

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 539 (Senators McFadden and Hoffman)
(Baltimore City Administration)

Budget and Taxation

Baltimore City - Property Tax Exemption - Residential Conversion of Commercial Buildings

This bill provides a county property tax exemption for property taxes paid on vacant and underutilized commercial buildings under a development plan in Baltimore City if the real property meets certain criteria.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: None.

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

Small Business Effect: Minimal impact on small businesses.

Fiscal Analysis

Bill Summary: To be eligible for an exemption, real property must be located in the downtown management district as defined in the Baltimore City Charter and meet two of the following criteria: (1) the improvement to the property is over 25 years old; (2) the property was last used as commercial space with accessory uses; or (3) the property has been at least 75% vacant for more than three years. The real property must be owned by a person who: (1) is engaged in constructing and operating housing structures or projects, including nondwelling commercial and community facilities; (2) provides a private capital minimum of

\$500,000 for development of the project's residential portion; (3) renovates the real property so at least 75% of the building's total leasable square footage is used for rental residential housing; and (4) demonstrates to Baltimore City's Board of Estimates the financial necessity for an agreement for the payment that shall be made by the property owner in lieu of property taxes.

Background: The boundaries of the "downtown management district" as outlined in the Baltimore City Charter are: (1) a line beginning at the Jones Falls Expressway, going west on Centre Street to Park Avenue, then north on Park Avenue to Read Street, then northwest on Read Street to Howard Street, then north on Howard Street to Martin Luther King Boulevard, then southwest on Martin Luther King Boulevard to Eutaw Street, then south on Eutaw Street to Franklin Street, then west to Greene Street; (2) on the west, Greene Street and Russell Street; (3) on the south, a line running generally westerly from Russell Street and Lee Street to Lee Street and Light Street, and then following Light Street to Key Highway, and then following Key Highway to Lawrence Street; and (4) on the east, the Jones Falls Expressway and President Street.

Local Revenues: Baltimore City revenues could decrease to the extent that vacant and underutilized commercial buildings are converted to residential rental use by property owners and granted tax exemptions. Any decrease in revenues would depend on the amount of eligible property, any differences in assessments of properties before and after any renovations, the city's property tax rate, and any agreed upon payments made in lieu of taxes. Any specific decrease cannot be reliably estimated at this time.

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

Fiscal Note History: First Reader - March 2, 1998
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