

## Chapter 479

(House Bill 314)

AN ACT concerning

### **Baltimore City – Property Tax Credit – Newly Constructed Dwellings**

FOR the purpose of extending the period of time during which owners of newly constructed dwellings in Baltimore City may qualify for a property tax credit; repealing certain provisions of law allowing for an amnesty period for owners who were denied the tax credit for failing to meet the application deadline; providing for the application of this Act; and generally relating to the property tax credit for newly constructed dwellings in Baltimore City.

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–304(d)

Annotated Code of Maryland

(2012 Replacement Volume and 2013 Supplement)

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

### **Article – Tax – Property**

9–304.

(d) (1) (i) In this subsection the following words have the meanings indicated.

(ii) 1. “Newly constructed dwelling” means residential real property that has not been previously occupied since its construction and for which the building permit for construction was issued on or after October 1, 1994.

2. “Newly constructed dwelling” includes a “vacant dwelling” as defined in subsection (c)(1) of this section that has been rehabilitated in compliance with applicable local laws and regulations and has not been previously occupied since the rehabilitation.

(iii) “Owner” means “homeowner” as defined in § 9–105 of this title.

(2) The Mayor and City Council of Baltimore City may grant, by law, a property tax credit under this subsection against the county property tax imposed on newly constructed dwellings that are owned by qualifying owners.

(3) A property tax credit granted under this subsection may not exceed the amount of county property tax imposed on the real property, less the amount of any other credit applicable in that year, multiplied by:

(i) 50% for the first taxable year in which the property qualifies for the tax credit;

(ii) 40% for the second taxable year in which the property qualifies for the tax credit;

(iii) 30% for the third taxable year in which the property qualifies for the tax credit;

(iv) 20% for the fourth taxable year in which the property qualifies for the tax credit;

(v) 10% for the fifth taxable year in which the property qualifies for the tax credit; and

(vi) 0% for each taxable year thereafter.

(4) Notwithstanding the credit amount calculated under paragraph (3) of this subsection, the Mayor and City Council of Baltimore City may establish, by law, maximum limits on the cumulative property tax credit allowed under this subsection or on the amount of the credit allowed for any year.

(5) Owners of newly constructed dwellings may qualify for the tax credit authorized by this subsection by:

(i) purchasing a newly constructed dwelling;

(ii) occupying the newly constructed dwelling as their principal residence;

(iii) filing a State income tax return during the period of the tax credit as a resident of Baltimore City; and

(iv) satisfying other requirements as may be provided by the Mayor and City Council of Baltimore City.

(6) (i) The Mayor and City Council of Baltimore City may provide, by law, for two application periods during which owners can apply for the property tax

credit under this subsection, one that is based on the purchase date of the dwelling and one that is based on the date of the assessment notice.

(ii) [1. The Mayor and City Council of Baltimore City may provide, by law, for a one-time amnesty period for owners who were previously denied the tax credit for failing to meet the application deadline.

2. The amnesty period shall begin at the time the tax credit is reauthorized by the Mayor and City Council of Baltimore City and shall end 60 days thereafter.

3. Only owners who were eligible for the tax credit on or after January 1, 2005, may be eligible to apply for the credit during the amnesty period.

4.] If granted, the tax credit shall be applied against the owner's property taxes as long as the owner remains the owner-occupant of the dwelling for which the credit is received.

(iii) The Mayor and City Council of Baltimore City shall provide for any procedures necessary and appropriate for implementing the application [and amnesty] periods.

(7) The Mayor and City Council of Baltimore City may provide for additional procedures necessary and appropriate for the submission of an application for and the granting of a property tax credit under this subsection, including procedures for granting partial credits for eligibility for less than a full taxable year.

(8) The estimated amount of all tax credits received by owners under this subsection in any fiscal year shall be reported by the Director of Finance of Baltimore City as a "tax expenditure" for that fiscal year and shall be included in the publication of the City's budget for any subsequent fiscal year with the estimated or actual City property tax revenue for the applicable fiscal year.

(9) (i) After June 30, [2014] **2019**, additional owners of newly constructed dwellings may not be granted a credit under this subsection.

(ii) This paragraph does not apply to an owner's continuing receipt of a credit as allowed in paragraph (3) of this subsection, with respect to a property for which a tax credit under this subsection was received for a taxable year ending on or before June 30, [2014] **2019**.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014, and shall be applicable to all taxable years beginning after June 30, 2014.

**Approved by the Governor, May 15, 2014.**