

**SB519\_DHCD\_SUPPORT.pdf**

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Position: FAV



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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 \$750<sup>1</sup>. 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.

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<sup>1</sup> 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.



# **SB 519\_Baltimore City – Tax Sales – Owner–Occupied**

Uploaded by: Destiny Bell

Position: FAV

CORY V. MCCRAY  
Legislative District 45  
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee

*Subcommittees*

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Vice Chair, Capital Budget

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Joint Committee on Gaming Oversight



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Cory.McCray@senate.state.md.us

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Statement of Senator Cory McCray In Support of Senate Bill 519 - Baltimore City – Baltimore City  
– Tax Sales – Owner–Occupied Residential Property**

**Vote Yes to SB 519**

**Title:** Baltimore City – Tax Sales – Owner–Occupied Residential Property

Budget and Taxation Committee

Hearing: February 07, 2024

Dear Chair, Vice Chair, and Members of the Committee,

I am writing to request your favorable vote on **Senate Bill 519**. This will be a new piece of legislation that allows Baltimore City tax collectors to exempt owner-occupied residential properties from tax sales.

The purpose of **SB519** is to protect owner-occupied residential properties from being subject to tax sales, preventing residents from losing their homes due to this financial obligation. By allowing Baltimore City tax collectors to exempt these properties, Maryland homeowners who have not met their property requirements are not immediately displaced.

**Significance and Impact:** The significance of **SB519** is that by exempting these properties and providing a safeguard against residents losing their homes due to property-tax obligations, the bill ensures housing stability for Maryland homeowners. The impact is that it will prevent the displacement of residents by protecting owner-occupied residential properties from tax sales.

This bill prioritizes the quality of life for the citizens of Maryland and focuses on keeping roofs over our citizen's heads, which is why I urge a favorable report for **Senate Bill 519**.

Respectfully,

A handwritten signature in blue ink, appearing to read "Cory V. McCray".

Cory V. McCray  
45<sup>th</sup> District

**MVLS Testimony SB519.pdf**

Uploaded by: Aja' Mallory

Position: FWA



**JUSTICE FOR ALL**

MARYLAND SENATE COMMITTEE OF BUDGET AND TAXATION  
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE  
IN SUPPORT OF SB519: BALTIMORE CITY – TAX SALES – OWNER-OCCUPIED PROPERTIES  
WEDNESDAY, FEBRUARY 07, 2024

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Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 0519.

My name is Aja' Mallory and I am the Senior Staff Attorney at Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteers has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY23, MVLS volunteers and staff lawyers provided legal services to 3,256 people across the state. As part of our tax sale foreclosure work, we see hundreds of clients at risk of losing their housing due to unpaid property taxes. For the reasons explained below, we respectfully request a favorable report on Senate Bill 0519.

Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to the overall problem of vacant and abandoned properties all over the state. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was and is to protect communities and homeowners, especially those that are low-income and elderly, who face the devastating effects of the tax sale process. In 2023, our joint tax sale prevention clinics with the Pro Bono Resource Center of Maryland served some of Maryland's most vulnerable citizens: 60% were seniors, 30% were disabled, 72% identify as Black, and 78% reported annual household incomes of less than \$30,000. On average, our Baltimore clients have owned their homes for 25 years, and 70% of them own 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 sees a high number of residents at risk of tax sale on a yearly basis and is committed to building its communities and neighborhoods back up. However, the current State law on tax sale hinders Baltimore City's ability to adjust to the needs of its residents as it relates to the tax sale auction. MVLS has been fighting to even the playing field for Marylanders with limited means for decades, and we know that these residents struggle to keep their homes from tax sale.

MVLS would support an amendment to the bill to remove “owner-occupied” from line 21 of page 1 (Section 14–811(b)(2)(II)). This would broaden the impact of the bill, giving Baltimore City wider authority to remove residential properties from tax sale including homes misclassified as non-owner occupied. In addition, the broader “residential properties” category includes properties occupied by tenants and family members of property owners that also deserve protections and removal from tax sale if the Baltimore City collection authority deems it in the City’s best interest.

SB519 would give Baltimore City the authority to create processes that would assist homeowners to get out of tax sale and become current on property taxes.

Mister Chairman and members of the Committee, thank you again for the opportunity to testify.

