



Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: President Rawlings-Blake

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Investigative Hearing - Newly Constructed Dwelling Property Tax Credit - Application Period

FOR the purpose of requesting the Director of Finance to review the practicality of the current time requirement for eligible homeowners to file an application for the Newly Constructed Dwelling Property Tax Credit and to report the findings of the review to the City Council within 60 days of the date this resolution is adopted.

Recitals

The Newly Constructed Dwelling Property Tax Credit Program, as administered by the Department of Finance, provides a 5-year City real property tax credit on newly constructed or substantially rehabbed dwellings if the property has not been previously occupied since its construction or rehabilitation, contains no more than 4 dwelling units, and has been cited as being vacant and abandoned for more than 1 year or been owned by the Mayor and City Council for 1 year and in need of substantial repair to comply with applicable City codes. The credit applies to newly constructed dwellings for which building permits were issued on or after October 1, 1994, is non-transferable, and only applies if the owner is the first party to purchase the newly constructed dwelling after its completion.

In order to receive the tax credit, the owner of an eligible property must obtain a reassessment of that property from the State Department of Assessments and Taxation (SDAT) to incorporate the new dwelling into the assessment value because assessment at the time of purchase will be of the parcel prior to construction or substantial rehabilitation. Under the present regulations promulgated by the City, while the reassessment process by the State agency can take from a few weeks to a number of months, the new homeowner must apply to the City for the Newly Constructed Dwelling Property Tax Credit within 90 days of settlement on the property. When the homeowner's application is submitted to the City Collections Division, it is date-stamped.

Upon receipt of the tax credit application, the City Collections Division consults SDAT to determine if the new home has been assessed. If there is a new assessment, the application is processed; if the new assessment has not yet been entered into the SDAT system, the Collections Division holds the application in a pending file and checks the SDAT system bi-weekly to see whether the assessment has been entered. Once the assessment has been entered, the Baltimore City homeowner's application for a Newly Constructed Dwelling Property Tax Credit is processed.

The Newly Constructed Dwelling Property Tax Credit was established by State enabling legislation that set the broad parameters of the program, such as what properties are eligible, the percentage of the subdivision property tax that can be credited, and limits on the type of properties that are eligible. State law grants the City the authority to adopt the procedures necessary to apply for this property tax credit, including the requirement that the application must be made within 90 days of settlement of the house.

Although statistics may show that this tax credit program is indeed fulfilling its purpose of adding new homes and returning previously abandoned homes to the City's stock of desirable housing, anecdotes from homeowners who have failed to meet the 90-day filing requirement would indicate that the program is not being utilized to full capacity. These homeowners report that the 90-day deadline has proven onerous for various reasons, including:

- * Real estate agents based in other subdivisions are not aware of the 90-day filing limit and therefore do not inform their clients of the requirement.
- * Although builder's sales agents use the Newly Constructed Dwelling Property Tax Credit as an incentive to interested buyers, they either are not aware of the 90-day requirement or simply fail to inform the new homeowner that it is incumbent upon the purchaser to make application for the tax credit within 90 days of settlement.
- * The unpredictability of the SDAT reassessment process confuses the purchaser who mistakenly believes that the true assessment must be in hand to apply for the appropriate amount of tax credit.

Changing the 90-day filing requirement for home buyers, already confused and often overwhelmed by the avalanche of paperwork involved in a closing, would allow more persons to receive a benefit to which they are entitled and would make purchasing homes in Baltimore City more attractive to persons looking to purchase a home in the Baltimore-Washington metropolitan area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Director of Finance is requested to review the practicality of the current time requirement for eligible homeowners to file an application for the Newly Constructed Dwelling Property Tax Credit and to report the findings of the review to the City Council within 60 days of the date this resolution is adopted.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Mayor, the Director of Finance, the Comptroller, the Commissioner of Housing, and the Mayor's Legislative Liaison to the City Council.

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