

**CITY OF BALTIMORE  
COUNCIL BILL 09-0331  
(First Reader)**

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Introduced by: President Rawlings-Blake, Councilmembers Kraft, Henry, Clarke, D'Adamo,  
Young, Middleton, Holton, Curran, Cole, Welch, Reisinger, Branch, Conaway, Spector  
Introduced and read first time: May 4, 2009

Assigned to: Taxation, Finance and Economic Development Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Planning Commission, Department of  
Housing and Community Development, Department of Real Estate, Department of Finance,  
Baltimore Development Corporation

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Newly Constructed Dwellings – Property Tax Credit –**  
3 **Reauthorization**

4 FOR the purpose of reauthorizing and extending for a certain period the property tax credit for  
5 newly constructed dwellings; redefining certain terms; providing for two application periods;  
6 establishing a one-time amnesty period for certain qualified owners who previously failed to  
7 apply timely; repealing certain obsolete provisions; and generally relating to a property tax  
8 credit for newly constructed dwellings.

9 BY authority of

10 Article - Tax-Property  
11 Section 9-304(d)  
12 Annotated Code of Maryland  
13 (As amended by Chapter \_\_\_ (S.B. 227 / H.B. 143), Acts of 2009)

14 BY repealing and reordaining with amendments

15 Article 28 - Taxes  
16 Section(s) 10-5  
17 Baltimore City Code  
18 (Edition 2000)

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

21 **Baltimore City Code**

22 **Article 28. Taxes**

23 **Subtitle 10. Credits**

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

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**§ 10-5. Newly constructed dwellings.**

(a) *Definitions.*

[The definitions for] IN THIS SECTION, “newly constructed dwelling” and [“homeowner”] “OWNER” [contained] HAVE THE MEANINGS STATED in State Tax-Property Article § 9-304(d) [are incorporated into this section by this reference].

(b) *Credit granted.*

There is established a property tax credit, as authorized in State Tax-Property Article § 9-304(d), against the property tax imposed on newly constructed dwellings that are owned by qualifying owners.

(c) *Qualifications.*

The owner of a newly constructed dwelling may qualify for the tax credit authorized by this section by:

- (1) purchasing a newly constructed dwelling;
- (2) occupying that dwelling as his or her principal residence;
- (3) filing an application for the credit EITHER:
  - (i) [no later than] WITHIN 90 days after settling on the purchase of the dwelling; OR
  - (ii) WITHIN 90 DAYS AFTER THE OWNER FIRST RECEIVES AN ASSESSMENT ON THE DWELLING;
- (4) for each taxable year for which the credit is sought, filing a state income tax return as a resident of Baltimore City; and
- (5) satisfying all other conditions imposed by the regulations of the Director of Finance.

(d) *Amount of credit[ — in general].*

A property tax credit granted under this section may not exceed the amount of property tax imposed on the real property, less the amount on any other credit applicable in that year, multiplied by:

- (1) 50% for the 1<sup>st</sup> taxable year in which the property qualifies for the tax credit;
- (2) 40% for the 2<sup>nd</sup> taxable year in which the property qualifies for the tax credit;
- (3) 30% for the 3<sup>rd</sup> taxable year in which the property qualifies for the tax credit;
- (4) 20% for the 4<sup>th</sup> taxable year in which the property qualifies for the tax credit;

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1 (5) 10% for the 5<sup>th</sup> taxable year in which the property qualifies for the tax credit; and

2 (6) 0% for each taxable year thereafter.

3 [(e) *Amount of credit — certain dwellings for which permits issued July - October 1994.*

4 (1) Notwithstanding any other provision of this section, the property tax credit granted by  
5 this section applies to a newly constructed dwelling for which a building permit was  
6 issued before October 1, 1994, but on or after July 1, 1994, if an application for the  
7 credit is submitted on or before August 31, 1998.

8 (2) A property tax credit granted under this subsection may not exceed the amount of the  
9 property tax imposed on the real property, less the amount of any other credit  
10 applicable in that year, multiplied by:

11 (i) 30% for the taxable year beginning on July 1, 1998;

12 (ii) 20% for the taxable year beginning on July 1, 1999;

13 (iii) 10% for the taxable year beginning on July 1, 2000; and

14 (iv) 0% for all subsequent taxable years.]

15 (E) [(f)] *Rules and regulations.*

16 (1) Subject to the approval of the Board of Estimates, the Director of Finance [may]  
17 SHALL adopt regulations to carry out the provisions of this section[, which may  
18 include:].

19 (2) THESE REGULATIONS:

20 (1) SHALL INCLUDE procedures necessary and appropriate for the submission of an  
21 application for and the granting of a property tax credit under this section; and

22 (2) MAY INCLUDE procedures for granting partial credits for eligibility for less than a  
23 full taxable year.

24 (F) [(g)] *Reporting credits.*

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

27 (1) shall be reported by the Director of Finance of Baltimore City as a “tax  
28 expenditure” for that fiscal year; and

29 (2) shall be included in the publication of the City’s budget for any subsequent fiscal  
30 year with the estimated or actual City property tax revenue for the applicable  
31 fiscal year.

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1 [(h) *Program analysis.*

- 2 (1) The Director of Finance shall develop by January 1, 1996, a method, which shall be  
3 approved by the Board of Estimates, for analysis of the public costs and benefits of  
4 the tax credits.
- 5 (2) The method will include development of baseline data to include new residential  
6 construction, new housing tenure, and net migration trends in the City.
- 7 (3) Measurement of the public costs and benefits of the tax credit will be made against  
8 baseline data and will include credit and administrative costs and estimates of  
9 benefits from property, income, and transfer tax revenues.]

10 [(i) *Annual report of analysis.*

11 The Director of Finance shall report annually to the Board of Estimates and to the Mayor  
12 and City Council the results and findings of that analysis, including the steps taken and  
13 proposed to be taken to promote and otherwise further the use of the tax credit program.]

14 (G) [(j)] *Termination of program.*

- 15 (1) After June 30, [2009] 2014, additional owners of newly constructed dwellings may  
16 not be granted a credit under this section.
- 17 (2) This subsection does not apply to an owner's continuing receipt of a credit as allowed  
18 in subsection (d) with respect to a property for which a tax credit under this section  
19 was received for a taxable year ending on or before June 30, [2009] 2014.

20 **SECTION 2. AND BE IT FURTHER ORDAINED, That:**

- 21 (a) A one-time amnesty period is provided for owners who:
- 22 (1) on or after January 1, 2005, were eligible for the tax credit provided under  
23 Article 28, § 10-5; but
- 24 (2) could not receive the credit because they failed to meet the application  
25 deadline.
- 26 (b) The amnesty period begins on the effective date of this Ordinance and ends 60 days  
27 later, during which time owners who qualify under subsection (a) of this Section 2  
28 may file an application for the credit.
- 29 (c) If granted, the tax credit shall be applied against the owner's property taxes for that  
30 taxable year and for the 4 ensuing taxable years in which the property continues to  
31 qualify for the tax credit.
- 32 (d) The Director of Finance shall establish procedures necessary and appropriate for  
33 implementing the amnesty period.

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1       **SECTION 3. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance  
2 are not law and may not be considered to have been enacted as a part of this or any prior  
3 Ordinance.

4       **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on June 30,  
5 2009.