

Introduced by: Councilmember Costello, *Schleifer, Harry, Clarke, Burns, Sneed*

Prepared by: Department of Legislative Reference *Bull*, ~~Clark~~ *McCray*, *Stokes*

Date: July 16, 2019

Referred to: TAXATION, FINANCE & ECONOMIC DEVELOPMENT Committee

Perkins
Scott

Also referred for recommendation and report to municipal agencies listed on reverse. *Reisinger*

CITY COUNCIL *19-0414*

A BILL ENTITLED

AN ORDINANCE concerning

High-Performance Newly Constructed Dwellings – Property Tax Credit

FOR the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

BY authority of
Tax-Property Article
Section 9-242
Maryland Code

C-T. Bull

BY adding
Article 28 - Taxes
Section 10-31
Baltimore City Code
(Edition 2000)

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****The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

Agencies

_____	Baltimore City Public School System
_____	Baltimore Development Corporation
_____	City Solicitor
_____	Comptroller's Office
_____	Department of Audits
_____	Department of Finance
_____	Department of General Services
_____	Department of Housing and Community Development
_____	Department of Human Resources
_____	Department of Planning
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Department of Public Works
_____	Department of Real Estate
_____	Department of Recreation and Parks
_____	Department of Transportation
_____	Fire Department
_____	Health Department
_____	Mayor's Office of Employment Development
_____	Mayor's Office of Human Services
_____	Mayor's Office of Information Technology
_____	Office of the Mayor
_____	Police Department
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Board of Estimates
_____	Board of Ethics
_____	Board of Municipal and Zoning Appeals
_____	Comm. for Historical and Architectural Preservation
_____	Commission on Sustainability
_____	Employees' Retirement System
_____	Other: _____
_____	Other: _____
_____	Other: _____
_____	Environmental Control Board
_____	Fire & Police Employees' Retirement System
_____	Labor Commissioner
_____	Parking Authority Board
_____	Planning Commission
_____	Wage Commission
_____	Other: _____
_____	Other: _____
_____	Other: _____

Boards and Commissions

CITY OF BALTIMORE
ORDINANCE **19.290**
Council Bill 19-0414

Introduced by: Councilmembers Costello, Schleifer, Henry, Clarke, Burnett, Sneed, Cohen,

Bullock, McCray, Stokes, President Scott, Councilmembers Reisinger, Pinkett

Introduced and read first time: July 22, 2019

Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable with amendments

Council action: Adopted

Read second time: August 19, 2019

AN ORDINANCE CONCERNING

1 **High-Performance Newly Constructed Dwellings – Property Tax Credit**

2 FOR the purpose of establishing a property tax credit for high-performance newly constructed
3 dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility;
4 providing for the amount, duration, and administration of the credit; defining certain terms,
5 providing for a special effective date; and generally relating to a property tax credit for high-
6 performance newly constructed dwellings.

7 BY authority of

8 Tax-Property Article

9 Section 9-242

10 Maryland Code

11 BY adding

12 Article 28 - Taxes

13 Section 10-31

14 Baltimore City Code

15 (Edition 2000)

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

18 **Baltimore City Code**

19 **Article 28. Taxes**

20 **Subtitle 10. Credits**

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
Strike-out indicates matter stricken from the bill by
amendment or deleted from existing law by amendment.

Council Bill 19-0414

1 § 10-31. HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS.

2 (A) DEFINITIONS.

3 (1) IN GENERAL.

4 IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

5 (2) HIGH-PERFORMANCE.

6 "HIGH-PERFORMANCE" MEANS MEETING THE PERFORMANCE STANDARDS SET FORTH IN
7 STATE TAX-PROPERTY ARTICLE § 9-242(A) {"HIGH PERFORMANCE BUILDING"
8 DEFINED"}.

9 (3) NEWLY CONSTRUCTED DWELLING.

10 "NEWLY CONSTRUCTED DWELLING" HAS THE MEANING STATED IN STATE TAX-
11 PROPERTY ARTICLE § 9-304(D) {"NEWLY CONSTRUCTED DWELLINGS"}.

12 (4) OWNER.

13 "OWNER" HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-304(D)
14 {"NEWLY CONSTRUCTED DWELLINGS"}.

15 (B) CREDIT GRANTED.

16 THERE IS ESTABLISHED A PROPERTY TAX CREDIT, AS AUTHORIZED IN STATE
17 TAX-PROPERTY ARTICLE § 9-242, AGAINST THE PROPERTY TAX IMPOSED ON
18 HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS THAT ARE OWNED BY QUALIFYING
19 OWNERS.

20 (C) QUALIFICATIONS.

21 THE OWNER OF A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING MAY QUALIFY
22 FOR THE TAX CREDIT AUTHORIZED BY THIS SECTION BY:

23 (1) PURCHASING A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING;

24 (2) OCCUPYING THAT DWELLING AS HIS OR HER PRINCIPAL RESIDENCE;

25 (3) FILING AN APPLICATION FOR THE CREDIT EITHER:

26 (I) WITHIN 90 DAYS AFTER SETTLING ON THE PURCHASE OF THE DWELLING; OR

27 (II) WITHIN 90 DAYS OF THE ENACTMENT OF THIS ORDINANCE IF SETTLEMENT
28 ON THE PURCHASE OF THE DWELLING OCCURRED AFTER ~~MARCH 31, 2019~~
29 JULY 1, 2018;

Council Bill 19-0414

1 (4) FOR EACH TAXABLE YEAR FOR WHICH THE CREDIT IS SOUGHT, FILING A STATE
2 INCOME TAX RETURN AS A RESIDENT OF BALTIMORE CITY;

3 (5) SATISFYING ALL OTHER CONDITIONS IMPOSED BY THE REGULATIONS OF THE
4 DIRECTOR OF FINANCE; AND

5 (6) NOT CURRENTLY RECEIVING THE CREDIT AUTHORIZED BY § 10-5 OF THIS SUBTITLE
6 {"NEWLY CONSTRUCTED DWELLINGS"}.

7 (D) *AMOUNT OF CREDIT.*

8 A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL EQUAL THE AMOUNT OF
9 PROPERTY TAX IMPOSED ON THE REAL PROPERTY, LESS THE AMOUNT ON ANY OTHER
10 CREDIT APPLICABLE IN THAT YEAR, MULTIPLIED BY:

11 (1) 50% FOR THE 1ST FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
12 THE TAX CREDIT;

13 (2) 40% FOR THEN 2ND FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
14 THE TAX CREDIT;

15 (3) 30% FOR THE 3RD FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
16 THE TAX CREDIT;

17 (4) 20% FOR THE 4TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
18 THE TAX CREDIT;

19 (5) 10% FOR THE 5TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
20 THE TAX CREDIT; AND

21 (6) 0% FOR EACH TAXABLE YEAR THEREAFTER.

