



JUSTICE FOR ALL

MARYLAND SENATE BUDGET AND TAXATION COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF SB 0192: PROPERTY TAX – TAX SALES– REVISIONS
WEDNESDAY, JANUARY 22, 2025

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Chair Guzzone and distinguished members of the Committee, thank you for the opportunity to testify in support of Senate Bill 0192.

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 FY24, MVLS volunteers and staff lawyers provided legal services to 2,950 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 a favorable report on Senate Bill 0192 as it is currently drafted. It is imperative that any efforts to amend this bill to narrow portions of the bill to apply to "owner-occupied" residential properties be resisted to ensure that individuals with misclassified properties are not put at risk of losing their homes.

MVLS represents clients who face losing their homes due to unpaid property taxes or citations. Unpaid property taxes often affect the poorest homeowners in the most distressed neighborhoods and the resulting tax sales contribute to vacant and abandoned properties all over the state. Tax sales have a disproportionate effect on Black homeowners and communities of color. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was to protect communities and homeowners, especially people with lower incomes and the elderly, who face the most devastating effects of the tax sale process. 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.

We have collected demographics from past Baltimore City tax sale clinics, that show 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. The majority of these homeowners live in multigenerational households where they provide shelter and support for their children and grandchildren.

One such client was Ms. M., an 84-year-old woman, whose daughter lives with her. Their combined income is approximately \$31,000 per year. After some unexpectedly high bills, she found herself in tax sale. She then reached out to MVLS for help. We placed her with one of our volunteer lawyers, who assisted her in applying for the Homeowners' Property Tax Credit, which reduced the amount she owed by several hundred dollars. Because she is older than 70, she was also able to receive the Homeowners' Tax Credit for the previous three years, resulting in nearly \$2000 in tax savings. She was able to redeem her property and save her home.

The Bill's proposed revisions would directly help homeowners like Ms. M who had between \$750 and \$1000 in property taxes or citations, or a combination of both, are at risk of losing their home to tax sale. This bill will expand Baltimore City's tax sale threshold for homeowners throughout the State. The revision will prevent the sale of a property for property taxes or citations, or a combination of less than \$1000. 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.

Further, the proposed bill would directly limit the interest rate to redeem to 10% a year for owner-occupied residential property statewide. This limitation would prevent the fees associated with redemption from becoming uncontrollable like with Ms. M and provide an opportunity for people like her to redeem their homes.

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 the original (current) form of Senate Bill 0192 because it would provide the entire State with a commonsense tax sale threshold and limit the rate of redemption of homeowners trying to reclaim their homes.

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