



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

2/24/23

House Bill 0898

**Property Tax – Renters’ Property Tax Relief and
Homeowners’ Property Tax Credit Programs – Eligibility and Credit Amount
In the House Ways and Means Committee
Hearing on February 28, 2023
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 0898 at the request of bill sponsor, Delegate Jessica Feldmark.

MLA is a non-profit law firm that provides free legal services to the State’s low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland’s 24 jurisdictions and handle a range of civil legal matters including housing, family law, public benefits, bankruptcy and other debt collection matters, as well as criminal record expungements.

Maryland Legal Aid asks that the Committee report **favorably** on HB 0898.

HB 0898 increases the income eligibility for the Renters’ and Homeowners’ Property Tax Credit programs in addition to increasing the maximum amount available to eligible renters and homeowners. It also requires the Maryland State Department of Assessments and Taxation to reassess both credits every three years to determine if the income eligibility should be further expanded to reflect increases in inflation.

MLA has many low-income and elderly clients who benefit a great deal from Maryland’s property tax credits. The Homeowners’ Tax Credit, in particular, helps many residents avoid foreclosure and tax sale thereby helping them avoid housing loss for themselves and their families. Every year, MLA sends out a mailer to its clients with the current fiscal year’s tax credit application and instructions on how to complete it. MLA also offers to assist homeowners who need help with the application process. This assistance provides tangible financial benefits to homeowners as it reduces, and sometimes eliminates entirely, their property tax bill which helps prevent their homes from going into foreclosure or tax sale. The passage of HB 0898 would expand the number of homeowners who are eligible for this credit. This is an important and positive step toward curbing housing instability and housing loss throughout the state.

Homeowners’ property tax credits have been very beneficial for homeowners to avoid tax sale. Expanding the income eligibility for the property tax credits and increasing the maximum amount available will make it possible for more homeowners to obtain the credit and remain in their homes. Sometimes a homeowner may lose their property to tax sale or foreclosure by accumulating small property tax defaults each year. These defaults accumulate and eventually reach the level where the property can be placed into tax sale. The increase in the amount of the credit for eligible homeowners would make it less likely that this would occur.

Also, when older homeowners cannot afford their property taxes, they sometimes decide that it would be better to obtain a reverse mortgage or sell the home to an investor rather than to lose it entirely. This can cause many homeowners to end up in predatory reverse mortgage situations and can also cause the loss of generational wealth that they could pass down to future generations. This is especially true in many low-income areas and neighborhoods of color. By increasing the income thresholds to allow for more homeowners to be eligible for the tax credit, HB 0898 will allow a greater number of older homeowners to afford to stay in their homes and make it less likely that they will face this choice.

The Renters' Property Tax Credit is also a very helpful program for low-income, disabled and elderly renters. The credit currently is extremely limited so that many low-income and elderly households that could benefit from a credit on the rent that they pay (to close the gap toward scarce resources), are not able to qualify. Expanding the income guidelines and increasing the maximum credit amount available will make it easier for more renters to qualify. Additionally, reassessing both the renters' and homeowners' property tax credits every three years to determine if income eligibility should be further expanded helps to address the impact of inflation on income levels.

HB 0898 is both reasonable and fair. The Renters' and Homeowners' Property Tax Credit programs provide vital financial assistance to eligible residents and they reduce the risk of housing instability and housing loss throughout the State.

Maryland Legal Aid urges the Committee to issue a FAVORABLE report on HB 0898.

If you have any questions, please contact Lorna Henry, Staff Attorney, (410) 951-7652, Lhenry@mdlalab.org.