

**CITY OF BALTIMORE
COUNCIL BILL 14-0407
(First Reader)**

Introduced by: The Council President, Councilmembers Cole, Kraft, Scott, Henry, Spector,
Holton, Welch, Reisinger, Stokes, Branch, Clarke, Middleton

At the request of: The Administration (Department of Finance)

Introduced and read first time: June 23, 2014

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community
Development, Department of Real Estate, Department of Finance, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 style="text-align:center">**Tax Credits – Portable Homestead**

3 FOR the purpose of establishing a property tax credit for a dwelling newly purchased by a
4 homeowner who has previously received, for a certain period, the homestead property tax
5 credit; providing for the amount, duration, and termination of the credit; imposing certain
6 qualifications for and limitations and conditions on the credit; providing for the calculation of
7 the local homestead tax credit on termination of the credit; defining certain terms; and
8 generally relating to the implementation of a portable homestead tax credit.

9 BY adding

10 Article 28 - Taxes
11 Section(s) 10-1.1
12 Baltimore City Code
13 (Edition 2000)

14 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
15 Laws of Baltimore City read as follows:

16 style="text-align:center">**Baltimore City Code**

17 style="text-align:center">**Article 28. Taxes**

18 style="text-align:center">**Subtitle 10. Credits**

19 **§ 10-1.1. PORTABLE HOMESTEAD.**

20 (A) *DEFINITIONS.*

21 (1) *IN GENERAL.*

22 IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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1 (2) *DWELLING.*

2 "DWELLING" HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE,
3 § 9-304(G).

4 (3) *FINANCE DIRECTOR; DIRECTOR.*

5 "FINANCE DIRECTOR" OR "DIRECTOR" MEANS THE DIRECTOR OF THE CITY
6 DEPARTMENT OF FINANCE OR THE DIRECTOR'S DESIGNEE.

7 (4) *HOMEOWNER.*

8 "HOMEOWNER" HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE,
9 § 9-304(G).

10 (B) *CREDIT GRANTED.*

11 IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE, § 9-304(G), A TAX CREDIT IS
12 GRANTED AGAINST THE CITY PROPERTY TAX IMPOSED ON A DWELLING THAT IS NEWLY
13 PURCHASED BY A HOMEOWNER WHO, FOR THE PRECEDING 5 TAX YEARS, HAS RECEIVED A
14 CREDIT UNDER STATE TAX-PROPERTY ARTICLE, § 9-105 {"HOMESTEAD TAX CREDIT"}
15 FOR A DWELLING LOCATED IN BALTIMORE CITY.

16 (C) *QUALIFICATIONS.*

17 TO QUALIFY FOR THE CREDIT AUTHORIZED BY THIS SECTION, THE HOMEOWNER MUST:

18 (1) FOR THE 5 TAX YEARS PRECEDING THE PURCHASE OF THE NEW DWELLING IN
19 BALTIMORE CITY:

20 (I) HAVE OWNED AND OCCUPIED, AS HIS OR HER PRINCIPAL RESIDENCE, A
21 DWELLING IN THE CITY; AND

22 (II) RECEIVED A CREDIT UNDER STATE TAX-PROPERTY ARTICLE, § 9-105
23 {"HOMESTEAD TAX CREDIT"} FOR THAT DWELLING;

24 (2) OCCUPY THE NEWLY PURCHASED DWELLING AS HIS OR HER PRINCIPAL RESIDENCE;

25 (3) SUBMIT AN APPLICATION TO THE FINANCE DIRECTOR, IN THE FORM AND
26 CONTAINING THE INFORMATION THAT THE DIRECTOR REQUIRES, FOR A CREDIT
27 UNDER THIS SECTION;

28 (4) FOR EACH TAX YEAR FOR WHICH THE CREDIT IS SOUGHT:

29 (I) FILE A STATE INCOME TAX RETURN AS A RESIDENT OF BALTIMORE CITY;
30 AND

31 (II) SUBMIT A COPY OF THAT RETURN TO THE DIRECTOR, IN THE MANNER AND
32 WITHIN THE TIME PERIOD REQUIRED BY THE RULES AND REGULATIONS
33 ADOPTED UNDER THIS SECTION; AND

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1 (5) COMPLY WITH ALL OTHER PROCEDURES AND CONDITIONS REQUIRED BY THE RULES
2 AND REGULATIONS ADOPTED UNDER THIS SECTION.

