

SENATE BILL 63

Q2

(0lr1157)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senator Hayes**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City – Property Tax Credit for Newly Constructed Dwellings –**
3 **Reauthorization and Modification**

4 FOR the purpose of reauthorizing the Mayor and City Council of Baltimore City to grant,
5 by law, a certain property tax credit against the property tax imposed on certain
6 newly constructed dwellings in Baltimore City, subject to certain limitations;
7 expanding the tax credit program to authorize the Mayor and City Council of
8 Baltimore City to grant, by law, the property tax credit to certain owners of certain
9 substantially rehabilitated dwellings in Baltimore City; altering the calculation of
10 the credit; authorizing the Mayor and City Council of Baltimore City to provide, by
11 law, for a certain application period based in part on the completion date of a certain
12 rehabilitation; providing that the property tax credit may not be granted on or after
13 a certain date; making conforming changes; defining certain terms; altering certain
14 definitions; providing for the application of this Act; and generally relating to a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 property tax credit in Baltimore City for newly constructed and substantially
2 rehabilitated dwellings.

3 BY repealing and reenacting, with amendments,
4 Article – Tax – Property
5 Section 9–304(d)
6 Annotated Code of Maryland
7 (2019 Replacement Volume)

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

10 **Article – Tax – Property**

11 9–304.

12 (d) (1) (i) In this subsection the following words have the meanings
13 indicated.

14 (II) **“ELIGIBLE DWELLING” MEANS RESIDENTIAL REAL**
15 **PROPERTY WITH AN ASSESSED VALUE OF \$500,000 OR LESS THAT IS:**

16 1. A NEWLY CONSTRUCTED DWELLING; OR

17 2. A SUBSTANTIALLY REHABILITATED DWELLING.

18 (III) 1. **“MAJOR BUILDING COMPONENT” MEANS A**
19 **COMPONENT, AT LEAST 50% OF WHICH IS REPLACED, THAT:**

20 A. IS SIGNIFICANT TO THE DWELLING AND ITS USE;

21 B. IS NORMALLY EXPECTED TO LAST THE USEFUL LIFE
22 OF THE DWELLING; AND

23 C. IS NOT MINOR OR COSMETIC.

24 2. **“MAJOR BUILDING COMPONENT” INCLUDES:**

25 A. ROOF STRUCTURES;

26 B. WALL OR FLOOR STRUCTURES;

27 C. FOUNDATIONS; OR

1 **D. PLUMBING, CENTRAL HEATING AND AIR**
 2 **CONDITIONING, OR ELECTRICAL SYSTEMS.**

3 [(ii)] (IV) 1. “Newly constructed dwelling” means residential
 4 real property that has not been previously occupied since its construction and for which the
 5 building permit for construction was issued:

6 **A. on or after October 1, 1994, BUT BEFORE JULY 1, 2019;**
 7 **OR**

8 **B. ON OR AFTER JULY 1, 2020.**

9 2. “Newly constructed dwelling” includes a “vacant dwelling”
 10 as defined in subsection (c)(1) of this section that has been rehabilitated in compliance with
 11 applicable local laws and regulations and has not been previously occupied since the
 12 rehabilitation.

13 [(iii)] (V) “Owner” means “homeowner” as defined in § 9–105 of this
 14 title.

15 (VI) 1. **“SUBSTANTIALLY REHABILITATED DWELLING”**
 16 **MEANS RESIDENTIAL REAL PROPERTY THAT, ON OR AFTER JULY 1, 2020, HAS**
 17 **UNDERGONE REPAIRS, REPLACEMENTS, OR IMPROVEMENTS:**

18 **A. OF TWO OR MORE MAJOR BUILDING COMPONENTS;**

19 **B. THAT COMPLY WITH LOCAL LAWS AND REGULATIONS;**

20 **AND**

21 **C. FOR WHICH THE DIRECT CONSTRUCTION COSTS**
 22 **INCURRED BY THE OWNER EXCEED \$6,500 OR, AFTER THE COMPLETION OF THE**
 23 **REPAIRS, REPLACEMENTS, OR IMPROVEMENTS, 30% OF THE PROPERTY’S ASSESSED**
 24 **VALUE IN THE TAXABLE YEAR.**

25 2. **“SUBSTANTIALLY REHABILITATED DWELLING” DOES**
 26 **NOT INCLUDE A REHABILITATED “VACANT DWELLING” AS DEFINED IN SUBSECTION**
 27 **(C)(1) OF THIS SECTION.**

28 (2) The Mayor and City Council of Baltimore City may grant, by law, a
 29 property tax credit under this subsection against the county property tax imposed on
 30 [newly constructed] **ELIGIBLE** dwellings that are owned by qualifying owners.

