

**CITY OF BALTIMORE  
COUNCIL BILL 06-0138R  
(Resolution)**

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Introduced by: Councilmembers Mitchell, D’Adamo, Curran, Kraft, Branch, Young, Harris,  
Reisinger, Clarke, Conaway, Welch

Introduced and read first time: February 6, 2006

Assigned to: Taxation and Finance Committee

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REFERRED TO THE FOLLOWING AGENCIES: Department of Finance

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A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Request for State Legislation – Homestead Tax Credit Program – Transferability**

3 FOR the purpose of requesting the Honorable Members of the Baltimore City Senate and House  
4 Delegations to the 2006 Maryland General Assembly to introduce legislation to allow  
5 persons eligible to apply for the Homestead Tax credit against real property taxes to transfer  
6 that eligibility to the purchase of other property for use as their owner-occupied residence as  
7 long as the property is located within Baltimore City.

8 **Recitals**

9 The State Department of Assessments and Taxation describes the Homestead Property Tax  
10 Credit as a means to help homeowners deal with large assessment increases by limiting the  
11 increase in taxable assessments each year to a fixed percentage. Each county and municipality in  
12 Maryland is required to limit taxable assessment increases to 10% or less each year. The  
13 Homestead Credit applies only to the principal residence of the property owner and is based on  
14 the total assessment for the dwelling and land associated with the dwelling.

15 The Homestead Credit does not limit the market value of the property as determined by the  
16 Department of Assessments and Taxation. It is actually a credit applied against the tax due on  
17 the portion of the reassessment exceeding 10%, or the lower local limit, from one year to the  
18 next. The credit is calculated based on the 10% limit for purposes of the State property tax, and  
19 10% or less, as determined by the local governments, for purposes of local taxation. The  
20 homeowner pays no property tax on the assessment increase which is above the limit.

21 While the real estate market in Baltimore is not expected to repeat last year’s housing sale  
22 boon, experts agree that the area’s influx of people is likely to keep demand and prices up. In  
23 fact, the National Association of Realtors is predicting that the 2006 housing market will be  
24 second best in history after a 5<sup>th</sup> consecutive annual record last year. Baltimore is a unique  
25 market place that attracts buyers from Washington, D.C. and government personnel are locating  
26 here.

27 Officials of the Home Builders Association of Maryland contend that prices in the Baltimore  
28 area are expected to stay strong because of job growth and lack of available land. Prices are

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

1 expected to rise a more modest 4% to 5%, considerably down from the more recent 20% range.  
2 And although past growth rates are not sustainable, the imbalance in the local market of limited  
3 supply and strong demand means that homebuilders would continue to sell new homes at record  
4 rates.

5 In Baltimore’s much improved real estate market, many homeowners are moving to  
6 properties that exceed the value of their last property. In most cases the property tax is paid as  
7 part of the mortgage note on a monthly basis. Without the benefit of the effect of applying the  
8 Homestead Tax Credit, many young families and persons needing to relocate for other reasons,  
9 would find the cost of moving prohibitive.

10 While we welcome new home owners and their families to our wonderful city, we must do  
11 everything possible to allow our native, or adoptive, Baltimoreans to remain here and to afford  
12 the homes of their dreams.

13 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the  
14 Honorable Members of the Baltimore City Senate and House Delegations to the 2006 Maryland  
15 General Assembly are hereby requested to introduce legislation to allow persons eligible to  
16 apply for the Homestead Tax credit against real property taxes to transfer that eligibility to the  
17 purchase of other property for use as their owner-occupied residence as long as the property is  
18 located within Baltimore City.

19 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the  
20 Honorable Members of the Baltimore City Senate and House Delegations to the 2006 Session of  
21 the Maryland General Assembly, the Executive Director of the Mayor’s Office of State  
22 Relations, and the Mayor’s Legislative Liaison to the City Council.