

Written Testimony HB 54 - tax payment exemption fo

Uploaded by: Allison Harris

Position: FAV



HB 54
PROPERTY TAX – TRANSFER TO HEIR – PAYMENT PLANS
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
March 26, 2024
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 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 HB 54 because vulnerable surviving family members of homeowners who are under economic strain need relief from a large lump-sum tax payment to help prevent the loss of their homes.**

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. Through the advocacy of volunteer attorneys, many of these clients can access programs and credits that reduce their property tax burden allowing them to stay in their homes. However, most Maryland homeowners are unrepresented.

When homeowners pass away, the heirs to their home must pre-pay the home’s tax bill to properly obtain title to the home. The prepayment requirement may force an unexpected and large expense on the family, and it precludes certain heirs who would be eligible for the Homeowners’ Property Tax Credit from receiving the discount prior to paying the full bill. The full property tax bill, currently required to be paid in a single lump sum, is simply out of reach for many low-income surviving families and so they are unable to get the deed in their names. This “tangled title” problem frequently lands families in tax sale. By allowing surviving family members of homeowners an exemption from the prepayment requirement if they enroll in a payment plan, these heir homeowners will be better positioned to obtain title, avoid tax sale foreclosure, and keep their homes and the equity their families have worked to build.

PBRC supports HB 54, which may protect certain Marylanders from the loss of their family home to tax sale foreclosure, thereby preserving homeownership and the transfer of intergenerational wealth while stabilizing neighborhoods. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on HB 54.

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

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CDN FAVORABLE HB54.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



TESTIMONY
HOUSE BILL 54
Senate Budget & Tax Committee
March 26, 2024
Position: FAVORABLE

Dear Chair Guzzone and Members of the Budget and Tax Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

CDN has been part of the ongoing work to reform the process of tax sale in the state since 2016. In 2017, CDN was a lead partner in the Task Force to Study Tax Sales in Maryland. CDN currently serves on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City. CDN helped to establish the Homeowner Protection Program in Maryland and we are excited by its progress.

Currently, in any transfer of property, the taxes and liens must be paid prior to the transfer of property. This includes the cases with heirs wanting to put a property they inherited in their name. An heir has to come up with the funds to pay off those liens first before making the property theirs. In many disinvested communities across the state, low income descendants are simply unable to come up with the funds to pay off the liens and property remains vacant.

Further this policy cuts off many heirs from support and assistance programs because their name is not on the deed. This legal entanglement exacerbates the vacant property crisis in Baltimore City and Dorchester counties

HB54 - Allows for property to be transferred to heirs even if there are outstanding liens as long as there is a payment plan arrangement in place. This law would give heirs time to pay off the debt and apply for any programs to help with repairs, repayments, etc. as needed.

In addition, HB 54 enables any county or municipality to create payment plans in general, not just for these heirs properties. This also will assist homeowners facing historic inflation avoid tax sale. A state run well publicized centralized system for payment plans would help older adults to pay their property taxes and afford food, medicine and other expenses.

We urge your favorable report for HB54.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

Testimony on HB 54 Senate MVLS.pdf

Uploaded by: Margaret Henn

Position: FAV



JUSTICE FOR ALL

SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE IN
SUPPORT OF HB0054: PROPERTY TAX - TRANSFER TO HEIR -
PAYMENT PLANS

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TUESDAY, MARCH 26th, 2024

The Maryland Volunteer Lawyers Service urges this Committee to favorably report House Bill 54.

My name is Margaret, and I am the Deputy Director at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. MVLS serves some of the most vulnerable people in Maryland, and we help our clients surmount numerous economic, logistic, and legal barriers daily. Our vision is for a fair legal system that is free of injustice and equitably serves underrepresented Marylanders. House Bill 54 brings our vision closer to reality, by helping low-income Marylanders transfer their property. Property transfers are a key method of preserving the hard-fought resources of our clients for future generations.

MVLS has been working for decades to support low-income Marylanders. MVLS was founded in 1981 by a group of concerned Maryland lawyers, legal services providers and leadership of the Maryland State Bar Association. For over 40 years, our statewide panel has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY23, over 300 MVLS volunteers along with our staff attorneys, moved justice forward in over 3,200 cases. Our panel of 985 attorneys and tax professionals impacted 7,927 clients and immediate family members. These cases covered areas such as family law, housing, expungements, tax, and deeds and estates. Every day, we help clients surmount economic barriers to justice. Due to our organization's consistent presence in the community, we are exposed to issues affecting vulnerable Marylanders. We have worked with numerous clients who have been unable to properly estate plan or provide for their children due to the current "clean lien sheet" requirement.

Real property should transfer to a decedent's heirs irrespective of when the taxes on the property are paid. The current statutory regime leaves many of our clients stranded without access to their family's largest asset- the home. Some heirs do not have the means to pay taxes prior to inheriting. This leaves them with unclear title to the property, in a phenomenon called "heirs' property" or "tangled title." Many of our clients struggle to get clear title after the death of the homeowner due to several inequitable barriers, including the current requirement to prepay taxes. In many cases, when an heir can record the deed and apply for and receive housing stabilization assistance, they are in a stronger position to pay their property taxes on time. Without clear title, heirs do not qualify for the Homestead Tax Credit or home repair grants. The wealth in the home is inaccessible to the heirs as they cannot leverage their real property to pay taxes, replace the roof, send a kid to college or start a business. These issues are prevalent in Black communities across Maryland. By allowing families to leverage their legacies, this legislation will work to mitigate the wealth gap for Black Marylanders.

This bill is fiscally neutral. Due to the payment plan requirement, heirs will be liable for any incurred property taxes owed. In addition, the interest of collecting property taxes has inevitability due to the tax sale process. Allowing Marylanders to dispose of their property and provide for future generations will not cost a thing.

To remove barriers to justice, the Maryland Volunteer Lawyers Service urges a favorable report of House Bill 54.

CLC Written Testimony SB 54 - Property Tax – Trans

Uploaded by: Shana Roth-Gormley

Position: FAV



SB 54

Property Tax – Transfer to Heir or Legatee – Payment Plans

Hearing before the Senate Budget and Taxation Committee

March 26, 2024

POSITION: Favorable

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 redediate property vacancy and abandonment.

CLC supports SB 54 to make it easier for families to keep their homes through payment plans for tax and other liens. SB 54 will allow property owners to enter into payment plans, and will allow residential real property to be transferred to a property owner's heirs without pre-payment of the property taxes if the heirs enter into a payment plan. Allowing payment plans will make it easier for grieving family members to keep their family home in the family. It will give the family time to address any tax issues that may arise and to apply for tax credits and assistance programs. Keeping properties in families builds generational wealth and strengthens neighborhoods by ensuring that properties stay occupied and maintained and are not abandoned.

CLC supports SB 54. Thank you for the opportunity to testify.

For the above reasons,

CLC urges a FAVORABLE VOTE ON SB 54.

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

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