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DATE: February 7, 2024
BILL NO.: Senate Bill 519
TITLE: Baltimore City - Tax Sales - Owner-Occupied Residential Property
COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

Senate Bill 519 authorizes the tax collector of Baltimore City to withhold from tax sale any owner-occupied residential property.

Background and Analysis:

Under existing law, Baltimore City's tax collector is required to withhold from tax sale any owner-occupied residential property when the total taxes, interest, and penalties due on the property are less than \$750¹. This bill would give the tax collector additional discretion to withhold from tax sale owner-occupied residential properties with over \$750 in overdue taxes, interest, and penalties.

Baltimore City has, in each tax sale since 2021, withheld all owner-occupied properties from tax sale in its authority under Tax - Property Article, § 14-811(a)(2), which allows local jurisdictions to withhold owner-occupied residential properties that meet "objective criteria established by the governing body" of the jurisdiction. Senate Bill 519 gives Baltimore City this discretionary authority directly, rather than requiring the Mayor and/or City Council to determine criteria each year.

Through 2020 in Baltimore, the homeowners facing tax sale and the ensuing foreclosure process were disproportionately Black, and often elderly or disabled, and living on limited fixed incomes. In 2020, nearly half of the clients served at Baltimore City tax sale foreclosure prevention clinics offered by Maryland Volunteer Lawyers Service were disabled.

Baltimore City has already taken significant steps to protect some of its most vulnerable homeowners from tax sale foreclosure, including the *de facto* moratorium on bringing owner-occupied homes to tax sale since 2021. Giving the City the direct authority to exempt any owner-occupied residential property from tax sale would further protect these residents without undermining the City's ability to enforce tax collection.

DHCD Position:

The Department of Housing and Community Development respectfully requests a **favorable** report on Senate Bill 519.

¹ There is currently pending legislation (HB 243) that would require local tax collectors statewide to withhold from tax sale owner-occupied residential properties where less than \$1,000 is owed.

