

MARYLAND TAX SALE PARTICIPANTS ASSOCIATION

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Subject: House Bill 852 (Property Tax – Tax Sales – Homeowner Protection Program)

Sponsor: Delegate Kaiser

MTSPA Position: OPPOSED

The Maryland Tax Sale Participants Association (MTSPA) **OPPOSES** HB 852. The intent of this bill is to “divert vulnerable homeowners from the private tax lien process into an alternative program with the primary purpose of minimizing tax collection costs to homeowners, assisting homeowners to pay their taxes, and allowing homeowners to remain in their homes.”

Current Maryland law already grants authority to the governing body of a county or municipal corporation to withhold from tax sale a dwelling owned by a homeowner who is low-income, at least 65 years old, or disabled if the homeowner meets eligibility criteria established by the county or municipal corporation. *See* MD Code, Tax-Property, § 14-811(f)(1). Numerous other bills have also been passed in recent years that have significantly helped homeowners avoid tax sale. *See* MD Code, Tax-Property, § 14-811(b)(1), MD Code, Tax-Property, § 14-849.1(a), and MD Code, Tax-Property, § 14-833(4)(i)(2), among others.

This bill puts an unreasonable and unrealistic expectation on the State Department of Assessments and Taxation to become the new tax collector for tax delinquent homeowners, thereby increasing costs and potentially causing significant revenue losses. Additionally, this bill requires tax lien purchasers to pay a non reimbursable fine for each purchased tax lien. This will significantly reduce private participants from investing in Maryland tax sales, thereby increasing the likelihood that counties and municipalities will be stuck with significant tax delinquencies. This will ultimately affect county budgets and revenue, and the ability to fund necessary and needed community programs.

This bill is based on a false narrative that most homeowners who enter tax sale will likely lose their home. The attorneys in MTSPA, who have decades of combined experience, can ascertain that the number of actual foreclosures that occur on homeowner properties is **extremely** nominal. Further, most homeowners pay off the delinquent taxes prior to fees and costs being incurred. Additionally, MTSPA members and affiliates have consistently worked out payment plans with struggling homeowners, assisted homeowners with reducing fees and costs, and in many cases even forgiven the entire owed balance.

As the Maryland Association of Counties has stated, “the tax sale process, or more specifically the potential for a property to go to tax sale, presents a much-needed tool of last resort to ensure that property owners remit payment for their fair share of taxes and charges connected to public services.”

For the above reasons, MTSPA **OPPOSES** HB 852 and urges and **UNFAVORABLE** report.