

**CITY OF BALTIMORE
COUNCIL BILL 19-0479
(First Reader)**

Introduced by: Councilmember Dorsey, President Scott, Councilmembers Burnett, Cohen, Henry, Bullock, Clarke, Reisinger, Middleton, Costello, Stokes, Sneed, McCray, Pinkett, Schleifer

Introduced and read first time: December 16, 2019

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Department of Housing and Community Development, Department of Real Estate, Department of Finance, Commission for Historical and Architectural Preservation, Department of Human Resources, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Property Tax Credit – Low-Income Employees of the City of Baltimore**

3 FOR the purpose of establishing a tax credit against the property tax imposed on the principal
4 residences of certain low-income employees of the City of Baltimore; imposing certain
5 limitations, conditions, and qualifications for credit eligibility; providing for the amount,
6 duration, and administration of the credit; defining certain terms; and providing for a special
7 effective date.

8 BY authority of

9 Tax-Property Article
10 Section 9-304
11 Maryland Code
12 (As Amended by Ch. 383, Acts of 2019)

13 BY adding

14 Article 28 - Taxes
15 Section 10-23
16 Baltimore City Code
17 (Edition 2000)

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

20 **Baltimore City Code**

21 **Article 28. Taxes**

22 **Subtitle 10. Credits**

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

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§ 10-23. LOW-INCOME EMPLOYEES.

(A) *DEFINITIONS.*

(1) *IN GENERAL.*

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

(2) *DWELLING.*

“DWELLING” HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-105 {“HOMESTEAD TAX CREDIT”}.

(3) *FINANCE DIRECTOR.*

“FINANCE DIRECTOR” MEANS THE DIRECTOR OF THE CITY DEPARTMENT OF FINANCE OR THE DIRECTOR’S DESIGNEE.

(4) *HOMEOWNER.*

“HOMEOWNER” HAS THE MEANING STATED IN STATE TAX-PROPERTY ARTICLE § 9-105 {“HOMESTEAD TAX CREDIT”}.

(5) *HOMESTEAD DWELLING.*

“HOMESTEAD DWELLING” MEANS A DWELLING THAT IS:

- (I) LOCATED IN BALTIMORE CITY;
- (II) OWNED BY AND USED AS THE PRINCIPAL RESIDENCE OF A LOW-INCOME EMPLOYEE; AND
- (III) OTHERWISE ELIGIBLE FOR THE TAX CREDIT AUTHORIZED BY STATE TAX-PROPERTY ARTICLE § 9-105 {“HOMESTEAD TAX CREDIT”}.

(6) *LOW-INCOME EMPLOYEE.*

“LOW-INCOME EMPLOYEE” MEANS AN INDIVIDUAL WHO:

- (I) IS EMPLOYED FULL-TIME BY THE CITY OF BALTIMORE;
- (II) IS AMONG THE 25% LOWEST-PAID, FULL-TIME BALTIMORE CITY EMPLOYEES;
AND
- (III) OWNS A DWELLING LOCATED IN BALTIMORE CITY.

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1 (B) *CREDIT GRANTED.*

2 IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE § 9-304(K), A REAL PROPERTY TAX
3 CREDIT IS GRANTED AGAINST THE CITY PROPERTY TAX IMPOSED ON THE HOMESTEAD
4 DWELLING OF A LOW-INCOME EMPLOYEE.

5 (C) *AMOUNT OF CREDIT.*

6 IN ANY TAXABLE YEAR, THE AMOUNT OF THE CREDIT GRANTED TO A HOMESTEAD
7 DWELLING UNDER THIS SECTION IS THE LESSER OF:

8 (1) \$2,500; AND

9 (2) THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE BUILDING.

10 (D) *LIMITATION ON OTHER CREDITS.*

11 IN ANY TAXABLE YEAR FOR WHICH A PROPERTY RECEIVES A CREDIT GRANTED UNDER THIS
12 SECTION, THE PROPERTY MAY NOT RECEIVE ANY OTHER PROPERTY TAX CREDIT PROVIDED
13 BY BALTIMORE CITY EXCEPT:

14 (1) THE LOCAL PORTION OF THE CREDIT AUTHORIZED BY STATE TAX-PROPERTY
15 ARTICLE § 9-105 {"HOMESTEAD TAX CREDIT"}; AND

16 (2) THE CREDIT AUTHORIZED BY STATE TAX-PROPERTY ARTICLE § 9-221
17 {"OFFSETTING INCOME TAX RATES"}.

18 (E) *INCOME ELIGIBILITY DETERMINATION.*

19 (1) TO DETERMINE WHETHER AN INDIVIDUAL QUALIFIES AS A LOW-INCOME EMPLOYEE AS
20 DEFINED BY THIS SECTION, THE FINANCE DEPARTMENT, IN CONSULTATION WITH THE
21 DEPARTMENT OF HUMAN RESOURCES, SHALL USE AN INDIVIDUAL'S GROSS PAY FOR
22 THE CALENDAR YEAR MOST RECENTLY COMPLETED PRIOR TO THE TAX YEAR FOR
23 WHICH THE CREDIT IS SOUGHT.

