

CITY OF BALTIMORE
ORDINANCE _____
Council Bill 15-0585

Introduced by: The Council President
At the request of: The Administration (Planning Department)
Introduced and read first time: November 2, 2015
Assigned to: Taxation, Finance and Economic Development Committee
Committee Report: Favorable with amendments
Council action: Adopted
Read second time: February 8, 2016

AN ORDINANCE CONCERNING

Tax Credits – Historic Properties

1
2 FOR the purpose of extending the period within which applications may be accepted for an
3 historic improvement tax credit; clarifying the definition of “eligible improvements”;
4 restating the purpose and goal of this credit; modifying certain criteria for ~~a credit limitation~~
5 ~~imposed on~~ development projects that exceed a certain amount in construction costs;
6 ~~modifying certain procedures for adopting rules and regulations governing the credit;~~
7 consolidating certain repetitive provisions; imposing certain penalties; providing for a special
8 effective date; and generally relating to the property tax credit for improvements, restorations,
9 and rehabilitations to historic properties.

10 BY repealing and reordaining, with amendments

11 Article 28 - Taxes
12 Section 10-8(a)(3), (b), ~~(f)(1) and (2)~~, (f), (h), and (m)
13 Baltimore City Code
14 (Edition 2000)

15 BY repealing

16 Article 28 - Taxes
17 Section 10-8(e)(6)
18 Baltimore City Code
19 (Edition 2000)

20 BY adding

21 Article 28 - Taxes
22 Section 10-8(n)
23 Baltimore City Code
24 (Edition 2000)

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

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.

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Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

§ 10-8. Historic improvements, restorations, and rehabilitations.

(a) *Definitions.*

(3) *Eligible improvements.*

“Eligible improvements” means significant improvements to an historic property THAT HAVE BEEN APPROVED BY CHAP AS MEETING LOCAL PRESERVATION STANDARDS.

(b) *Program goal.*

The goal of this program is to help preserve AND REVITALIZE Baltimore’s neighborhoods by encouraging home and business owners to make special efforts to restore or rehabilitate historic buildings.

(e) *Amount of credit – In general.*

[(6) No part of the credit calculated under this subsection may be applied in any tax year:

(i) to reduce the property’s tax liability for that tax year, after application of any other applicable credit, to less than the tax liability to which the property was subject, after application of any other applicable tax credit, before commencement of the eligible improvements; or

(ii) in any case in which the property’s tax liability for that tax year, after application of any other applicable credit, is less than the tax liability to which the property was subject, after application of any other applicable tax credit, before commencement of the eligible improvements.]

(f) *Amount of credit – Limitation on projects COSTING more than [\$3.5] \$5 million in ~~in~~ construction costs.*

(†) For development projects exceeding [\$3.5] \$5 million in documented construction costs, the tax credit is limited to the following percentages of the amount computed under subsection (e) of this section:

- | | | | |
|------------|----------------------|---|-----|
| (1) (†) | in years 1 through 5 | - | 80% |
| (2) (††) | in year 6 | - | 70% |
| (3) (†††) | in year 7 | - | 60% |
| (4) (††††) | in year 8 | - | 50% |

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1 (5) ~~(v)~~ in year 9 - 40%

2 (6) ~~(vi)~~ in year 10 - 30%.

3 ~~(2) To be eligible for this limited tax credit:~~

4 (F-1) SPECIAL REQUIREMENTS FOR PROJECTS COSTING MORE THAN \$3.5 MILLION.

5 (1) THIS SUBSECTION APPLIES ONLY TO DEVELOPMENT PROJECTS EXCEEDING \$3.5
6 MILLION IN DOCUMENTED CONSTRUCTION COSTS.

7 (2) FOR A PROJECT SUBJECT TO THIS SUBSECTION TO BE ELIGIBLE FOR ANY TAX CREDIT
8 UNDER THIS SECTION:

9 (i) the developer must:

10 (A) submit all documents requested by the Finance Director; and

11 (B) submit documentation reviewed by the developer with the State
12 Department of Assessments and Taxation to support a preliminary
13 estimate of value for tax purposes based on construction costs and
14 projected income; and

15 (ii) either:

16 (A) the existing building in question must have been at least 75% vacant
17 for at least 3 years;

18 (B) THE PROJECT IS A HIGH-PERFORMANCE MARKET-RATE RENTAL
19 HOUSING PROJECT, AS THESE TERMS ARE DEFINED IN § 10-18 (A)(2)
20 {“DEFINITIONS: HIGH-PERFORMANCE”} AND (A)(3) {“DEFINITIONS:
21 MARKET-RATE RENTAL HOUSING PROJECT”} OF THIS SUBTITLE; or

22 (C) [(B)] the developer must otherwise demonstrate to the Finance
23 Director that the credit is necessary in order for the project to proceed.

24 (3) [At the time of application] WHEN A PROJECT SUBJECT TO THIS SUBSECTION APPLIES
25 for the credit, the developer must submit a statement of projected economic impact
26 and public benefits for the project. 3 years from the date an application is accepted,
27 the developer must submit statements of actual economic impact and public benefits
28 for the project. Public benefit measures include neighborhood revitalization impact,
29 job creation, tax generation, and minority business development.

30 (4) If [the property] A PROJECT SUBJECT TO THIS SUBSECTION is located in a Maryland
31 Enterprise Zone, the credit under this section may be taken only for those parts of the
32 property that have been rejected as ineligible for the enterprise zone tax credit.

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1 (F-2) LIMITATION ON AMOUNT OF CREDIT APPLIED.

2 [(5)] No part of [the] ANY credit calculated under this [subsection] SECTION may be
3 applied in any tax year:

4 (1) [(i)] to reduce the property’s tax liability for that tax year, after application of any
5 other applicable credit, to less than the tax liability to which the property was subject,
6 after application of any other applicable tax credit, before commencement of the
7 eligible improvements; or

8 (2) [(ii)] in any case in which the property’s tax liability for that tax year, after application
9 of any other applicable credit, is less than the tax liability to which the property was
10 subject, after application of any other applicable tax credit, before commencement of
11 the eligible improvements.

12 (h) Continuing eligibility.

13 During the credit period, the property owner shall:

14 (1) maintain the major historic features of the property;

15 (2) ensure that the property for which the credit was granted is in full compliance
16 with the City Building, Fire, and Related Codes Article; and

17 (3) submit all statements required by subsection [(f)(3)] (F-1)(3) of this section.

18 (m) Termination of program.

19 Applications for a credit under this section may not be accepted after [February 29, 2016]
20 FEBRUARY 28, 2021.

21 (N) CRIMINAL PENALTIES.

22 ANY PERSON WHO KNOWINGLY MAKES A FALSE STATEMENT ON OR IN CONNECTION WITH
23 AN APPLICATION FOR A TAX CREDIT UNDER THIS SECTION OR IN CONNECTION WITH ANY
24 REPORT OR STATEMENT SUPPORTING A PROPERTY’S CONTINUED ELIGIBILITY FOR A TAX
25 CREDIT GRANTED UNDER THIS SECTION IS GUILTY OF A MISDEMEANOR AND, ON
26 CONVICTION, IS SUBJECT TO A FINE OF NOT MORE THAN \$1,000 OR TO IMPRISONMENT FOR
27 NOT MORE THAN 12 MONTHS OR TO BOTH FINE AND IMPRISONMENT FOR EACH OFFENSE.

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

31 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect February 29,
32 2016.

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Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City