



BALTIMORE
HOUSING

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

MEMORANDUM

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

From: Paul T. Graziano, Commissioner

Date: April 7, 2008

Re: City Council Bill 08-0062 Property Tax – Homestead Tax Credit

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 08-0062, which was introduced for the purpose of prohibiting a property owner from receiving a homestead property tax credit for more than one dwelling.

The Homestead Property Credit assists homeowners with potentially large assessment increases by limiting annual assessments to a fixed percentage. Each Maryland political subdivision is required to limit taxable assessment increases to 10% or less each year. Baltimore City's current limit is 4%.

To prevent improper granting of this credit on rented or multiple properties of a single owner, Section 9-105(d)(6) of the Tax Property Article was amended by the Maryland General Assembly in 2007 to require all homeowners to submit a one-time application to establish eligibility for the credit. However, there are no penalties provided in state law should someone attempt to receive or retain more than one credit.

City Council Bill 08-0062 would impose a civil penalty in the amount equal to twice the sum of the all homestead tax credits received by the violator for that year and the preceding three. Additionally, individuals who receive a criminal conviction under the proposed legislation would face a penalty of not more \$1000 or ninety days imprisonment.

The Department of Housing and Community Development supports the adoption of City Council Bill 08-0062 because it would deter the abuse of the homestead property tax credit.

PTG:pmd

cc: Ms. Angela Gibson
Mr. Demaune Millard

