

January 15, 2020

**Testimony of Senator Antonio Hayes in Support of SB 63: Baltimore
City - Property Tax Credit for Newly Constructed Dwellings -
Reauthorization and Modification**

Dear Chairman Guzzone and Members of the Budget and Taxation Committee,

The five-year property tax credit for Newly Constructed Dwellings (50% in the first taxable year and declining by 10 percentage points thereafter) serves to encourage the construction and purchase of new homes in Baltimore City. It has been granted to over 5,000 homeowners since its enactment in 1996 but expired last year, and is currently operating through city legislation that temporarily extended it during this gap period. Therefore, reauthorization is overdue for this legislation that allows the Mayor and City Council of Baltimore City to grant these tax credits for newly constructed and rehabilitated dwellings.

Current tax credit benefits are clustered in only a few neighborhoods and appear to benefit well-off buyers at the expense of their less financially stable counterparts who are less likely to move into newly constructed houses. The city and state has successfully through Project CORE eliminated blight and created additional opportunities to construct new dwellings.

By capping the eligible assessed or re-sale value at \$500,000 for the credit with amendment, **Senate Bill 63** reduces the financial burden that perspective homebuyers from lower socioeconomic status disproportionately face. This bill will provide incentive and opportunity for small developers to pursue projects in the city and allow for a more equitable market.

Both newly constructed and substantially rehabilitated dwellings are eligible for the tax credits. This legislation also eliminates the requirement for projects that have been substantially rehabbed to submit a copy of the Vacant Housing Notice from the Department. The elimination of that requirement allows for current homeowners residing in homes that need substantial rehabilitation to take advantage of the credit and profit from the flip of their own homes, when they may not otherwise have been financially able to do so absent a tax credit.

The property tax credit is an effective tool to foster reinvestment in our Baltimore neighborhoods, and I strongly urge its reauthorization. **Senate Bill 63** builds on the standing law to ensure that these credits for newly constructed dwellings, as well as gut rehabilitations, are being taken advantage of by those who truly need it. By altering the tax credit structure, this bill

will provide an incentive to current city residents to invest in their community and participate in a competitive real estate market that is on the rise.

I urge a favorable report on SB 63.

Respectfully,

Senator Antonio L. Hayes

40th Legislative District - MD