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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**TUESDAY, NOVEMBER 9, 2021
10:01 AM**

VIRTUAL WEBEX MEETING

Council Bill 21-0168

Tax Credits - Historic Properties - Application Extension

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Staff: Richard Krummerich



BILL SYNOPSIS

Committee: Ways and Means

Bill: 21-0168

Tax Credits - Historic Properties - Application Extension

Sponsor: Councilmembers Costello, et al

Introduced: October 18, 2021

Purpose:

For the purpose of extending the period within which applications may be accepted for the historic improvement tax credit and providing for a special effective date.

Effective: On the date it is enacted.

Agency Reports

Law Department	Favorable
Department of Planning	Favorable
Baltimore Development Corporation	None as of this writing
Department of Finance	None as of this writing
Department of Housing and Community Development	No Objection
LIVE Baltimore	None as of this writing
Commission for Historical and Architectural Preservation	None as of this writing

Analysis

Current Law

Article 28 Taxes, Under Subtitle 10 of the Baltimore City Code outlines the rules, mandates and/or regulations pertaining to tax credits.

Background

Historic tax credits are financial incentives for residential or commercial rehabilitation projects that require property-owners to follow certain preservation standards. Baltimore City has nearly 70

neighborhoods that are designated as historic districts containing over 50,000 residential and commercial buildings.¹ (See Attached - Appendix One)

The Baltimore City Commission on Historic and Architectural Preservation administers a 10-year comprehensive property tax credit granted on the increased assessment directly resulting from qualifying improvements to historic properties. Both homeowners and commercial properties are eligible for the tax credit.²

If approved, Council Bill 21-0168 would extend the tax credit by one (1) year; from February 28, 2022 to February 28, 2023.

Additional Information

Fiscal Note: None

Information Source(s): City Code, Council Bill 21-0168, footnotes, and all agency reports received as of this writing.

Marguerite M. Currin

Analysis by: Marguerite M. Currin

Direct Inquiries to: (443) 984-3485

Analysis Date: November 4, 2021

¹ Website – Historic Credits, Baltimore City

² Commission on Historic and Architectural Preservation Website

Baltimore City Historic Tax Credit for Historic Rehabilitations and Restorations (CHAP Tax Credit)

The Mayor and City Council established Baltimore City's Historic Tax Credit Program (CHAP Tax Credit), fostering the rehabilitation of historic structures throughout Baltimore. The Historic Tax Credit Program is open to residential and commercial buildings. To date, more than 5,000 rehabilitation projects have participated.

The program is a comprehensive tax credit program that helps the City in its mission to preserve Baltimore's historic neighborhoods by encouraging property owners in historic districts to complete substantive rehabilitation projects. The 10-year credit is granted on the increased property value, resulting from the qualifying rehabilitation work. The tax credit is computed once and used for the entire 10-year life of the credit. The [Department of Finance](#) is responsible for calculating the credit and all questions regarding the calculation should be addressed to them.

To date, over *one billion dollars* has been invested in historic properties since 1997, with more than 3,000 restorations currently underway in historic districts throughout the City.

- Ten-year tax credit for all renovations, interior, and exterior, is the most generous in Baltimore City, and among the most comprehensive in the country.
- Credit benefits both homeowners and businesses.
- The goal of the program is to help preserve Baltimore's neighborhoods by encouraging restoration and rehabilitation.
- Credit is fully transferrable to a new owner for the remaining life of the credit.

Council Bill: 21-0168

AGENCY REPORTS

See attached

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

October 26, 2021

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 21-0168 – Tax Credits – Historic Properties – Application
Extension

Dear President and City Council Members:



The Law Department has reviewed City Council Bill 21-0168 for form and legal sufficiency. The bill would change the termination date for the tax credit program to allow applications for the tax credit to be received until February 28, 2023.

The General Assembly has given the City the authority to enact this tax credit. Md. Code, Tax-Prop., § 9-204.1. This includes the authority to adopt the duration of the tax credit. Md. Code, Tax-Prop., § 9-242(e)(1)(ii). The extension of this program is consistent with this state enabling legislation. The Law Department approves this bill for form and legal sufficiency.

Very truly yours,

Hilary Ruley
Chief Solicitor

cc: James L. Shea, City Solicitor
Nina Themelis, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Victor Tervalva, Chief Solicitor

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 TH FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #21-0168/ TAX CREDITS – HISTORIC PROPERTIES – APPLICATION EXTENSION		

TO The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

DATE: October 20, 2021

The Department of Planning is in receipt of City Council Bill #21-0168, which is for the purpose of extending the period within which applications may be accepted for the historic improvement tax credit and providing for a special effective date.

The Department of Planning recommends **approval** of City Council Bill #21-0168. This bill will extend the application deadline for one additional year.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

- cc: Ms. Natasha Mehu, Mayor's Office
 Ms. Nina Themelis, Mayor's Office
 The Honorable Eric Costello, Council Rep. to Planning Commission
 Mr. Matthew Stegman, City Council President's Office
 Ms. Nikki Thompson, City Council President's Office
 Mr. Colin Tarbert, BDC
 Ms. Kathleen Byrne, BMZA
 Mr. Geoffrey Veale, Zoning Administration
 Ms. Stephanie Murdock, DHCD
 Ms. Elena DiPietro, Law Dept.
 Mr. Francis Burnszynski, PABC
 Mr. Liam Davis, DOT
 Ms. Natawna Austin, Council Services



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner

Date: October 26, 2021

Re: City Council Bill 21-0168 Tax Credits - Historic Properties - Application Extension

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 21-0168 for the purpose of extending the period within which applications may be accepted for the historic improvement tax credit and providing for a special effective date.

If enacted, City Council Bill 21-0168 would extend the deadline for applications for an additional 1 year. The current credit is set to expire February 28, 2022, this legislation would extend the credit until February 28, 2023.

CHAP Tax Credits incentivize homeowners and small businesses to make substantive rehabilitation of buildings in historic neighborhoods, from row homes to the adaptive reuse of commercial properties and may provide for the preservation of historically significant buildings in the City of Baltimore.

DHCD has **no objection** to the passage of City Council Bill 21-0168.

AK/sm

cc: Ms. Nina Themelis, Mayor's Office of Government Relations

CITY OF BALTIMORE
COUNCIL BILL 21-0168
(First Reader)

Introduced by: Councilmember Costello, President Mosby, Councilmembers Stokes, Middleton, Bullock, Glover, Schleifer, Torrence, Cohen, Porter, Burnett, Conway

Introduced and read first time: October 18, 2021

Assigned to: Ways & Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Baltimore Development Corporation, Department of Finance, Department of Housing and Community Development, Live Baltimore, Commission for Historical and Architectural Preservation

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Tax Credits – Historic Properties – Application Extension**

3 FOR the purpose of extending the period within which applications may be accepted for the
4 historic improvement tax credit and providing for a special effective date.

5 BY repealing and reordaining, with amendments

6 Article 28 - Taxes

7 Section 10-8(m)

8 Baltimore City Code

9 (Edition 2000)

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

12 **Baltimore City Code**

13 **Article 28. Taxes**

14 **Subtitle 10. Credits**

15 **§ 10-8. Historic improvements, restorations, and rehabilitations.**

16 (m) *Termination of program.*

17 Applications for a credit under this section may not be accepted after February 28, [2022]
18 2023.

19 **SECTION 2. AND BE IT FURTHER ORDAINED**, That this Ordinance takes effect on the date it is
20 enacted.

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