
By: **Senators Conway, Della, Gladden, Hughes, Jones, and McFadden**

Introduced and read first time: January 31, 2005

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 3, 2005

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of altering the termination date ~~for applicable to~~ certain provisions
 4 ~~of law that authorize~~ authorizing the Mayor and City Council of Baltimore City
 5 to grant ~~certain homeowners, by law,~~ a property tax credit against the local
 6 property tax imposed on certain newly constructed dwellings under certain
 7 circumstances; ~~altering the formula for determining the amount of the property~~
 8 ~~tax credit~~; and generally relating to property tax credits for newly constructed
 9 dwellings in Baltimore City.

10 BY repealing and reenacting, with amendments,
 11 Article - Tax - Property
 12 Section 9-304(d)
 13 Annotated Code of Maryland
 14 (2001 Replacement Volume and 2004 Supplement)

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

17 **Article - Tax - Property**

18 9-304.

19 (d) (1) (i) In this subsection the following words have the meanings
 20 indicated.

1 (ii) 1. "Newly constructed dwelling" means residential real
 2 property that has not been previously occupied since its construction and for which
 3 the building permit for construction was issued on or after October 1, 1994.

4 2. "Newly constructed dwelling" includes a "vacant dwelling"
 5 as defined in subsection (c)(1) of this section that has been rehabilitated in compliance
 6 with applicable local laws and regulations and has not been previously occupied since
 7 the rehabilitation.

8 (iii) "Homeowner" has the meaning stated in § 9-105(a)(3) of this
 9 title.

10 (2) ~~(4)~~ ~~{The}~~ ~~EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS~~
 11 ~~PARAGRAPH, THE~~ Mayor and City Council of Baltimore City may grant, by law, a
 12 property tax credit under this subsection against the county property tax imposed on
 13 newly constructed dwellings that are owned by qualifying owners.

14 ~~(H) THE CREDIT UNDER THIS SUBSECTION DOES NOT APPLY TO~~
 15 ~~NEWLY CONSTRUCTED DWELLINGS LOCATED IN A TAX INCREMENT FINANCING~~
 16 ~~DEVELOPMENT DISTRICT, AS DEFINED IN § 62 OF THE CHARTER OF BALTIMORE CITY.~~

17 (3) A property tax credit granted under this subsection may not exceed
 18 the ~~LESSER OF THE~~ amount of county property tax imposed on \$450,000 ~~OR~~ the
 19 ~~ASSESSED VALUE OF THE~~ real property, less the amount of any other credit applicable
 20 in that year, multiplied by:

21 (i) 50% for the first taxable year in which the property qualifies for
 22 the tax credit;

23 (ii) 40% for the second taxable year in which the property qualifies
 24 for the tax credit;

25 (iii) 30% for the third taxable year in which the property qualifies
 26 for the tax credit;

27 (iv) 20% for the fourth taxable year in which the property qualifies
 28 for the tax credit;

29 (v) 10% for the fifth taxable year in which the property qualifies for
 30 the tax credit; and

31 (vi) 0% for each taxable year thereafter.

32 (4) Owners of newly constructed dwellings may qualify for the tax credit
 33 authorized by this subsection by:

34 (i) purchasing a newly constructed dwelling;

35 (ii) occupying the newly constructed dwelling as their principal
 36 residence;

1 (iii) filing a State income tax return during the period of the tax
2 credit as a resident of Baltimore City; and

3 (iv) satisfying other requirements as may be provided by the Mayor
4 and City Council of Baltimore City.

5 (5) The Mayor and City Council of Baltimore City may provide for
6 procedures necessary and appropriate for the submission of an application for and the
7 granting of a property tax credit under this subsection, including procedures for
8 granting partial credits for eligibility for less than a full taxable year.

9 (6) The estimated amount of all tax credits received by owners under this
10 subsection in any fiscal year shall be reported by the Director of Finance of Baltimore
11 City as a "tax expenditure" for that fiscal year and shall be included in the publication
12 of the City's budget for any subsequent fiscal year with the estimated or actual City
13 property tax revenue for the applicable fiscal year.

14 (7) (i) After June 30, [2005] 2007, additional owners of newly
15 constructed dwellings may not be granted a credit under this subsection.

16 (ii) This paragraph does not apply to an owner's continuing receipt
17 of a credit as allowed in paragraph (3) of this subsection, with respect to a property for
18 which a tax credit under this subsection was received for a taxable year ending on or
19 before June 30, [2005] 2007.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 ~~June~~ July 1, 2005.