



JUSTICE FOR ALL

MARYLAND HOUSE WAYS AND MEANS COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN OPPOSITION OF HB0777: BALTIMORE CITY – UNPAID WATER
AND SEWER CHARGES – TAX SALES OF NON-OWNER-OCCUPIED
RESIDENTIAL PROPERTY

TUESDAY, FEBRUARY 20, 2024

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Chair Atterbeary and distinguished members of the Committee, thank you for the opportunity to testify in opposition of House Bill 0777.

My name is Courtland Merkel and I am the Consumer and Housing 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 an unfavorable report on House Bill 0777.

MVLS became involved with helping clients with their water bill issues through our tax sale work. MVLS provides representation to individuals facing tax sale, many of whom also experienced issues with their water bill.

Since 2014, MVLS has maintained a partnership with the Pro Bono Resource Center of Maryland to conduct annual tax sale clinics aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected at our 2020 Baltimore City tax sale clinics, 72% of clients are older adults, 48% were disabled, 85% identified as Black, and 72% reported a household income of \$30,000 or less per year. Many of these clients survive on fixed incomes and struggle to pay their bills even before a tax sale happens. We also found that most homeowners live in multigenerational households where they provide shelter and support for their children and grandchildren.

The most common reasons cited by clients for not paying their water bill were mistakes on the bill, high consumption due to leaks, or the general unaffordability of water and sewer service. As advocates for these clients, we have seen that the policies and practices of the Department of Public Works (DPW) are confusing and difficult to navigate, leaving many residents without the resources to address their bill. Water bill mistakes in billing have plagued Baltimore City water customers for years.

In their wisdom, the Maryland General Assembly several years ago removed water bills from tax sale because of the numerous issues with DPW and the unconscionable imbalance of falling behind on your water bill costing you the roof over your head. This Legislature should not backtrack on this important issue.

Reports of customers receiving bills for thousands of dollars by mistake are plentiful and are highlighted in stories like from Fox 5 News. In December 2023 Fox 5 News reported that a DPW employee wrongly imputed information that led to a \$15,000 water bill being issued in error. At MVLS we see many people with the same issue.

One such client is Ms. J an 84 year old woman who lives alone. She received an unusually high water bill of almost \$1000, which she could not pay. She contacted her water provider to inquire about the bill and despite her history of low water bills, she was told by customer service to simply pay the bill. At no point did they offer her information about discounts, or the fact that she could dispute the bill with her provider. Ms. J attended a clinic operated by MVLS and PBRC and a volunteer attorney explained how to dispute her bill. She followed the required steps, including requesting an adjustment in writing to clear up the matter. Ms. J never received a response and did not receive an adjustment. She came back to MVLS for help and was placed with a volunteer attorney who resolved the matter in 20 minutes by contacting upper management at the agency.

Ms. J's story is common in Baltimore city. This bill's proposed revisions would directly harm homeowners like Ms. J for the mistakes in billing that originates from DPW.

Further this bill directly targets homeowners that are considered living on a property that is non-owner occupied. People like Mr. K who is a 64-year homeowner who lives in Northeast Baltimore. Mr. K lived in his parent's home and had been living there for 62 years. He took care of his parents until they passed away, and now he is caring for his sister, who has brain injuries. Mr. K found himself at risk of losing their family home that his parents had worked so hard for over

a tax bill. At the same time, he was navigating the process of opening an estate for his parents and transferring the deed to the home into his name. Due to the deed not being in his name, he was not eligible for the Homeowners' Property Tax Credit. Upon hearing his story, a neighbor has donated to help him pay his taxes. MVLS continues to work with Mr. K to get his deed issue resolved. The proposed revisions of HB0777 would directly affect Mr. K, making potential water bills that he could not pay place his family home in tax sale, while another family with the same water bill would not be placed in tax sale because their home is considered owner-occupied.

If the purpose of this bill is to target vacant properties it is moot, the City already has this authority to trigger the tax sale process for delinquent water and sewage bills from vacant properties therefore the bill should be withdrawn.

In the alternative, the authority this bill grants should be limited to vacant properties and exclude all residential property (owner-occupied or non-owner-occupied) because of tangled title issues mentioned above. Further, there is a consistent problem of incorrect categorization by SDAT of properties that are owner-occupied but categorized as non-owner-occupied. If amendments were introduced that limit the scope of this bill to vacant properties only, MVLS would support the bill with those amendments.

MVLS has been fighting to even the playing field for low-income Marylanders for decades, and we know that poor Marylanders are most often forced to face tax sale without an advocate. This imbalance of power makes it more likely that our clients will continue to struggle to get out of tax sale. We oppose HB0777 because it would unfairly target families that live in homes that are often miscategorized as non-owner occupied and put those homes at high risk of tax sale based on water bills that are frequently riddled with mistakes.

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