

**CITY OF BALTIMORE
COUNCIL BILL 13-0119R
(Resolution)**

Introduced by: Councilmembers Henry and Kraft, Councilmembers Scott, Middleton, Mosby,
Holton, Welch, Reisinger, Branch, Clarke, President Young, Councilmembers Spector,
Stokes, Curran, Cole
Introduced and adopted: August 12, 2013

A COUNCIL RESOLUTION CONCERNING

1 Flawed Calculation of Historic Renovation Property Tax Credits

2 FOR the purpose of calling on the State of Maryland, and officials in the State Department of
3 Assessments and Taxation to find an appropriate mechanism whereby the City of Baltimore
4 can be compensated for the lost property tax revenue, so as not to negatively impact
5 blameless homeowners and not unduly burden the City's finances because of flawed
6 calculations used by the State.

7 Recitals

8 It has recently come to light that roughly 300 Baltimore homeowners were receiving
9 incorrectly calculated, excessive, property tax credits for historic renovations. Since the
10 discovery of these errors, the homeowners have been sent increased tax bills accounting for the
11 credits correctly.

12 Some of the tax increases have been small, but many have been quite substantial, with tax
13 burdens reportedly tripling or even increasing eightfold. Although there is no evidence or even
14 suspicion of any wrongdoing whatsoever by any of the affected homeowners, they are looking at
15 many thousands of dollars in unplanned-for housing costs.

16 Unlike the case of improperly-granted homestead tax credits, where homeowners either
17 knowingly or negligently requested credits they were not legally entitled to, the problems with
18 historic renovation credits are not based on homeowner actions and are instead entirely caused by
19 flawed calculations employed by the State Department of Assessments and Taxation to calculate
20 the amount of the credit.

21 Some of these homeowners explicitly premised their decisions to purchase properties on tax
22 credit calculations provided to them in writing by the State. Even those who did not were
23 certainly entitled to rely on the representations the State had made to them about the credits'
24 value in previous tax bills when setting their budgets. If a private party had induced them to
25 make similar decisions employing false numbers, the homeowners would likely be able to protect
26 themselves from the consequences through legal action. Yet, as things currently stand, the entire
27 burden of the State's mistakes is now falling onto these homeowners alone.

28 It is simply not fair to ask the blameless homeowners to pay more after the State government
29 told them how much the credits were worth. Nor is it fair to ask the City's other taxpayers to
30 shoulder a heavier burden to make up for revenue that the City is entitled to but would not
31 receive under the erroneous calculations done by the State. Instead, the State needs to accept

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

Council Bill 13-0119R

1 responsibility for its mistakes and come to the table with a solution that does not unduly burden
2 either innocent homeowners or a City government that is also facing continuing fiscal challenges.
3 In any event, the City should prospectively honor the credits that were issued.

4 Since receipt of these historic renovation credits is premised on the rehabilitation of an
5 existing city building, often one badly in need of repair, each of the impacted homes represents
6 an investment of substantial time, effort, and money into our City and one of its historic
7 communities. These are precisely the types of investments Baltimore needs in order to succeed
8 and grow. Rather than penalizing them based on the mistakes of State bureaucrats, the State
9 should be working with the City to do everything possible to remove the obstacles in their path.

10 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
11 Council calls on the State of Maryland, and officials in the State Department of Assessments and
12 Taxation to find an appropriate mechanism whereby the City of Baltimore can be compensated
13 for the lost property tax revenue, so as not to negatively impact blameless homeowners and not
14 unduly burden the City's finances because of flawed calculations used by the State.

15 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the
16 Director of the State Department of Assessments and Taxation, the Honorable Chair and
17 Members of the Baltimore City House and Senate Delegations to the Maryland General
18 Assembly, the Mayor, and the Mayor's Legislative Liaison to the City Council.