


<b>F R O M</b>	Name & Title	Walter J. Horton Real Estate Officer <i>Walter J. Horton</i>	CITY OF BALTIMORE  <b>MEMO</b>	
	Agency Name & Address	Department of Real Estate Room 304 – City Hall 100 N. Holliday Street		
	Subject	City Council Bill 14-0399 Tax Credits – Historic Properties		

**To:** Honorable President and Members  
Of the City Council  
c/o Natawana Austin  
Mayor's Legislative Liaison to the City Council  
409 City Hall

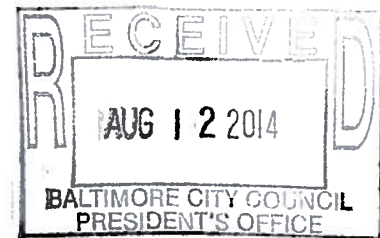
**Date:** August 11, 2014

As requested, we have reviewed City Council Bill #14-0399 which would revise Section 10-8 of Article 28 of the Baltimore City Code on tax credit for historic improvements to be consistent with the new requirements enacted by Chapter 193 and 194, 2014 Acts of the Maryland General Assembly.

The Bill includes provisions for calculating the tax credit, which is generally the difference between the value before improvements and the value after improvements. The Bill states that for credits granted before October 1, 2014, the "full cash value" shall be determined by the State Department of Assessments and Taxation. Due to numerous errors in the calculation using the assessment value, this Bill states that all credits granted after October 1, 2014 the "full cash value" shall be determined by an appraiser selected by the City of Baltimore.

The Bill also includes provisions limiting the tax credit for projects exceeding \$3,500,000, by the following percentages:

In years 1 through 5	- 80%
In year 6	- 70%
In year 7	- 60%
In year 8	- 50%
In year 9	- 40%
In year 10	- 30%



In order to be eligible for the tax credits for projects exceeding \$3,500,000, the developer will have to submit document to the Director of Finance showing that the existing building has been at least 75% vacant for 3 years or that "the credit is necessary in order for the project to proceed".

These changes will allow the City to more accurately calculate the taxpayer's credit and should aid in the elimination of the errors caused by the use of the assessed value.

The Department of Real Estate has no objection to the passage of City Council Bill 14-0399.

Cc: Angela Gibson

*No obj.*