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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, MAY 9, 2023
10:00 AM**

COUNCIL CHAMBERS

Council Bill #23-0368

Real Property Tax Credit for Energy Conservation Devices

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BILL SYNOPSIS

Committee: Ways and Means

Bill: 23-0368

Real Property Tax Credit for Energy Conservation Devices

Sponsor: Councilmember Bullock, et al

Introduced: March 27, 2023

Purpose:

For the purpose of amending the energy conservation devices real property tax credit; and providing for a special effective date.

Effective: On the date it is enacted.

Agency Reports

Law Department	Favorable
Department of Finance	Favorable
Department of Housing and Community Development	Supports/Defers to Finance
Planning Department	Favorable
Commission for Historic & Architectural Preservation (CHAP)	<i>None as of this writing</i>
Office of Sustainability	<i>None as of this writing</i>

Analysis

Current Law

Baltimore City Code – Article 28. Taxes – Subtitle 10 - Credits

§ 10-31. Energy Conservation Devices (Real Property Tax Credit)
 Will be added to the City Code effective May 15, 2023; Ordinance 22-162 / Bill 22-0193 – **SEE ATTACHED COPY**

Background

Ordinance 22-162 (Council Bill 22-0193 – Real Property Tax Credit for Energy Conservation Devices) becomes effective May 15, 2023 and a part of the City’s Code.

Council Bill 23-0368 was introduced to amend the tax credit to provide property owners who have already purchased or leased energy conservation devices or are planning to do so, with a clear interpretation of Ordinance 22-162; to prevent any confusion about the credit before it goes into effect on May 15, 2023.¹

Per the primary sponsor of the bill, “the legislation will bring the City in-line with other jurisdictions and will provide clarity moving forward.”²

Additional Information

Fiscal Note: Per the Finance Department, **an annual cost of \$750,000.**

Information Source(s): City Code, Ordinance 22-162, Council Bills 22-0193, 23-0368 and all agency reports received as of this writing.

Marguerite M. Currin

Analysis by: Marguerite M. Currin

Direct Inquiries to: (443) 984-3485

Analysis Date: May 4, 2023

¹ Per staff employed within the City’s Finance Department; Fiscal Integrity Office.

² The Honorable John T. Bullock, Councilmember, 9th District

Ordinance 22-162

SEE ATTACHED

ENROLLED

**CITY OF BALTIMORE
ORDINANCE 22-162
Council Bill 22-0193**

Introduced by: Councilmember Bullock, Conway, Schleifer, Glover, Ramos, Burnett, Torrence,
Cohen, McCray, Middleton, Dorsey
Introduced and read first time: January 24, 2022
Assigned to: Ways and Means Committee

Committee Report: Favorable, with amendments
Council action: Approved
Read second time: May 16, 2022

AN ORDINANCE CONCERNING

Real Property Tax Credit for Energy Conservation Devices

FOR the purpose of granting a tax credit against the City real property tax imposed on a dwelling that uses a solar energy device or geothermal energy device; imposing certain qualifications for credit eligibility; providing for the amount and the administration of the credit; creating an annual limit on the amount of credits granted; requiring an annual report regarding the credit; and defining certain terms.

BY adding

Article 28 - Taxes
Section 10-31
Baltimore City Code
(Edition 2000)

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

Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

§ 10-31. ENERGY CONSERVATION DEVICES (REAL PROPERTY TAX CREDIT)

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.
Underlined italics indicate matter added to the bill by amendment after printing for third reading.

Council Bill 22-0193

1 (A) *DEFINITIONS.*

2 (1) *IN GENERAL.*

3 IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

4 (2) *ELIGIBLE COSTS.*

5 "ELIGIBLE COSTS" MEANS REASONABLE COSTS INCURRED:

6 (I) WITHIN THE 12 MONTHS BEFORE THE INITIAL APPLICATION FOR THE CREDIT;

7 (II) FOR THE PURCHASE OR LEASE OF A SOLAR ENERGY DEVICE OR GEOTHERMAL
8 ENERGY DEVICE, INCLUDING ANY PART, COMPONENT, OR ACCESSORY
9 EQUIPMENT NECESSARY TO OPERATE THE DEVICE; AND

10 (III) ASSOCIATED WITH INSTALLATION OF THE SOLAR ENERGY DEVICE OR THE
11 GEOTHERMAL ENERGY DEVICE.

