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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**TUESDAY, APRIL 27, 2021
10:00 AM**

VIRTUAL WEBEX MEETING

Council Bill 21-0062

High-Performance Newly Constructed Dwellings - Clarifications

CITY COUNCIL COMMITTEES

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John Bullock – Vice Chair
Mark Conway
Ryan Dorsey
Antonio Glover
Odette Ramos
Robert Stokes
Staff: Jennifer Coates

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Ryan Dorsey
Danielle McCray
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Staff: Richard Krummerich



BILL SYNOPSIS

Committee: Ways and Means

Bill: 21-0062

High-Performance Newly Constructed Dwellings – Clarifications

Sponsor: Councilmember Costello, et al

Introduced: April 5, 2021

Purpose:

For the purpose of revising the definition of “newly constructed;” clarifying and extending the tax credit qualification deadlines for certain high-performance newly constructed dwellings; clarifying the termination of the tax credit program; conforming and clarifying related provisions; defining a certain term; and providing for a special effective date.

Effective: If settlement on the purchase of the 30 high-performance newly constructed dwelling occurred prior to the enactment of this Ordinance and if the building permit for construction of the high-performance newly constructed dwelling was issued on or after July 1, 2019 but before July 1, 2020, an application for a tax credit under Section 1 of this Ordinance must be filed no later than December 31, 2021. This Ordinance takes effect on the date it is enacted.

Agency Reports

Law Department	<i>Favorable</i>
Department of Finance	<i>None received as of this writing</i>
Department of Planning	<i>Defers to Finance Department</i>
Baltimore Development Corporation	<i>None received as of this writing</i>
LIVE Baltimore	<i>Takes No Position on the Bill</i>

Analysis

Current Law

Baltimore City Code – Article 28 under Subtitle 10 – outlines the rules, regulations and/mandates for High-Performance Newly Constructed Dwellings.

Background

The Mayor and City Council of Baltimore City may grant by law a tax credit against municipal corporation property tax imposed on a high performance building, to include the amount of the property tax credit, the duration of a property tax credit, and the criteria and qualifications necessary to receive the credit.¹

If enacted, Council Bill 21-0062 would modify the City’s tax credit program for high performance newly constructed dwellings; to include:

- Redefining the definition for what are considered newly constructed dwellings
- Updating the language and time span to file an application for the credit (establishes a 90-day application period to submit application), and
- Extends the program by one year (from June 30, 2021 to June 30, 2022)

Additional Information

Fiscal Note: None

Information Source(s): City Code, Council Bill 21-0062, see footnote below and all agency reports received as of this writing.

Marguerite M. Currin

Analysis by: Marguerite M. Currin
Analysis Date: April 23, 2021

Direct Inquiries to: (443) 984-3485

¹State of Maryland Law - State Tax-Property Article §9-242

Council Bill: 21-0062

AGENCY REPORTS

SEE ATTACHED

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

April 8, 2021

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 21-0062 – High Performance Newly Constructed
Dwellings – Clarifications

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 21-0062 for form and legal sufficiency. It would clarify terms in the existing High Performance Newly Constructed Dwellings Local Tax credit by repealing Section 10-18.1 of Article 28 of the City Code and replacing it with revised language.

The General Assembly has given the City the authority to enact this tax credit. Md. Code, Tax-Prop., § 9-242. This includes the authority to create criteria and qualifications for the credit. Md. Code, Tax-Prop., § 9-242(c). The changes proposed in this bill are consistent with this state enabling legislation. The Law Department approves this bill for form and legal sufficiency.

Very truly yours,

Hilary Ruley
Chief Solicitor

cc: James L. Shea, City Solicitor
Matthew Stegman, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Victor Tervalá, Chief Solicitor
Ashlea Brown, Assistant Solicitor

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 TH FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #21-0062/ HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS – CLARIFICATIONS		

TO

The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

DATE: April 7, 2021

The Department of Planning is in receipt of City Council Bill #21-0062, which is for the purpose of revising the definition of “newly constructed”; clarifying and extending the tax credit qualification deadlines for certain high-performance newly constructed dwellings; clarifying the termination of the tax credit program; conforming and clarifying related provisions; defining a certain term; and providing for a special effective date.

