

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 359 (Senator Della)  
Budget and Taxation

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**Baltimore City - Property Tax Credit - Newly Constructed Dwellings**

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This emergency bill allows Baltimore City to grant a local option property tax credit against property taxes imposed on a “newly constructed dwelling” for which a building permit was issued on or after July 1, 1994, but before October 1, 1994. Any credit application must be submitted by August 31, 1998.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential minimal decrease in Baltimore City revenues. Expenditures would not be affected.

**Small Business Effect:** Potential minimal impact on small businesses.

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**Fiscal Analysis**

**Background:** Under Baltimore City’s existing local option tax credit program, new construction and vacant property rehabilitated under a building permit issued on or after October 1, 1994 may be eligible for a property tax credit. A property may be eligible for a credit of 50% against the county property tax for the first year in which a property becomes eligible, 40% for year two, 30% for year three, 20% for year four, 10% for year five, and 0% for each future tax year. Tax credits can also be granted for “first purchased dwellings” under this program. Beginning July 1, 2000, additional owners of newly constructed or first purchased dwellings may not be granted this property tax credit.

**Local Revenues:** A property eligible for a credit under this bill could receive a 30% credit against the county property tax in fiscal 1999, 20% in fiscal 2000, 10% in fiscal 2001, and

0% in future years. At least one large area of property in Baltimore City could be affected by this bill; this area contains approximately 39 individual properties that could be eligible for a credit. Assuming that all 39 are classified as owner-occupied and an application for each property is submitted by the appropriate deadline, granting a 30% tax credit would result in a fiscal 1999 revenue reduction of approximately \$47,000 based on the city's property tax rate of \$5.85 per \$100 of assessed value. Revenue decreases would decline in future years as the credit percentage decreases.

Any other eligible properties for which a building permit was issued between July 1 and October 1, 1994 would be affected by the change provided by this bill; any impact depends on the property values of any properties that may be granted credits.

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**Information Sources:** Department of Assessments and Taxation, Baltimore City,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 1998  
tlw Revised - Senate Third Reader - April 3, 1998

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