22 (E) *RULES AND REGULATIONS.*

23 (1) THE DIRECTOR OF FINANCE SHALL ADOPT REGULATIONS TO CARRY OUT THE
24 PROVISIONS OF THIS SECTION.

25 (2) THESE REGULATIONS SHALL INCLUDE PROCEDURES NECESSARY AND APPROPRIATE FOR
26 THE SUBMISSION OF AN APPLICATION FOR AND THE GRANTING OF A PROPERTY TAX
27 CREDIT UNDER THIS SECTION.

28 (F) *REPORTING CREDITS.*

29 THE ESTIMATED AMOUNT OF ALL TAX CREDITS RECEIVED BY OWNERS UNDER THIS
30 SECTION IN ANY FISCAL YEAR:

Council Bill 19-0414

1 (1) SHALL BE REPORTED BY THE DIRECTOR OF FINANCE OF BALTIMORE CITY AS A
2 "TAX EXPENDITURE" FOR THAT FISCAL YEAR; AND

3 (2) SHALL BE INCLUDED IN THE PUBLICATION OF THE CITY'S BUDGET FOR ANY
4 SUBSEQUENT FISCAL YEAR WITH THE ESTIMATED OR ACTUAL CITY PROPERTY TAX
5 REVENUE FOR THE APPLICABLE FISCAL YEAR.

6 (G) *ANNUAL REPORT.*

7 THE DIRECTOR OF FINANCE SHALL REPORT ANNUALLY TO THE BOARD OF ESTIMATES AND
8 TO THE MAYOR AND CITY COUNCIL ANY RESULTS AND FINDINGS OF ANY ANALYSIS OF THE
9 TAX CREDIT, INCLUDING THE STEPS TAKEN AND PROPOSED TO BE TAKEN TO PROMOTE AND
10 OTHERWISE FURTHER THE USE OF THE TAX CREDIT PROGRAM.

11 (H) *TERMINATION OF PROGRAM.*

12 AFTER JUNE 30, ~~2024~~ 2021, ADDITIONAL OWNERS OF HIGH-PERFORMANCE NEWLY
13 CONSTRUCTED DWELLINGS MAY NOT APPLY FOR A CREDIT UNDER THIS SECTION.

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

17 SECTION 3. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on ~~the 30th day~~
18 after the date it is enacted.

Council Bill 19-0414

Certified as duly passed this _____ day of AUG 19, 2019



President, Baltimore City Council

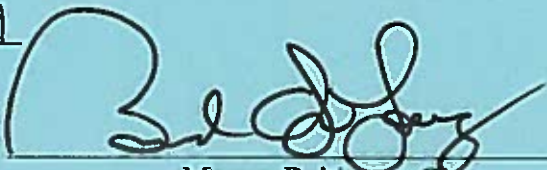
Certified as duly delivered to His Honor, the Mayor,

this _____ day of AUG 19, 2019



Chief Clerk

Approved this 29th day of Aug, 2019



Mayor, Baltimore City

1950-1951

1952-1953

1954-1955

1956-1957

1958-1959

1960-1961

1962-1963

1964-1965

1966-1967

1968-1969

1970-1971

1972-1973

1974-1975

1976-1977

1978-1979

1980-1981

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2004-2005

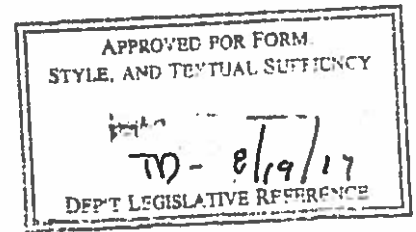
2006-2007

2008-2009

2010-2011

AMENDMENTS TO COUNCIL BILL 19-0414
(1st Reader Copy)

By: Taxation, Finance, and Economic Development Committee



Amendment No. 1

On page 2, in line 28, strike "MARCH 31, 2019" and substitute "JULY 1, 2018".

Amendment No. 2

On page 4, in lines 15 and 16, strike "the 30th day after".

ADOPTED

CITY OF BALTIMORE

BOARD OF ESTIMATES

Room 204, City Hall
Baltimore, Maryland 21202
410-396-4755



BRANDON SCOTT
PRESIDENT, CITY COUNCIL

BERNARD C. "JACK" YOUNG
MAYOR

JOAN M. PRATT
COMPTROLLER

RUDOLPH S. CHOW, P.E.
DIRECTOR OF PUBLIC WORKS

ANDRE M. DAVIS
CITY SOLICITOR

BERNICE H. TAYLOR
DEPUTY COMPTROLLER
AND CLERK TO THE BOARD

July 31, 2019

Honorable President and Members
of the City Council

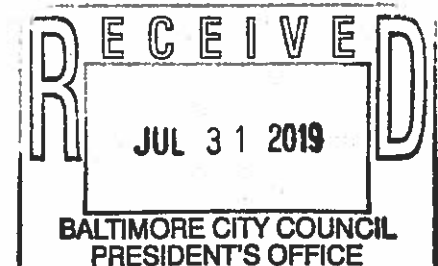
Ladies and Gentlemen:

On July 31, 2019 the Board had before it for consideration the following pending City Council Bills:

19-0319 - An Ordinance concerning Sale of Property - former bed of West Fairmount Avenue, a 10-foot alley, a portion of Martin Luther King Jr. Boulevard, and a portion of a 3-foot alley for the purpose of authorizing the Mayor and City Council of Baltimore to sell, at either public or private sale, all its interest in certain parcels of land known as the former bed of West Fairmount Avenue, a 10-foot alley, a portion of Martin Luther King Jr. Boulevard, and a portion of a 3-foot alley bounded by North Fremont Avenue, West Fayette Street, Martin Luther King Jr. Boulevard, and West Baltimore Street and no longer needed for public use; and providing for a special effective date.

ALL REPORTS RECEIVED WERE FAVORABLE.

19-0414 - An Ordinance concerning High-Performance Newly Constructed Dwellings - Property Tax Credit for the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for





REPUBLIC OF PHILIPPINES
BAYLARD ELEMENTARY SCHOOL
JUL 3 2018

Page 2 - cont'd

credit eligibility; providing for the amount, duration, and administration of the credit, defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

THE DEPARTMENT OF PLANNING HAS NO OBJECTION AND DEFERS TO THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

ALL OTHER REPORTS RECEIVED WERE FAVORABLE.

