

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 536 (Delegates Campbell and McHale)
Ways and Means

Baltimore City - Tax Credit Termination Date - Newly Constructed and First Purchased Dwellings

This bill extends the June 30, 2000 termination date of the Baltimore City property tax credit program for newly constructed and first purchased dwellings until June 30, 2002. The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None. The bill affects Baltimore City only.

Local Effect: Baltimore City's decrease in property tax revenue will be maintained at its current rate, estimated at approximately \$455,000 in FY 2001 and \$575,000 in FY 2002.

Small Business Effect: None.

Analysis

Current Law: Baltimore City may grant a property tax credit against city property tax imposed on newly constructed dwellings or first purchased dwellings owned by qualified owners. The credit is 50% for the first taxable year and decreases 10% each year until it expires after the fifth year. After June 30, 2000, additional owners of such properties may not be granted the credit.

Background: Chapter 616 of 1994 authorized Baltimore City to grant the newly constructed or first purchased dwellings property tax credit. According to the city's fiscal 2000 budget, this program has grown to become the city's fourth largest real property tax credit program. The following table summarizes the number and gross cost of the credits.

<u>Fiscal Year</u>	<u>Number of Credits</u>	<u>Amount of Credits</u>
1996	30	\$35,400
1997	114	\$150,300
1998	119	\$220,800

The city estimates that the program will result in tax credits of \$310,000 and \$335,000 in fiscal 1999 and 2000, respectively.

Local Fiscal Effect: Based on the history of the program, Baltimore City's decrease in property tax revenue could increase to approximately \$455,000 in fiscal 2001 and \$575,000 in fiscal 2002, an increase of \$120,000 each fiscal year. The actual increase in the credit would depend on the number of newly constructed or first purchased dwellings during the fiscal year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Baltimore City,
Department of Legislative Services

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Analysis by: Karen S. Benton

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510