31 ~~(3) A property tax credit granted under this subsection may not exceed the~~
 32 ~~amount of county property tax imposed on the real property, less the amount of any other~~
 33 ~~credit applicable in that year, multiplied by:~~

1 (i) ~~FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF~~
2 ~~LESS THAN \$300,000:~~

3 ~~1. 50% 100% for the first taxable year in which the property~~
4 ~~qualifies for the tax credit;~~

5 (ii) ~~2. 40% for the second taxable year in which the property~~
6 ~~qualifies for the tax credit;~~

7 (iii) ~~3. 30% for the third taxable year in which the property~~
8 ~~qualifies for the tax credit;~~

9 (iv) ~~4. 20% for the fourth taxable year in which the property~~
10 ~~qualifies for the tax credit;~~

11 (v) ~~5. 10% for the fifth taxable year in which the property~~
12 ~~qualifies for the tax credit; and~~

13 (vi) ~~6. 0% for each taxable year thereafter;~~

14 (H) ~~FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF~~
15 ~~AT LEAST \$300,000 BUT NOT MORE THAN \$500,000:~~

16 ~~1. 50% FOR THE FIRST TAXABLE YEAR IN WHICH THE~~
17 ~~PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

18 ~~2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE~~
19 ~~PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

20 ~~3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE~~
21 ~~PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

22 ~~4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE~~
23 ~~PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

24 ~~5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE~~
25 ~~PROPERTY QUALIFIES FOR THE TAX CREDIT; AND~~

26 ~~6. 0% FOR EACH TAXABLE YEAR THEREAFTER; OR~~

27 (HH) ~~FOR AN ELIGIBLE DWELLING WITH AN ASSESSED VALUE OF~~
28 ~~AT LEAST \$500,000:~~

~~1. 25% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~2. 20% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~3. 15% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~4. 10% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;~~

~~5. 5% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND~~

~~6. 0% FOR EACH TAXABLE YEAR THEREAFTER.~~

(3) A PROPERTY TAX CREDIT GRANTED UNDER THIS SUBSECTION MAY NOT EXCEED THE SUM OF:

(I) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE REAL PROPERTY THAT IS ATTRIBUTABLE TO THE FIRST \$300,000 OF ASSESSED VALUE, LESS THE AMOUNT OF ANY OTHER CREDIT APPLICABLE IN THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT OF ASSESSED VALUE, MULTIPLIED BY:

1. 100% FOR THE FIRST TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT;

5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

6. 0% FOR EACH TAXABLE YEAR THEREAFTER;

(II) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE REAL PROPERTY THAT IS ATTRIBUTABLE TO THE AMOUNT OF ASSESSED VALUE IN

1 EXCESS OF \$300,000 BUT NOT EXCEEDING \$500,000, LESS THE AMOUNT OF ANY
2 OTHER CREDIT APPLICABLE IN THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT
3 OF ASSESSED VALUE, MULTIPLIED BY:

4 1. 50% FOR THE FIRST TAXABLE YEAR IN WHICH THE
5 PROPERTY QUALIFIES FOR THE TAX CREDIT;

6 2. 40% FOR THE SECOND TAXABLE YEAR IN WHICH THE
7 PROPERTY QUALIFIES FOR THE TAX CREDIT;

8 3. 30% FOR THE THIRD TAXABLE YEAR IN WHICH THE
9 PROPERTY QUALIFIES FOR THE TAX CREDIT;

