



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**Senate Bill 342
In the Senate Budget and Taxation Committee– Tax Credits –
Homeowners and Renters – Income Calculation
Hearing on January 24, 2024
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 342 in response to a request from Senator McCray.

Maryland Legal Aid (MLA) is the largest non-profit law firm in the State of Maryland and represents low-income homeowners in foreclosure mediations, tax sales, litigation connected to foreclosure, foreclosure matters, and bankruptcies connected to home preservation. MLA also helps many clients to apply for retroactive and current year property tax credits. SB 342 eliminates the cash value of IRA's, 401Ks, and pensions from the asset calculation for the homeowners and renters property tax credit. SB 342 will be favorable to the homeowners and renters that MLA represents and will make more MLA clients eligible for the homeowners and renters property tax credit.

SB 342 will have the effect of a small but consequential change. By eliminating individual retirement plans and pensions from the asset calculation for the homeowners and renters property tax credit, eligible for the homeowners and renters property tax credit. Making more homeowners eligible for these credits will mean that the adverse consequences from non-payment of property taxes will be less likely to occur for more homeowners. Those negative consequences include loss of a home due to tax sale, reverse mortgage foreclosure, or could include loss of homeowners insurance or other negative results. This small change alone will do a great deal to limit the number of homeowners that suffer these adverse consequences.

SB 342 will also bring the homeowners and renters tax credit qualifications more in concert with the state's general view of individual retirement plans and pensions, which is demonstrated by the Maryland exemptions statute codified at Md. Crts. and Jud. Proc. § 11-504. Under the Maryland exemptions statute, individual retirement plans and pensions are exempt from judgment creditors and collection, even if they are worth millions.

Because SB 342 makes more homeowners and renters eligible for the homeowners and renters property tax credit and brings the eligibility for the homeowners and renters property tax credit more in concert with the Maryland Code, MLA urges a favorable report on SB 342. If you need additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlaboratory.org and (410) 951-7643.

/s/William F. Steinwedel

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Maryland Legal Aid Bureau