city and court notices that came to their house. The home went through the tax sale foreclosure process and a judgment was issued against them. The lien purchaser then auctioned the home, prior to taking the deed, to an individual investor from Texas.

One day, the man from Texas showed up at the home and told the Mendez family that he was the new owner, and they could stay in the home and rent it from him. The Mendez family home and the equity they worked to build is now lost to them. A man from Texas who has no particular interest in Baltimore, in the neighborhood or in the community now owns that home.

Last year when Mayor Scott pulled owner-occupied properties from tax sale, we called our clients immediately to tell them they got a reprieve. They all cried. They sobbed. They shouted. The relief was palpable. They wanted desperately to resolve their tax situations, but they just need more time and more help.

PBRC supports HB 867/SB 766, which will permit Baltimore to best determine how and when to conduct tax sales according to its own needs, allowing for alternative options that may preserve homeownership for City residents, address the critical issue of vacancy, and allow the City to more effectively collect property tax revenues. Thank you for the opportunity to testify.

For the above reasons,

**PBRC urges a FAVORABLE report on HB 867/SB 766.**

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