

MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT WITH AMENDMENTS OF SB724: BALTIMORE CITY -
TAX SALES - HEIR-OCCUPIED PROPERTY AND REGISTRY
TUESDAY, FEBRUARY 25, 2024

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Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify. We support Senate Bill 0724 with amendments.

We believe this legislation will help our clients, but we believe it needs critical amendments to be properly functional.

Working with clients who are heirs occupying a family home is my full-time job. My name is Steven Kappen and I am a Tangled Title Program Manager 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.

As an attorney, I work directly with clients who have unclear title to the property, in a phenomenon often called "heirs' property" or "tangled title." Our clients struggle to get clear title after the death of the homeowner due to several inequitable barriers. 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, when mapped out, trace historical inequities. 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 legislation helps mitigate the risk of home loss. Family homes often pass informally. You'll hear statements like "Mom wanted you to live here," or "They would have wanted you all to have a place to stay." Our clients are often learning about the extent of their unclear title for the first time when they are facing a mortgage or tax sale foreclosure. At that point, they are already disadvantaged-they are

not benefitting from the existing protections that the legislature has provided.

Facing a tax sale is intense. Some of our clients are inheriting homes unexpectedly and must find a quick way to start keeping up with property taxes. Or the home might already be facing a tax sale when the home is inherited. Marylanders with unclear title need more help. By the time someone comes to MVLS at risk of tax sale, it is often very difficult to come up with the lump sum they would need to keep their property out of tax sale or redeem it. For homeowners statewide this would be groundbreaking relief and help prevent the erosion of communities through tax sale.

In FY23, MVLS volunteers and staff lawyers impacted 6,135 people across the state with our legal services. 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 a favorable report on Senate Bill 0724.

From the data we collected at our Baltimore City tax sale clinics, 72% of clients are seniors, 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.

However, this legislation needs amendments to become eligible. The threshold should be raised to \$1000 to align with other legislation, HB59/SB192. Additionally, the implementation of keeping of the list at the heart of this legislation should be placed in the domain of the Tax Sale Ombudsman of Baltimore City. There are related and often overlapping issues and reasons to remove someone from tax sale. The Tax Sale Ombudsman should be able to remove misclassified properties, properties with billing errors, or if a property had a misapplied payment.

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 support SB0724 because it would help protect heirs from losing their legacy.

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