

RULES AND REGULATIONS - PROPERTY TAX CREDITS **BROWNFIELDS**

1.0 Background

These rules and regulations are issued pursuant to the authority granted to the Director of Finance by Section 10-10(j) of Article 28 of the Baltimore City Code.

2.0 Eligibility

2.1 Eligible properties.

Eligible properties must be:

- For the purposes of administering this tax credit, no smaller than one complete taxable lot. A Qualified Brownfields Site may be composed of multiple lots, but all such lots will be considered to be included in their entirety. No partial lots may apply for, or be considered for, this tax credit.
- Subject to an approved Voluntary Cleanup Plan or Corrective Action Plan. The terms of the plan must have been met and the cleanup or corrective action completed for the entire Qualified Brownfields Site.
- Issued a letter from Maryland Department of the Environment (MDE), indicating that no further cleanup will be required. This “No Further Requirements” letter may be issued under the Maryland Voluntary Cleanup Program or under the Maryland Oil Control Program. It is the property owner’s responsibility to ensure that the “No Further Requirements” letter applies to the entire Lot or Lots for which the credit is sought and that there are no future cleanup requirements known at the time the letter is issued. If the “No Further Requirements” letter is issued after completion of the project, it must be issued within 6 months of the issuance of a final use and occupancy permit.
- Issued a letter by the Department of Commerce (Commerce) designating the site as a “Qualified Brownfields Site” eligible for the Brownfields Revitalization Incentive program. If the “No Further Requirements” letter is issued after completion of the project, the Department of Commerce’s qualification letter must be issued within 6 months of the “No Further Requirements” letter.
- Issued a Base Assessment by SDAT. Property owners are responsible for ensuring that SDAT certifies their Base Assessments to the City of Baltimore.

2.2 Continuing eligibility.

To continue to receive the credit, any recipient who received a certificate of completion under Maryland's voluntary cleanup program, must maintain approval of a response action plan and a certificate of completion under Sections 7-512 and 7-513 of the Environment Article of the Annotated Code of Maryland.

2.3 Information Requirement.

The Department of Finance reserves the right to request additional information to determine eligibility.

3.0 Applications

3.1 Where to Apply.

All applications shall be submitted electronically via the Baltimore City Department of Finance's Automated Tax Credit Application System (hereinafter "the System"). This system can be accessed via the internet at the following url:

<https://propertytaxcredits.baltimorecity.gov>

All applicants will need to register with the system and create an account that will be used to grant access to the application system and may be used to apply for this and other tax credits for the property.

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, nor for any issues beyond the control of the City of Baltimore's Department of Finance.

3.2 All Applicants.

- Tax credit application and supporting documentation must be filed with the Baltimore Development Corporation via the online Baltimore City Tax Credit Application System in the first taxable year in which the property qualifies for the tax credit. Failure to apply in the first qualifying taxable year will result in the loss of all credit eligibility. For the purposes of this credit, the property shall be deemed to have "qualified" for the credit upon issuance by Commerce of a letter designating the site a "Qualified Brownfields Site."
- Any Commerce letter issued after May 31st of a taxable year may, at the property owner's discretion, be considered for these purposes to be issued on July 1st of the following taxable year. PLEASE NOTE: Property owners should be aware that while advancing the effective issuance date of the Commerce letter will afford them additional time to complete an application by advancing the tax year in which they qualify and thus potentially eliminating the risk of losing the credit entirely for failing to submit a timely application, this will have no effect on the

term of the credit. As such, if the property has already been issued a full year tax bill following the revaluation of the property after the cleanup has been completed, and the tax year in which the property qualifies for the credit is advanced to the following year, then the property owner will be unable to receive the tax credit in the first year of the tax credit period. Under no circumstances will a tax credit be issued in any tax year prior to the tax year in which a completed application is submitted.

