

**CITY OF BALTIMORE
COUNCIL BILL 21-0062
(First Reader)**

Introduced by: Councilmembers Costello, Schleifer, Cohen, Bullock, Porter, Middleton,
Torrence, Conway, Glover, Stokes

Introduced and read first time: April 5, 2021

Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of
Planning, Baltimore Development Corporation, Live Baltimore

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **High-Performance Newly Constructed Dwellings – Clarifications**

3 FOR the purpose of revising the definition of “newly constructed”; clarifying and extending the
4 tax credit qualification deadlines for certain high-performance newly constructed dwellings;
5 clarifying the termination of the tax credit program; conforming and clarifying related
6 provisions; defining a certain term; and providing for a special effective date.

7 BY repealing and re-ordaining, with amendments

8 Article 28 - Taxes

9 Section(s) 10-18.1

10 Baltimore City Code

11 (Edition 2000)

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

14 **Baltimore City Code**

15 **Article 28. Taxes**

16 **Subtitle 10. Credits**

17 **§ 10-18.1. High-performance newly constructed dwellings.**

18 (a) *Definitions.*

19 (1) *In general.*

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

21 (2) *High-performance.*

22 “High-performance” means meeting the performance standards set forth in State Tax-
23 Property Article § 9-242(a) {“High performance building’ defined”}.

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

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1 (3) *Newly constructed dwelling.*

2 ["Newly constructed dwelling" has the meaning stated in State Tax-Property Article
3 § 9-304(d) {"Newly constructed dwellings"}.]

4 (I) *IN GENERAL.*

5 "NEWLY CONSTRUCTED DWELLING" MEANS RESIDENTIAL REAL PROPERTY:

6 (A) THAT HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE ITS CONSTRUCTION;
7 AND

8 (B) FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED ON OR
9 AFTER OCTOBER 1, 1994.

10 (II) *INCLUSION.*

11 "NEWLY CONSTRUCTED DWELLING" INCLUDES A VACANT DWELLING THAT:

12 (A) HAS BEEN REHABILITATED IN COMPLIANCE WITH APPLICABLE LOCAL LAWS
13 AND REGULATIONS; AND

14 (B) HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE THE REHABILITATION.

15 (4) *Owner.*

16 "Owner" has the meaning stated in State Tax-Property Article § 9-304(d) {"Newly
17 constructed dwellings"}.

18 (5) *VACANT DWELLING.*

19 "VACANT DWELLING" MEANS RESIDENTIAL REAL PROPERTY THAT:

20 (I) CONTAINS NO MORE THAN 4 DWELLING UNITS AS DEFINED IN § 202.2 OF THE
21 BALTIMORE CITY BUILDING CODE; AND

22 (II) EITHER:

23 (A) HAD BEEN CITED WITH A VACANT BUILDING NOTICE THAT REMAINED
24 UNABATED UNTIL THE REHABILITATION DESCRIBED IN PARAGRAPH
25 (3)(II)(A); OR

26 (B) HAS BEEN OWNED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE
27 CITY FOR 1 YEAR AND IS IN NEED OF SUBSTANTIAL REPAIR TO COMPLY
28 WITH APPLICABLE CITY CODES.

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1 (b) *Credit granted.*

2 There is established a property tax credit, as authorized in State Tax-Property Article
3 § 9-242, against the property tax imposed on high-performance newly constructed
4 dwellings that are owned by qualifying owners.

5 (c) *Qualifications.*

6 The owner of a high-performance newly constructed dwelling may qualify for the tax
7 credit authorized by this section by:

- 8 (1) purchasing a high-performance newly constructed dwelling;
- 9 (2) occupying that dwelling as his or her principal residence;
- 10 (3) filing an application for the credit [either:
- 11 (i)] within 90 days after settling on the purchase of the dwelling [; or
- 12 (ii) if settlement on the purchase of the dwelling occurred after
- 13 July 1, 2018, no later than February 29, 2020];
- 14 (4) for each taxable year for which the credit is sought, filing a state income tax
- 15 return as a resident of Baltimore City;
- 16 (5) satisfying all other conditions imposed by the regulations of the Director of
- 17 Finance; and
- 18 (6) not currently receiving the credit authorized by § 10-5 of this subtitle {"Newly
- 19 constructed dwellings"}.

20 (d) *Amount of credit.*

21 A property tax credit granted under this section shall equal the amount of CITY property
22 tax imposed on the real property, less the amount of any other credit applicable in that
23 year, multiplied by:

- 24 (1) 50% for the 1st full taxable year in which the property qualifies for the tax credit;
- 25 (2) 40% for then 2nd full taxable year in which the property qualifies for the tax
26 credit;
- 27 (3) 30% for the 3rd full taxable year in which the property qualifies for the tax credit;
- 28 (4) 20% for the 4th full taxable year in which the property qualifies for the tax credit;
- 29 (5) 10% for the 5th full taxable year in which the property qualifies for the tax credit;
- 30 and
- 31 (6) 0% for each taxable year thereafter.

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1 (e) *Rules and regulations.*

2 (1) Subject to Title 4 {"Administrative Procedure Act – Regulations"} of the City
3 General Provisions Article, the Director of Finance shall adopt rules and regulations
4 to carry out the provisions of this section.

5 (2) These regulations shall include procedures necessary and appropriate for the
6 submission of an application for and the granting of a property tax credit under this
7 section.

8 (f) *Reporting credits.*

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

11 (1) shall be reported by the Director of Finance of Baltimore City as a "tax
12 expenditure" for that fiscal year; and

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

16 (g) *Annual report.*

17 The Director of Finance shall report annually to the Board of Estimates and to the Mayor
18 and City Council any results and findings of any analysis of the tax credit, including the
19 steps taken and proposed to be taken to promote and otherwise further the use of the tax
20 credit program.

21 (h) *Termination of program.*

22 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION [After June 30, 2021],
23 additional owners WHOSE SETTLEMENT ON THE PURCHASE OF A high-performance newly
24 constructed [dwellings] DWELLING OCCURS AFTER JUNE 30, 2022 may not apply for a
25 credit under this section

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

29 **SECTION 3. AND BE IT FURTHER ORDAINED,** That, if settlement on the purchase of the
30 high-performance newly constructed dwelling occurred prior to the enactment of this Ordinance
31 and if the building permit for construction of the high-performance newly constructed dwelling
32 was issued on or after July 1, 2019 but before July 1, 2020, an application for a tax credit under
33 Section 1 of this Ordinance must be filed no later than December 31, 2021.

34 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
35 enacted.