

CITY OF BALTIMORE

SHEILA DIXON, Mayor



DEPARTMENT OF LAW

GEORGE A. NILSON, City Solicitor  
101 City Hall  
Baltimore, Maryland 21202

April 4, 2008

The Honorable President and Members  
of the Baltimore City Council  
c/o Karen Randle, Executive Secretary  
Room 409, City Hall  
100 N. Holliday Street  
Baltimore, Maryland 21202

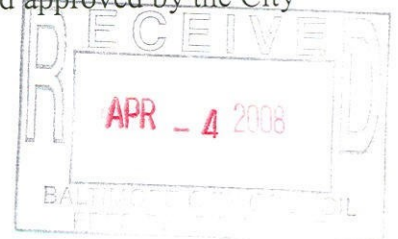
Re: *Revised* - Baltimore City Council Bill 08-0048 – Charles Village  
Community Benefits District – Supplemental Tax

Dear Madame President and City Council Members:

The Law Department has reviewed City Council Bill 08-0048 *{Charles Village Community Benefits District – Supplemental Tax}* for form and legal sufficiency. The bill would amend Article 14, Subtitle 6 of the City Code to specify that all provisions applicable to the Homestead Property Tax Credit for the regular property tax also apply to the supplemental tax (“Supplemental Tax”) for the Charles Village Community Benefits District (“CVCBD”). The State Homestead Tax Credit provisions are found in section 9-105 of the Maryland Property Tax Code.

Pursuant to the Baltimore City Charter, an ordinance establishing a community benefits district management authority must address the amount of taxes or charges which may be imposed on properties in the district. *Baltimore City Charter* Art. II, § 63(c)(1). The ordinance that established the CVCBD provides that “all provisions applicable to the...credits...which apply to the regular tax shall apply to the supplemental tax...” *Baltimore City Code*, Article 14, § 6-8(b)(3); *Ordinance 414 of 1994*.

At issue is whether the term “credits” in this provision includes the Homestead Tax Credit. A review of Article 28 of the Baltimore City Code *{Taxes}* shows that the term “tax credit” – as opposed to the term “credit” – is used almost invariably when referring to a *tax* credit. The City’s longstanding administrative practice of not applying the Homestead Tax Credit to the Supplemental Tax, in conjunction with an interpretation of the term “credit” to mean credits on an account rather than a *tax* credit, would favor a conclusion that the term “credit” in this provision does *not* include the Homestead Tax Credit. In fact, the CVCBD’s annual financial plan, budget, assessable base information, and tax rate and charges – which did *not* apply the Homestead Tax Credit – have been consistently reviewed and approved by the City through the Board of Estimates process.



The Honorable President and Members  
of the Baltimore City Council  
April 4, 2008  
Page 2 of 2

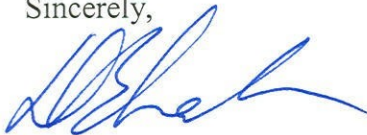
However, the legislative history of the ordinance (Ordinance 414 of 1994) shows that the term "credit" in this section was intended to refer to tax credits that apply to the regular property tax, including the Homestead Tax Credit. In 1994, in its bill report to the City Council, the Baltimore City Bureau of the Budget and Management Research ("Bureau") recommended adding the "credit" language to the law which established the CVCBD. In its justification for its proposed amendment, the Bureau stated:

As written, Council Bill 891 makes no specific reference to tax credits which apply to the regular property tax, primarily the Homeowners Circuit Breaker and Homestead Tax Credits. The proposed revised wording specifically includes credits with other provisions of State law which will apply to the Supplemental Tax.

*Memorandum* from Bureau of the Budget & Management Research to Honorable President and Members of the City Council, re: City Council Bill 891 Charles Village Community Benefits District, June 15, 1994. Therefore, City Council Bill 08-0048 would clarify that the term "credit" includes the Homestead Property Tax Credit.

The establishing ordinance states that credits that apply to the regular property tax also shall apply to the Supplemental Tax for the CVCBD. Legislative history shows that the intent of the City in 1994 was to apply the Homestead Tax Credit to the CVCBD Supplemental Tax. Therefore, the Law Department approves Council Bill 08-0048 for form and legal sufficiency. However, the legal implications for the City of not previously applying the Homestead Tax Credit to the CVCBD Supplemental Tax are outside the scope of this opinion.

Sincerely,



Deepa Bhattacharyya  
Assistant Solicitor

cc: The Honorable Mary Pat Clarke  
Edward Gallagher, Director of Finance  
Helene Grady, Deputy Director of Finance  
Angela C. Gibson, Mayor's Legislative Liaison  
George Nilson, City Solicitor  
Linda C. Barclay, Chief Solicitor  
Elena R. DiPietro, Senior Solicitor