3 (D) *AMOUNT OF CREDIT.*

4 (1) *IN GENERAL.*

5 EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE CREDIT GRANTED
6 UNDER THIS SECTION IS A FIXED AMOUNT OF \$4,000, TO BE ALLOCATED AND APPLIED
7 OVER A PERIOD OF 5 TAX YEARS AS FOLLOWS:

8 (I) \$1,000 IN THE 1ST TAX YEAR;

9 (II) \$900 IN THE 2ND TAX YEAR;

10 (III) \$800 IN THE 3RD TAX YEAR;

11 (IV) \$700 IN THE 4TH TAX YEAR; AND

12 (V) \$600 IN THE 5TH TAX YEAR.

13 (2) *DWELLING WITHIN LOW OR MODERATE INCOME CENSUS TRACT.*

14 (I) FOR APPLICATIONS FILED ON OR AFTER OCTOBER 1, 2015, THE FIXED AMOUNT OF
15 THE CREDIT IS \$5,000 FOR A HOMEOWNER WHO PURCHASES A DWELLING LOCATED
16 WITHIN A LOW OR MODERATE INCOME CENSUS TRACT, AS DESIGNATED FROM TIME
17 TO TIME BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND
18 IN WHICH AT LEAST 51% OF THE PERSONS LIVING IN THE TRACT ARE IN
19 HOUSEHOLDS EARNING 80% OR LESS OF THE AREA MEDIAN INCOME.

20 (II) A HOMEOWNER WHO WAS RESIDING WITHIN A LOW OR MODERATE INCOME CENSUS
21 TRACT, AS DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, WHEN THE
22 HOMEOWNER SUBMITTED THE APPLICATION FOR THE CREDIT REMAINS ELIGIBLE
23 FOR THE HIGHER CREDIT AUTHORIZED BY THIS PARAGRAPH EVEN IF, AFTER THE
24 DATE OF THE APPLICATION, THE CENSUS TRACT CHANGES AND THE HOMEOWNER
25 WOULD OTHERWISE BE INELIGIBLE FOR THE HIGHER CREDIT DURING THE 5-YEAR
26 PERIOD.

27 (III) THE \$5,000 SHALL BE ALLOCATED AND APPLIED OVER A PERIOD OF 5 TAX YEARS
28 AS FOLLOWS:

29 (A) \$1,200 IN THE 1ST TAX YEAR;

30 (B) \$1,100 IN THE 2ND TAX YEAR;

31 (C) \$1,000 IN THE 3RD TAX YEAR;

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1 (D) \$900 IN THE 4TH TAX YEAR; AND

2 (E) \$800 IN THE 5TH TAX YEAR.

3 (IV) THE FINANCE DIRECTOR MAY ESTABLISH ADDITIONAL CRITERIA NECESSARY TO
4 CARRY OUT THIS PARAGRAPH.

5
6 (E) *CREDIT MAY NOT REDUCE CURRENT LIABILITY BELOW THAT FOR PRIOR DWELLING.*

7 A HOMEOWNER MAY NOT RECEIVE A CREDIT UNDER THIS SECTION (OR PORTION OF THE
8 CREDIT) FOR ANY YEAR IN WHICH APPLICATION OF THE CREDIT (OR PORTION OF THE
9 CREDIT) WOULD REDUCE THE HOMEOWNER'S PROPERTY TAX LIABILITY BELOW THE
10 HOMEOWNER'S PROPERTY TAX LIABILITY FOR THE DWELLING PREVIOUSLY OCCUPIED BY
11 THE HOMEOWNER.

12 (F) *DUPLICATION OF CREDITS NOT ALLOWED.*

13 IN ANY YEAR IN WHICH A HOMEOWNER RECEIVES A CREDIT UNDER THIS SUBSECTION, THE
14 HOMEOWNER MAY NOT RECEIVE:

15 (1) THE LOCAL PORTION OF THE CREDIT UNDER STATE TAX-PROPERTY ARTICLE,
16 § 9-105 {"HOMESTEAD TAX CREDIT"}; OR

17 (2) ANY OTHER PROPERTY TAX CREDIT PROVIDED BY THE CITY.

