

CITY OF BALTIMORE
COUNCIL BILL 20-0530
(First Reader)

Introduced by: Councilmember Dorsey

Introduced and read first time: May 11, 2020

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community Development, Housing Authority of Baltimore City, Department of Real Estate, Department of Finance, Health Department

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Post-COVID-19 Foreclosure Disincentive Act of 2020**

3 FOR the purpose of temporarily setting the transfer tax on certain foreclosed properties in
4 Baltimore City at 100% of the property's taxable basis; providing for a special effective date;
5 and providing for an termination date.

6 BY repealing and re-ordaining

7 Article 28 - Taxes

8 Section(s) 17-2

9 Baltimore City Code

10 (Edition 2000)

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

13 **Baltimore City Code**

14 **Article 28. Taxes**

15 **Subtitle 17. Transfer Tax**

16 **§ 17-2. Tax imposed — In general.**

17 (a) *In general.*

18 (1) A tax is hereby levied and imposed upon the transfer of any estate of inheritance or
19 freehold, of any declaration or limitation of use, or any estate above 7 years, in
20 Baltimore City, at the rate of 1½% of the taxable basis thereof, as hereinafter defined.

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

Council Bill20-0530

1 (2) Except that the tax levied and imposed hereunder shall not apply to any lease or
2 sublease for an initial term of not more than 7 years which contains any provisions for
3 renewal for 1 or more succeeding stated terms of not more than 7 years each, if under
4 such provision for renewal the right to effect or prevent each such renewal term shall
5 be optional with either the landlord or the tenant.

6 (A-1) *FORECLOSED PROPERTIES.*

7 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, THE RATE OF TAX ON A
8 TRANSFER OF ANY REAL PROPERTY PURSUANT TO A FORECLOSURE OF A MORTGAGE IS
9 100% OF THE TAXABLE BASIS OF THE PROPERTY.

10 (b) *When payable.*

11 Said tax shall be payable before the written instrument intending to effect such transfer
12 shall be offered to the Clerk of the Circuit Court for Baltimore City for recordation.

13 (c) *How payable; receipt.*

14 (1) The payment of the tax levied and imposed hereunder:

15 (i) shall be made to the Director of Finance of Baltimore City, at a place
16 designated by the said Director of Finance; and

17 (ii) shall be evidenced by the affixing of an official receipt upon such written
18 instrument by the Director of Finance or his authorized representative.

19 (2) Such receipt shall be in such form as may be designated by the Director of Finance.

20 (d) *Partial exemption for owner-occupied residence.*

21 (1) *In general.*

22 The tax imposed by this subtitle does not apply to the first \$22,000 of the
23 consideration payable on the conveyance of owner-occupied residential property if:

24 (i) the total consideration payable on the conveyance is less than \$250,000; and

25 (ii) the instrument in writing is accompanied by a statement, signed under oath by
26 the buyer, that the buyer will use the property as the buyer's principal
27 residence by actually occupying the property for at least 7 months of the 12-
28 month period immediately following the conveyance.

29 (2) *Application.*

30 (i) Except as specified in subparagraph (ii) of this paragraph, the buyer shall receive
31 the entire exemption provided by this subsection (d), irrespective of (A) any
32 contractual provisions concerning the division of taxes between the buyer and the
33 seller and (B) the presumption under State Real Property Article § 14-104(b)
34 {"Division of ... Tax: Presumption"}.

Council Bill20-0530

1 (ii) The seller shall receive the entire exemption provided by this subsection
2 (d) if (A) the seller has agreed by contract to pay the entire amount of the
3 tax imposed by this subtitle or (B) the seller is responsible for paying the
4 entire amount of the tax under State Real Property Article § 14-104(c)
5 {"Division of ... Tax: First-time Maryland Home-buyers"}.

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

9 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
10 enacted. It will remain effective through 1 year following the expiration of the catastrophic
11 health emergency declared by the Governor on March 5, 2020, as amended or extended by the
12 Governor; and, immediately after that date, with no further action by the Mayor and City
13 Council, this Ordinance will be abrogated and of no further effect.