

**CITY OF BALTIMORE
COUNCIL BILL 11-0290R
(Resolution)**

Introduced by: Councilmembers Conaway, Kraft, Stokes, Branch, Holton, President Young,
Councilmembers Middleton, Welch, Spector, Clarke, Reisinger, D'Adamo, Henry
Introduced and read first time: May 16, 2011
Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable
Adopted: Adopted

A COUNCIL RESOLUTION CONCERNING

Request for State Legislation - Closing a Homestead Tax Credit Loophole

FOR the purpose of respectfully requesting that the Baltimore City delegations to the General Assembly work to secure passage of legislation to prevent banks from benefitting from Homestead Tax Credits issued to homeowners they have evicted from their homes through foreclosure.

Recitals

The lingering effects of the worst economic downturn sine the Great Depression continue to pose challenges. All levels of government are struggling with lower tax revenue combined with greater demands for social services as the weak recovery strains many citizens' finances. Foreclosures also remain at levels well above historic norms.

These foreclosures materially add to the burdens on government and society at large. Former homeowners thrown out into the street often need support from various government services to get by, placing an additional strain on an already overstretched social safety net. Nearly as bad, banks often do not immediately sell or take full possession of foreclosed upon, formerly owner occupied houses. Instead, previously well maintained homes are allowed to sit vacant, attracting all the symptoms of urban blight and forcing local government's to expend scarce resources to ameliorate the harms these vacant properties bring to formerly stable neighborhoods.

It is therefore especially galling to hear reports that some of these banks refuse to finalize the transfer of a property into their names after foreclosure so that the banks can take advantage of the Homestead Property Tax Credit to reduce the amount of taxes that they rightfully should be paying to local and State governments. This abuse of a program intended to *assist* homeowners by companies who are systematically *eliminating* homeownership is unacceptable. With City, State, and County governments facing daunting revenue shortfalls it is also unaffordable.

There is no question that the General Assembly intended to give a tax break to homeowners rather than banks and speculators when it enacted the Homestead Property Tax Credit legislation. Unfortunately, bank managers and attorneys seem to have found a technicality in that law that allows them to withhold taxes by refusing to properly finalize foreclosure proceedings. Fortunately, the State legislature has the power to close this loophole and thereby

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter stricken by amendment.

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1 increase property tax revenue while reducing the incentives for banks to improperly refrain from
2 finalizing foreclosure proceedings.

3 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That this
4 Council respectfully requests that the Baltimore City delegations to the General Assembly work
5 to secure passage of legislation to prevent banks from benefitting from Homestead Tax Credits
6 issued to homeowners they have evicted from their homes through foreclosure.

7 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Honorable
8 Chair and Members of the Baltimore City Senate and House Delegations to the 2011 Maryland
9 General Assembly, the Governor, the Mayor, the Mayor's Office of Intergovernmental
10 Relations, and the Mayor's Legislative Liaison to the City Council.