24 (2) THE FINANCE DEPARTMENT SHALL NOTIFY EMPLOYEES THAT THEIR INCOME MAY
25 QUALIFY THEM FOR THE TAX CREDIT AUTHORIZED BY THIS SUBTITLE NO LATER THAN
26 JANUARY 30 OF THE TAX YEAR.

27 (F) *ADDITIONAL ELIGIBILITY REQUIREMENTS.*

28 IN ADDITION TO MEETING THE OTHER REQUIREMENTS PROVIDED IN THIS SECTION, TO BE
29 ELIGIBLE FOR A TAX CREDIT UNDER THIS SECTION, THE LOW-INCOME EMPLOYEE IN THE
30 CALENDAR YEAR MOST RECENTLY COMPLETED PRIOR TO THE START OF THE TAX YEAR FOR
31 WHICH THE CREDIT IS SOUGHT MUST:

32 (1) HAVE BEEN CONTINUOUSLY EMPLOYED FOR 12 MONTHS WITH THE CITY;

33 (2) HAVE WORKED A MINIMUM OF 1,500 HOURS; AND

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1 (3) HAVE BEEN CLASSIFIED AS A REGULAR, FULL-TIME EMPLOYEE BY THE
2 DEPARTMENT OF HUMAN RESOURCES.

3 (G) *APPLICATION AND ANNUAL VERIFICATION.*

4 (1) A LOW-INCOME EMPLOYEE SEEKING TO OBTAIN AND ANNUALLY MAINTAIN A CREDIT
5 UNDER THIS SECTION MUST FILE WITH THE FINANCE DIRECTOR AN APPLICATION FOR
6 THE CREDIT.

7 (2) THE APPLICATION MUST BE FILED WITH THE FINANCE DIRECTOR ON OR AFTER
8 FEBRUARY 1 PRECEDING THE TAX YEAR FOR WHICH THE CREDIT IS SOUGHT BUT NO
9 LATER THAN MARCH 30 OF THAT TAX YEAR.

10 (3) THE APPLICATION MUST BE IN THE FORM AND CONTAIN THE INFORMATION THAT THE
11 FINANCE DIRECTOR REQUIRES AND SHALL INCLUDE A VERIFICATION THAT:

12 (I) THE HOMEOWNER IS A REGULAR, FULL-TIME CITY EMPLOYEE; AND

13 (II) THE PROPERTY IS:

14 (A) USED AS THE LOW-INCOME EMPLOYEE'S PRINCIPAL RESIDENCE; AND

15 (B) OTHERWISE ELIGIBLE FOR THE TAX CREDIT AUTHORIZED BY THIS
16 SECTION.

17 (H) *TERM OF CREDIT.*

18 THE CREDIT GRANTED UNDER THIS SECTION CONTINUES FROM TAX YEAR TO TAX YEAR,
19 SUBJECT TO COMPLIANCE WITH THE ANNUAL VERIFICATION REQUIREMENTS OF
20 SUBSECTION (G) OF THIS SECTION.

21 (I) *ADMINISTRATION.*

22 THE FINANCE DIRECTOR:

23 (1) SHALL ADOPT RULES AND REGULATIONS TO CARRY OUT THIS SECTION, INCLUDING
24 PROCEDURES, FORMS, AND DOCUMENTATION REQUIRED TO APPLY FOR THE CREDIT
25 AUTHORIZED BY THIS SECTION AND TO PERIODICALLY VERIFY CONTINUING
26 ELIGIBILITY FOR THE CREDIT;

27 (2) MAY, IN THOSE RULES AND REGULATIONS, DEFINE OR FURTHER DEFINE ANY TERMS
28 USED IN CONNECTION WITH THE QUALIFICATIONS FOR OR COMPUTATION OF THE
29 CREDIT AUTHORIZED BY THIS SECTION;

30 (3) MAY SETTLE DISPUTED CLAIMS ARISING IN CONNECTION WITH THE CREDIT
31 AUTHORIZED BY THIS SECTION;

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1 (4) MUST PREPARE AN ANNUAL WRITTEN REPORT TO THE MAYOR AND CITY COUNCIL
2 DETAILING THE NUMBER OF LOW-INCOME EMPLOYEES FROM EACH AGENCY WHO
3 HAVE UTILIZED THE TAX CREDIT IN THE PRECEDING YEAR; AND

4 (5) MAY DELEGATE TO ANY OTHER CITY AGENCY OR EMPLOYEE THE DIRECTOR'S
5 POWERS, DUTIES, OR FUNCTIONS IN CONNECTION WITH THE ADMINISTRATION OF
6 THE CREDIT AUTHORIZED BY THIS SECTION.

7 (J) *CRIMINAL PENALTIES.*

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

14 (K) *TERMINATION OF PROGRAM.*

15 APPLICATIONS FOR THIS CREDIT MAY NOT BE ACCEPTED AFTER JUNE 30, 2030.

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

19 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 60th day
20 after it is enacted.