

RULES AND REGULATIONS - PROPERTY TAX CREDITS
LOW-INCOME EMPLOYEES

1.0. Background

These rules and regulations are issued pursuant to the authority granted to the Director of Finance by Ordinance 20-348, effective January 1, 2021, and codified in Section 10-23 of Article 28 of the City Code, which provides for property tax credits on the homestead dwellings of qualified Low-Income Employees; as authorized by Section 9-304(k) of the Tax-Property Article of the Maryland Code.

2.0. Goal

The goal of this tax credit is to provide real property tax credits to qualified Low-Income Employees of Baltimore City who own their principal residences within Baltimore City.

3.0. Definitions

The terms defined in Section 10-23 of Article 28 of the City Code have the definitions set forth in the statute and nothing contained herein shall be interpreted to alter those definitions.

3.1 Full-Time Employee

“Full-time employee” means an individual who has been classified as a regular, full-time employee by the Baltimore City Department of Human Resources.

3.2 Eligibility for the Homestead Tax Credit

“Eligible for the tax credit authorized by State Tax-Property Article Section 9-105 {“Homestead Tax Credit”}” means having a Homestead Tax Credit Application on file with the State Department of Assessments and Taxation that has been submitted by the current property owner and subsequently reviewed and approved by the State Department of Assessments and Taxation.

3.3 25% Lowest-Paid, Full-Time Baltimore City Employees

“25% Lowest-Paid, Full-Time Baltimore City Employees” means those in the bottom quartile, by number of full-time employees, of a list of all full-time employees of Baltimore City, listed, in decreasing order, by annual rate of pay for the calendar year most recently completed prior to the year for which the credit is sought, as well as any additional listed full-time employees sharing the same annual rate of pay as the individual that begins the bottom quartile of the list.

3.4 Notification to Employees that may Potentially Qualify for the Tax Credit

“Notify” means to inform via regular postal service mail, electronic mail, or any other method that the Director of Finance deems reasonably ensured to transmit the required information.

3.5 Amount of the Property Tax Imposed on the Building

“Amount of the property tax imposed on the building” means the remaining City real property tax liability on the amount of the property’s assessment attributable to the improvement portion of the assessment after the application of any credit authorized by Section 9-105 of the State Tax-Property Article, as well as any credit authorized by Section 9-104 of the State Tax-Property Article, but before the application of any credit authorized by Section 9-221 of the State Tax-Property Article.

3.6 Property Tax Credit Provided by Baltimore City

“Property tax credit provided by Baltimore City” means any real property tax credit funded by the City of Baltimore, including the tax credit authorized by Section 9-215 of the State Tax-Property Article (“City Supplement to the Homeowners’ Tax Credit Program”).

4.0. Applications

4.1 For All Applications:

The application requirements set forth below include specific deadlines relative to the submission of certain documents and the completion of certain steps in the application process. These deadlines are binding upon all applicants and will not be altered for any individual applicant. Failure to meet any of the deadlines outlined below shall result in the applicant’s application being rejected. By applying for this credit, an applicant acknowledges these requirements and agrees to be bound by the deadlines set forth below.

All applications shall be submitted electronically to the Baltimore City Department of Finance via the City’s Tax Credit Application System, available at:

<https://propertytaxcredits.baltimorecity.gov>

No applications or required documents shall be accepted in paper form. The City of Baltimore shall not be responsible for any connectivity issues experienced by the applicant and no extensions shall be granted regarding any of the time requirements outlined below due to issues beyond the control of the City of Baltimore’s Department of Finance.

4.2 Application Requirements

The Department of Finance and the Department of Human Resources, working in conjunction with the Baltimore City Office of Information Technology, shall develop a list of potentially qualified full-time employees based on annual rate of pay for the calendar year most recently completed prior to the year for which the credit is sought. The Department of Human Resources shall notify the employees on that list of their ability to apply for the tax credit no later than January 30th of the year in which the credit is sought.

