



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**House Bill 54
In the House Ways and Means Committee – Property Tax – Transfer
to Heir – Payment Plans
Hearing on February 6, 2024
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 54 in response to a request from Delegate Atterbeary.

MLA has represented low-income homeowners in foreclosure, tax sale and other consumer matters for many years. The current law requires that prior to a property transfer being recorded in land records, all property taxes and other charges due on the property must be paid. HB 54 provides an exemption from this requirement for transfers of residential real property from the estate of a decedent to an heir of the decedent if they have set up a payment plan with the state to pay any outstanding property taxes. As such, the legislation makes it easier for people who have inherited a home to obtain clear title without the financial strain of having to satisfy all delinquent charges assessed to the property. The practical effect is to conserve vital financial resources, preserve homeownership and equity, and support housing stability. MLA testifies in strong support of this bill.

HB 54 addresses key areas of concern affecting low-income households and offers the opportunity to build intergenerational wealth and combat the continued proliferation of intergenerational poverty, which occurs when children who grow up in families with incomes below the poverty line are themselves poor when they become adults. This cycle of poverty is linked with extreme crime, homelessness, high levels of lead¹. Homeownership and housing equity play a critical role in building wealth for all communities but is especially important for low-income neighborhoods². Our analysis of the existing legal requirement to pay all public taxes, assessments, and charges currently due and owing on an inherited property in Maryland before a transfer of title can occur, finds that low-income families are adversely affected in terms of housing stability, financial strain, and wealth building.

¹ See *New Report Identifies Policies to Reduce Intergenerational Poverty in the U.S.*, National Academies of Sciences, Engineering, and Medicine. <https://www.nationalacademies.org/news/2023/09/new-report-identifies-policies-to-reduce-intergenerational-poverty-in-the-u-s>. | National Academies. (September 2023).

² Black, Latino, and Hispanic homeowners tend to rely on their home equity for wealth building more than White homeowners; housing equity represents roughly 60 percent of Black, Latino, and Hispanic homeowners' total net worth, as opposed to 43 percent of White homeowners' total net worth. See McCargo, Alanna and Jung Hyun Choi. "Closing the Gaps: Building Black Wealth through Homeownership." Urban Institute, 2020. https://www.urban.org/sites/default/files/publication/103267/closing-the-gaps-building-black-wealth-through-homeownership_1.pdf.

Low-income families face challenges in coming up with the funds needed to settle the outstanding taxes and charges. These families are already under significant financial strain, without access to credit, and working with limited resources, if any at all. Requiring low-income families to pay off any outstanding obligations creates a tremendous financial burden, and often diverts funds away from other essential needs like food, clothing, medicine, and basic utilities. Instead of the inherited property constituting a wealth-building asset that can be used to pay for improvements, provide educational opportunities, or reach other financial goals the inheritance becomes a liability that can worsen a family's financial instability and wipe away any ability to use the inherited property for wealth-building purposes.

At Maryland Legal Aid, our attorneys have spent countless hours in county offices and municipal buildings trying to resolve property tax bills, water bills, and figure out fee issues for individuals trying to save their homes from foreclosure; homes that are not titled in their names. We represent individuals who cannot afford to pay the costs imposed to obtain title and who are then prevented from assuming mortgages, obtaining loan modifications, and taking advantage of available resources like home repair and property tax reduction programs, that require clear title of ownership. In fact, the current requirement creates a strange scenario in which individuals are forced to pay the full property tax amount in order to become eligible to get their property taxes reduced. Passage of HB 54 would undo that scenario and make it much easier for a person to get the tax credits to which they are entitled.

HB 54 imposes no expenditure of State and local resources and does not reduce the collection of property taxes at either level. It protects assets and allows for the transfer of equity from one generation to another. Historically, current and past policies have interfered with homeownership and wealth building for people of color³ by a multitude of market players and continues to contribute to the ever-widening racial wealth gap⁴. We see HB 54 as a step in the right direction to shrink the gap and provide stability in a critical area of need and a basic human right: shelter. For these reasons, Maryland Legal Aid fully supports the passage of HB 54. MLA finds that this bill is in the best interests of our State's low-income communities and asks that the Committee grant HB 54 a favorable report and urge its ultimate passage. If you have any further questions, do not hesitate to contact me at (410) 951-7643 or via e-mail at wsteinwedel@mdlaborg.

/s/William F. Steinwedel
William F. Steinwedel
Supervising Attorney, Foreclosure Legal Assistance Project
Maryland Legal Aid Bureau

³ See https://www.urban.org/sites/default/files/publication/103267/closing-the-gaps-building-black-wealth-through-homeownership_1.pdf.

⁴ See <https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/01/fact-sheet-biden-harris-administration-takes-sweeping-action-to-address-racial-bias-in-home-valuations/>

