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MARYLAND SENATE BUDGET AND TAXATION
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB852: PROPERTY TAX – TAX
SALES – HOMEOWNER PROTECTION PROGRAM
TUESDAY, MARCH 30, 2021

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

My name is Amy Hennen, and I am the Director of Advocacy and Financial Stabilization at the 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 volunteer lawyers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY20, MVLS volunteers and staff lawyers provided legal services to 4,459 people across the state. Approximately 30% of our cases focus on consumer issues like foreclosure, tax sale, bankruptcy, and debt collection. For the reasons explained below, we respectfully request a favorable report on House Bill 852.

Tax sale often affects the poorest homeowners in the most distressed neighborhoods and contributes to the overall problem of vacant and abandoned properties all over the state. In 2013, MVLS and other nonprofit organizations came together to form the Tax Sale Workgroup. Our goal was and is to protect communities and homeowners, especially those that are low-income and elderly, who face the devastating effects of the tax sale process. As part of our work on this issue, MVLS provides individual representation for homeowners in tax sale. In the last two years, MVLS volunteers and staff represented 115 individual homeowners. In addition, MVLS has partnered with the Pro Bono Resource Center of Maryland since 2014 to conduct tax sale workshops aimed at helping homeowners avoid tax sale. In the past four years, volunteers have assisted over 350 people at these workshops.

From the data we collected, the average homeowner in tax sale is a low-income senior who has lived in their home for at least 15 years, with a household income of \$30,000 or less per year. Many of these clients survive on a fixed income, and struggle to pay their bills even before a tax sale happens.

The two largest hurdles faced by homeowners in tax sale are (1) understanding the tax sale process itself, and (2) finding the money to redeem. I have counseled many clients facing tax sale, and, in my experience, most homeowners just do

not understand the current tax sale process. Most of my time with tax sale clients is spent educating the homeowner about the tax sale process itself. The redemption process is even more confusing to explain because it can be different depending on where the homeowner is in the process.

Last year, Estelle came to MVLS to help her save her home when she had nowhere else to turn. Estelle is 88 years old and a core resident of her Middle East neighborhood in Baltimore City since 1962. For 58 years, she has raised her family in Middle East, participated in community events, and been a staple in her neighborhood. Through the years, Estelle has watched her friends and community members vacate their homes due to tax sale and has witnessed them anxiously searching for affordable housing elsewhere.

Estelle was proactive and made sure to apply for the Homeowner's Property Tax Credit every year. This tax credit is often critically important for homeowners facing financial hardships to reduce their tax liability and avoid losing their home to tax sale. However, this past year Estelle was hospitalized for an extended period of time, and as a result, she missed the Homeowner's Property Tax Credit application deadline. In Maryland, a homeowner is required to submit the application every single year and be requalified for the program. Without the tax credit, Estelle was facing a property tax bill that she simply couldn't afford on her limited pension. When she was finally released from the hospital, instead of focusing on her recovery, Estelle had to face the threat of losing of her home to tax sale. Estelle needed to pay \$2,017.11 in a short time to keep her home out of the tax sale auction. With no savings and a limited income, she had few options. Desperate to save her home, Estelle began looking around her home identifying any furniture that she might be able to sell to try to raise the funds. She also began making a list of everyone she knew that she might be able to borrow money from to pay her property taxes. Thankfully, Estelle also took one more key step – she contacted MVLS. Once Estelle was matched with an attorney, they contacted the Maryland State Department of Assessment and Taxation. The attorney explained the situation and requested that the property tax credits be applied retroactively. Once the attorney had filed the necessary paperwork, the credits were approved, and Estelle was able to remain in her home. Not only does she have the peace of mind that her home has been saved, but her presence in the community provides benefits to all her neighbors as well.

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. HB852 would dramatically improve outcomes for people in Estelle's position. Consequently, we urge a favorable report.

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