12 (3) *GEOTHERMAL ENERGY DEVICE.*

13 "GEOTHERMAL ENERGY DEVICE" MEANS AN ENERGY CONSERVING DEVICE THAT:

14 (I) USES GEOTHERMAL ENERGY TO HEAT OR COOL A STRUCTURE OR TO PROVIDE
15 HOT WATER FOR USE IN THE STRUCTURE; AND

16 (II) MEETS NATIONAL SAFETY AND PERFORMANCE STANDARDS SET BY A
17 NATIONALLY RECOGNIZED TESTING LABORATORY FOR THAT TYPE OF DEVICE.

18 (4) *SOLAR ENERGY DEVICE.*

19 "SOLAR ENERGY DEVICE" MEANS AN ENERGY CONSERVING DEVICE THAT:

20 (I) USES SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, TO GENERATE
21 ELECTRICITY TO BE USED IN THE STRUCTURE, OR TO PROVIDE HOT WATER FOR
22 USE IN THE STRUCTURE; AND

23 (II) MEETS NATIONAL SAFETY AND PERFORMANCE STANDARDS SET BY A
24 NATIONALLY RECOGNIZED TESTING LABORATORY FOR THAT TYPE OF DEVICE.

25 (B) *CREDIT GRANTED.*

26 IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE § 9-203, A TAX CREDIT IS
27 GRANTED AGAINST THE CITY PORTION OF REAL PROPERTY TAX ON A DWELLING TO WHICH
28 A SOLAR ENERGY DEVICE OR GEOTHERMAL ENERGY DEVICE IS INSTALLED AND IN USE.

Council Bill 22-0193

1 (C) *QUALIFICATIONS.*

2 THE OWNER OF A DWELLING THAT USES A SOLAR ENERGY DEVICE OR GEOTHERMAL
3 ENERGY DEVICE MAY QUALIFY FOR THE TAX CREDIT AUTHORIZED BY THIS SECTION BY:

- 4 (1) FILING A STATE INCOME TAX RETURN AS A RESIDENT OF BALTIMORE CITY FOR
5 EACH TAXABLE YEAR FOR WHICH THE CREDIT IS SOUGHT;
- 6 (2) FILING AN APPLICATION FOR THE CREDIT WITH THE DIRECTOR OF THE
7 DEPARTMENT OF FINANCE AT LEAST 90 DAYS BEFORE THE FIRST TAX YEAR FOR
8 WHICH THE CREDIT IS SOUGHT; AND
- 9 (3) SATISFYING ALL OTHER CONDITIONS IMPOSED BY THE REGULATIONS OF THE
10 DIRECTOR OF THE DEPARTMENT OF FINANCE.

11 (D) *AMOUNT OF CREDIT.*

12 THE CREDIT AGAINST THE CITY PORTION OF REAL PROPERTY TAX ON A DWELLING UNDER
13 THIS SECTION IS THE LESSER OF:

- 14 (1) 50% OF THE ELIGIBLE COSTS; OR
- 15 (2) \$5,000 FOR A HEATING SYSTEM OR \$1,500 FOR A HOT WATER SUPPLY SYSTEM.

16 (E) *CREDIT NOT TO EXCEED PROPERTY TAX.*

17 THE AMOUNT OF A CREDIT APPLIED IN A TAX YEAR MAY NOT EXCEED THE AMOUNT OF
18 CITY REAL PROPERTY TAX IMPOSED ON THE DWELLING IN THAT TAX YEAR.

