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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, NOVEMBER 9, 2021  
10:02 AM**

**VIRTUAL WEBEX MEETING**

*Council Bill 21-0169*

**High-Performance Newly Constructed Dwellings Tax Credit -  
Application Extension**

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## BILL SYNOPSIS

**Committee:** Ways and Means

**Bill:** 21-0169

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### High-Performance Newly Constructed Dwellings Tax Credit - Application Extension

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**Sponsor:** Councilmembers Costello, et al

**Introduced:** October 18, 2021

**Purpose:**

**For the purpose of** extending the period within which applications may be accepted for the High-Performance Newly Constructed Dwellings Tax Credit and providing for a special effective date.

**Effective:** On the date it is enacted.

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### Agency Reports

Law Department	Favorable
Department of Planning	No Objection
Baltimore Development Corporation	None as of this writing
Department of Finance	None as of this writing
Department of Housing and Community Development	No Objection
LIVE Baltimore	None as of this writing

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### Analysis

Article 28 Taxes, Under Subtitle 10 of the Baltimore City Code outlines the rules, mandates and/or regulations pertaining to tax credits.

### Background

The High-Performance Newly Constructed Dwellings Property Tax Credit encourages the construction and purchase of new homes in Baltimore City. The program provides a 5-year property tax credit with the credit amount decreasing annually<sup>1</sup>. (See Attached - Appendix One)

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<sup>1</sup>LIVE Baltimore Website

## PROGRAM BENEFIT

This program reduces your property taxes.

## ELIGIBILITY & LIMITATIONS

- You must live in this home as your primary residence.
- The tax credit does not transfer between property owners.
- The tax credit is 50% in the first taxable year and decreases by 10 percentage points thereafter for 5 years.
- The property must not have been previously occupied by an owner or tenant since its new construction or substantial rehabilitation.
- If the property was a substantial rehabilitation it must have been cited as abandoned or vacant for at least one year or have been owned by the City for at least one year.
- The property cannot contain more than 4 dwelling units.
- You must apply for the tax credit within 90 days of settling on the purchase of the property.
- High-Performance buildings are defined by meeting green building guidelines or standards approved by the State.<sup>2</sup>

If approved, Council Bill 21-0169 would extend the tax credit by two (2) years; from June 30, 2022 to June 30, 2024.

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### Additional Information

#### Fiscal Note:

**Information Source(s):** City Code, Council Bill 21-0169, see footnotes and all agency reports received as of this writing.

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*Marguerite M. Currin*  
Analysis by: Marguerite M. Currin  
Analysis Date: November 4, 2021

Direct Inquiries to: (443) 984-3485

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<sup>2</sup> Ibid

## BALTIMORE CITY DEPARTMENT OF FINANCE

### **High-Performance Newly Constructed Dwellings Property Tax Credit**

#### Program Purpose and Description

This program was designed for the purpose of establishing a property tax credit for high-performance newly constructed dwellings. The program provides:

A five-year City real property tax credit (50% in the first taxable year and declining by 10 percentage points per year thereafter) on high-performance newly constructed dwellings if the property has not been previously occupied by an owner or a tenant since its construction or substantial rehabilitation. In order for a substantially rehabilitated dwelling to be eligible for this credit, it must contain no more than four dwelling units. Additionally, the dwelling must have been cited by the City's Department of Housing and Community Development as being vacant and abandoned for more than one year or have been owned by the Mayor and City Council of Baltimore for one year and be in need of substantial repair to comply with applicable City codes. This tax credit is non-transferable and only applies if the owner is the first party to purchase the high-performance newly constructed dwelling after its completion.

If someone owns a previously vacant building, has rehabilitated that building while owning it and would now like to apply for a property tax credit for the rehabilitated property, please see the fact sheet for **Vacant Dwelling Homeowners Property Tax Credit**. That credit program applies when the owner of the property has rehabilitated the property and continues to occupy it.

#### Qualifications

Owners of high-performance newly constructed dwellings may qualify for this tax credit by:

- Purchasing a high-performance newly constructed dwelling that has not previously been occupied.
- Continuing to own and occupy this property as their principal residence for the duration of the credit period (as their principal residence, this would be the address reported on their income tax returns).
- Filing an application for the tax credit within 90 days after settling on the purchase of the dwelling OR within 90 days of the enactment of this credit ordinance (August 29, 2019) if settlement on the purchase of the dwelling occurred after July 1, 2018.
- Filing a Maryland state income tax return as a resident of Baltimore City for each taxable year for which the credit is sought.
- Satisfying all other conditions imposed by the regulations of the Director of Finance.