After NOTING AND CONCURRING in all favorable reports received, the Board approved the aforementioned City Council Bills and referred them to the City Council with the recommendation that they be approved and passed by that Honorable Body.

The President **ABSTAINED** from voting.

Sincerely,

 **JUL 31 2019**
Joan M. Pratt, CPA
Secretary

BALTIMORE CITY COUNCIL TAXATION, FINANCE AND ECONOMIC DEVELOPMENT VOTING RECORD

DATE: July 25, 2019

BILL#: 19-0414

BILL TITLE: **High-Performance Newly Constructed Dwellings
– Property Tax Credit**

MOTION BY: *Stokes* SECONDED BY: *Stokes*

FAVORABLE

FAVORABLE WITH AMENDMENTS

UNFAVORABLE

WITHOUT RECOMMENDATION

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, Sharon, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>McCray, Danielle</i> , Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costello, Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reisinger, Edward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stokes, Robert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TOTALS				

CHAIRPERSON: *Sharon Middleton*

COMMITTEE STAFF: Samuel Johnson, Initials: *AG*





MEMORANDUM

DATE: July 24, 2019
TO: Honorable President and Members of the City Council
FROM: Colin Tarbert, President and CEO *Colin Tarbert*
POSITION: Support
SUBJECT: City Council Bill No. 19-0414

INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill 19-0414 introduced by Councilmember Costello.

PURPOSE

For the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and generally relating to a property tax credit for high-performance newly constructed dwellings.

BRIEF HISTORY

City Council Bill 19-0414 creates a property tax credit for Baltimore residents purchasing or occupying high-performance newly constructed dwellings, as defined in Tax-Property Article Section 9-242 of the Maryland Code. This credit would reinstate a credit that expired at the end of the last fiscal year.

FISCAL IMPACT

NONE

AGENCY POSITION

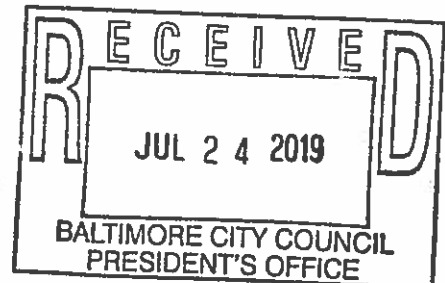
BDC supports Bill No. 19-0414.

If you have any questions, please do not hesitate to contact Kimberly Clark via email at kclark@baltimoredevelopment.com or via phone at 410-837-9305

Cc: Jeffrey Amoros

[KW]

F





1. The first part of the document is a list of names and titles, including the names of the authors and the titles of their respective works. This list is followed by a section of text that appears to be a preface or introduction, written in a formal, academic style. The text discusses the importance of the research and the contributions of the authors. The document concludes with a list of references and a final page of text.

CITY OF BALTIMORE

BERNARD C. "JACK" YOUNG
Mayor



DEPARTMENT OF LAW
ANDRE M. DAVIS, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

July 23, 2019

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 19-0414 – High Performance Newly Constructed
Dwellings – Property Tax Credit

Dear President and City Council Members:

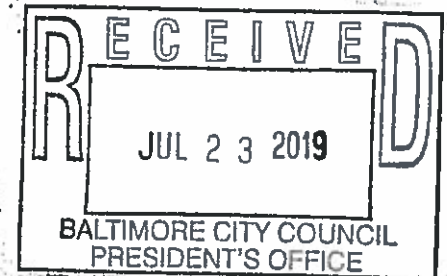
The Law Department has reviewed City Council Bill 19-0414 for form and legal sufficiency. The bill would create a new tax credit for certain newly constructed dwellings. It would be available to owners of a high-performance newly constructed dwellings, as those terms are defined in state tax law, so long as it is a principle residence and a person files for the credit within 90 days of purchase or enactment of the ordinance if purchase occurred after March 31, 2019. The owner must also not be receiving the Newly Constructed Dwelling Tax Credit. The credit begins with the first full taxable year after the property qualifies for the credit and lasts for five full taxable years in diminished amounts each year.

The City Council has the authority to enact this credit pursuant to Section 9-242 of the Tax Property Article of the Maryland Code. The Law Department approves the bill for form and legal sufficiency.

Very truly yours,


Hilary Ruley
Chief Solicitor

cc: Andre M. Davis, City Solicitor
Jeffrey Amoros, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Victor Tervalá, Chief Solicitor
Ashlea Brown, Assistant Solicitor





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BALTIMORE CITY
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

MEMORANDUM

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

From: Michael Braverman, Housing Commissioner 

Date: July 23, 2019

Re: **City Council Bill 19-0414: High-Performance Newly Constructed Dwellings – Property Tax Credit**

The Department of Housing and Community Development has reviewed City Council Bill 19-0414, for the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

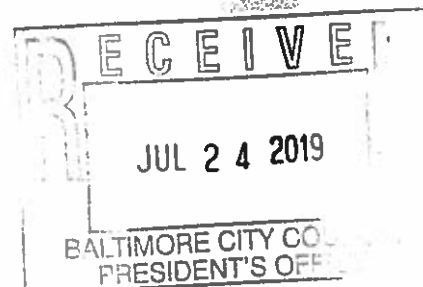
If enacted, this bill would create a property tax credit for Baltimore residents purchasing or occupying high-performance newly constructed dwellings, as defined in Tax-Property Article Section 9-242 of Maryland Code. The credit is 50% in the first taxable year and declines by 10% each subsequent year. The proposed credit reinstates a credit created by the Mayor and City Council that expired at the end of the last fiscal year.

Residents who could not apply for the credit due to the ransomware attack on Baltimore City IT systems would be able to apply after the bill is enacted. This also applies to applicants who would have applied between the credit's expiration and the enactment of this bill.

DHCD supports the passage of City Council Bill 19-0414.