19 ~~(F) *ANNUAL LIMIT ON AMOUNT OF CREDITS GRANTED.*~~

- 20 ~~(1) DURING A FISCAL YEAR, THE TOTAL OF ALL TAX CREDITS GRANTED UNDER THIS~~
21 ~~SECTION MAY NOT EXCEED \$750,000.~~
- 22 ~~(2) CREDITS WILL BE GRANTED IN THE ORDER IN WHICH THE DIRECTOR OF THE~~
23 ~~DEPARTMENT OF FINANCE RECEIVES THE COMPLETE APPLICATIONS UNDER~~
24 ~~SUBSECTION (G) OF THIS SECTION.~~
- 25 ~~(3) A COMPLETE APPLICATION THAT, IF GRANTED, WOULD CAUSE THE LIMIT SET FORTH IN~~
26 ~~PARAGRAPH (1) OF THIS SUBSECTION TO BE EXCEEDED, WILL BE GRANTED IN THE NEXT~~
27 ~~FISCAL YEAR OR YEARS AND IN THE ORDER RECEIVED.~~

28 ~~(F)~~ (G) *APPLICATION.*

29 THE APPLICATION MUST BE IN THE FORM AND CONTAIN THE INFORMATION THAT THE
30 DIRECTOR OF THE DEPARTMENT OF FINANCE REQUIRES.

Council Bill 22-0193

1 (G) ~~(H)~~ ADMINISTRATION.

2 THE DIRECTOR OF THE DEPARTMENT OF FINANCE OR THE DIRECTOR'S DESIGNEE:

3 (1) SHALL, SUBJECT TO TITLE 4 {"ADMINISTRATIVE PROCEDURE ACT –
4 REGULATIONS"} OF THE CITY GENERAL PROVISIONS ARTICLE, ADOPT RULES AND
5 REGULATIONS TO CARRY OUT THIS SECTION, INCLUDING PROCEDURES, FORMS, AND
6 DOCUMENTATION REQUIRED TO APPLY FOR THE CREDIT AUTHORIZED BY THIS
7 SECTION; AND

8 (2) MAY SETTLE DISPUTED CLAIMS ARISING IN CONNECTION WITH THE CREDIT
9 AUTHORIZED BY THIS SECTION.

10 (H) ~~(I)~~ REPORTING CREDITS.

11 THE ESTIMATED AMOUNT OF ALL TAX CREDITS RECEIVED BY OWNERS UNDER THIS
12 SECTION IN ANY FISCAL YEAR SHALL BE:

13 (1) REPORTED BY THE DIRECTOR OF THE DEPARTMENT OF FINANCE AS A "TAX
14 EXPENDITURE" FOR THAT FISCAL YEAR; AND

15 (2) INCLUDED IN THE PUBLICATION OF THE CITY'S BUDGET FOR ANY SUBSEQUENT
16 FISCAL YEAR WITH THE ESTIMATED OR ACTUAL CITY PROPERTY TAX REVENUE FOR
17 THE APPLICABLE FISCAL YEAR.

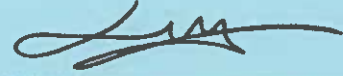
18 (I) ~~(J)~~ ANNUAL REPORT.

19 THE DIRECTOR OF THE DEPARTMENT OF FINANCE OR THE DIRECTOR'S DESIGNEE MUST
20 REPORT ANNUALLY TO THE BOARD OF ESTIMATES AND TO THE MAYOR AND CITY
21 COUNCIL ANY RESULTS AND FINDINGS OF ANY ANALYSIS OF THE TAX CREDIT, INCLUDING
22 THE STEPS TAKEN AND PROPOSED TO BE TAKEN TO PROMOTE AND FURTHER THE USE OF
23 THE TAX CREDIT PROGRAM.

24 SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect ~~on the 30th day~~
9 months after the date it is enacted.

Council Bill 22-0193

Certified as duly passed this 27 day of June, 2022



President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this 27 day of June, 2022

Natawna B. Austin

Chief Clerk

Approved this 15th day of August, 2022



Mayor, Baltimore City

Approved for Form and Legal Sufficiency
This 17th Day of August, 2022.