## Credit Calculation

A property tax credit granted under this program may not exceed the amount of City property tax imposed on the property, less the amount of any other credit applicable in that year, multiplied by the appropriate percentage. See the example below.

	<b>City Taxes</b>	<b>Credit %</b>	<b>Credit Amount</b>
<b>Column Calculation</b>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i> <i>(1) x (2)</i>
<b>Year 1</b>	\$7,000	50%	\$3,500
<b>Year 2</b>	\$8,250	40%	\$3,300
<b>Year 3</b>	\$9,500	30%	\$2,850
<b>Year 4</b>	\$9,650	20%	\$1,930
<b>Year 5</b>	\$9,800	10%	\$980

## Reassessment of New Construction

- When someone purchases a high-performance newly constructed residential dwelling, he or she might not know at the time of purchase what the real property assessment for the new home will be. Often, the only assessment generally available at the time of purchase is the old assessment for the parcel, prior to the new construction.
- At some point after the completion of the high-performance newly constructed dwelling, the State Department of Assessments and Taxation (SDAT) will reassess the property to incorporate the new construction into the assessed value. It can take weeks or months for SDAT to perform this reassessment.
- A homeowner can contact SDAT at 410-767-8250 or <http://www.dat.state.md.us> to find out whether this assessment of the new construction has been completed.

## Credit Application Process

- Upon receipt of the tax credit application found on the tax credit application website available at <https://propertytaxcredits.baltimorecity.gov/PropertyTaxCredits/> Finance will review the application and notify the applicant via email whether the application is approved or rejected. If the application is rejected, the reason for rejection will be provided.
- The tax credit application will be reviewed once the application has been submitted via the online Tax Credit System. Applications in Saved status will not be considered for the credit until they have been submitted and the status of the application has been changed to Submitted.
- Once an application has been approved, the tax credit will be awarded on the next full year real property tax bill which includes tax liability imposed on the high-performance newly constructed dwelling.

## Legal Reference

- State enabling legislation – Annotated Code of Maryland, Tax Property Article, Section 9-242 (a)
- Baltimore City Code, Article 28-Taxes, Section 10-18.1 (Ordinance No. 19-290).

## Sunset Provision

After June 30, 2021, additional owners of high-performance newly constructed dwellings may not apply for a credit under this program.

## Application Procedures:

### ***Step 1: Complete one-time online application and upload qualifying documents which include:***

1. From the Department of Housing and Community Development, Charles L. Benton Building, 417 East Fayette Street, Room 202, 410-396-3360/3361.
  - a. Evidence of Appropriate Building Permits (go to [http://cels.baltimorehousing.org/Search\\_TM\\_MAP.aspx](http://cels.baltimorehousing.org/Search_TM_MAP.aspx) to print out a list of all building permits issued for your particular property which can be used to fulfill the requirements for this tax credit).
  - b. If substantially rehabilitated and not previously owned by the Mayor and City Council of Baltimore, a copy of the Vacant Building Notice from the Department of Housing must also be included in the application (for questions, please call the Department of Housing Code Enforcement Unit at 410-396-4170).
2. From the settlement company, a notarized copy of your settlement worksheet must be included.

*Step 2:* Contact the State Department of Assessments and Taxation (SDAT) to confirm that the property is classified as the homeowner's principal residence. SDAT can be reached at 410-767-8250.

*Step 3:* Owner shall submit the online application via the Tax Credit System within 90 days after settling on the purchase of the dwelling OR within 90 days of the enactment of this credit ordinance (August 29, 2019) if settlement on the purchase of the dwelling occurred after July 1, 2018.

*Step 4:* Finance will review the application and notify the applicant via email of the approval or rejection of the application. PLEASE NOTE: As part of the application review process, Finance will attempt to confirm that the property is classified as the homeowner's principal residence. If the property is not classified as the homeowner's principal residence, Finance will attempt to confirm with SDAT that the homeowner is in the process of correcting this classification. If SDAT cannot confirm this, the application will be REJECTED.

# **High-Performance Newly Constructed Dwellings Property Tax Credit**

## **Frequently Asked Questions**

### **What is the High-Performance Newly Constructed Dwellings Property Tax Credit?**

The High-Performance Newly Constructed Dwellings Property Tax Credit is designed to offer a credit against the City real property tax imposed on the assessment of eligible high-performance newly constructed or substantially rehabilitated dwellings that are owned by qualifying owners.

### **What is the credit term?**

The credit is for a maximum of five (5) consecutive years.

