



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
Feb. 20, 2024

POSITION: Unfavorable

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits. We advocate on issues that impact our clients, including to reform the tax sale system and to prevent and remediate property vacancy and abandonment.

CLC opposes HB 777. As it is currently written, HB 777 will reduce protections for individuals and families with properties in tax sale. By adding the words “owner-occupied” in front of “residential properties,” the bill will lock a wide range of Marylanders out of long fought for protections, and put them at risk of losing their homes and all their equity in tax sale. Here’s who is left out if the “residential properties” category is narrowed to include only “owner-occupied residential properties”:

- Heirs properties / tangled title properties: These are properties where the person on the deed, perhaps a parent or grandparent, has passed away, but the property has not gone through probate. The property is still the family home and family members reside there, but because they are not on the deed they cannot access a variety of services, payment plans, and tax credits – and they cannot be listed as owner occupants.
- There is a lack of clarity about how properties get classified as “owner-occupied.” Homeowners may be unaware that their properties are not correctly classified, and unsure about how to correct this status. In the past, some property owners have been told by SDAT that they must apply for the Homestead Tax Credit to get this classification, while others have been told that this is not a requirement.
- Tenants: Properties that are home to tenants will not receive these protections, leaving out this significant portion of Marylanders.

By limiting protections to owner occupants only, HB 777 will put Maryland on the wrong track. While the annual tax sale auctions provide Maryland counties with a much needed infusion of cash in the short term, they have costs that fall immediately on Maryland homeowners, and on neighborhoods and municipalities in the long term. **Tax sale can result in the loss of a family’s property and all its equity for a few hundred dollars in unpaid taxes.** Findings from other states that have implemented payment and affordability plans show that property owners will pay their taxes, they just need more time and assistance to do so.

In addition, HB 777 will expose more property owners to the tax sale system and to the lien certificate purchasers who participate in it. Forcing residents to navigate this complicated system, with its ballooning costs to redeem properties and unscrupulous certificate purchasers, is a recipe for the loss



of homeownership loss, the creation of tangled titles, and the expansion of the vacant property crisis. Because some certificate purchasers participate in tax sale only to bring in fees and interest on properties, not to acquire the properties themselves, in many cases they will walk away after a foreclosure judgment, and not file a new deed. The previous property owner believes they have lost the property, and now a new vacant, with a tangled title, is born, out of what used to be an occupied property. In this way, the costs of tax sale fall on municipalities by requiring additional police, fire, and code enforcement services, undermining the municipal tax base, and destroying generational wealth and the fabric of communities.

An amendment to HB 777 to address vacant properties in tax sale would alleviate many of these concerns about the bill, but as written it currently reduces the protections for homeowners and other residents in tax sale. Maryland needs more protection from the harms of tax sale, not less. I urge you to give HB 777 an unfavorable report.

For the above reasons,
CLC urges an UNFAVORABLE VOTE ON HB 777.

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