The Department of Planning has no objection to City Council Bill #21-0062, and defers to the Department of Finance.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

cc: Ms. Natasha Mehu, Mayor’s Office
Ms. Nina Themelis, Mayor’s Office
The Honorable Eric Costello, Council Rep. to Planning Commission
Mr. Matthew Stegman, City Council President’s Office
Ms. Nikki Thompson, City Council President’s Office
Mr. Colin Tarbert, BDC
Ms. Kathleen Byrne, BMZA
Mr. Geoffrey Veale, Zoning Administration
Ms. Stephanie Murdock, DHCD
Ms. Elena DiPietro, Law Dept.
Mr. Francis Burnszynski, PABC
Mr. Liam Davis, DOT
Ms. Natawna Austin, Council Services
Mr. Dominic McAlily, Council Services

TO: THE HONORABLE PRESIDENT AND MEMBERS OF THE CITY COUNCIL

FROM: ANNIE MILLI, EXECUTIVE DIRECTOR

SUBJECT: CITY COUNCIL BILL #21-0062/HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS - CLARIFICATIONS

CC: MS. NATASHA MEHU, MAYOR'S OFFICE; MS. NINA THEMELIS, MAYOR'S OFFICE

Dear President and City Council Members:

Live Baltimore is in receipt of a request for a report on City Council Bill #21-0062.

While our data may help to inform legislators' opinions, as an independent 501(c)(3) nonprofit organization, Live Baltimore does not take official positions on pending legislation.

In addition to potential conflicts with our nonprofit status, Live Baltimore lacks expertise in legislative analysis. We currently employ no government relations or legislative affairs staff.

Thank you for continuing to use Live Baltimore as a resource for Baltimore City housing information. We offer no formal opinion on this bill.

Please contact me directly at amilli@livebaltimore.com or 410-637-3750 x111 with any questions.

Sincerely,



Annie Milli
Executive Director, Live Baltimore

**CITY OF BALTIMORE
COUNCIL BILL 21-0062
(First Reader)**

Introduced by: Councilmembers Costello, Schleifer, Cohen, Bullock, Porter, Middleton,
Torrence, Conway, Glover, Stokes

Introduced and read first time: April 5, 2021

Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of
Planning, Baltimore Development Corporation, Live Baltimore

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **High-Performance Newly Constructed Dwellings – Clarifications**

3 FOR the purpose of revising the definition of “newly constructed”; clarifying and extending the
4 tax credit qualification deadlines for certain high-performance newly constructed dwellings;
5 clarifying the termination of the tax credit program; conforming and clarifying related
6 provisions; defining a certain term; and providing for a special effective date.

7 BY repealing and re-ordaining, with amendments

8 Article 28 - Taxes

9 Section(s) 10-18.1

10 Baltimore City Code

11 (Edition 2000)

12 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
13 Laws of Baltimore City read as follows:

14 **Baltimore City Code**

15 **Article 28. Taxes**

16 **Subtitle 10. Credits**

17 **§ 10-18.1. High-performance newly constructed dwellings.**

18 (a) *Definitions.*

19 (1) *In general.*

20 In this section, the following terms have the meanings indicated.

21 (2) *High-performance.*

22 “High-performance” means meeting the performance standards set forth in State Tax-
23 Property Article § 9-242(a) {“High performance building’ defined”}.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 21-0062

1 (3) *Newly constructed dwelling.*

2 ["Newly constructed dwelling" has the meaning stated in State Tax-Property Article
3 § 9-304(d) {"Newly constructed dwellings"}.]

4 (I) *IN GENERAL.*

5 "NEWLY CONSTRUCTED DWELLING" MEANS RESIDENTIAL REAL PROPERTY:

6 (A) THAT HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE ITS CONSTRUCTION;

7 AND

8 (B) FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED ON OR
9 AFTER OCTOBER 1, 1994.

10 (II) *INCLUSION.*

11 "NEWLY CONSTRUCTED DWELLING" INCLUDES A VACANT DWELLING THAT:

12 (A) HAS BEEN REHABILITATED IN COMPLIANCE WITH APPLICABLE LOCAL LAWS
13 AND REGULATIONS; AND

14 (B) HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE THE REHABILITATION.

15 (4) *Owner.*

16 "Owner" has the meaning stated in State Tax-Property Article § 9-304(d) {"Newly
17 constructed dwellings"}.