A potentially qualifying property owner must have a qualifying legal interest in a property that meets the requirements set forth in Section 9-105 of the Tax-Property Article of the Maryland Code (Homestead Tax Credit), have filed an application for the credit authorized by Section 9-105, and have had that application approved by the State Department of Assessments and Taxation. It is highly recommended that the applicant review that section of the Code prior to applying for this credit. While having an approved Homestead Tax Credit application is not required to apply for the Low-Income Employees Tax Credit, if an approved Homestead Tax Credit application is not reflected in data provided by the State Department of Assessments and Taxation by May 15th, the application for the Low-Income Employees Tax Credit will be rejected.

If, after reviewing Section 9-105 of the Tax-Property Article of the Maryland Code (Homestead Tax Credit), the applicant is still unsure of whether or not they have a qualifying Homestead property, they should contact the Baltimore City office of the State Department of Assessments and Taxation at 410-767-8250.

An applicant is responsible for completing the Low-Income Employees tax credit application in its entirety and submitting said application and any required attachments via the Baltimore City Tax Credit Application System between February 1st and March 31st of the calendar year in which the credit is sought. No applications will be accepted during any calendar year after March 31st.

On April 1st of the calendar year in which the credit is sought, the Department of Finance shall transmit to the Department of Human Resources a list of all applicants who have submitted completed applications by the deadline.

Beginning on April 2nd, and ending no later than April 30th of the same calendar year, the Department of Human Resources shall review the application information provided by the Department of Finance. The Department of Human Resources shall be responsible for verifying that the applicant, as of March 31st of the year in which the application is submitted:

- 1) Is currently employed full-time by the City of Baltimore;
- 2) Has been continuously employed with the City for the preceding 9 months;
- 3) Has worked a minimum of 1,125 hours during that time; and
- 4) Has been classified as a regular, full-time employee by the Department of Human Resources.

The Department of Human Resources shall return all decisions regarding the eligibility of credit applicants to the Department of Finance in the manner specified by the Director of Finance, or his or her designee in this matter, no later than April 30th of the calendar year in which the credit is sought. The Department of Human Resources shall be solely responsible for the determination of an applicant's eligibility with respect to his or her continued qualifying employment as of March 31st of the year in which the application is submitted, and all decisions of the Department of Human Resources shall be final.

4.3 Annual Application Required

Due to the changing nature of the City's payroll and an individual employee's status, applicants that are notified of potential eligibility must apply on an annual basis. Eligibility for, and receipt of, the credit in any year is NOT a guarantee of eligibility in any following year. Further, any application filed for a particular tax year shall have no effect on the following tax year.

No applications for this credit will be accepted after March 31, 2030.

5.0. Eligibility

5.1 Eligibility

To be eligible to apply for this credit an applicant must:

- 1) Be notified by the City of Baltimore that they may be a qualifying Low-Income Employee of the City of Baltimore; and
- 2) Own a homestead dwelling located in Baltimore City.

In addition to meeting the above requirements, to be eligible to receive a tax credit under section 10-23, the Low-Income Employee must, as of the March 31 of the calendar year in which the application is filed:

- a) have been continuously employed with the City for the preceding 9 months;
- b) have worked a minimum of 1,125 hours during that time; and
- c) have been classified as a regular, full-time employee by the Department of Human Resources.

Furthermore, to be eligible to receive the credit under section 10-23, the Low-Income Employee must, as of May 15th of the calendar year in which the application is filed, have an approved Homestead Tax Credit application on file with the Department of Assessments and Taxation.

While applicants are not required to apply for the Homestead Tax Credit prior to applying for the Low-Income Employees Tax Credit, they are strongly encouraged to do so as soon as possible. The Department of Finance has no control over the review and approval of Homestead Tax Credit applications, which is purely a function of the State Department of Assessments and Taxation. As such, failure to have an approved Homestead Tax Credit application on file with the State Department of Assessments and Taxation by the required date of May 15th of the calendar year in which the credit is sought shall result in the Low-Income Employees Tax Credit application being rejected, regardless of whether the Homestead Tax Credit Application becomes approved at a later date.

