

SB724_DHCD_SUPPORT.pdf

Uploaded by: Chuck Cook

Position: FAV

DATE: February 25, 2025

BILL NO.: Senate Bill 724

TITLE: Baltimore City – Tax Sales – Heir-Occupied Property and Registry

COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

Senate Bill 724 authorizes the tax collector in Baltimore City to withhold from tax sale:

- Residential property occupied by an heir of a deceased owner, if the property meets objective criteria established by the Mayor and City Council; and
- Residential property owned or occupied by an owner or heir who is low-income, at least 65 years old, or disabled, if the owner or heir meets eligibility criteria established by the Mayor and City Council.

The bill also requires the tax collector in Baltimore City to withhold from tax sale any residential property that is owner-occupied or occupied by an heir of a deceased owner if the total taxes on the property, including interest and penalties, amount to less than \$750, and requires Baltimore City to establish and maintain a registry for interested parties to designate properties to be withheld from tax sale.

Background and Analysis:

When a homeowner dies without a will, passage of the property to heirs frequently goes unrecorded in land records, making it difficult for the heirs to receive notification of property taxes and water and sewer bills owed. This can result in these bills going unpaid and the property going to tax sale, potentially causing the loss of a family's home and most significant financial asset. This "heirs property" issue disproportionately affects vulnerable families who lack the resources to hire an attorney to draft a will or perform other estate planning services.

Baltimore City has a high concentration of properties and homeowners that are vulnerable to tax sale. Beyond the direct impact loss of a home to tax sale has on a family, properties in this category often become vacant or abandoned, contributing to blight and worsening the city's existing housing challenges.

Combined with existing programs that assist homeowners facing tax sale, such as the Homeowner Protection Program, and previous legislation aimed at addressing heirs property issues, such as 2022's Partition of Property Act, the implementation of additional protections for families already dealing with the death of a loved one will allow some of Baltimore's most vulnerable residents to keep their homes in the family rather than risk losing them to investors and speculators at tax sale.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on Senate Bill 724.

SB0724-BT-FAV.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB724

February 25, 2025

TO: Members of the Budget and Taxation Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 724 - Baltimore City - Tax Sales - Heir-Occupied Property and Registry

POSITION: **Support**

Chair Guzzone, Vice Chair Rosapepe and members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 724.

SB 724 would require Baltimore City to establish a registry for interested parties to designate property to be withheld from tax sale under certain provisions of law.

The Baltimore City Department of Housing and Community Development (DHCD) currently work in collaboration with our non-profit pro bono attorney partners to assist persons with establishing a pathway to title, through programs such as the *My Deed, My Legacy Program*. Ensuring that residents are the legal owner of a home, and on the deed, is a key piece to being eligible for tax credits and home repair programs. The home is also a source of generational wealth for many families and ensuring legal title to a property protects this wealth. Even when someone is receiving free legal support, it can be a long process. The outcome is often that the lien gets sold, redemption is very expensive and the time to redeem is short. In the end some families are never able to redeem the property themselves.

While it may be difficult creating and keeping a registry, it is a program worth exploring in order to create sustainable and healthy communities, and to build generational wealth. At this time, BCA cannot easily identify the properties this legislation would apply to, or the potential fiscal impact. The objective criteria established by the Mayor and City Council will have a determining impact on the cost of administration of the Registry. The criterion would need to be targeted and coordinated in conjunction with SDAT. There may be a need to set up a sustainable criterion for limiting the time a residential property occupied by an heir of a deceased owner property can be withheld from tax sale, and to require transfer of title within a certain period after inherited, among other situations, to be considered by the Baltimore City Council in the establishment of appropriate criteria.

The BCA will work with DHCD, the Baltimore City Department of Finance, and the State Department of Assessments and Taxation in creating and maintaining the registry.

This bill helps keep properties out of tax sale where a relative is living in the property and the legal owner is deceased and can be used as an equity tool in our vacant reduction strategy ensuring generational wealth.

For these reasons, the BCA respectfully request a **favorable** report on SB 724.