MB:td

Cc: Mr. Jeffrey Amoros, *Mayor's Office of Government Relations*







HEARING NOTES

Bill: 19-0414

**High-Performance Newly Constructed Dwellings –
Property Tax Credit**

Committee: Taxation, Finance and Economic Development
Chaired By: Councilmember Sharon Green-Middleton

Hearing Date: July 25, 2019
Time (Beginning): 10:15a.m.
Time (Ending): 10:45a.m.
Location: Clarence “Du” Burns Chambers
Total Attendance: Approximately 30 – 40
Committee Members in Attendance: 5/5
Sharon Green Middleton
Eric Costello
Edward Reisinger
Robert Stokes
McCray

Bill Synopsis in the file?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Attendance sheet in the file?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Agency reports read?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Hearing televised or audio-digitally recorded?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> N/A
Certification of advertising/posting notices in the file?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
Evidence of notification to property owners?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
Final vote taken at this hearing?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Motioned by:	Councilmember Costello		
Seconded by:	Councilmember Stokes		
Final Vote:	Fav. with Amendments		

Major Issues Discussed

1. Councilwoman Middleton read the bill into the record and introduced committee members.
2. Robert Cennamo, Finance – Read agency report into the record.
3. Hilary Ruley, Law – Read agency report into the record.
4. Eric Tiso, Planning – Read agency report into the record.
5. Dept. of Housing – Read agency report into the record.

- 6. Kyree West, BDC – Read agency report into the record.
- 7. Jon Laria from the Baltimore Development Workgroup offered testimony on behalf of the group.
- 8. Angellica Bailey from MBIA offered testimony on behalf of her organization.
- 9. Annie Milli from Live Baltimore offered testimony on behalf of her organization.
- 10. There were approximately 30 – 45 people in attendance at this hearing.
- 11. Councilman Costello offered two amendments, both will be made available to Councilmembers on second reader.
- 12. A vote was taken by the committee, and the hearing was adjourned.

Further Study

Was further study requested?

Yes No

If yes, describe. N/A

Committee Vote:

S. Middleton: **Yea**
 McCray: **Yea**
 E. Costello: **Yea**
 E. Reisinger: **Yea**
 R. Stokes: **Yea**

Samuel Johnson , Committee Staff
 (410) 396-1091
 cc: Bill File
 OCS Chrono File

Date: July 25, 2019

City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Minutes - Final

Taxation, Finance and Economic Development Committee

Thursday, July 25, 2019

10:05 AM

Du Burns Council Chamber, 4th floor, City Hall

19-0414

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

Present 5 - Member Sharon Green Middleton, Member Danielle McCray, Member Eric T. Costello, Member Edward Reisinger, and Member Robert Stokes Sr.

ITEMS SCHEDULED FOR PUBLIC HEARING

19-0414

High-Performance Newly Constructed Dwellings - Property Tax Credit

For the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

Sponsors: Eric T. Costello, Isaac "Yitzy" Schleifer, Bill Henry, Mary Pat Clarke, Kristerfer Burnett, Shannon Sneed, Zeke Cohen, John T. Bullock, Danielle McCray, Robert Stokes, Sr., President Brandon M. Scott, Leon F. Pinkett, III, Edward Reisinger

A motion was made by Member Costello, seconded by Member Stokes, Sr., that Bill 19-0414 be Recommended Favorably with Amendments. The motion carried by the following vote:

Yes: 5 - Member Middleton, Member McCray, Member Costello, Member Reisinger, and Member Stokes Sr.

ADJOURNMENT



**CITY OF BALTIMORE
CITY COUNCIL HEARING ATTENDANCE RECORD**

Committee: Taxation, Finance and Economic Development Chairperson: Sharon Green-Middleton
 Date: July 25, 2019 Time: 10:05 am Place: Clarence "Du" Burns Council Chambers
 Subject: High-Performance Newly Constructed Dwellings - Property Tax Credit CC Bill Number: 19-0414

PLEASE PRINT

IF YOU WANT TO TESTIFY PLEASE CHECK HERE




FIRST NAME	LAST NAME	ST. #	ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS	TESTIFY	FOR	AGAINST	YES	NO
John	Doe	100	North Charles Street	21202	Johndoenbmore@yahoo.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Don	MAN	300	E Commerce / BDC	21202	LARIQ@BALTIMORECOUNCIL.GOV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Angelica	Barbey		NBIDA		Angelica@NewlyConstructed.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
KYREC	WEST	36	Schwartzes / BDC		kwest@baltimoreeducation.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rebecca	Marik	35	Food & Water Watch	21218	remar002@gmail.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Annle	Milli	343	N Charles Street	21201	amilli@livebaltimore.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
molby	Amstor	3933	Kimble Rd.	21218	molby@jofj.org	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(*) NOTE: IF YOU ARE COMPENSATED OR INCUR EXPENSES IN CONNECTION WITH THIS BILL, YOU MAY BE REQUIRED BY LAW TO REGISTER WITH THE CITY ETHICS BOARD. REGISTRATION IS A SIMPLE PROCESS. FOR INFORMATION AND FORMS, CALL OR WRITE: BALTIMORE CITY BOARD OF ETHICS, C/O DEPARTMENT OF LEGISLATIVE REFERENCE, 626 CITY HALL, BALTIMORE, MD 21202. TEL: 410-396-4730; FAX: 410-396-8483.



For: [Signature]

FROM	NAME & TITLE	Robert Cenname, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (410) 396-4940		
	SUBJECT	City Council Bill #19-0414: High-Performance Newly Constructed Dwellings – Property Tax Credit		

DATE:

TO

The Honorable President and
Members of the City Council
Room 400, City Hall

July 24, 2019

City Council Bill 19-0335 proposes to establish a property tax credit for high performance newly constructed dwellings; clarifies limitations, conditions and qualifications for credit eligibility; provides for the amount, duration and administration of the credit; defines terms and provides for a special effective date; and relates generally to a property tax credit for high-performance newly constructed dwellings.

Background and Context

According to Maryland Tax-Property Code 9-304(d), as of June 30, 2019 owners of newly constructed dwellings are no longer eligible for the Newly Constructed Dwellings Tax Credit (NCDTC). In its place, the Council has introduced legislation for a Newly Constructed Tax Credit with certain requirements for energy efficiency and performance.

The proposed credit would be available under Maryland Tax-Property Code 9-242, which authorizes a tax credit for high-performance buildings. State law stipulates that the municipal corporation proposing a credit under the auspices of this section of the Annotated Code may determine the amount, duration and criteria for such a credit. Any refresh to the NCDTC must wait until the 2020 State legislative session.