### **How is the credit amount calculated?**

The credit is based on a percentage of the City of Baltimore real property taxes for each taxable year that the property remains eligible. The tax credit amount is based on the City property tax imposed on the property, less the amount of any other credit applicable in that year, multiplied by the appropriate percentage. This percentage begins at 50% in the first year of eligibility and decreases with 10% each year for a total of five years.

	<b>City Taxes</b>	<b>Credit %</b>	<b>Credit Amount</b>
<b>Column Calculation</b>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i> <i>(1) x (2)</i>
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### **Is the credit transferable to another owner if I sell my home?**

The credit does not transfer between property owners.

### **How do I know if I am eligible for this credit?**

To be eligible for this credit, the applicant must:

1. Purchase a high-performance newly constructed dwelling or eligible substantially rehabilitated dwelling that has not been previously occupied;
2. Occupy that dwelling as their principal residence; and
3. Submit an application for the tax credit within 90 days after settling on the purchase of the dwelling OR within 90 days of the enactment of this credit ordinance (August 29, 2019) if settlement on the purchase of the dwelling occurred after July 1, 2018.



**Do I need to apply for the Homestead Tax Credit in order to apply for the High-Performance Newly Constructed Dwellings Property Tax Credit?**

No. However, we strongly encourage you to apply for the Homestead Tax Credit because it is a relatively simple process that can prove very beneficial for homeowners over the period of time that they own their home. However, it is not a requirement of the High-Performance Newly Constructed Dwellings Property Tax Credit. For more information about the Homestead Tax Credit and how to apply, please visit <http://dat.maryland.gov/realproperty/Pages/Maryland-Homestead-Tax-Credit.aspx>

**My home is not listed as my principal residence on the SDAT website. How do I update that information?**

Please contact SDAT's Baltimore City office at 410-767-8250 and request an update to your Homeowner indicator.

**I meet all of the eligibility criteria for the High-Performance Newly Constructed Dwellings Property Tax Credit. How do I apply?**

Visit <https://propertytaxcredits.baltimorecity.gov/PropertyTaxCredits/> to access the online application system. Only online applications are accepted.

- *Step #1:* Click "Register" on the Tax Credit System homepage to create a unique user login.
- *Step #2:* Enter your contact information in the appropriate fields. Your password must be at least eight characters and contain at least 1 number. Once complete, click "Create User" to register.
- *Step #3:* Once your account has been successfully created, click <https://propertytaxcredits.baltimorecity.gov/PropertyTaxCredits/> to proceed to the login page. Enter your newly created username and password in the login fields. Click "Log In."
- *Step #4:* Click "Applications" on the left-side menu. Click "Create Application" from the dropdown menu.
- *Step #5:* On the "Create a New Application" page, click the "Select Application Type" dropdown and select "HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS PROPERTY TAX CREDIT". Select "Create a New Application" to start your application. Please be sure to click "Save" on each page before moving to the next tab.
- *Step #6:* Click on "Submit" on the signature tab. The system will email you a confirmation once you've successfully submitted your application. If you do not receive an email confirming the submittal of your application, please contact us immediately. Applications in "Saved" status are not submitted and will not be considered for credit. The application **MUST** be in submitted status before your application period expires.

**The application asks for the property transfer date. Where do I find this?**

The transfer date is the date of settlement/closing. You can find this on your Closing Disclosures form received at settlement/closing.

**Is there a deadline to apply for this credit?**

Yes. An application for this tax credit must be submitted within 90 days after settling on the purchase of the dwelling OR within 90 days of the enactment of this credit ordinance (August 29, 2019) if settlement on the purchase of the dwelling occurred after July 1, 2018.

**Is this credit being terminated?**

After June 30, 2021, additional owners of high-performance newly constructed dwellings may not apply for a credit under this program.

**Do I need to reapply every year?**

No. Once the credit is granted, it automatically renews for homeowners who continue to maintain their qualification requirements. If requirements are no longer met, the credit is discontinued.

**How long does it take to process the credit application?**

Once all required documents are received and your Homeowner Indicator status is verified, the review process is typically completed in less than 30 days. Applications are reviewed in the order in which they are received.

**I cannot access the “Saved” application. Where would I find that? I went to application search and nothing came up. There appears to be no place to access the application in the system.**

If you log-in to the system and input the application ID # into the corresponding search field, the application will appear.

**I have a question not listed here. Who can I contact?**

Please email any questions to [tax.credits@baltimorecity.gov](mailto:tax.credits@baltimorecity.gov).