SB 724_Sen. McCray's Testimony.pdf

Uploaded by: tamika winkler

Position: FAV

CORY V. MCCRAY
Legislative District 45
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee

Subcommittees

Chair, Health and Human Services

Vice Chair, Capital Budget

Executive Nominations Committee

Legislative Policy Committee

Joint Committee on Gaming Oversight



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410-841-3165 · 301-858-3165
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Cory.McCray@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes On Senate Bill 724

Bill Title: Baltimore City – Tax Sales – Heir-Occupied Property and Registry

Committee: Budget & Taxation

Hearing Date: February 25th, 2025

Dear Chair Guzzone, Vice Chair Rosapepe, and Esteemed Members of the Budget and Taxation Committee,

I am writing in support of Senate Bill 724, which addresses an important issue in Baltimore City by preventing the loss of heir-occupied properties through tax sales. This legislation allows the tax collector to withhold from sale residential properties occupied by heirs of deceased owners, ensuring that families are not unfairly displaced due to outstanding taxes. This provision is particularly critical for Baltimore City residents who have inherited property but may face financial difficulties in keeping up with tax payments.

The bill also requires Baltimore City to establish a registry for interested parties to designate properties they wish to have withheld from tax sale. This registry ensures that property owners have a clear and accessible process to prevent their homes from being sold while they work to resolve any tax-related issues. The Department of Assessments and Taxation will assist in creating and maintaining the registry, providing transparency and support to families who need it most.

SB 724's provisions are designed to protect families and promote long-term stability in our communities by offering a fair opportunity for heirs to retain their property without the threat of tax sale. I strongly encourage the committee to support this legislation, which will offer much-needed protection for Baltimore City residents.

Continued Blessings,

A handwritten signature in blue ink, appearing to read "Cory V. McCray".

Cory V. McCray
45th District

CDN SB 724 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FWA



Testimony
SENATE BILL 724
BUDGET and TAXATION COMMITTEE
February 25, 2025
Position: FAVORABLE

Dear Chairman Guzzone and Members of the Budget and Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

CDN has been part of the ongoing work to reform the process of tax sale in the state since 2016. In 2017, CDN was a lead partner in the Task Force to Study Tax Sales in Maryland. CDN served on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City.

SB 724 – Authorizes the tax collector in Baltimore City to withhold property occupied by an heir of a deceased owner of the property from tax sale and requires that a registry be established for heirs.

We hope you will consider the following amendments to the bill:

- **Change Pg 1, lines 17-19** to say: In Baltimore City, the tax collector must not sell a property at tax sale if the total amount of taxes, interest, and penalties is less than \$1,000. This change aligns the bill with HB59/SB192.
- **Change Pg 2, lines 2-5** to say: In Baltimore City, the tax collector may choose not to sell a home if it is owned by a homeowner or occupied by an heir of a deceased homeowner who is low-income, at least 65 years old, or disabled—if the City Tax Sale Ombudsman requests it. Removing extra eligibility requirements ensures protection reaches those who need it. Giving the Ombudsman the authority to make the request also reduces the burden on homeowners and aligns with the Ombudsman's role.
- Add language requiring the tax collector to transfer payments made on subsequent years' property taxes to outstanding tax liens if the lien purchaser attempts to foreclose on the owner's right to redeem.

- Add language requiring the tax collector to remove a property from tax sale if the Tax Sale Ombudsman finds:
 - The property is misclassified
 - There is a billing error in the property tax record
 - There was a problem with billing notifications
 - A payment was made and applied to the wrong account, address, or tax year.

Heirs property” describes a form of property ownership that arises when several heirs inherit a home but have not completed the probate process to clarify title. Over successive generations of unclear title, this can lead to dozens of heirs with an increasingly fractional ownership interest in a home. Without a registered deed or legal proof of ownership, heirs property owners are limited in their ability to manage their home.

Heir’s property is disproportionately experienced in communities of color. Due to both historical abuses and present-day lack of access to the legal system, Black Americans are significantly less likely than their white counterparts to have a will. Consequently, some studies estimate that more than half the real property owned by Black Americans is owned as heirs property.

Heir’s property status threatens both the physical and financial security of families. Unable to prove legal title, heir’s property owners are often excluded from property tax relief programs, potentially increasing their tax bill by thousands of dollars. In Maryland, unclear title bars heir’s property owners from receiving assistance like the Homeowner Assistance Funds as well as home repair grants and loans. This form of property ownership therefore renders residents housing-insecure, threatening them with displacement and their neighborhoods with blight. Protecting heir’s property owners from losing their homes, while also increasing avenues for families to obtain clear title, is an essential aspect of the fight to increase housing and economic security, protect marginalized communities, and reduce the racial wealth gap.