- Prior to the submission of any application, applicants should complete any property modifications of the approved site involving subdivision of one lot into multiple lots or the consolidation of multiple lots into one lot. Failure to complete any lot changes prior to applying for the credit will delay the processing of the tax credit application, and any lots not specifically mentioned in the letters from MDE and Commerce may face substantial delays. Finally, the application for, and issuance of, a Brownfields Tax Credit for a cleanup on any portion of a taxable lot shall be considered a tax credit on the entire lot. Upon the expiration of that credit, the property shall be ineligible for any additional Brownfields Tax Credit unless there is the need for, and the completion of, additional cleanup activity unrelated to the initial action.
- At the time of application, applicants must provide a copy of a letter from the Maryland Department of the Environment indicating that no further cleanup will be required. This letter may be issued under the Maryland Voluntary Cleanup Program or under the Maryland Oil Control Program.
- At the time of application, applicants must provide copies of all building permits issued for work done as part of a voluntary cleanup program.
- At the time of application, applicants must provide a statement, sworn to under the penalty of perjury, which provides a list of the site's purchase price and cleanup costs.
- At the time of application, applicants must provide a statement, sworn to under the penalty of perjury, which provides the date on which cleanup activities were commenced and the date on which cleanup activities were completed.
- At the time of application, applicants must sign a statement that all taxes, water, sewer, and other charges and assessments due to the City are current.
- Applicants must provide any other information/documentation deemed necessary.

3.3 Applicants seeking the additional 20% credit.

At the time of application, applicants must provide a notarized statement showing that the site's purchase price and costs of completing the requirements of a voluntary cleanup or corrective action plan equal or exceed \$250,000.

3.4 Applicants in a State-designated Enterprise Zone seeking a 10-year credit term.

At the time of application, applicants must provide certification from the Baltimore Development Corporation (BDC) showing that the property is located in a State-designated Enterprise Zone area.

4.0 Term and Commencement of the Credit

4.1 Term of Credit

- For sites located in a State-designated Enterprise Zone area, the credit period is ten (10) years.
- For all other sites, the credit period is five (5) years.

4.2 Credit Period Commencement

- The credit period commences on the first day of the first full tax year beginning on or after the effective date of the first revaluation of the Brownfields site by the State Department of Assessments and Taxation (SDAT) after completion of a voluntary cleanup or corrective action plan.
- The credit period for a property that has been revalued following the completion of a voluntary cleanup or corrective action plan commences regardless of the status of the application for the credit.

4.3 Commencement of the Credit

- The credit award shall commence following the approval of an application for a qualifying eligible property.
- The award of the credit shall be for any tax year within the credit period that has not ended prior to the submission of a completed application for a qualifying eligible property. The credit will not be awarded retroactively in any tax year which has ended prior to the submission of a completed application for a qualifying eligible property.

5.0 Calculation of the Credit Amount

- The credit is applied to City and State real property taxes only.
- The City real property tax credit shall equal a percentage of the increased City real property tax liability, above the Base Assessment of the site prior to the voluntary cleanup or corrective action plan, after first applying all other property tax credits applicable to the site.

- The general Brownfields real property tax credit is calculated as 50% of the increased tax liability specified above.
- For projects where the documented costs of the site's purchase and voluntary cleanup or corrective action plan efforts equals or exceeds \$250,000, the credit is calculated as 70% of the increased tax liability specified above.
- No credit applicant may receive any combination of credits which reduces tax liability below the taxes due on the fully phased-in value of the property prior to the voluntary cleanup or corrective action plan.

6.0 Transferability of the Credit

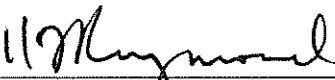
The credit is transferable to a subsequent owner. Once a credit is granted, it will automatically transfer to a subsequent owner for the remaining term of the credit, provided that a new owner meets the "continuing eligibility" requirements outlined in Section 2.2 of these Rules and Regulations.

7.0 Advanced Determination of Eligibility

An applicant may ask for a determination of eligibility prior to receiving the final determination from the Maryland Department of the Environment that no further cleanup is required. Other application requirements remain the same. The Department of Commerce, responding to such a request, may issue a letter that indicates eligibility, conditioned upon completion of the required cleanup.

These rules and regulations are effective this day of 12/14/20 and have been filed with the City of Baltimore Department of Legislative Reference.

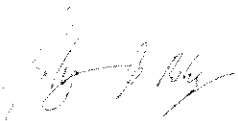
Issued and Approved:



Henry J. Raymond, Director
Department of Finance

12/14/20

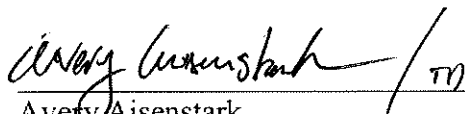
Date



Hilary Ruley
Law Department

11/17/2020

Date



Avery Aisenstark
Legislative Reference

12/14/20

Date

Note: These rules and regulations replace all prior versions and follow chronologically the rules and regulations issued December 20, 2019.