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Chair
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HB591 Real Property - Transfer to Heir or Legatee - Exemption From Payment Support

Good afternoon, Madame Chair, Vice Chair, and distinguished members of the Ways & Means Committee. For the record, I am Delegate Luke Clippinger presenting House Bill 591, Real Property - Transfer to Heir or Legatee - Exemption From Payment Support. This bill simply eliminates the requirement to prepay property taxes and other property bills before real property can transfer from the estate of a decedent to that decedent's heirs or legatees.

Real property should transfer from a decedent's estate regardless of when the bills on the property are paid. Some heirs do not have the means to pay the property bills prior to inheriting. This can leave them with unclear title to the property, in a phenomenon called "heirs' property" or "tangled title." I have heard anecdotes from many families who are struggling to get a clear title after the death of the homeowner due to a number of inequitable barriers, including the requirement to prepay taxes and other bills.

Without clear title, heirs do not qualify for the Homestead Tax Credit or home repair grants. They are also essentially ineligible for the Homeowner's Tax Credit. Furthermore, the wealth in the home is inaccessible to heirs as they cannot leverage their real property in order to pay those taxes, replace the roof, send a kid to college or start a business.

To be clear, HB 591 does not mean that heirs or legatees will not pay the property taxes and bills. In fact, this bill is fiscally neutral as the property bills will still be attached to the property. These property bills are not forgiven with the transfer and are still enforced through the tax sale process. In many cases, when an heir is able to record the deed, and apply for and receive housing stabilization assistance, they are in a stronger position to pay their property bills on time. For those reasons, I ask for a favorable report of House bill 591. Thank you.

Respectfully,
Delegate Luke Clippinger
Chair - House Judiciary Committee
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