We urge your favorable report for SB 724.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

SB724 Testimony .pdf

Uploaded by: John Kern

Position: FWA



**SB 724 Baltimore City – Tax Sales – Heir-Occupied Property and Registry
Budget and Taxation**

Date: February 25, 2025

Time: 1:00pm

Position: FAVORABLE WITH AMENDMENTS

The SOS Fund, an independent 501(c)(3) non-profit organization, addresses the systemic housing instability experienced by historically red-lined communities in Baltimore City. This instability has resulted in generations of residents losing their homes, thus denying them the wealth-building capacity of homeownership. ***SOS supports SB724 with amendments because it reduces vulnerabilities to home, equity, and neighborhood loss.***

In order for this bill to have more effectiveness and efficient the following amendments are proposed:

- Change Pg 1, lines 17-19 to say: In Baltimore City, the tax collector must not sell a property at tax sale if the total amount of taxes, interest, and penalties is less than \$1,000. This change aligns the bill with HB59/SB192.
- Change Pg 2, lines 2-5 to say: In Baltimore City, the tax collector may choose not to sell a home if it is owned by a homeowner or occupied by an heir of a deceased homeowner who is low-income, at least 65 years old, or disabled—if the City Tax Sale Ombudsman requests it. Removing extra eligibility requirements ensures protection reaches those who need it. Giving the Ombudsman the authority to make the request also reduces the burden on homeowners and aligns with the Ombudsman's role.
- Add language requiring the tax collector to transfer payments made on subsequent years' property taxes to outstanding tax liens if the lien purchaser attempts to foreclose on the owner's right to redeem.
- Add language requiring the tax collector to remove a property from tax sale if the Tax Sale Ombudsman finds:
 - The property is misclassified
 - There is a billing error in the property tax record
 - There was a problem with billing notifications
 - A payment was made and applied to the wrong account, address, or tax year

Note: FBB and SOS Fund stand ready to seed the initial data set of 7700+ heirs properties identified during our recent Heirs Property Pilot. And, to help the responsible agencies design and roll out the registry.

SOS supports SB724 with the above listed amendments, as it would be a step toward removing systemic barriers to generational wealth transfer and reduce vulnerabilities to home, equity and neighborhood loss. SOS asks that this committee accepts these amendments and then issues a favorable report on SB 724.

For the above reasons,

SOS Fund urges a favorable report after integrating amendments above.

Please contact John Kern, Director of Programs, with any questions. john@thesosfund.com 410.303.3738

Testimony SB724.pdf

Uploaded by: Nneka Nnamdi

Position: FWA



SB 724 Baltimore City – Tax Sales – Heir-Occupied Property and Registry

Budget and Taxation

Date: February 25, 2025

Time: 1:00pm

Position: SUPPORT WITH AMENDMENTS

Fight Blight Bmore (FBB) stands firm in its mission to remediate blight through community-driven projects and programs. As an economic, environmental, and social justice organization, FBB recognizes that blight, manifested in vacant, abandoned, dilapidated, underutilized, and misutilized properties, is a product of systemic racism, including disinvestment and depopulation. These factors have significantly reduced taxable properties in historically Black neighborhoods across Baltimore. ***FBB supports SB724 with amendments because it would reduce vulnerabilities to home, equity, and neighborhood loss.***

To increase the effectiveness and efficiency of this bill the following amendments are proposed:

- Change Pg 1, lines 17-19 to say: In Baltimore City, the tax collector must not sell a property at tax sale if the total amount of taxes, interest, and penalties is less than \$1,000. This change aligns the bill with HB59/SB192.
- Change Pg 2, lines 2-5 to say: In Baltimore City, the tax collector may choose not to sell a home if it is owned by a homeowner or occupied by an heir of a deceased homeowner who is low-income, at least 65 years old, or disabled—if the City Tax Sale Ombudsman requests it. Removing extra eligibility requirements ensures protection reaches those who need it. Giving the Ombudsman the authority to make the request also reduces the burden on homeowners and aligns with the Ombudsman's role.
- Add language requiring the tax collector to transfer payments made on subsequent years' property taxes to outstanding tax liens if the lien purchaser attempts to foreclose on the owner's right to redeem. This reduces the chance of tax sale foreclosure resulting from unclear communications and notifications about redemption.
- Add language requiring the tax collector to remove a property from tax sale if the Tax Sale Ombudsman finds:
 - The property is misclassified
 - There is a billing error in the property tax record
 - There was a problem with billing notifications
 - A payment was made and applied to the wrong account, address, or tax year

This addition would reduce the instances of erroneous tax sales due to mistakes in the property tax record.

For the above reasons,

Fight Blight Bmore urges a favorable report after integrating amendments above.

Please contact Nneka Nnamdi, Founder, with any questions nneka@fightblightbmore.com 443.468.6041

Note: FBB and SOS Fund stand ready to seed the initial data set for the registry with 7700+ heirs properties identified during our recent Heirs Property Pilot. And, to help the responsible agencies design and roll out the registry.

FBB supports SB724 with the above listed amendments, as it would be a step toward removing systemic barriers to generational wealth transfer and reduce vulnerabilities to home, equity and neighborhood loss. FBB asks that this committee accepts these amendments and then issues a favorable report on SB 724.

For the above reasons,

Fight Blight Bmore urges a favorable report after integrating amendments above.

Please contact Nneka Nnamdi, Founder, with any questions nneka@fightblightbmore.com 443.468.6041

CLC Testimony SB 724 Tax Sale Heirs 2.21.25.pdf

Uploaded by: Shana Roth-Gormley

Position: FWA



SB 724

Baltimore City - Tax Sales - Heir-Occupied Property and Registry

Hearing before the Senate Budget and Taxation Committee

Feb. 25, 2025

POSITION: Favorable with amendments

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits in pursuit of more just and vibrant communities. CLC provides direct legal representation to communities and nonprofits on issues like tax exemption and organizational governance, real estate, contracts, intellectual property, employment law, and more. We advocate on issues that impact our Maryland neighborhood and nonprofit clients, including to reform the tax sale system and to prevent and remediate property vacancy and abandonment.

CLC supports SB 724 with amendments to expand protections for property heirs in tax sale. We support expanding protections currently only available to homeowner occupants listed on the deed of their properties to the heirs of property owners who have not yet gone through the process to be listed on the deed. Protecting these heirs from losing their properties in tax sale will keep families in their homes, preserve generational wealth, and prevent properties from becoming vacant. Homeowner and tax sale reform advocacy organizations Fight Blight Bmore and the SOS Fund have already identified more than 7,700 heirs properties which could be positively impacted by this legislation.

We urge the adoption of the following amendments to the bill:

- In section 14–811(b)(2) (pg. 2, line 19), increase the lien threshold from \$750 to \$1,000;
- In section 14–811(h)(2)(II) (pg. 3, lines 1-5), allow homeowners or heirs of deceased owners who are low income, at least 65 years old, or disabled to be removed from tax sale by the Baltimore City Tax Sale Ombudsman;
- Add language requiring the tax collector to remove a property from tax sale if the Tax Sale Ombudsman finds that the property is misclassified; there is a billing error in the property tax record; there was a problem with billing notifications; or a payment was made and applied to the wrong account, address, or tax year; and
- Add language requiring the tax collector to transfer payments made on subsequent years' property taxes to outstanding tax liens if the lien purchaser attempts to foreclose on the owner's right to redeem.

SB 724 would provide needed protections to heirs to ensure that family homes and generational wealth stays in families. We urge the adoption of the amendments listed above to more fully protect property heirs and to ensure that mistakes in tax records do not result in the loss of family properties. Thank you for the opportunity to testify.

For the above reasons,

CLC urges a FAVORABLE WITH AMENDMENTS VOTE ON SB 724.

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

ShanaR@communitylaw.org | 410-366-0922 x 118

SB724 Written Testimony.pdf

Uploaded by: Steven Kappen

Position: FWA

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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EXECUTIVE DIRECTOR

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Dennis J. Shaffer
Sheila J. Stewart
D'Sean Williams-Brown

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.