



BERNARD C. "JACK" YOUNG  
MAYOR

*Office of Government Relations  
88 State Circle  
Annapolis, Maryland 21401*

**HB 1189**

February 27, 2020

**TO:** Members of the House Ways and Means Committee

**FROM:** Nicholas Blendy, Deputy Director of Government Relations

**RE:** House Bill 1189 - Baltimore City - Property Tax Credit for Newly Constructed Dwellings - Reauthorization and Modification

**POSITION: SUPPORT WITH AMENDMENT**

Chair Kaiser, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports with amendment** House Bill (HB) 1189.

HB 1189 reauthorizes Baltimore City to grant a property tax credit for specified newly constructed dwellings and substantially rehabilitated dwellings by extending the termination date of the property tax credit from June 30, 2019 to June 30, 2025. It also caps eligibility at \$500,000 of assessed value for the property tax credit and takes effect June 1, 2020 and applies to taxable years beginning after June 30, 2020.

Some version of the enabling legislation for this tax credit has been authorized by the General Assembly at the BCA's request since 1994. The most recent version of this tax credit expired after failing to be reauthorized during the 2019 General Assembly session. Upon ascending to the Office of the Mayor, current Mayor Bernard C. "Jack" Young has expressed public support for the reauthorization of this tax credit, and signed Ordinance 19-290 into law in August of 2019, which provides for a short-term stop to continue authorizing a version of a similar property tax credit, set to expire in 2021.

HB 1189, if enacted, would enable the Mayor and City Council of Baltimore to do several important things in this field. First, and most obviously, it reauthorizes the existence of this tax credit. It cannot be stated more directly than without the enactment of some version of this legislation, the Mayor and City Council simply lack the authority to determine the scope and substance of a newly constructed tax credit at the local level.

Second, HB 1189 adds an authorized category of properties defined as “substantially rehabilitated dwellings” to the existing qualifying properties. This is an important addition that will add to eligibility residential property in neighborhoods with a housing stock that is currently improved, still fit for human habitation, but very much reaching the end of their current habitable life. Put simply, these would be houses that are at the risk of becoming vacant buildings and the inclusion of this category authorizes the Mayor and City Council to try to target this property tax credit to prevent buildings from becoming vacant.

Third, HB 1189 proposes a cap on the eligible properties at \$500,000 in assessed value, meaning that any properties with an assessed value over that amount would be barred from accessing this property tax by state law. While this is certainly a limitation imposed upon the decision-making power of the Mayor and City Council’s authority to make a local determination, the BCA notes that it currently lacks any and all authority to make any determination to award this property tax credit at the local level, because State authorization was allowed to expire during the tenure of the previous mayoral administration.

Lastly, Mayor Bernard C. “Jack” Young has stated publicly<sup>1</sup> that he supports “...getting developments into neighborhoods that haven’t seen developments in decades and making sure we have opportunities for those who feel that they’re left out.” The bill as introduced by the bill sponsor is consistent with the Mayor’s public pronouncements and the BCA supports HB 1189 granting the local government the authority to reauthorize this credit at the local level; the BCA notes that there are a few operational amendments that the BCA is working with the bill sponsor to draft for adoption.

### **SUGGESTED AMENDMENTS:**

The BCA **supports the amendments that will be offered by the bill sponsor** and notes that it worked in conjunction with the bill sponsor to have them drafted and that they are designed to make the operation and implementation of the tax credit at the local level as clear and defined as possible.

We respectfully request a **favorable with amendments** report on HB 1189.

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<sup>1</sup> See, e.g., Vic Carter, “Here Are Baltimore Mayor Jack Young’s New Year’s Resolutions For City.” (Dec. 31, 2019), available at <https://baltimore.cbslocal.com/2019/12/31/jack-young-baltimore-2020-resolutions-new-years-eve/> (Last accessed February 26, 2020).