



11825 West Market Place | Fulton, MD 20759 | 301-776-6242

January 15, 2020

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

RE: Support of Senate Bill 63 (Baltimore City - Property Tax Credit for Newly Constructed Dwellings - Reauthorization and Modification) with Amendments

Dear Chairman Guzzone:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, supports Senate Bill 63 (Baltimore City - Property Tax Credit for Newly Constructed Dwellings - Reauthorization and Modification) with amendments.

The purpose of this bill is to reauthorize the Newly Constructed Dwelling Tax Credit in Baltimore City, an existing credit that was first passed by the General Assembly in 2009. The tax credit requires state re-authorization every 5 years. Without this credit to offset the City's high property taxes, many homebuyers would purchase a home in a competing jurisdiction instead of the City. This crucial credit has a successful history of enticing potential new residents to invest in homes in Baltimore City instead. Passing state-enabling legislation that would allow this credit to continue is crucial.

However, this bill as currently drafted limits the City's authority to properties that have an assessed value of \$500,000 or less. We do not understand the basis for this seemingly arbitrary limitation, or for any limitation at all. The existing law has no such limitation. New construction (and the residents who occupy it) should be encouraged, regardless of value. Further, the arbitrary cutoff as drafted means that a property assessed at \$500,000 is eligible, but a property assessed at \$500,001 is not, while the taxpayer has no control over that assessed value and its potential eligibility.

If a limitation on eligibility is to be considered, it should be debated and determined locally. The City should seek and the State should provide the broadest possible City authority and flexibility. This will facilitate local decision-making and more nimble legislation. We propose eliminating the \$500,000 cap. Instead, the authorizing law in Sec. 9-304(d) should be amended simply to extend its expiration date, as discussed among City-based stakeholders last year.

MBIA respectfully requests the Committee adopt this amendment and then give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Senate Budget and Taxation Committee Members

MBIA - Proposed Amendment to Senate Bill 63
January 15, 2020

The purpose of this amendment is to remove “with an assessed value of \$500,000 or less” from the definition of “eligible dwelling,” thereby allowing newly constructed dwellings and substantially rehabilitated dwellings to be eligible for the tax credit regardless of assessed value.

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

1. A NEWLY CONSTRUCTED DWELLING; OR
2. A SUBSTANTIALLY REHABILITATED DWELLING.