

Chapter 509

(Senate Bill 63)

AN ACT concerning

**Baltimore City – Property Tax Credit for Newly Constructed Dwellings –
Reauthorization and Modification**

FOR the purpose of reauthorizing the Mayor and City Council of Baltimore City to grant, by law, a certain property tax credit against the property tax imposed on certain newly constructed dwellings in Baltimore City, subject to certain limitations; expanding the tax credit program to authorize the Mayor and City Council of Baltimore City to grant, by law, the property tax credit to certain owners of certain substantially rehabilitated dwellings in Baltimore City; altering the calculation of the credit; authorizing the Mayor and City Council of Baltimore City to provide, by law, for a certain application period based in part on the completion date of a certain rehabilitation; providing that the property tax credit may not be granted on or after a certain date; making conforming changes; defining certain terms; altering certain definitions; providing for the application of this Act; and generally relating to a property tax credit in Baltimore City for newly constructed and substantially rehabilitated dwellings.

BY repealing and reenacting, with amendments,
Article – Tax – Property
Section 9–304(d)
Annotated Code of Maryland
(2019 Replacement Volume)

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) **“ELIGIBLE DWELLING” MEANS RESIDENTIAL REAL PROPERTY WITH AN ASSESSED VALUE OF \$500,000 OR LESS THAT IS:**

1. A NEWLY CONSTRUCTED DWELLING; OR
2. A SUBSTANTIALLY REHABILITATED DWELLING.

(III) 1. “MAJOR BUILDING COMPONENT” MEANS A COMPONENT, AT LEAST 50% OF WHICH IS REPLACED, THAT:

A. IS SIGNIFICANT TO THE DWELLING AND ITS USE;
B. IS NORMALLY EXPECTED TO LAST THE USEFUL LIFE OF THE DWELLING; AND

C. IS NOT MINOR OR COSMETIC.

2. “MAJOR BUILDING COMPONENT” INCLUDES:

A. ROOF STRUCTURES;

B. WALL OR FLOOR STRUCTURES;

C. FOUNDATIONS; OR

D. PLUMBING, CENTRAL HEATING AND AIR CONDITIONING, OR ELECTRICAL SYSTEMS.

[(ii)] (IV) 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:

A. on or after October 1, 1994, BUT BEFORE JULY 1, 2019;
OR

B. ON OR AFTER JULY 1, 2020.

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

(VI) 1. “SUBSTANTIALLY REHABILITATED DWELLING” MEANS RESIDENTIAL REAL PROPERTY THAT, ON OR AFTER JULY 1, 2020, HAS UNDERGONE REPAIRS, REPLACEMENTS, OR IMPROVEMENTS:

A. OF TWO OR MORE MAJOR BUILDING COMPONENTS;

B. THAT COMPLY WITH LOCAL LAWS AND REGULATIONS;
AND

C. FOR WHICH THE DIRECT CONSTRUCTION COSTS INCURRED BY THE OWNER EXCEED \$6,500 OR, AFTER THE COMPLETION OF THE REPAIRS, REPLACEMENTS, OR IMPROVEMENTS, 30% OF THE PROPERTY’S ASSESSED VALUE IN THE TAXABLE YEAR.

2. “SUBSTANTIALLY REHABILITATED DWELLING” DOES NOT INCLUDE A REHABILITATED “VACANT DWELLING” AS DEFINED IN SUBSECTION (C)(1) OF THIS SECTION.

(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] **ELIGIBLE** 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) **FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF LESS THAN \$300,000:**~~

~~**1.** 50% ~~100%~~ for the first taxable year in which the property qualifies for the tax credit;~~

~~(ii) **2.** 40% for the second taxable year in which the property qualifies for the tax credit;~~

~~(iii) **3.** 30% for the third taxable year in which the property qualifies for the tax credit;~~

~~(iv) **4.** 20% for the fourth taxable year in which the property qualifies for the tax credit;~~

~~(v) **5.** 10% for the fifth taxable year in which the property qualifies for the tax credit; and~~

~~(vi) **6.** 0% for each taxable year thereafter;~~

~~(H) **FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF AT LEAST \$300,000 BUT NOT MORE THAN \$500,000:**~~

~~**1.** 50% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND~~

~~6. 0% FOR EACH TAXABLE YEAR THEREAFTER; OR~~

~~(H) FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF AT LEAST \$500,000;~~

~~1. 25% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~2. 20% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~3. 15% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~4. 10% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~5. 5% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND~~

~~6. 0% FOR EACH TAXABLE YEAR THEREAFTER.~~

(3) A PROPERTY TAX CREDIT GRANTED UNDER THIS SUBSECTION MAY NOT EXCEED THE SUM OF:

(1) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE REAL PROPERTY THAT IS ATTRIBUTABLE TO THE FIRST \$300,000 OF ASSESSED VALUE, LESS THE AMOUNT OF ANY OTHER CREDIT APPLICABLE IN THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT OF ASSESSED VALUE, MULTIPLIED BY:

1. 100% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

6. 0% FOR EACH TAXABLE YEAR THEREAFTER;

(II) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE REAL PROPERTY THAT IS ATTRIBUTABLE TO THE AMOUNT OF ASSESSED VALUE IN EXCESS OF \$300,000 BUT NOT EXCEEDING \$500,000, LESS THE AMOUNT OF ANY OTHER CREDIT APPLICABLE IN THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT OF ASSESSED VALUE, MULTIPLIED BY:

1. 50% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

6. 0% FOR EACH TAXABLE YEAR THEREAFTER; AND

(III) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE REAL PROPERTY THAT IS ATTRIBUTABLE TO THE AMOUNT OF ASSESSED VALUE IN EXCESS OF \$500,000, LESS THE AMOUNT OF ANY OTHER CREDIT APPLICABLE IN

THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT OF ASSESSED VALUE, MULTIPLIED BY:

1. 25% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

2. 20% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

3. 15% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

4. 10% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

5. 5% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

6. 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] **ELIGIBLE** dwellings may qualify for the tax credit authorized by this subsection by:

(i) **IF THE ELIGIBLE DWELLING IS A NEWLY CONSTRUCTED DWELLING**, purchasing [a] **THE** newly constructed dwelling;

(ii) occupying the [newly constructed] **ELIGIBLE** 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:

1. A. IF THE DWELLING IS A NEWLY CONSTRUCTED DWELLING, the purchase date of the dwelling; OR

B. IF THE DWELLING IS A SUBSTANTIALLY REHABILITATED DWELLING, THE DATE ON WHICH THE REHABILITATION IS COMPLETED; and

2. [one that is based on] the date of the assessment notice.

(ii) 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 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, [2019] **2025**, additional owners of [newly constructed] **ELIGIBLE** 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, [2019] **2025**.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2020, and shall be applicable to all taxable years beginning after June 30, 2020.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.