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Baltimore and Howard Counties

Health and Government Operations
Committee

Subcommittees

Estates and Trusts

Insurance



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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SUPPORT
HB1015 Real Property – Transfer to Heir – Exemption From Prepayment of Taxes

Dear Chairwoman Kaiser, Vice Chair Washington, and Committee Members,

HB1015 seeks to flip the sequence of tax payment and inheritance to the benefit of the public, by allowing upon death the recording of a deed transferring the home to a decedent's heirs to proceed before payment of the property taxes. In cases where neither the estate nor the heirs have sufficient funds with which to pay the taxes, this change significantly increases the chances of the heirs being able to hold onto the home, decreases the risk of the property going for tax sale, lowers the incidence of loss of a family home, and targets a major cause of resident displacement and homelessness.

HB1015 is a work product of the Life and Health Planning Committee of the Attorney General's COVID-19 Access to Justice Taskforce, a partnership between Attorney General Brian Frosh's office and the Maryland Access to Justice Commission tasked with, "developing strategies and solutions to address the significant civil legal challenges facing Marylanders in the wake of COVID-19."

Although a living person has the option of paying real property taxes in two installments (first payment due by September 30 and the second by December 31), this is not an option when the house is being distributed out of the estate of the decedent. Real property, particularly a home, is often the most valuable part of an estate. Currently, if the property is the only liquid asset in the estate and there is no or little cash such that the real property taxes can't be paid, recording the deed transferring the home to the decedent's heirs is not possible.

Under **HB1015**, an heir who inherits the home while a property tax lien remains in place, as the homeowner's is put in a position of being eligible to apply to assistance programs that may help them afford to pay the taxes while they occupy and maintain the home, in some cases avoiding homelessness. If the estate has significant debt obligations, the heir would have the option of selling the property, generally at a higher price than had it been sold in a tax sale. The monies realized in the sale can then be used to satisfy the lien and possibly other obligations. Finally, if the transferred property still ends up in tax sale, the tax lien is satisfied. The state's interest is protected in each case.

Historical over assessment of Black-owned homes and other insidious practices has resulted in Black families paying 13% more in property taxes than white. As Black families also earn half as much as their white counterparts, the higher property taxes, and greater percent of assets paid in property taxes, puts Black families at greater risk of losing their homes. The multifactorial, disproportionate economic impact of the pandemic has exacerbated these relative vulnerabilities. Changing how existing property tax balances affect inheritance will have a relatively greater positive impact on Black homeownership.

HB1015 offers another tool for decreasing homelessness, helping families retain and transfer wealth from one generation to the next, and narrowing the racial wealth disparity. I urge a favorable report.

A handwritten signature in black ink, appearing to read "Terri L. Hill".