



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland 21202

Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Councilmember Kraft

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
In Support of State Legislation - Senate Bill 239 - Homestead Tax Credits

FOR the purpose requesting that the Honorable Chair and Members of the Budget and Taxation Committee take this show of support under consideration during their deliberations on Senate Bill 239, which repeals the requirement of re-application for the Homestead Property Tax Credit, and urging them to give the bill a favorable report; requesting the Honorable Chair and Members of the Baltimore City Senate and House Delegations to the 2008 Maryland General Assembly to secure passage of the bill; and petitioning the Governor to sign the bill into law.

Recitals

On January 23, 2008, the Honorable Chair and Members of the Budget and Taxation Committee heard Senate Bill 239, which repeals the requirement of re-application for the Homestead Property Tax Credit. The Homestead Property Tax Credit has been in place in the State of Maryland for 30 years, and many longtime residents of the State and of Baltimore City rely on its protection from escalating property values.

In the 2007 session of the Maryland General Assembly, Senate Bill 522/House Bill 436 was passed, requiring recipients of the Homestead Tax Credit to reapply in order to prove their eligibility. The intent of this bill was to ensure that ineligible properties no longer receive the credit, thus restoring revenue to the State and local governments. However, the re-application process creates a significant risk that many eligible homeowners may be excluded due to a lack of awareness of this new requirement or difficulty with administrative procedures. As long as this risk exists, the cost to neighborhoods, the City, and the State may outweigh any revenue gained by this measure.

Baltimore City's growth has improved the quality of life for its residents. However, for many longtime residents, the cost of maintaining a home in the city would not be sustainable without the protection of the Homestead Tax Credit. According to the Wall Street Journal, home prices in the City "nearly doubled" from 2002 to 2005. The change in market coupled with the high property tax rate in the City (2.288 compared to Baltimore County's rate of 1.100) presents an additional burden.

Like the rest of the nation, Baltimore City and the State of Maryland are currently facing

uncertain times in the housing market. According to the Maryland Homeownership Preservation Task Force, Baltimore City foreclosure rates increased by 503% from the second quarter of 2006 to the second quarter of 2007, while the increase for the State over the same period of time was 344%. The potential loss of a credit as valuable as the Homestead Tax Credit poses undue strain to residents in an already high-risk time.

The cost of home turnover to affected communities is staggering. The Homeownership Preservation Task Force cites reports that a single foreclosure costs City government up to \$5,000 or more, lowers nearby home values, and increases the potential for violent crime.

The City relies on its longtime residents for its stability and continued progress. According to Census data from 2006, 12.1% of Baltimore City's entire population is 65 years of age or older. These residents are among the most vulnerable in the re-application process, and are those in the most need of the credit's protection.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That this Body requests that the Honorable Chair and Members of the Budget and Taxation Committee take this show of support under consideration during their deliberations on Senate Bill 239, which repeals the requirement of re-application for the Homestead Property Tax Credit, and urges them to give the bill a favorable report; requests the Honorable Chair and Members of the Baltimore City Senate and House Delegations to the 2008 Maryland General Assembly to secure passage of the bill; and petitions the Governor to sign the bill into law.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Governor, the Honorable Chair and Members of the Maryland Senate Budget and Taxation Committee, the Honorable Chair and Members of the Baltimore City Senate and House Delegations to the 2008 Maryland General Assembly, the Mayor, the Executive Director of the Mayor's Office of State Relations, and the Mayor's Legislative Liaison to the City Council.

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