18 (5) *VACANT DWELLING.*

19 "VACANT DWELLING" MEANS RESIDENTIAL REAL PROPERTY THAT:

20 (I) CONTAINS NO MORE THAN 4 DWELLING UNITS AS DEFINED IN § 202.2 OF THE
21 BALTIMORE CITY BUILDING CODE; AND

22 (II) EITHER:

23 (A) HAD BEEN CITED WITH A VACANT BUILDING NOTICE THAT REMAINED
24 UNABATED UNTIL THE REHABILITATION DESCRIBED IN PARAGRAPH
25 (3)(II)(A); OR

26 (B) HAS BEEN OWNED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE
27 CITY FOR 1 YEAR AND IS IN NEED OF SUBSTANTIAL REPAIR TO COMPLY
28 WITH APPLICABLE CITY CODES.

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1 (b) *Credit granted.*

2 There is established a property tax credit, as authorized in State Tax-Property Article
3 § 9-242, against the property tax imposed on high-performance newly constructed
4 dwellings that are owned by qualifying owners.

5 (c) *Qualifications.*

6 The owner of a high-performance newly constructed dwelling may qualify for the tax
7 credit authorized by this section by:

- 8 (1) purchasing a high-performance newly constructed dwelling;
- 9 (2) occupying that dwelling as his or her principal residence;
- 10 (3) filing an application for the credit [either:
 - 11 (i)] within 90 days after settling on the purchase of the dwelling [; or
 - 12 (ii) if settlement on the purchase of the dwelling occurred after
 - 13 July 1, 2018, no later than February 29, 2020];
- 14 (4) for each taxable year for which the credit is sought, filing a state income tax
15 return as a resident of Baltimore City;
- 16 (5) satisfying all other conditions imposed by the regulations of the Director of
17 Finance; and
- 18 (6) not currently receiving the credit authorized by § 10-5 of this subtitle {"Newly
19 constructed dwellings"}.

20 (d) *Amount of credit.*

21 A property tax credit granted under this section shall equal the amount of CITY property
22 tax imposed on the real property, less the amount of any other credit applicable in that
23 year, multiplied by:

- 24 (1) 50% for the 1st full taxable year in which the property qualifies for the tax credit;
- 25 (2) 40% for then 2nd full taxable year in which the property qualifies for the tax
26 credit;
- 27 (3) 30% for the 3rd full taxable year in which the property qualifies for the tax credit;
- 28 (4) 20% for the 4th full taxable year in which the property qualifies for the tax credit;
- 29 (5) 10% for the 5th full taxable year in which the property qualifies for the tax credit;
30 and
- 31 (6) 0% for each taxable year thereafter.

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1 (e) *Rules and regulations.*

2 (1) Subject to Title 4 {"Administrative Procedure Act – Regulations"} of the City
3 General Provisions Article, the Director of Finance shall adopt rules and regulations
4 to carry out the provisions of this section.

5 (2) These regulations shall include procedures necessary and appropriate for the
6 submission of an application for and the granting of a property tax credit under this
7 section.

8 (f) *Reporting credits.*

9 The estimated amount of all tax credits received by owners under this section in any fiscal
10 year:

11 (1) shall be reported by the Director of Finance of Baltimore City as a "tax
12 expenditure" for that fiscal year; and

13 (2) shall be included in the publication of the City's budget for any subsequent fiscal
14 year with the estimated or actual City property tax revenue for the applicable
15 fiscal year.

16 (g) *Annual report.*

17 The Director of Finance shall report annually to the Board of Estimates and to the Mayor
18 and City Council any results and findings of any analysis of the tax credit, including the
19 steps taken and proposed to be taken to promote and otherwise further the use of the tax
20 credit program.

21 (h) *Termination of program.*

22 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION [After June 30, 2021],
23 additional owners WHOSE SETTLEMENT ON THE PURCHASE OF A high-performance newly
24 constructed [dwellings] DWELLING OCCURS AFTER JUNE 30, 2022 may not apply for a
25 credit under this section

26 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
27 are not law and may not be considered to have been enacted as a part of this or any prior
28 Ordinance.

29 **SECTION 3. AND BE IT FURTHER ORDAINED,** That, if settlement on the purchase of the
30 high-performance newly constructed dwelling occurred prior to the enactment of this Ordinance
31 and if the building permit for construction of the high-performance newly constructed dwelling
32 was issued on or after July 1, 2019 but before July 1, 2020, an application for a tax credit under
33 Section 1 of this Ordinance must be filed no later than December 31, 2021.

34 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
35 enacted.