Elena R DiPietro

Chief Solicitor

A TRUE COPY
Henry Raymond
Director of Finance

Council Bill #23-0368

AGENCY REPORT(S)

SEE ATTACHED

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
EBONY THOMPSON, ACTING CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

May 1, 2023

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 23-0368 – Tax Credit for Energy Conservation Devices

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 23-0368 for form and legal sufficiency. It modifies existing Section 10-31 of Article 28 of the City Code that exercises the authority given by the General Assembly to local governments to grant a real property tax credit for the local portion of that tax *on any structure* using certain energy devices. Md. Code, Tax-Prop., § 9-203 (emphasis added). The state enabling law allows local governments to define the qualifying energy device, select the amount and duration of the credit (not to exceed three years), and provide any additional criteria. Md. Code, Tax-Prop., § 9-203(b).

It is worth noting that many of the definitions added to this bill are either slightly different or entirely duplicative of the terms of art used in the Tax-Property Article of the Maryland Code. For example, the word “house” is not defined in that Article but the term “dwelling house” is defined in some parts of that Article to include not more than two families. Md. Code, Tax-Prop. §§ 7-207(a)(3); 7-208(a)(4).

“Dwelling” as defined in the bill, is identical to the definition in Sections 9-105(a)(5)(i)(1) and 9-105(a)(5)(ii) of the Tax-Property Article of the Maryland Code. It is as if the drafters have taken pains to remove the reference to the curtilage from the state definition but keep the rest. This is hardly necessary given that the state enabling law authorizes a credit against the local portion of tax on only the *structure*. Md. Code, Tax-Prop., § 9-203. While the inclusion of this clarifying language is unnecessary, it can still be approved for form and legal sufficiency.

A person can prove that a place is her “Principal Residence” through any number of means, including, but specifically NOT limited to, voting, driver’s license or income tax return address. Md. Code, Tax-Prop. § 2-218. This bill would require all three to be true for a recipient to receive the credit. Although this is a permissible additional standard under Section 9-203(b) of the Tax-Property Article of the Maryland Code, it may operate to narrow eligibility. Again, this does not make the bill unable to be approved for form and legal sufficiency. The Law Department defers

to the Finance Department on how these various terms will impact the implementation of this credit against the local real property tax imposed on a structure.

Finally, as in its last report on this bill, the Law Department also recommends that the Council consider whether it wants to permit this real property tax credit to be used in combination with other local real property tax credits. *See, e.g.*, City Code, Art. 28, §§10-8(i); 10-13(e); 10-14(i).

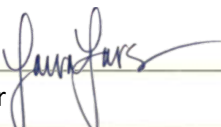

The Law Department approves the bill for form and legal sufficiency.

Very truly yours,



Hilary Ruley
Chief Solicitor

cc: Ebony Thompson, Acting City Solicitor
Nina Themelis, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Jeffrey Hochstetler, Chief Solicitor
Teresa Cummings, Assistant Solicitor
Michelle Toth, Assistant Solicitor

FROM	NAME & TITLE	Laura Larsen, Budget Director 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 469, City Hall		
	SUBJECT	City Council Bill 23-0386—Real Property Tax Credit for Energy Conservation Devices		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

April 22, 2023

Position: Support

The Department of Finance is herein reporting on City Council Bill 23-0368, Real Property Tax Credit for Energy Conservation Devices, the purpose of which is to amend the energy conservation devices real property tax credit.

Background

Baltimore City enacted Ordinance 22-162 in August 2022 established the real property tax credit for energy conservation devices. The Ordinance established a tax credit against real property tax for a dwelling that installs and uses a solar energy device or a geothermal energy device. To claim the tax credit, a property owner must file an income tax return as a resident of Baltimore City for the taxable year the credit is sought, file an application with the Director of the Department of Finance, and satisfy any other conditions as imposed by the Director of Finance.

This legislation seeks to amend the program in various ways to clarify different aspects for applicants. The amendments include adding definition of "dwelling," establishing the maximum amount of credit, and clarifying the transferability of the credit. In addition, the amendments clarify that the credit may not exceed the amount of City real property tax imposed on the dwelling in the tax year and that the credit applies to the County or Municipal Corporation property tax imposed on a structure, not the land. Finally, the amendments address the eligibility term of the credit, which is one tax year.