# **Council Bill: 21-0169**

## **AGENCY REPORTS**

**See attached**

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CITY OF BALTIMORE

BRANDON M. SCOTT  
Mayor



DEPARTMENT OF LAW  
JAMES L. SHEA, CITY SOLICITOR  
100 N. HOLLIDAY STREET  
SUITE 101, CITY HALL  
BALTIMORE, MD 21202

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October 26, 2021

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 21-0169 – High-Performance Newly-Constructed  
Dwellings Tax Credit – Application Extension

Dear President and City Council Members:



The Law Department has reviewed City Council Bill 21-0169 for form and legal sufficiency. The bill would change the termination date for the tax credit program to allow applications for the tax credit to be received until June 30, 2024.

The General Assembly has given the City the authority to enact this tax credit. Md. Code, Tax-Prop., § 9-242. This includes the authority to adopt the duration of the tax credit. Md. Code, Tax-Prop., § 9-242(c)(2). The extension of this program is consistent with this state enabling legislation. The Law Department approves this bill for form and legal sufficiency.

Very truly yours,

Hilary Ruley  
Chief Solicitor

cc: James L. Shea, City Solicitor  
Nina Themelis, Mayor's Office of Government Relations  
Elena DiPietro, Chief Solicitor, General Counsel Division  
Ashlea Brown, Chief Solicitor  
Victor Tervalva, Chief Solicitor

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR 	CITY of BALTIMORE  <b>MEMO</b>	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 <sup>TH</sup> FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #21-0169/ HIGH-PERFORMANCE NEWLY CONSTRUCTED DWELLINGS TAX CREDIT – APPLICATION EXTENSION		

TO

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

DATE: October 20, 2021

The Department of Planning is in receipt of City Council Bill #21-0169, which is for the purpose of extending the period within which applications may be accepted for the High-Performance Newly Constructed Dwellings Tax Credit and providing for a special effective date.

The Department of Planning has **no objection** to City Council Bill #21-0169, and defers to the Department of Finance as the more directly impacted agency. This bill will extend the deadline for applications for an additional two years.

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. Natasha Mehu, Mayor's Office  
Ms. Nina Themelis, Mayor's Office  
The Honorable Eric Costello, Council Rep. to Planning Commission  
Mr. Matthew Stegman, City Council President's Office  
Ms. Nikki Thompson, City Council President's Office  
Mr. Colin Tarbert, BDC  
Ms. Kathleen Byrne, 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  
Mr. Henry J. Raymond, Dept. of Finance



## MEMORANDUM

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

From: Alice Kennedy, Acting Housing Commissioner

Date: October 26, 2021

### **Re: City Council Bill 21-0169 High-Performance Newly Constructed Dwellings Tax Credit - Application Extension**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 21-0169 for the purpose of extending the period within which applications may be accepted for the High-Performance Newly Constructed Dwellings Tax Credit and providing for a special effective date.

If enacted, City Council Bill 21-0169 would extend the deadline for applications for an additional 2 years. The current credit is set to expire June 30, 2022, this legislation would extend the credit until June 30, 2024.

DHCD's role in the award of these tax credits is driven by those seeking the credit, we evaluate projects to verify the "green building" status of buildings.

Newly Constructed Dwelling Tax Credits incentivize the construction of new homes and the substantial rehabilitation of vacant homes and may provide additional housing options for Baltimore City residents.

DHCD has **no objection** to the passage of City Council Bill 21-0169.

*AK/sm*

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

**CITY OF BALTIMORE**  
**COUNCIL BILL 21-0169**  
**(First Reader)**

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

Introduced and read first time: October 18, 2021

Assigned to: Ways and Means Committee

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

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **High-Performance Newly Constructed Dwellings Tax Credit – Application Extension**

3 FOR the purpose of extending the period within which applications may be accepted for the High-  
4 Performance Newly Constructed Dwellings Tax Credit and providing for a special effective  
5 date.

6 BY repealing and reordaining, with amendments

7 Article 28 - Taxes

8 Section 10-18.1(h)

9 Baltimore City Code

10 (Edition 2000)

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

13 **Baltimore City Code**

14 **Article 28. Taxes**

15 **Subtitle 10. Credits**

16 **§ 10-18.1. High-performance newly constructed dwellings.**

17 (h) *Termination of program.*

18 Notwithstanding any other provision of this section, additional owners whose settlement  
19 on the purchase of a high-performance newly constructed dwelling occurs after June 30,  
20 [2022] 2024, may not apply for a credit under this section.

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

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