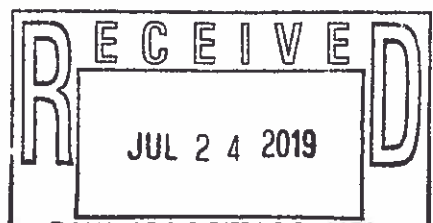
Fiscal Impact

Tax credits granted under this section of the MD Annotated Code shall equal the amount of property tax imposed on the real property, less the amount of any other credit applicable in that year, multiplied by:

Credit Year	Credit Amount
Year 1	50% for 1 st Full Taxable Year
Year 2	40% for 2 nd Full Taxable Year
Year 3	30% for 3 rd Full Taxable Year
Year 4	20% for 4 th Full Taxable Year
Year 5	10% for 5 th Full Taxable Year
Year 6	Credit Expires

In Fiscal 2019 the City estimates having spent \$2.2 million to support the Newly Constructed Dwelling Tax Credit, with about 1,000 beneficiaries receiving the credit during its final year. Since inception of the Credit during Fiscal 1996, the City has forgone \$45.6 million in property tax revenue for 4,776 total recipients. On average, the five-year tax credit has benefited over 1,000 recipients annually, at a cost to taxpayers of \$2 million. Assuming similar interest and uptake in this proposed iteration of the credit, which would allow new applicants until June 30, 2024 and grant subsidies until June 30, 2028, the City can anticipate spending an additional \$15 million to support approximately 1,000 new recipients.

Does not
obj.



Note that this estimate assumes demand and utilization consistent with the expired NCDTC, not taking into consideration the high-performance and efficiency requirements, which are more commonplace with newly constructed buildings. Finance defers to the Department of Housing and Community Development on the regulation and prevalence regarding these criteria.

Finance estimates a cost of \$60,000 to implement a new online application based on experience with currently established credits. What's more, given the timing, paper applications will need to be accepted and processed during the transition period. This could impact the number of applicants and amount of subsidy granted during this credit's first full year.

Analysis

The Department of Finance has two tools for evaluating the effectiveness of the City's tax credits: 1. A recipient survey, provided to each credit applicant at the time of application, and 2. A deeper economic analysis is being performed by the City's Ten-Year Financial Plan consultants, Ernst and Young.

Recipient Survey

Since 1996 the City Charter has required that the Director of Finance report on the estimated amount of credits received under Article 28, Section 10-5, Newly Constructed Dwellings. This includes an evaluation of public costs and benefits, as well as recommending steps to further the usefulness of the tax credit program, whatever that may entail. Per law, Finance issues the recipient survey as part of this evaluation, and annually reports the results and findings of this analysis in its budget publications.

Recent analysis of the applicant pool from Fiscal 2015 to Fiscal 2019 shows that only 40% of recipients respond to this survey. But, of these respondents, 36% indicate having no prior knowledge of the Credit. This suggests that the Credit was not a determining factor for some homeowners' purchase decision. Additionally, survey results show that existing homeowners were more likely than first-time homebuyers to utilize the credit, which suggests the Credit is not a driver of net new residents into the City.

Program Evaluation

The City's Ten-Year Financial Plan consultant, Ernst and Young, is currently reviewing all City tax credits. Although this work is not yet complete, at least three concerns are evident: inequitable outcomes for residents, lopsided benefits for developers, and tax credit overlap.

Equity:

Recipients of this credit are likely to be higher income compared to the average resident purchasing from the City's existing housing stock. This suggests that the Credit has a regressive effect whereby marginal home purchasers are subsidizing benefits which accrue to relatively prosperous residents in neighborhoods where adequate market incentives already exist. Moreover, data may suggest that this subsidy distorts the housing market toward new construction of owner-occupied dwellings, away from rehabilitation of currently occupied dwellings, where the latter are more affordable for the marginal homebuyer. Only 10% of City neighborhoods received 90% of the benefit from Fiscal 2015 through Fiscal 2019. In order, the top ten recipient neighborhoods include Greentown, Uplands, Canton, Locust Point, Downtown, Inner Harbor, Brewers Hill, Middle East, Pigtown, and Hampden.

Developers:

Research suggests that credits are not a determining factor within more mature markets, where adequate incentives already exist. In these markets, the cost of the credit is likely baked into the purchase price of the home, with the ultimate benefit accruing to the developer rather than the homeowner.


Overlap:

Simultaneous availability of the proposed NCDTC, High-Performance Rental Housing Credit, and other preservation and investment credits diminishes the effect of any individual credit. The City's entire suite of tax credits must be further evaluated to determine how these subsidies can be targeted to achieve maximum net benefit for the City and its residents.

Position

The Department of Finance does not object to this legislation as a temporary measure for the recently expired Newly Constructed Dwellings Tax Credit, so that buyers who have already begun the process of applying for the credit can be considered through Fiscal 2020.

cc: Henry Raymond
Jeffrey Amoros

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 #19-0414/ HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS - PROPERTY TAX CREDIT		

TO

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

DATE: July 24, 2019

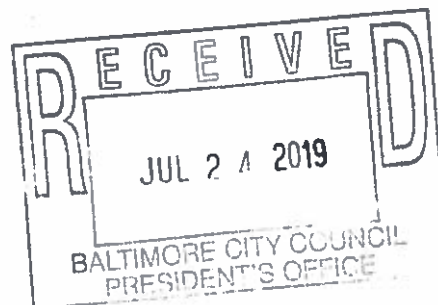
The Department of Planning is in receipt of City Council Bill #19-0414, which is for the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

The Department of Planning has no objection to City Council Bill #19-0414, and defers to the Department of Housing and Community Development.

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: Mr. Jeff Amoros, Mayor's Office
 The Honorable Edward Reisinger, Council Rep. to Planning Commission
 Mr. Colin Tarbert, BDC
 Mr. Derek Baumgardner, BMZA
 Mr. Geoffrey Veale, Zoning Administration
 Mr. Bob Pipik, DHCD
 Ms. Elena DiPietro, Law Dept.
 Mr. Francis Burnszynski, PABC
 Mr. Liam Davis, DOT
 Ms. Natawna Austin, Council Services



no objection defer to HCD

City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Agenda - Final

Taxation, Finance and Economic Development Committee

Thursday, July 25, 2019

10:05 AM

Du Burns Council Chamber, 4th floor, City Hall

19-0414

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

ITEMS SCHEDULED FOR PUBLIC HEARING

19-0414

High-Performance Newly Constructed Dwellings - Property Tax Credit
For the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

Sponsors:

Eric T. Costello, Isaac "Yitzy" Schleifer, Bill Henry, Mary Pat Clarke, Kristerfer Burnett, Shannon Sneed, Zeke Cohen, John T. Bullock, Danielle McCray, Robert Stokes, Sr., President Brandon M. Scott, Leon F. Pinkett, III, Edward Reisinger

ADJOURNMENT

THIS MEETING IS OPEN TO THE PUBLIC



BILL SYNOPSIS

Committee: Taxation, Finance and Economic Development

Bill 19-0414

High-Performance Newly Constructed Dwellings – Property Tax Credit

Sponsor: Councilmember Costello

Introduced: July 22, 2019

Purpose:

For the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

Effective: 30 Day after the date of enactment

Hearing Date/Time/Location: July 25, 2019 / 10:05 a.m. / Clarence "Du" Burns Chamber

Agency Reports

City Solicitor	
Department of Housing and Community Development	
Baltimore Development Corporation	
Dept. of Planning	
Department of Finance	

Analysis

Current Law:

Maryland Tax – Property Section Article 9 – 242

Article 28 – Taxes; Section 10 – 31; Baltimore City Code; (Edition 2000)

If enacted, Bill 19-0414 would establish a property tax credit authorized under State Tax-Property Article 9-242 for high performance newly constructed dwellings. A high performance newly constructed dwelling is a building which meets the following criteria:

- achieves at least a silver rating according to the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) green building rating system as adopted by the Maryland Green Building Council;
- achieves at least a comparable rating according to any other appropriate rating system;
- meets comparable green building guidelines or standards approved by the State.

