

*Andrew Klein*

<b>FROM</b>	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research Department of Finance
	SUBJECT	City Council Resolution No. 11-0290R – Conservation Tax Credit

CITY of  
BALTIMORE  
**MEMO**



**TO**

DATE:  
October 7, 2011

Honorable President and  
Members of the City Council  
C/O Karen Randle  
Room 409, City Hall

**Resolution Synopsis**

Resolution 11-0290 respectfully requests that the Baltimore City delegations to the General Assembly work to secure passage of legislation to prevent banks from benefitting from Homestead Tax Credits issued to homeowners they have evicted from their homes through foreclosure.

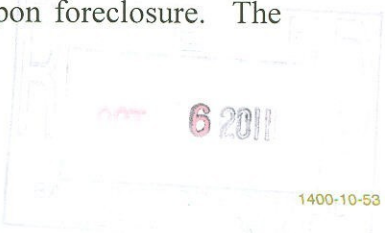
**Analysis**

The Department of Finance, Billing Integrity Unit, has done some preliminary investigation of this issue with the intent of identifying the properties with homestead exemptions and that were held by mortgage companies. It should be noted that this also impacts properties that have other tax credits that require the properties to be owner occupied such as the Newly Constructed Credit and Home Improvement Credit. The Department of Finance obtained 1,288 foreclosure records for the years 2008-2011 from Realty Trak in an effort to identify properties that might fall into these categories. The department's strategy is to match foreclosed properties from Realty Trak to our real property tax file. When matches are found with the Homestead Exemptions, the department will then forward the data to the State Department of Assessments and Taxation for removal. Our initial investigation indicates that this would require a substantial amount of programming effort and that some of the data from this source might not be as accurate as desired. Pursuant to further investigation, the Billing Integrity Unit will consider a programmatic solution to this issue for Baltimore City.

Additionally, the Finance Department formed a task group to discuss this and related issues. Two legislative solutions were considered. First, the General Assembly might require State Courts to report all final foreclosure judgments to the State Department of Assessments and Taxation for removal of the credit. The alternative solution was to require mortgage companies to report foreclosures to the State Department of Assessments and Taxation.

We also held discussions with the State Department of Assessments and Taxation. It is the Department of Finance's understanding, that the State Department of Assessments and Taxation is considering the introduction of a bill that will required all mortgage holders of foreclosed deeds to report to the State Department of Assessments and Taxation upon foreclosure. The

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State Department of Assessments and Taxation would then be able to remove these properties from the tax rolls.

**Recommendation**

The Department of Finance strongly supports this resolution and any action on the part of the State to remedy this loophole. Pending a statewide process, the Department of Finance will continue to seek to close this loophole.

Cc: Edward Gallagher  
Angela Gibson

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