

SENATE BILL 86

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Q7

1999 Regular Session
9lr0700

By: **Senator Conway**
Introduced and read first time: January 15, 1999
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 23, 1999

CHAPTER _____

1 AN ACT concerning

2 **Neighborhood Preservation and Stabilization Act of 1996 - Extension of**
3 **Provisions Tax Credits**

4 FOR the purpose of extending to a certain date the applicability of certain credits
5 against certain county property taxes and the State income tax; requiring
6 certain reports; expanding a certain geographic area for the purpose of
7 determining eligibility for the tax credits; repealing certain provisions
8 concerning the availability of the property tax credit; requiring an individual to
9 apply for the property tax credit within a certain period of time; and generally
10 relating to credits against certain county property taxes and the State income
11 tax for property tax paid for certain residential real property.

12 BY repealing and reenacting, without amendments,
13 Article - Tax - General
14 Section 10-707
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article - Tax - Property
19 Section ~~9-326(a)~~ 9-326
20 Annotated Code of Maryland
21 (1994 Replacement Volume and 1998 Supplement)

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

1

Article - Tax - General

2 10-707.

3 (a) An individual may claim a credit against the State income tax for a taxable
4 year in the amount specified in subsection (b) of this section for property tax paid in
5 that taxable year for owner-occupied, residential real property that is granted a
6 property tax credit under § 9-326 of the Tax - Property Article.

7 (b) The credit shall equal the amount of the property tax credit granted for
8 property tax paid under § 9-326 of the Tax - Property Article.

9 (c) If the credit allowed under this section in any taxable year exceeds the
10 State income tax for that taxable year, calculated before application of the credits
11 under this section and §§ 10-701 and 10-701.1 of this subtitle, but after application of
12 the other credits allowable under this subtitle, the excess of the credit shall be
13 refunded.

14

Article - Tax - Property

15 9-326.

16 ~~(a) The Mayor and City Council of Baltimore City and the governing body of~~
17 ~~Baltimore County shall grant a property tax credit against the County property tax~~
18 ~~imposed on owner-occupied, residential real property that is purchased from July 1,~~
19 ~~1996 through June 30, [1999] 2001, in a geographic area of Baltimore City or~~
20 ~~Baltimore County that contains between 800 and 1200 single-family dwellings and~~
21 ~~that is designated by the Mayor of Baltimore City or the County Executive of~~
22 ~~Baltimore County, respectively, for participation in a demonstration project for~~
23 ~~neighborhood preservation and stabilization.~~

24 (a) The Mayor and City Council of Baltimore City and the governing body of
25 Baltimore County shall grant a property tax credit against the county property tax
26 imposed on owner-occupied, residential real property that is purchased from July 1,
27 1996 through June 30, [1999] 2001, in a geographic area of Baltimore City or
28 Baltimore County that:

29 (1) IN BALTIMORE CITY, contains between 800 and [1200] 1500
30 single-family dwellings;

31 (2) IN BALTIMORE COUNTY, CONTAINS BETWEEN 800 AND 1400
32 SINGLE-FAMILY DWELLINGS; and

33 (3) [that] is designated by the Mayor of Baltimore City or the County
34 Executive of Baltimore County, respectively, for participation in a demonstration
35 project for neighborhood preservation and stabilization.

36 (b) In order to qualify for the credit under this section:

1 (1) for the 12-month period immediately prior to purchasing the
2 property, the individual's principal residence may not have been located in either of
3 the two geographic areas designated under this section, unless the individual was not
4 an owner of the property that was the individual's principal residence; and

5 (2) the residential real property must have been purchased in
6 conformance with the guidelines regarding government housing assistance programs
7 established by the Mayor and City Council of Baltimore City and the governing body
8 of Baltimore County.

9 (c) The property tax credit shall equal:

10 (1) 40% of the County property tax for each of the first 5 taxable years
11 after the purchase of the real property;

12 (2) 35% of the County property tax for the 6th taxable year after the
13 purchase of the real property;

14 (3) 30% of the County property tax for the 7th taxable year after the
15 purchase of the real property;

16 (4) 25% of the County property tax for the 8th taxable year after the
17 purchase of the real property;

18 (5) 20% of the County property tax for the 9th taxable year after the
19 purchase of the real property;

20 (6) 15% of the County property tax for the 10th taxable year after the
21 purchase of the real property; and

22 (7) 0% of the County property tax for each taxable year thereafter.

23 (d) The property tax credit shall first apply to the taxable year beginning after
24 the date of the purchase of the eligible real property.

25 (e) The Mayor and City Council of Baltimore City and the governing body of
26 Baltimore County may provide, by law, for any other provision necessary to carry out
27 the property tax credit under this section.

28 (f) The Mayor and City Council of Baltimore City and the governing body of
29 Baltimore County shall hold a public hearing prior to the final designation of the
30 geographic area under subsection (a) of this section.

31 (g) The Mayor and City Council of Baltimore City and the governing body of
32 Baltimore County shall provide, on an annual basis to those individuals qualifying for
33 the property tax credit under this section, a statement certifying qualification for the
34 property tax credit and the amount of the property tax credit being granted. The
35 statement may be provided on or with the annual property tax bill or in another
36 manner as chosen by the local government.

1 (h) [(1) Subject to the provisions of paragraph (2) of this subsection, the
2 Mayor and City Council of Baltimore City and the governing body of Baltimore
3 County shall establish guidelines precluding the availability of the tax credit under
4 this section if the residential real property is purchased through a federal or State
5 housing assistance program.

6 (2) Notwithstanding any other provision of law, the tax credit under this
7 section may not be denied if:

8 (i) the mortgage loan is guaranteed or insured through the
9 Department of Veterans Affairs, the Federal Housing Administration, the Rural
10 Housing Services, or the Maryland Housing Fund; or

11 (ii) the mortgage loan is intended to be purchased by the Federal
12 National Mortgage Association, the Federal Home Loan Mortgage Association, the
13 Governmental National Mortgage Association, or the Community Development
14 Administration within the Department of Housing and Community Development.] IN
15 ORDER TO BE ELIGIBLE FOR A PROPERTY TAX CREDIT UNDER THIS SECTION, AN
16 INDIVIDUAL SHALL APPLY FOR THE CREDIT AT LEAST 6 MONTHS AFTER THE TITLE
17 TO THE RESIDENTIAL PROPERTY HAS BEEN TRANSFERRED TO THE INDIVIDUAL.

18 SECTION 2. AND BE IT FURTHER ENACTED, That on or before October 1,
19 2000, in accordance with § 2-1246 of the State Government Article, the State
20 Comptroller shall report to the General Assembly on the effect of this Act on income
21 tax revenues and the Mayor of Baltimore City and the County Executive of Baltimore
22 County shall report to the General Assembly on the impact of this Act on the
23 neighborhoods that are targeted.

24 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding §
25 9-326(h) of the Tax - Property Article, as enacted by Section 1 of this Act, in order to
26 be eligible for a property tax credit under § 9-326 of the Tax - Property Article, an
27 individual who purchased residential property from July 1, 1996 through June 1,
28 1999 shall apply for the credit no later than December 1, 1999.

29 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
30 effect June 1, 1999.