Qualified owners will need to file an application for the credit either within 90 days after settling on the purchase of a dwelling, or within 90 days of the enactment of this ordinance if settlement on the purchase of the dwelling occurred after March 31, 2019. Qualified owners will not be allowed to receive this tax credit if they are currently receiving the Newly Constructed Dwellings tax credit as outlined in Article 28 – Taxes; Section 10 – 5.

Amount of Credit:

A property tax credit granted under this section shall equal the amount of property tax imposed on the real property, less the amount on any other credit applicable in that year, multiplied by:

- 50% for the 1st full taxable year in which the property qualifies for the tax credit;
- 40% for the 2nd full taxable year in which the property qualifies for the tax credit;
- 30% for the 3rd full taxable year in which the property qualifies for the tax credit;
- 20% for the 4th full taxable year in which the property qualifies for the tax credit;
- 10% for the 5th full taxable year in which the property qualifies for the tax credit;
- 0% for each taxable year thereafter.

After June 30, 2014 this program wouldn't be available to additional owners of high-performance newly constructed dwellings.

Additional Information

Fiscal Note: Not Available

Information Source(s):

Analysis by: Samuel Johnson
Analysis Date: July 23, 2019

Direct Inquiries to: (410) 396-1091

**CITY OF BALTIMORE
COUNCIL BILL 19-0414
(First Reader)**

Introduced by: Councilmembers Costello, Schleifer, Henry, Clarke, Burnett, Sneed, Cohen,
Bullock, McCray, Stokes, President Scott, Councilmembers Reisinger, Pinkett

Introduced and read first time: July 22, 2019

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community
Development, Baltimore Development Corporation, Department of Planning, Department of
Finance, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **High-Performance Newly Constructed Dwellings – Property Tax Credit**

3 FOR the purpose of establishing a property tax credit for high-performance newly constructed
4 dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility;
5 providing for the amount, duration, and administration of the credit; defining certain terms,
6 providing for a special effective date; and generally relating to a property tax credit for high-
7 performance newly constructed dwellings.

8 BY authority of
9 Tax-Property Article
10 Section 9-242
11 Maryland Code

12 BY adding
13 Article 28 - Taxes
14 Section 10-31
15 Baltimore City Code
16 (Edition 2000)

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

19 **Baltimore City Code**

20 **Article 28. Taxes**

21 **Subtitle 10. Credits**

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

Council Bill 19-0414

1 § 10-31. HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS.

2 (A) DEFINITIONS.

3 (1) IN GENERAL.

4 IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

5 (2) HIGH-PERFORMANCE.

6 "HIGH-PERFORMANCE" MEANS MEETING THE PERFORMANCE STANDARDS SET FORTH IN
7 STATE TAX-PROPERTY ARTICLE § 9-242(A) {"HIGH PERFORMANCE BUILDING"
8 DEFINED"}.

9 (3) NEWLY CONSTRUCTED DWELLING.

10 "NEWLY CONSTRUCTED DWELLING" HAS THE MEANING STATED IN STATE TAX-
11 PROPERTY ARTICLE § 9-304(D) {"NEWLY CONSTRUCTED DWELLINGS"}.

12 (4) OWNER.

13 "OWNER" HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-304(D)
14 {"NEWLY CONSTRUCTED DWELLINGS"}.

15 (B) CREDIT GRANTED.

16 THERE IS ESTABLISHED A PROPERTY TAX CREDIT, AS AUTHORIZED IN STATE
17 TAX-PROPERTY ARTICLE § 9-242, AGAINST THE PROPERTY TAX IMPOSED ON
18 HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS THAT ARE OWNED BY QUALIFYING
19 OWNERS.

20 (C) QUALIFICATIONS.

21 THE OWNER OF A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING MAY QUALIFY
22 FOR THE TAX CREDIT AUTHORIZED BY THIS SECTION BY:

23 (1) PURCHASING A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING;

24 (2) OCCUPYING THAT DWELLING AS HIS OR HER PRINCIPAL RESIDENCE;

25 (3) FILING AN APPLICATION FOR THE CREDIT EITHER:

26 (I) WITHIN 90 DAYS AFTER SETTLING ON THE PURCHASE OF THE DWELLING; OR

27 (II) WITHIN 90 DAYS OF THE ENACTMENT OF THIS ORDINANCE IF SETTLEMENT
28 ON THE PURCHASE OF THE DWELLING OCCURRED AFTER MARCH 31, 2019;

29 (4) FOR EACH TAXABLE YEAR FOR WHICH THE CREDIT IS SOUGHT, FILING A STATE
30 INCOME TAX RETURN AS A RESIDENT OF BALTIMORE CITY;

Council Bill 19-0414

1 (5) SATISFYING ALL OTHER CONDITIONS IMPOSED BY THE REGULATIONS OF THE
2 DIRECTOR OF FINANCE; AND

3 (6) NOT CURRENTLY RECEIVING THE CREDIT AUTHORIZED BY § 10-5 OF THIS SUBTITLE
4 {"NEWLY CONSTRUCTED DWELLINGS"}.

5 (D) *AMOUNT OF CREDIT.*

6 A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL EQUAL THE AMOUNT OF
7 PROPERTY TAX IMPOSED ON THE REAL PROPERTY, LESS THE AMOUNT ON ANY OTHER
8 CREDIT APPLICABLE IN THAT YEAR, MULTIPLIED BY:

9 (1) 50% FOR THE 1ST FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
10 THE TAX CREDIT;

11 (2) 40% FOR THEN 2ND FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
12 THE TAX CREDIT;

13 (3) 30% FOR THE 3RD FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
14 THE TAX CREDIT;

15 (4) 20% FOR THE 4TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
16 THE TAX CREDIT;

17 (5) 10% FOR THE 5TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR
18 THE TAX CREDIT; AND

19 (6) 0% FOR EACH TAXABLE YEAR THEREAFTER.

