
By: Senators Hoffman and Bromwell

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Neighborhood Preservation and Stabilization Act of 1996 - Demonstration Project**

3 FOR the purpose of requiring the Mayor and City Council of Baltimore City and the
4 governing body of Baltimore County to grant a property tax credit for a certain
5 portion of property taxes paid for certain owner-occupied residential real property
6 purchased during a certain period of time in certain designated areas of Baltimore
7 City and Baltimore County; allowing certain tax payers a credit against State income
8 tax for certain property tax paid; providing for a refund under certain
9 circumstances; specifying the amount of the credits; requiring certain reports;
10 providing for the applicability of this Act; and generally relating to credits against
11 certain county property taxes and the State income tax for property tax paid for
12 certain real property.

13 BY adding to

14 Article - Tax - General
15 Section 10-707
16 Annotated Code of Maryland
17 (1988 Volume and 1995 Supplement)

18 BY adding to

19 Article - Tax - Property
20 Section 9-326
21 Annotated Code of Maryland
22 (1994 Replacement Volume and 1995 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Tax - General**

26 10-707.

27 (A) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
28 FOR A TAXABLE YEAR IN THE AMOUNT SPECIFIED IN SUBSECTION (B) OF THIS
29 SECTION FOR PROPERTY TAX PAID IN THAT TAXABLE YEAR FOR
30 OWNER-OCCUPIED, RESIDENTIAL REAL PROPERTY THAT IS GRANTED A PROPERTY
31 TAX CREDIT UNDER § 9-326 OF THE TAX - PROPERTY ARTICLE.

2

1 (B) THE CREDIT SHALL EQUAL THE AMOUNT OF THE PROPERTY TAX CREDIT
2 GRANTED FOR PROPERTY TAX PAID UNDER § 9-326 OF THE TAX - PROPERTY
3 ARTICLE.

4 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
5 EXCEEDS THE STATE INCOME FOR THAT TAXABLE YEAR, CALCULATED BEFORE
6 APPLICATION OF THE CREDITS UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF
7 THIS SUBTITLE, BUT AFTER APPLICATION OF THE OTHER CREDITS ALLOWABLE
8 UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE REFUNDED.

9 **Article - Tax - Property**

10 9-326.

11 (A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY AND THE
12 GOVERNING BODY OF BALTIMORE COUNTY SHALL GRANT A PROPERTY TAX
13 CREDIT AGAINST THE COUNTY PROPERTY TAX IMPOSED ON OWNER-OCCUPIED,
14 RESIDENTIAL REAL PROPERTY THAT IS PURCHASED FROM JULY 1, 1996 THROUGH
15 JUNE 30, 1999, IN A GEOGRAPHIC AREA OF BALTIMORE CITY OR BALTIMORE COUNTY
16 THAT CONTAINS BETWEEN 800 AND 1200 SINGLE-FAMILY DWELLINGS AND THAT IS
17 DESIGNATED BY THE MAYOR OF BALTIMORE CITY OR THE COUNTY EXECUTIVE OF
18 BALTIMORE COUNTY, RESPECTIVELY, FOR PARTICIPATION IN A DEMONSTRATION
19 PROJECT FOR NEIGHBORHOOD PRESERVATION AND STABILIZATION.

20 (B) THE PROPERTY TAX CREDIT SHALL EQUAL:

21 (1) 40% OF THE COUNTY PROPERTY TAX FOR EACH OF THE FIRST 5
22 TAXABLE YEARS AFTER THE PURCHASE OF THE REAL PROPERTY;

23 (2) 35% OF THE COUNTY PROPERTY TAX FOR THE 6TH TAXABLE YEAR
24 AFTER THE PURCHASE OF THE REAL PROPERTY;

25 (3) 30% OF THE COUNTY PROPERTY TAX FOR THE 7TH TAXABLE YEAR
26 AFTER THE PURCHASE OF THE REAL PROPERTY;

27 (4) 25% OF THE COUNTY PROPERTY TAX FOR THE 8TH TAXABLE YEAR
28 AFTER THE PURCHASE OF THE REAL PROPERTY;

29 (5) 20% OF THE COUNTY PROPERTY TAX FOR THE 9TH TAXABLE YEAR
30 AFTER THE PURCHASE OF THE REAL PROPERTY;

31 (6) 15% OF THE COUNTY PROPERTY TAX FOR THE 10TH TAXABLE YEAR
32 AFTER THE PURCHASE OF THE REAL PROPERTY; AND

33 (7) 0% OF THE COUNTY PROPERTY TAX FOR EACH TAXABLE YEAR
34 THEREAFTER.

35 (C) THE PROPERTY TAX CREDIT SHALL FIRST APPLY TO THE TAXABLE YEAR
36 BEGINNING AFTER THE DATE OF THE PURCHASE OF THE ELIGIBLE REAL PROPERTY.

37 (D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY AND THE
38 GOVERNING BODY OF BALTIMORE COUNTY MAY PROVIDE, BY LAW, FOR ANY
39 OTHER PROVISION NECESSARY TO CARRY THE PROPERTY TAX CREDIT UNDER THIS
40 SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That on or before June 1, 1996,
2 in accordance with § 2-1312 of the State Government Article, the Mayor of Baltimore
3 City and the County Executive of Baltimore County shall submit a report to the Budget
4 and Taxation Committee and the Ways and Means Committee of the General Assembly
5 that identifies the neighborhoods selected and specifies the number of houses that will
6 qualify for tax credits under this Act.

7 SECTION 3. AND BE IT FURTHER ENACTED, That on or before October 1,
8 1998, in accordance with § 2-1312 of the State Government Article, the State Comptroller
9 shall report to the General Assembly on the effect of this Act on income tax revenues and
10 the Mayor of Baltimore City and the County Executive of Baltimore County shall report
11 to the General Assembly on the impact of this Act on the neighborhoods that are
12 targeted.

13 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 June 1, 1996, and shall be applicable to all taxable years for income tax purposes
15 beginning after December 31, 1996.