This legislation ensures that these areas are addressed before the program goes into effect on May 15, providing property owners who have already purchased or leased energy conservation devices or are planning to do so with a clear interpretation of the Ordinance, preventing confusion.

Fiscal Impact

The Department of Finance does not anticipate a fiscal impact for the City. Finance projected an annual cost of \$750,000 based on the initial Ordinance. This legislation does not change the cost of the program.

Conclusion

This legislation seeks to amend the energy conservation device tax credit program to provide clarity on various aspects of the credit. Finance does not anticipate a fiscal impact from this legislation.

For the reasons stated above, the Department of Finance supports City Council Bill 23-0368.

cc: Michael Moiseyev
Nina Themelis



MEMORANDUM

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

From: Alice Kennedy, Housing Commissioner

Date: May 2, 2023

Re: City Council Bill 23-0368 Real Property Tax Credit for Energy Conservation Devices

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 23-0368 for the purpose of amending the energy conservation devices real property tax credit; and providing for a special effective date.

If enacted, City Council Bill 23-0368 would repeal and re-ordain, with amendments Article 28 of the Baltimore City Tax Code to allow the Director of Finance to offer a credit against the City portion of real property tax on a qualifying dwelling in the lesser of: (1) 50% of the eligible costs up to a maximum of \$5,000; or (2) 50% of the eligible costs up to a maximum of \$1,500 for either a solar energy device or a geothermal energy device installed exclusively to provide hot water for use in the dwelling.


Taxpayers are presently eligible for a variety of real property tax credits designed to allow property owners to limit their tax exposure and take advantage of savings offered by the City. This legislation may provide City homeowners with additional incentive to “go green” and help lower real property taxes by creating a real Property Tax Credit for some energy conservation devices such as a solar or geothermal energy device.

Keeping homeowners in their homes is a key strategy to preserving affordable housing in our city. DHCD’s Office of Homeownership & Neighborhood Preservation, Tax Sale Coordination and Prevention Services Program assists homeowners in lowering property taxes and avoiding tax sale by promoting tax sale clinics and community-based information sessions, assisting homeowners with applications for State Homeowners and Homestead Tax credits and working with community partners to assist homeowners in applying for other public assistance. DHCD’s Tax Sale’s Ombudsmen would promote this tax credit should the Bill be approved.

DHCD supports the intent of City Council Bill 23-0368 but **defers to the Department of Finance** as the directly impacted agency.

AK/sm

cc: Ms. Themelis, Nina, *Mayor’s Office of Government Relations*

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 #23-0368/ REAL PROPERTY TAX CREDIT FOR ENERGY CONSERVATION DEVICES		

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

DATE: May 2, 2023

The Department of Planning is in receipt of City Council Bill #23-0368, which is for the purpose of amending the energy conservation devices real property tax credit; and providing for a special effective date. This bill amends Article 28 - *Taxes*, § 10, to further specify the meaning of a dwelling including condominiums and cooperatively owned apartments, and applying residency requirements for recipients of the tax credit.

The Department of Planning recommends approval of City Council Bill #23-0368, as it enhances financial incentives for renewable energy, and supports more sustainable energy options to help meet greenhouse gas reduction targets set for Baltimore City. Amendments detailed in CCB#23-0368 provide further clarity and specificity for the administration of energy conservation tax credits.

The Department of Planning respectfully requests a favorable report on City Council Bill #23-0368 as it aligns with renewable energy goals outlined in the 2019 Sustainability Plan and the citywide goal to reach carbon neutrality by 2045.

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. Nina Themelis, Mayor's Office
 Mr. Ethan Cohen, Mayor's Office
 The Honorable Eric Costello, Council Rep. to Planning Commission
 Mr. Colin Tarbert, BDC
 Ms. Rebecca Witt, 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

CITY OF BALTIMORE
COUNCIL BILL 23-0368
(First Reader)

Introduced by: Councilmember Bullock, The City Council President

At the request of: The Administration (Department of Finance)

Introduced and read first time: March 27, 2023

Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Planning, Department of Housing and Community Development, Office of Sustainability, Commission for Historical and Architectural Preservation

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Real Property Tax Credit for Energy Conservation Devices**

3 FOR the purpose of amending the energy conservation devices real property tax credit; and
4 providing for a special effective date.