# **Written Testimony SB 519 - Baltimore City Tax Sale**

Uploaded by: Allison Harris

Position: FWA





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**SB 519**  
**BALTIMORE CITY – TAX SALES – OWNER-OCCUPIED PROPERTIES**  
**HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE**  
**February 7, 2024**  
**POSITION: FAVORABLE WITH AMENDMENTS**

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for pro bono civil legal services in Maryland. PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics to over 6,200 clients annually. **PBRC supports SB 519 because it would allow the City of Baltimore to make its own determinations about properties to include in its 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 nine 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. The clients served by our tax sale prevention clinics held in Baltimore in 2023 represented some of our state’s most vulnerable citizens: 60% were seniors, 30% were disabled, 72% identify as Black, and 78% reported annual household incomes of less than \$30,000. On average, our Baltimore clients have owned their homes for 25 years, and 70% of them own 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 government is committed to helping residents who are at risk of tax sale, committed to reducing the inequities. But, as the State tax sale law currently stands, the City is hampered in its ability to make its own decisions about the needs of this City related to the tax sale auction.

**PBRC would support an amendment to the bill to remove “owner-occupied” from line 21 of page 1** (Section 14–811(b)(2)(II)). This would broaden the impact of the bill, giving Baltimore City wider authority to remove residential properties from tax sale. Each spring at our tax sale clinics, we serve residents living in homes misclassified as non-owner-occupied even when the homeowner does actually reside at the property. These are almost always adult children of the original homeowner who did not go through the probate process to properly obtain title, and SDAT subsequently changed the occupancy designation upon receiving return mail from the home with the person on the title marked “deceased”. In addition, the broader “residential properties” category includes properties occupied by tenants and family members of property owners that also deserve protections and removal from tax sale if the Baltimore City collection authority deems it in the City’s best interest.

PBRC supports SB 519, which will permit Baltimore to best determine how to conduct tax sales according to its own needs, allowing for alternative options that may preserve homeownership for City residents. Thank you for the opportunity to testify.

For the above reasons,

**PBRC urges a FAVORABLE WITH AMENDMENTS report on SB 519.**

Please contact Allison Harris, Director of PBRC's Home Preservation Project, with any questions.  
[aharris@probonomd.org](mailto:aharris@probonomd.org) • 443-703-3050

# **CLC Written Testimony SB 519 Baltimore City - Tax**

Uploaded by: Shana Roth-Gormley

Position: FWA



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**SB 519**

**Baltimore City - Tax Sales - Owner-Occupied Residential Property**

Hearing before the Senate Budget and Taxation Committee

Feb. 7, 2024

**POSITION: Favorable with Amendments**

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits in pursuit of more just and vibrant communities. CLC provides direct legal representation to communities and nonprofits on issues like tax exemption and organizational governance, real estate, contracts, intellectual property, employment law, and more. We advocate on issues that impact our Maryland neighborhood and nonprofit clients, including to reform the tax sale system and to prevent and remediate property vacancy and abandonment.

**CLC supports SB 519 with amendments.** The bill would allow Baltimore City to keep certain properties out of tax sale, giving the City collection authority the ability to determine when doing so would be in the best interest of the City as a whole. For the past few years, Mayor Scott has removed homeowners' properties from the tax sale. This has been an enormous relief to those residents, who can now work to get caught up on paying their taxes without having to deal with the complicated and labyrinthine tax sale system and the additional interest and fees that tax sale accrues to their properties. It ensures that these residents do not lose their homes in tax sale – or walk away from their properties, thinking them already lost. We have seen this happen in previous years' tax sales, and it leads to increased property vacancy and abandonment.

**CLC would support an amendment to the bill to remove "owner-occupied" from line 21 of page 1 (Section 14-811(b)(2)(II)).** This would broaden the impact of the bill, giving Baltimore City wider authority to remove residential properties from tax sale. In CLC's work on tax sale, we have seen issues with properties being misclassified as non-owner-occupied even when the homeowner does actually reside at the property – often this is the result of a property that did not go through the probate process to properly pass it down to the original owners' heirs. In addition, the broader "residential properties" category includes properties occupied by tenants and family members of property owners that also deserve protections and removal from tax sale if the Baltimore City collection authority deems it in the City's best interest.

SB 519 would ultimately give Baltimore City the power to determine how best to serve the City's interests, which include collecting tax revenue as well as protecting residents and preserving homeownership. CLC supports SB 519, with an amendment to remove the words "owner-occupied" on line 21 of page 1. Thank you for the opportunity to testify.

For the above reasons,

**CLC urges a FAVORABLE VOTE WITH AMENDMENTS ON SB 519.**

Please contact Shana Roth-Gormley, Staff Attorney at Community Law Center, with any questions.

ShanaR@communitylaw.org | 410-366-0922 x 118