

**CITY OF BALTIMORE  
COUNCIL BILL 08-0012R  
(Resolution)**

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Introduced by: President Rawlings-Blake, Councilmembers Kraft, Young, Henry, Branch,  
Holton, D’Adamo, Middleton, Welch, Clarke, Reisinger, Cole, Spector, Conaway

Introduced and read first time: February 4, 2008

Assigned to: Taxation, Finance and Economic Development Committee

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REFERRED TO THE FOLLOWING AGENCIES: Department of Finance, Department of Housing and  
Community Development

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A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Investigative Hearing – Newly Constructed Dwelling Property**  
3 **Tax Credit – Application Period**

4 FOR the purpose of requesting the Director of Finance to review the practicality of the current  
5 time requirement for eligible homeowners to file an application for the Newly Constructed  
6 Dwelling Property Tax Credit and to report the findings of the review to the City Council  
7 within 60 days of the date this resolution is adopted.

8 **Recitals**

9 The Newly Constructed Dwelling Property Tax Credit Program, as administered by the  
10 Department of Finance, provides a 5-year City real property tax credit on newly constructed or  
11 substantially rehabbed dwellings if the property has not been previously occupied since its  
12 construction or rehabilitation, contains no more than 4 dwelling units, and has been cited as  
13 being vacant and abandoned for more than 1 year or been owned by the Mayor and City Council  
14 for 1 year and in need of substantial repair to comply with applicable City codes. The credit  
15 applies to newly constructed dwellings for which building permits were issued on or after  
16 October 1, 1994, is non-transferable, and only applies if the owner is the first party to purchase  
17 the newly constructed dwelling after its completion.

18 In order to receive the tax credit, the owner of an eligible property must obtain a  
19 reassessment of that property from the State Department of Assessments and Taxation (SDAT)  
20 to incorporate the new dwelling into the assessment value because assessment at the time of  
21 purchase will be of the parcel prior to construction or substantial rehabilitation. Under the  
22 present regulations promulgated by the City, while the reassessment process by the State agency  
23 can take from a few weeks to a number of months, the new homeowner must apply to the City  
24 for the Newly Constructed Dwelling Property Tax Credit within 90 days of settlement on the  
25 property. When the homeowner’s application is submitted to the City Collections Division, it is  
26 date-stamped.

27 Upon receipt of the tax credit application, the City Collections Division consults SDAT to  
28 determine if the new home has been assessed. If there is a new assessment, the application is  
29 processed; if the new assessment has not yet been entered into the SDAT system, the Collections  
30 Division holds the application in a pending file and checks the SDAT system bi-weekly to see

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

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1 whether the assessment has been entered. Once the assessment has been entered, the Baltimore  
2 City homeowner’s application for a Newly Constructed Dwelling Property Tax Credit is  
3 processed.

4 The Newly Constructed Dwelling Property Tax Credit was established by State enabling  
5 legislation that set the broad parameters of the program, such as what properties are eligible, the  
6 percentage of the subdivision property tax that can be credited, and limits on the type of  
7 properties that are eligible. State law grants the City the authority to adopt the procedures  
8 necessary to apply for this property tax credit, including the requirement that the application  
9 must be made within 90 days of settlement of the house.

10 Although statistics may show that this tax credit program is indeed fulfilling its purpose of  
11 adding new homes and returning previously abandoned homes to the City’s stock of desirable  
12 housing, anecdotes from homeowners who have failed to meet the 90-day filing requirement  
13 would indicate that the program is not being utilized to full capacity. These homeowners report  
14 that the 90-day deadline has proven onerous for various reasons, including:

- 15 • Real estate agents based in other subdivisions are not aware of the 90-day filing limit and  
16 therefore do not inform their clients of the requirement.
- 17 • Although builder’s sales agents use the Newly Constructed Dwelling Property Tax Credit  
18 as an incentive to interested buyers, they either are not aware of the 90-day requirement  
19 or simply fail to inform the new homeowner that it is incumbent upon the purchaser to  
20 make application for the tax credit within 90 days of settlement.
- 21 • The unpredictability of the SDAT reassessment process confuses the purchaser who  
22 mistakenly believes that the true assessment must be in hand to apply for the appropriate  
23 amount of tax credit.

24 Changing the 90-day filing requirement for home buyers, already confused and often  
25 overwhelmed by the avalanche of paperwork involved in a closing, would allow more persons to  
26 receive a benefit to which they are entitled and would make purchasing homes in Baltimore City  
27 more attractive to persons looking to purchase a home in the Baltimore-Washington metropolitan  
28 area.

29 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the  
30 Director of Finance is requested to review the practicality of the current time requirement for  
31 eligible homeowners to file an application for the Newly Constructed Dwelling Property Tax  
32 Credit and to report the findings of the review to the City Council within 60 days of the date this  
33 resolution is adopted.

34 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the  
35 Director of Finance, the Comptroller, the Commissioner of Housing, and the Mayor’s Legislative  
36 Liaison to the City Council.