5 BY repealing and re-ordaining, with amendments

6 Article 28 - Taxes

7 Section 10-31

8 Baltimore City Code

9 (Edition 2000)

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

12 **Baltimore City Code**

13 **Article 28. Taxes**

14 **Subtitle 10. Credits**

15 **§ 10-31. Energy Conservation Devices (Real Property Tax Credit)**

16 (a) *Definitions.*

17 (1) *In general.*

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

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

Council Bill 23-0368

1 (2) *DWELLING.*

2 (1) *IN GENERAL.*

3 “DWELLING” MEANS A HOUSE THAT IS:

4 (A) USED AS THE PRINCIPAL RESIDENCE OF THE HOMEOWNER; AND

5 (B) ACTUALLY OCCUPIED OR EXPECTED TO BE OCCUPIED BY THE
6 HOMEOWNER FOR MORE THAN 6 MONTHS OF A 12-MONTH PERIOD
7 BEGINNING WITH THE DATE OF FINALITY FOR THE TAXABLE YEAR
8 FOR WHICH THE PROPERTY TAX CREDIT UNDER THIS SECTION IS
9 SOUGHT.

10 (II) *INCLUSIONS.*

11 “DWELLING” INCLUDES:

12 (A) A CONDOMINIUM UNIT THAT IS OCCUPIED BY AN INDIVIDUAL WHO
13 HAS LEGAL INTEREST IN THE CONDOMINIUM;

14 (B) AN APARTMENT IN A COOPERATIVE APARTMENT CORPORATION
15 THAT IS OCCUPIED BY AN INDIVIDUAL WHO HAS LEGAL INTEREST IN
16 THE APARTMENT; AND

17 (C) A PART OF REAL PROPERTY USED OTHER THAN PRIMARILY FOR
18 RESIDENTIAL PURPOSES, IF THE REAL PROPERTY IS USED AS A
19 PRINCIPAL RESIDENCE BY AN INDIVIDUAL WHO HAS A LEGAL
20 INTEREST IN THE REAL PROPERTY.

21 (II) *EXCLUSIONS.*

22 “DWELLING” DOES NOT INCLUDE THE LOT OR CURTILAGE ON WHICH THE
23 HOUSE, CONDOMINIUM, APARTMENT, OR OTHER IMPROVEMENT IS ERECTED.

24 (3) [(2)] *Eligible costs.*

25 “Eligible costs” means reasonable costs incurred:

26 (i) within the 12 months before the initial application for the credit;

27 (ii) for the purchase or lease of a solar energy device or geothermal energy device,
28 including any part, component, or accessory equipment necessary to operate
29 the device; and

30 (iii) associated with installation of the solar energy device or the geothermal
31 energy device.

Council Bill 23-0368

1 (4) [(3)] *Geothermal energy device.*

2 “Geothermal energy device” means an energy conserving device that:

3 (i) uses geothermal energy to heat or cool a structure or to provide hot water for
4 use in the structure; and

5 (ii) meets national safety and performance standards set by a nationally recognized
6 testing laboratory for that type of device.

7 (5) *HOUSE.*

8 “HOUSE” MEANS A STRUCTURE THAT HAS BEEN ADAPTED FOR OVERNIGHT
9 ACCOMMODATION OF AN INDIVIDUAL.

10 (6) *PRINCIPAL RESIDENCE.*

11 “PRINCIPAL RESIDENCE” MEANS THE ONE DWELLING WHERE AN INDIVIDUAL
12 REGULARLY RESIDES AND IS THE LOCATION DESIGNATED BY THE INDIVIDUAL FOR THE
13 LEGAL PURPOSE OF VOTING, OBTAINING A DRIVER’S LICENSE, AND FILING INCOME TAX
14 RETURNS.

