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## HB 777

### **BALTIMORE CITY - UNPAID WATER AND SEWER CHARGES - TAX SALES OF NON-OWNER-OCCUPIED RESIDENTIAL PROPERTY HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE February 20, 2024 POSITION: OPPOSE**

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 opposes HB 777 because it would harm vulnerable homeowners and renters in Baltimore City.**

PBRC was at the forefront of advocating for important tax sale legislation that passed in 2019 to remove residential properties from eligibility to be included in the Baltimore tax sale auction if the only delinquency was water bills, and the property had no delinquent property taxes. We are dismayed now to see legislation that directly walks back a law we fought for years ago. The choice to change the law years ago to “residential” property rather than “owner occupied” was a deliberate one: we know that “owner-occupied residential property,” as worded in HB 777, does not include all the properties at risk of tax sale for several reasons. One reason is due to the “tangled title” or “heirs property” issue, which is when a home gets its principal residence status changed to non-principal residence status upon receipt by the State Department of Assessments and Taxation that the person on the title is deceased but yet the home remains occupied by the heirs. This is one way among others that misclassification has happened and can happen. Further, the Baltimore City deed transfer officer for years failed to provide any such classification to the State Department of Assessments and Taxation, which resulted in homes defaulting to non-owner occupied. For these reasons, we know that the City and the State’s databases contain errors in principal residence, or “owner occupied,” classification. Therefore, we know that there are homeowners who live in those homes and whose families have owned those homes who then will end up in tax sale because of this misclassification.

Further, this law harms people who own an additional home to house their family members. Over the years, PBRC has served tax sale clients who may not have lived in the home that was in tax sale, but they bought it for or gave it to their family members who did not have the means to purchase their own home. These are not landlord properties, but rather these are also family homes.

PBRC is also concerned that HB 777 puts small landlords -- people who own an extra property or two to make ends meet -- and tenants at risk of displacement.

While PBRC understands the critical need to reduce the vacant property rate in Baltimore City, we believe that the detrimental effect that HB 777 will have on several classes of property owners outweighs its potential benefits. Narrowly tailoring the legislation to include only vacant residential properties in tax sale for water bills could alleviate some of these concerns, but the bill as written carries significant risk of harm.

For the above reasons,

**PBRC urges an UNFAVORABLE report on HB 777.**

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