20 (E) *RULES AND REGULATIONS.*

21 (1) THE DIRECTOR OF FINANCE SHALL ADOPT REGULATIONS TO CARRY OUT THE
22 PROVISIONS OF THIS SECTION.

23 (2) THESE REGULATIONS SHALL INCLUDE PROCEDURES NECESSARY AND APPROPRIATE FOR
24 THE SUBMISSION OF AN APPLICATION FOR AND THE GRANTING OF A PROPERTY TAX
25 CREDIT UNDER THIS SECTION.

26 (F) *REPORTING CREDITS.*

27 THE ESTIMATED AMOUNT OF ALL TAX CREDITS RECEIVED BY OWNERS UNDER THIS
28 SECTION IN ANY FISCAL YEAR:

29 (1) SHALL BE REPORTED BY THE DIRECTOR OF FINANCE OF BALTIMORE CITY AS A
30 "TAX EXPENDITURE" FOR THAT FISCAL YEAR; AND

Council Bill 19-0414

1 (2) SHALL BE INCLUDED IN THE PUBLICATION OF THE CITY'S BUDGET FOR ANY
2 SUBSEQUENT FISCAL YEAR WITH THE ESTIMATED OR ACTUAL CITY PROPERTY TAX
3 REVENUE FOR THE APPLICABLE FISCAL YEAR.

4 (G) *ANNUAL REPORT.*

5 THE DIRECTOR OF FINANCE SHALL REPORT ANNUALLY TO THE BOARD OF ESTIMATES AND
6 TO THE MAYOR AND CITY COUNCIL ANY RESULTS AND FINDINGS OF ANY ANALYSIS OF THE
7 TAX CREDIT, INCLUDING THE STEPS TAKEN AND PROPOSED TO BE TAKEN TO PROMOTE AND
8 OTHERWISE FURTHER THE USE OF THE TAX CREDIT PROGRAM.

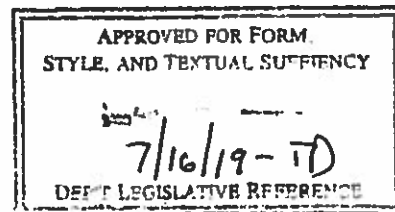
9 (H) *TERMINATION OF PROGRAM.*

10 AFTER JUNE 30, 2024, ADDITIONAL OWNERS OF HIGH-PERFORMANCE NEWLY
11 CONSTRUCTED DWELLINGS MAY NOT APPLY FOR A CREDIT UNDER THIS SECTION.

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

15 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
16 after the date it is enacted.

INTRODUCTORY*
CITY OF BALTIMORE
COUNCIL BILL _____



Introduced by: Councilmember Costello

A BILL ENTITLED

AN ORDINANCE concerning

High-Performance Newly Constructed Dwellings – Property Tax Credit

FOR the purpose of establishing a property tax credit for high-performance newly constructed dwellings; imposing certain limitations, conditions, and qualifications for credit eligibility; providing for the amount, duration, and administration of the credit; defining certain terms, providing for a special effective date; and generally relating to a property tax credit for high-performance newly constructed dwellings.

BY authority of
Tax-Property Article
Section 9-242
Maryland Code

BY adding
Article 28 - Taxes
Section 10-31
Baltimore City Code
(Edition 2000)

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

Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

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

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

§ 10-31. HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS.

(A) DEFINITIONS.

(1) IN GENERAL.

IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) HIGH-PERFORMANCE.

“HIGH-PERFORMANCE” MEANS MEETING THE PERFORMANCE STANDARDS SET FORTH IN STATE TAX-PROPERTY ARTICLE § 9-242(A) {“HIGH PERFORMANCE BUILDING’ DEFINED”}.

(3) NEWLY CONSTRUCTED DWELLING.

“NEWLY CONSTRUCTED DWELLING” HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-304(D) {“NEWLY CONSTRUCTED DWELLINGS”}.

(4) OWNER.

“OWNER” HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-304(D) {“NEWLY CONSTRUCTED DWELLINGS”}.

(B) CREDIT GRANTED.

THERE IS ESTABLISHED A PROPERTY TAX CREDIT, AS AUTHORIZED IN STATE TAX-PROPERTY ARTICLE § 9-242, AGAINST THE PROPERTY TAX IMPOSED ON HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS THAT ARE OWNED BY QUALIFYING OWNERS.

(C) QUALIFICATIONS.

THE OWNER OF A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING MAY QUALIFY FOR THE TAX CREDIT AUTHORIZED BY THIS SECTION BY:

- (1) PURCHASING A HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLING;
- (2) OCCUPYING THAT DWELLING AS HIS OR HER PRINCIPAL RESIDENCE;
- (3) FILING AN APPLICATION FOR THE CREDIT EITHER:
 - (I) WITHIN 90 DAYS AFTER SETTLING ON THE PURCHASE OF THE DWELLING; OR
 - (II) WITHIN 90 DAYS OF THE ENACTMENT OF THIS ORDINANCE IF SETTLEMENT ON THE PURCHASE OF THE DWELLING OCCURRED AFTER MARCH 31, 2019;
- (4) FOR EACH TAXABLE YEAR FOR WHICH THE CREDIT IS SOUGHT, FILING A STATE INCOME TAX RETURN AS A RESIDENT OF BALTIMORE CITY;
- (5) SATISFYING ALL OTHER CONDITIONS IMPOSED BY THE REGULATIONS OF THE DIRECTOR OF FINANCE; AND

- (6) NOT CURRENTLY RECEIVING THE CREDIT AUTHORIZED BY § 10-5 OF THIS SUBTITLE {"NEWLY CONSTRUCTED DWELLINGS"}.

(D) *AMOUNT OF CREDIT.*

A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL EQUAL THE AMOUNT OF PROPERTY TAX IMPOSED ON THE REAL PROPERTY, LESS THE AMOUNT ON ANY OTHER CREDIT APPLICABLE IN THAT YEAR, MULTIPLIED BY:

- (1) 50% FOR THE 1ST FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;
- (2) 40% FOR THEN 2ND FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;
- (3) 30% FOR THE 3RD FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;
- (4) 20% FOR THE 4TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;
- (5) 10% FOR THE 5TH FULL TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND
- (6) 0% FOR EACH TAXABLE YEAR THEREAFTER.

