



BALTIMORE HOUSING

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABCD
Commissioner, HCD

MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, Executive Secretary

From: Paul T. Graziano, Commissioner

Date: May 14, 2008

Re: City Council Bill 08-0106 Brownfields – Tax Credit

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 08-0106, which was introduced for the purpose of modifying the criteria for an additional credit against a Brownfields site's property tax liability; clarifying the criteria for an extended tax-credit period; and generally related to the tax credit for Brownfields sites.

The objective of the Brownfields Property Tax Credit is to encourage the redevelopment of contaminated, abandoned or dormant industrial/commercial sites. This program offers a city property tax credit (for both real and personal property taxes) on the increased property taxes after eligible improvements such as an environmental remediation are completed.

City Council Bill 08-0106 clarifies language in the existing law in order to narrow the eligibility requirements for the Brownfields Tax Credit. Presently, the tax credit is available to an improved site for a 5-year period, but if the site is located in State-designated Enterprise Zone areas, the credit is available for a 10-year period. The proposed legislation would further require that, as a prerequisite to receive the Brownfields Credit for 10 years, a site located within an Enterprise Zone also must be designated by the State of Maryland as qualified to receive Enterprise Zone tax benefits. A site's mere geographic location within an Enterprise Zone, absent participation in the program, would not be sufficient qualification for the Brownsfields Tax Credit.

The proposed bill also would alter the eligibility requirements for additional credits available to brownfield sites. Presently, a site is eligible to receive further relief for 20% of tax liability if aggregate costs of site acquisition or cleanup equals or exceeds \$250,000. City Council Bill 08-0106 would increase that threshold amount to \$1,000,000, which is consistent with the current market rate for such services. Finally, the bill also creates additional alternative supplementary credits if site improvements achieve a gold-level or higher LEED (Leadership in Energy and Environmental Design) rating by the Maryland Green Building Council.



The Department of Housing and Community Development supports the adoption of City Council Bill 08-0106.

PTG:pmd

cc: Ms. Angela Gibson
Mr. Demaune Millard