15 (7) [(4)] *Solar energy device.*

16 “Solar energy device” means an energy conserving device that:

17 (i) uses solar energy to heat or cool a structure, to generate electricity to be used
18 in the structure, or to provide hot water for use in the structure; and

19 (ii) meets national safety and performance standards set by a nationally recognized
20 testing laboratory for that type of device.

21 (b) *Credit granted.*

22 (1) *IN GENERAL.*

23 In accordance with State Tax-Property Article § 9-203, a tax credit is granted against
24 the City portion of real property tax on a dwelling to which a solar energy device or
25 geothermal energy device is installed and in use.

26 (2) *LIMITATION.*

27 THE CITY MAY NOT GRANT MORE THAN 1 TAX CREDIT FOR EACH DWELLING.

28 (c) *Qualifications.*

29 The owner of a dwelling that uses a solar energy device or geothermal energy device may
30 qualify for the tax credit authorized by this section by:

Council Bill 23-0368

1 (1) filing a state income tax return as a resident of Baltimore City for each taxable
2 year for which the credit is sought;

3 (2) filing an application for the credit with the Director of the Department of Finance;
4 and

5 (3) satisfying all other conditions imposed by the regulations of the Director of the
6 Department of Finance.

7 (d) *Amount of credit.*

8 The credit against the City portion of real property tax on a dwelling under this section is
9 the lesser of:

10 (1) 50% of the eligible costs UP TO A MAXIMUM OF \$5,000; or

11 [(2) \$5,000 for a heating system or \$1,500 for a hot water supply system.]

12 (2) 50% OF THE ELIGIBLE COSTS UP TO A MAXIMUM OF \$1,500 FOR EITHER A SOLAR
13 ENERGY DEVICE OR GEOTHERMAL ENERGY DEVICE INSTALLED EXCLUSIVELY TO
14 PROVIDE HOT WATER FOR USE IN THE DWELLING.

15 (e) *Credit not to exceed property tax.*

16 The amount of a credit applied in a tax year may not exceed the amount of City real
17 property tax imposed on the dwelling in that tax year.

18 (F) *TAX CREDIT PERIOD.*

19 THE TAX CREDIT GRANTED UNDER THIS SECTION APPLIES IN THE TAXABLE YEAR
20 IMMEDIATELY FOLLOWING THE SUBMISSION OF AN APPLICATION.

21 (G) *TRANSFER OF CREDIT.*

22 THE TAX CREDIT GRANTED UNDER THIS SECTION IS TRANSFERABLE TO A SUBSEQUENT
23 OWNER IF:

24 (1) THE TRANSFER IS WITHIN THE 1-YEAR CREDIT ELIGIBILITY PERIOD; AND

25 (2) THE SOLAR ENERGY DEVICE OR GEOTHERMAL ENERGY DEVICE REMAINS IN USE IN
26 THE DWELLING.

27 (H) [(f)] *Application.*

28 The application must be in the form and contain the information that the Director of the
29 Department of Finance requires.

30 (I) [(g)] *Administration.*

31 The Director of the Department of Finance or the Director's designee:

Council Bill 23-0368

1 (1) shall, subject to Title 4 {"Administrative Procedure Act – Regulations"} of the
2 City General Provisions Article, adopt rules and regulations to carry out this
3 section, including procedures, forms, and documentation required to apply for the
4 credit authorized by this section; and

5 (2) may settle disputed claims arising in connection with the credit authorized by this
6 section.

7 (J) [(h)] *Reporting credits.*

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

10 (1) reported by the Director of the Department of Finance as a "tax expenditure" for
11 that fiscal year; and

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

14 (K) [(i)] *Annual report.*

15 The Director of the Department of Finance or the Director's designee must report
16 annually to the Board of Estimates and to the Mayor and City Council any results and
17 findings of any analysis of the tax credit, including the steps taken and proposed to be
18 taken to promote and further the use of the tax credit program.

19 (L) *TERMINATION OF TAX CREDIT.*

20 THE DEPARTMENT OF FINANCE MAY NOT ACCEPT APPLICATIONS FOR THE TAX CREDIT
21 GRANTED UNDER THIS SECTION AFTER JUNE 30, 2028.

22 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
23 enacted.