

Written Testimony - HB 21 (30-day payoff amount fo

Uploaded by: Allison Harris

Position: FAV



HB 21
PROPERTY TAX— TAX SALES – NOTICES AND PAYOFF AMOUNT FOR REDEMPTION
HEARING BEFORE THE SENATE BUDGET AND TAXATION COMMITTEE
MARCH 29, 2023
POSITION: SUPPORT

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for pro bono civil legal services in Maryland. PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar and offers direct legal services through free legal clinics. **PBRC supports HB 21 because it would enable more vulnerable homeowners the opportunity to participate in the tax sale redemption process; thereby preventing the loss of their homes and preserving community stability.**

Over the past eight years, PBRC has assisted nearly 800 homeowners at risk of losing their homes to tax sale. For homeowners, ending up on the tax sale list is usually the result of the inability to pay one’s property taxes, not an unwillingness. The clients served by our tax sale prevention clinics held in Baltimore in 2022 represented some of our state’s most vulnerable citizens: 74% were seniors, 39% were disabled, 76% identify as Black, and 76% reported annual household incomes of less than \$30,000. Through the advocacy of volunteer attorneys, many of these clients can access programs and credits that reduce their property tax burden allowing them to stay in their homes. However, most Maryland homeowners are unrepresented.

On average, our 2022 Baltimore clients encountered in our clinics had owned their homes for 32 years, and over 70% of them owned their homes free of a mortgage. As lower-income homeowners, the predominant form of accumulated wealth that they have, and that they can pass on to their families, is the equity in their homes. Once a homeowner has received notice that they are facing tax sale, there is usually very little time, only a few weeks, to find the money to pay off the tax debt prior to the auction. In the initial few months after the lien certificate auction, many homeowners are able to pull together the funds needed to pay the tax delinquency. However, the multi-step redemption process required in Maryland is challenging for homeowners, who often have a hard time figuring out to whom they owe money, how much they must pay, and how to navigate the numerous tight deadlines. We have seen many homeowners excitedly realize they have the money to redeem and begin the process, only to find that, over a short period of time, the amount they owe the lien purchaser has jumped yet again. **Allowing for a 30-day hold on the payoff amount, once requested, before additional fees and expenses can be charged would enable more homeowners to redeem, thereby avoiding tax sale foreclosure and keeping their homes and the equity their families have worked hard to build.**

PBRC supports HB 21, which will protect certain Marylanders from the loss of their family home to tax sale foreclosure, thereby preserving homeownership and the transfer of intergenerational wealth. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE report on HB 21.

Please contact Allison Harris, Director of PBRC’s Home Preservation Project, with any questions.
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HB21 Crossover.pdf

Uploaded by: Dan Ellis

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

March 28, 2023

Senator Guy Guzzone

Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 21

Honorable Senator Guzzone and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore (NHS), and a resident of Baltimore City. Our organization believes that economic and social justice are a right for all people and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment. I have worked on tax sale reform supporting residents and communities for more than 10 years and currently serve as co-chair of Mayor Scott's Tax Sale Work Group identifying ways to reform and improve the tax sale system.

As part of our work helping residents remain in their homes, we support families impacted by tax sale. For the past 10 years we have advocated for changes to the existing tax sale system. One of the challenges currently confronted by residents is receiving accurate payoff information that is clear and accessible. HB21 will require that the holder of a certificate of sale include the e-mail address for residents looking to redeem the certificate to receive current and accurate information about the cost of redemption. HB21 also allows the owner of a property sold at a tax sale to request the current payoff amount to redeem the property relating to tax sales. This helps to create a more transparent system that allows residents to access payoff information to redeem the property. In our work with homeowners this access to information will be extremely helpful as we help families navigate the challenges of the tax sale system.

We ask that the Committee issue a favorable report on HB 21 as we continue to work on ways to reform the tax sale system as a whole,

Sincerely,

A handwritten signature in black ink that reads "D. T. Ellis".

Daniel T. Ellis
Executive Director

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HB0021 Crossover.docx.pdf

Uploaded by: Director Michael Higgs

Position: FAV

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Governor

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HEARING DATE: March 29, 2023

BILL: HB0021

TITLE: Property Tax - Tax Sales - Notices and Payoff Amount for Redemption

SDAT POSITION: SUPPORT

HB0021 extends a tax-sale lien purchaser's attorney's release time to 30 days (instead of the current 15 days) statewide for owner-occupied properties. This legislation will give homeowners critical extra time to assemble the funds to redeem their homes, especially when the funds come from a grant or other benefit program that would pay off their lien.

When a homeowner redeems after a tax sale, they must pay the lien purchaser's attorney's fees first, and then the attorney provides a release to give to the county. However, in many counties, the release expires in two weeks. If the homeowner doesn't pay the remaining balance to the county within that time, the homeowner must contact the attorney again for an extension on the release, which usually adds additional, sometimes arbitrary fees.

This bill seeks to extend the lien purchaser's attorney's release time to 30 days statewide for owner-occupied properties, regardless of the county.

It will give homeowners critical extra time to assemble the funds to redeem their homes, especially when the funds come from a grant or other benefit program that will pay off their lien.

This bill provides uniform notice requirements and a redemption payoff amount that is good for 30 days by extending the provisions in §14-833(a-1)(5)(ii), which currently only applies to Baltimore City owner-occupied properties, to homeowners statewide.

For these reasons, SDAT urges a favorable vote on HB0021.

MLTA HB 21 written testimony seeking favorable rec

Uploaded by: Jeffrey Thompson

Position: FAV



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To: Honorable Chair and Members of the Budget and Taxation Committee
From: MLTA Legislative Committee
Date: March 27, 2023 [Hearing date: March 29, 2023]
Subject: **HB 21** – Property Tax - Tax Sales - Notices and Payoff Amount for Redemption
Position: **Favorable**

The Maryland Land Title Association (MLTA) asks that you return a **favorable recommendation for House Bill 21** – Property Tax - Tax Sales - Notices and Payoff Amount for Redemption.

Whenever a property has been sold at tax sale, the reliability of the amount required to redeem the property is imperative. Electronic communication has become the main medium for transmitting a written demand for payment and, as such, use of that medium is preferable to a written statement sent through the United States Postal Service or a verbal statement that could be the subject of a subsequent dispute.

The requirement of an e-mail address would provide title professionals called upon to handle either a refinance or sale of a property with a more effective and efficient means of communication; a 30 day period during which the response would be binding provides a desired certainty as to the amounts necessary to redeem a property from tax sale.

The MLTA's only disappointment with the proposed legislation is that it exempts Baltimore City. An amendment to extend the reach of HB 21 to all jurisdictions in the State would not be opposed by the MLTA.

For these reasons, the MLTA respectfully requests that you return a **favorable recommendation for House Bill 21**.