10 4. 20% FOR THE FOURTH TAXABLE YEAR IN WHICH THE
11 PROPERTY QUALIFIES FOR THE TAX CREDIT;

12 5. 10% FOR THE FIFTH TAXABLE YEAR IN WHICH THE
13 PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

14 6. 0% FOR EACH TAXABLE YEAR THEREAFTER; AND

15 (III) THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE
16 REAL PROPERTY THAT IS ATTRIBUTABLE TO THE AMOUNT OF ASSESSED VALUE IN
17 EXCESS OF \$500,000, LESS THE AMOUNT OF ANY OTHER CREDIT APPLICABLE IN
18 THAT YEAR THAT IS ATTRIBUTABLE TO THAT AMOUNT OF ASSESSED VALUE,
19 MULTIPLIED BY:

20 1. 25% FOR THE FIRST TAXABLE YEAR IN WHICH THE
21 PROPERTY QUALIFIES FOR THE TAX CREDIT;

22 2. 20% FOR THE SECOND TAXABLE YEAR IN WHICH THE
23 PROPERTY QUALIFIES FOR THE TAX CREDIT;

24 3. 15% FOR THE THIRD TAXABLE YEAR IN WHICH THE
25 PROPERTY QUALIFIES FOR THE TAX CREDIT;

26 4. 10% FOR THE FOURTH TAXABLE YEAR IN WHICH THE
27 PROPERTY QUALIFIES FOR THE TAX CREDIT;

28 5. 5% FOR THE FIFTH TAXABLE YEAR IN WHICH THE
29 PROPERTY QUALIFIES FOR THE TAX CREDIT; AND

30 6. 0% FOR EACH TAXABLE YEAR THEREAFTER.

1 (4) Notwithstanding the credit amount calculated under paragraph (3) of
2 this subsection, the Mayor and City Council of Baltimore City may establish, by law,
3 maximum limits on the cumulative property tax credit allowed under this subsection or on
4 the amount of the credit allowed for any year.

5 (5) Owners of [newly constructed] **ELIGIBLE** dwellings may qualify for the
6 tax credit authorized by this subsection by:

7 (i) **IF THE ELIGIBLE DWELLING IS A NEWLY CONSTRUCTED**
8 **DWELLING**, purchasing [a] **THE** newly constructed dwelling;

9 (ii) occupying the [newly constructed] **ELIGIBLE** dwelling as their
10 principal residence;

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

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

15 (6) (i) The Mayor and City Council of Baltimore City may provide, by
16 law, for two application periods during which owners can apply for the property tax credit
17 under this subsection[, one that is] based on:

18 **1. A. IF THE DWELLING IS A NEWLY CONSTRUCTED**
19 **DWELLING**, the purchase date of the dwelling; **OR**

20 **B. IF THE DWELLING IS A SUBSTANTIALLY**
21 **REHABILITATED DWELLING, THE DATE ON WHICH THE REHABILITATION IS**
22 **COMPLETED; and**

23 **2. [one that is based on] the date of the assessment notice.**

24 (ii) If granted, the tax credit shall be applied against the owner's
25 property taxes as long as the owner remains the owner-occupant of the dwelling for which
26 the credit is received.

27 (iii) The Mayor and City Council of Baltimore City shall provide for
28 any procedures necessary and appropriate for implementing the application periods.

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

1 (8) The estimated amount of all tax credits received by owners under this
 2 subsection in any fiscal year shall be reported by the Director of Finance of Baltimore City
 3 as a “tax expenditure” for that fiscal year and shall be included in the publication of the
 4 City’s budget for any subsequent fiscal year with the estimated or actual City property tax
 5 revenue for the applicable fiscal year.

6 (9) (i) After June 30, [2019] **2025**, additional owners of [newly
 7 constructed] **ELIGIBLE** dwellings may not be granted a credit under this subsection.

8 (ii) This paragraph does not apply to an owner’s continuing receipt
 9 of a credit as allowed in paragraph (3) of this subsection, with respect to a property for
 10 which a tax credit under this subsection was received for a taxable year ending on or before
 11 June 30, [2019] **2025**.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
 13 1, 2020, and shall be applicable to all taxable years beginning after June 30, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.