

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 813
Ways and Means

(Delegate Rosenberg, *et al.*)

Baltimore City - Property Tax Credit - Inclusionary Housing

This bill authorizes Baltimore City to grant, by law, a property tax credit against the property tax imposed on mixed-income rental residential developments that offer affordable units and are owned by qualifying owners. Baltimore City is authorized to provide: (1) eligibility criteria for the tax credit; (2) the amount and duration of the tax credit; and (3) regulations and procedures for the uniform processing of requests for the tax credit.

The bill takes effect June 1, 2007 and is applicable to taxable years beginning after June 30, 2007.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City property tax revenues could decrease by a significant amount beginning in FY 2008. City expenditures would not be affected.

Small Business Effect: Potential meaningful. Small businesses that own qualifying apartment developments would realize a reduction in city property taxes.

Analysis

Current Law: Baltimore City is not authorized to grant a property tax credit for mixed-income rental residential developments. The Baltimore City real property tax rate is \$2.288 per \$100 of assessment.

Local Fiscal Effect: Baltimore City property tax revenues could decrease beginning in fiscal 2008 to the extent the credit is granted, depending on the number of qualifying residential developments, the assessed value of the developments, and the amount of the tax credit granted.

The State Department of Assessments and Taxation (SDAT) indicates there are 1,818 improved properties classified as apartments in Baltimore City, with a fiscal 2007 total assessment of \$1.3 billion. *For illustrative purposes only*, if 25% of the apartment properties in the city, with an assessed value of \$315.6 million, were to receive a 50% property tax credit, Baltimore City property tax revenues would decrease by \$3.6 million.

Additional Information

Prior Introductions: None.

Cross File: SB 827 – (Senator McFadden) – Budget and Taxation.

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

Fiscal Note History: First Reader - March 7, 2007
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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510