5.2 Determination of Eligibility

The applicant must follow the application procedures outlined in section 4 of these rules and regulations, meet the necessary eligibility criteria specified throughout these rules and regulations, and apply during the specified application period.

Determinations regarding an applicant's initial eligibility relative to his or her employment will be made by the Department of Finance and the Department of Human Resources, in conjunction with the Baltimore City Office of Information Technology. An employee who meets the initial eligibility requirements will be notified by the Department of Human Resources. Only those employees that have received such notification will be able to apply for the Low-Income Employees Tax Credit.

Determinations regarding an applicant's final eligibility relative to his or her employment will be the sole responsibility of the Department of Human Resources and must be processed in the manner prescribed by the Director of Finance or his or her designee in this matter. All such determinations will be final.

All determinations regarding an applicant's eligibility relative to his or her property will be the sole responsibility of the Department of Finance and shall be made using the most recent information available at the time the application is reviewed. All such determinations are final.

Any application that is rejected during the specified review period, for any finding of ineligibility on the part of the applicant, the property, or both, may not be resubmitted for that year.

5.3 Continuing Eligibility

Eligibility for this credit in any given tax year shall have no bearing on an employee's eligibility to receive the tax credit in future years. All determinations of eligibility shall be made on an annual basis.

5.4 Limitations on Eligibility for Other Tax Credits

In any taxable year in which a property receives a credit granted under Section 10-23, the property may not receive any other property tax credit provided by Baltimore City, except:

- 1) The local portion of the credit authorized by State Tax-Property Article Section 9-105 ("Homestead Tax Credit"); and
- 2) The credit authorized by State Tax-Property Article Section 9-221 ("Offsetting Income Tax Rates").

5.5 Transferability of Credit

The credit granted under Section 10-23 is not transferable between property owners and cannot be transferred between properties by a property owner.

6.0 Term of Credit

Provided that the requirements of Section 5 of these rules and regulations are met, the credit granted under Section 10-23 is applicable only in the tax year immediately following the approval of a submitted application. However, if an employee continues to meet the eligibility requirements and continues to apply for

the credit on an annual basis, the credit may continue from year to year for taxable years beginning on or after July 1, 2021 and before July 1, 2031.

7.0 Calculation of the Credit

A credit granted under Section 10-23 is applied only to the Baltimore City Real Property Taxes on the Homestead Dwelling of the qualifying Low-Income Employee. The tax credit in any given year shall be equal to the lesser of:

- 1) \$2,500; and
- 2) The amount of the property tax imposed on the building.

No portion of this tax credit shall be applied to the property tax imposed on the land on which qualifying Homestead Dwelling is situated. Rather, the credit is applicable by state law only to the Homestead Dwelling, itself.

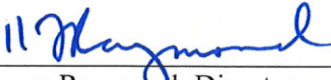
Under no circumstances shall any amount of the credit granted by Section 10-23 be applied to any State Real Property Tax amount, any Special Benefit District Tax amount, or any other tax amount that is anything other than Baltimore City Real Property Taxes.

8.0 Fraudulent Applications

Any tax credit applicant, recipient, or reviewer who knowingly makes a false statement on or in connection with an application for the credit granted under Section 10-23 shall be subject to the criminal penalties for such activity contained therein.


These rules and regulations become effective 12/28/20 and have been filed with the City of Baltimore Department of Legislative Reference.

Issued and Approved:



Henry Raymond, Director
Department of Finance

12/28/20
Date



Hilary Ruley, Chief Solicitor
Law Department

12/18/2020
Date



Avery Aisenstark, Director
Legislative Reference

12/28/20
Date

These Rules and Regulations replace all prior versions and are immediate replacements for the Rules and Regulations for this tax credit promulgated on September 2, 2020.