(E) *RULES AND REGULATIONS.*

- (1) THE DIRECTOR OF FINANCE SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SECTION.
- (2) THESE REGULATIONS SHALL INCLUDE PROCEDURES NECESSARY AND APPROPRIATE FOR THE SUBMISSION OF AN APPLICATION FOR AND THE GRANTING OF A PROPERTY TAX CREDIT UNDER THIS SECTION.

(F) *REPORTING CREDITS.*

THE ESTIMATED AMOUNT OF ALL TAX CREDITS RECEIVED BY OWNERS UNDER THIS SECTION IN ANY FISCAL YEAR:

- (1) SHALL BE REPORTED BY THE DIRECTOR OF FINANCE OF BALTIMORE CITY AS A "TAX EXPENDITURE" FOR THAT FISCAL YEAR; AND
- (2) SHALL BE INCLUDED IN THE PUBLICATION OF THE CITY'S BUDGET FOR ANY SUBSEQUENT FISCAL YEAR WITH THE ESTIMATED OR ACTUAL CITY PROPERTY TAX REVENUE FOR THE APPLICABLE FISCAL YEAR.

(G) *ANNUAL REPORT.*

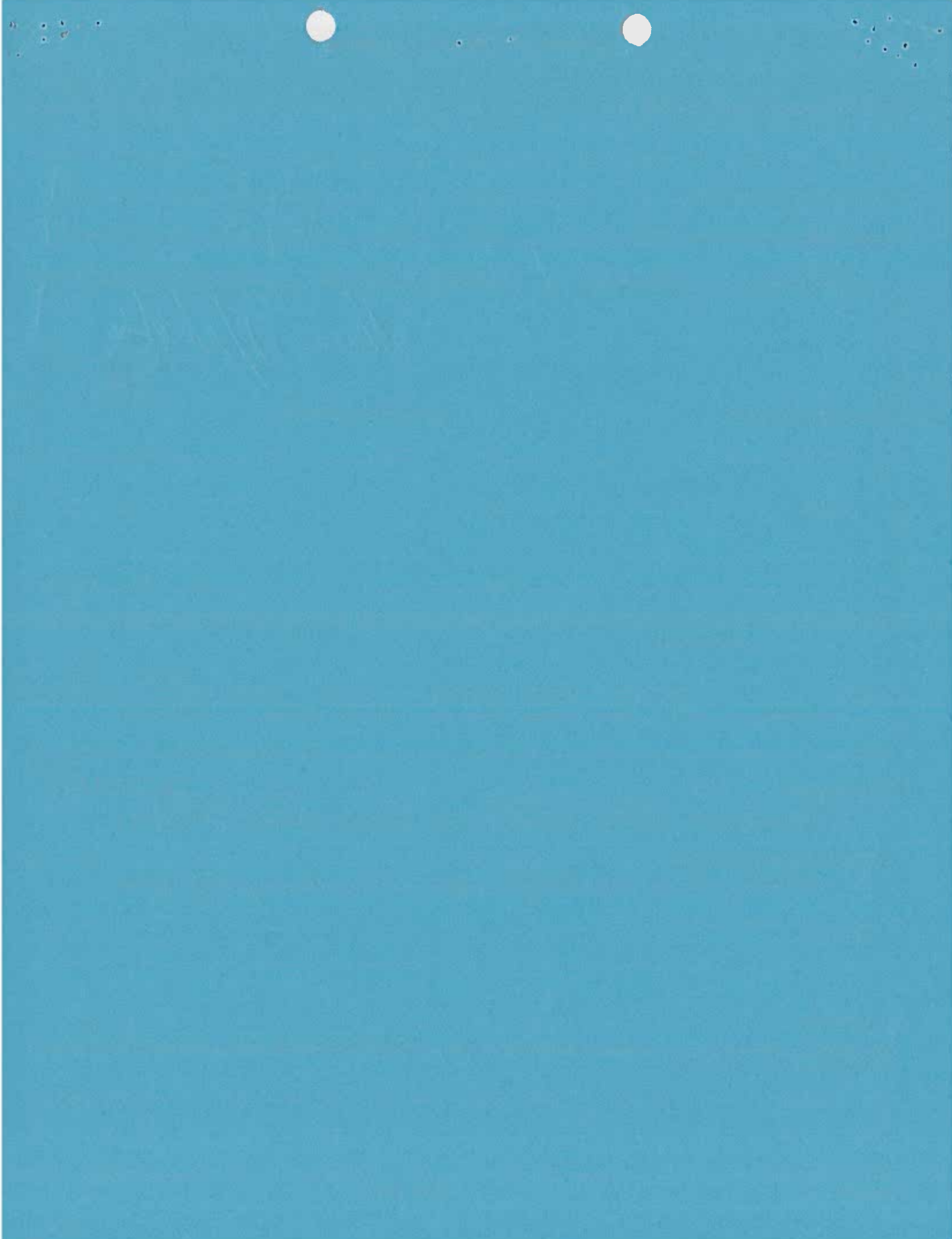
THE DIRECTOR OF FINANCE SHALL REPORT ANNUALLY TO THE BOARD OF ESTIMATES AND TO THE MAYOR AND CITY COUNCIL ANY RESULTS AND FINDINGS OF ANY ANALYSIS OF THE TAX CREDIT, INCLUDING THE STEPS TAKEN AND PROPOSED TO BE TAKEN TO PROMOTE AND OTHERWISE FURTHER THE USE OF THE TAX CREDIT PROGRAM.

(H) *TERMINATION OF PROGRAM.*

AFTER JUNE 30, 2024, ADDITIONAL OWNERS OF HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS MAY NOT APPLY FOR A CREDIT UNDER THIS SECTION.

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

SECTION 3. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted.



ACTION BY THE CITY COUNCIL

JUL 22 2019
20

FIRST READING (INTRODUCTION) _____ 20 _____

PUBLIC HEARING HELD ON _____ July 25 _____ 20 19

COMMITTEE REPORT AS OF _____ July 25 _____ 20 19

_____ FAVORABLE _____ UNFAVORABLE FAVORABLE AS AMENDED _____ WITHOUT RECOMMENDATION

Shawn M. [Signature]
Chair

COMMITTEE MEMBERS:

COMMITTEE MEMBERS:

SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

AUG 19 2019
20

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING _____ AUG 19 2019

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (ENROLLED) _____ 20 _____

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) _____ 20 _____

WITHDRAWAL _____ 20 _____

There being no objections to the request for withdrawal, it was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.

President

Chief Clerk