18 (G) *CREDIT NOT TRANSFERABLE.*

19 THE CREDIT GRANTED UNDER THIS SECTION FOR A DWELLING MAY NOT BE TRANSFERRED
20 TO:

21 (I) A PERSON WHO PURCHASES THE DWELLING FROM THE HOMEOWNER RECEIVING THE
22 CREDIT; OR

23 (II) A DWELLING THAT IS SUBSEQUENTLY PURCHASED BY THE HOMEOWNER RECEIVING
24 THE CREDIT.

25 (H) *LOCAL PORTION OF HOMESTEAD CREDIT.*

26 AFTER TERMINATION OF THE CREDIT GRANTED UNDER THIS SECTION, A HOMEOWNER IS
27 ENTITLED TO THE LOCAL PORTION OF THE CREDIT GRANTED UNDER STATE TAX-PROPERTY
28 ARTICLE, § 9-105 {"HOMESTEAD TAX CREDIT"}, WHICH SHALL BE CALCULATED:

29 (1) AS IF THE HOMEOWNER HAD RECEIVED THE CREDIT UNDER § 9-105 BEGINNING IN
30 THE SECOND YEAR THE HOMEOWNER OCCUPIED THE DWELLING; AND

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1 (2) BASED ON THE FULL ASSESSED VALUE OF THE DWELLING IN EACH YEAR THE
2 HOMEOWNER RECEIVED THE CREDIT GRANTED UNDER THIS SECTION.

3 (I) *ALLOCATION OF APPROPRIATED FUNDS.*

4 THE FINANCE DIRECTOR SHALL REVIEW AND APPROVE APPLICATIONS FOR THE CREDIT
5 GRANTED UNDER THIS SECTION BASED ON:

6 (1) THE AVAILABILITY OF THE FUNDS APPROPRIATED FOR THE CREDIT AND ITS
7 ADMINISTRATION UNDER STATE TAX-PROPERTY ARTICLE, § 9-304(G)(9)(I); AND

8 (2) THE ORDER IN WHICH APPLICATIONS FOR THE CREDIT ARE RECEIVED; AND

9 (J) *RULES, REGULATIONS, AND PROCEDURES.*

10 THE FINANCE DIRECTOR SHALL ADOPT RULES, REGULATIONS, AND PROCEDURES AS
11 NECESSARY TO CARRY OUT THIS SECTION.

12 (K) *REPORTING.*

13 THE DEPARTMENT OF FINANCE SHALL EVALUATE THE EFFICACY OF THE CREDIT
14 ESTABLISHED BY THIS SECTION AND SUBMIT A REPORT OF ITS FINDINGS AND
15 RECOMMENDATIONS ON OR BEFORE DECEMBER 31, 2018, AND DECEMBER 31, 2020, TO:

16 (1) THE MAYOR AND THE CITY COUNCIL; AND

17 (2) IN ACCORDANCE WITH STATE GOVERNMENT ARTICLE, § 2-1246:

18 (I) THE BALTIMORE CITY HOUSE DELEGATION;

19 (II) THE BALTIMORE CITY SENATORS;

20 (III) THE SENATE BUDGET AND TAXATION COMMITTEE; AND

21 (IV) THE HOUSE COMMITTEE ON WAYS AND MEANS.

22
23 (L) *TERMINATION OF PROGRAM.*

24 (1) NEW CREDITS MAY NOT BE GRANTED UNDER THIS SECTION FOR ANY TAX YEAR
25 BEGINNING ON OR AFTER JULY 1, 2020.

26 (2) THIS SUBSECTION DOES NOT APPLY TO AN OWNER'S CONTINUED RECEIPT OF AN
27 ANNUAL CREDIT, AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, WITH RESPECT TO
28 A PROPERTY FOR WHICH THE TAX CREDIT WAS INITIALLY GRANTED AND RECEIVED FOR
29 A TAX YEAR ENDING ON OR BEFORE JUNE 30, 2020.

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1 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
2 are not law and may not be considered to have been enacted as a part of this or any prior
3 Ordinance.

4 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on October 1,
5 2014.