

Home Improvement Property Tax Credit

Program Purpose and Description

This program was designed to provide an incentive to make improvements to residential properties and lessen the financial burden on property owners.

This property tax credit limits the value of the improvements that are eligible for the credit; for instance, the credit does not apply to the value of improvements to the dwelling that exceed \$100,000. If ownership of the property is transferred, the purchaser is eligible for the remainder of the property tax credit. The program provides a 5-year tax credit with 100% relief from your city property tax increase in the first taxable year; the credit declines by 20 percentage points thereafter. **However, the credit is applied only to the increased value of the dwelling due to the improvements.** This credit automatically renews annually for five years as long as the property remains in compliance with the Housing Code.

To be eligible, the property must:

- Be owner occupied for more than six months each year;
- Have had improvements that do not exceed \$100,000 and ;
- Experienced an increased value in the assessed value of the property due to the improvements made to the property and provide the necessary proof (for additional information, please contact SDAT at the following: Phone (410) 767-8250, Fax (410) 333-4626, E-mail: baltcity@dat.state.md.us); and
- Must remain in compliance with the Housing Code.

Important Note: There are 2 conditions under which a purchaser of a newly-renovated home (renovated by the previous owner) could be eligible for a Home Improvement Tax Credit even if the previous owner did not apply for the credit upon completion of the renovation. First, the revised assessment valuing the new construction would have to be issued by the State Department of Assessments and Taxation to the new owner after the date of transfer of the home rather than having been issued to the previous owner who completed the work. Second, the previous owner who completed the renovations would need to have been a principal resident and owner-occupant of the home.

Credit Calculation

Column	Assessment Before Improvement (1)	Assessment After Improvement (2)	Difference in Assessment (3)	Credit % (4)	Amount Eligible for Credit (5)	City Tax Rate * (6)	Credit Amount (7)
Calculation			(2) - (1)		(3) * (4)		(5) * (6)
Year 1	\$100,000	\$120,000	\$20,000	100%	\$20,000	2.268	\$453.60
Year 2	\$100,000	\$120,000	\$20,000	80%	\$16,000	2.268	\$362.88
Year 3	\$100,000	\$120,000	\$20,000	60%	\$12,000	2.268	\$272.16
Year 4	\$100,000	\$120,000	\$20,000	40%	\$8,000	2.268	\$181.44
Year 5	\$100,000	\$120,000	\$20,000	20%	\$4,000	2.268	\$90.72

* Assumes no tax rate change during the five year credit period.

Legal Reference

- State enabling legislation - Annotated Code of Maryland, Tax Property Article, Section 9-304 (e) (Chapter 617, 1994 Session).

- Baltimore City Code, Article 28-Taxes, Section 10-6 (Ordinance No. 446, effective January 14, 1995), and Ordinance 02-475.

Contact:

Baltimore City Bureau of Revenue Collections Call Center
410-396-3971
BaltimoreCityCollections@baltimorecity.gov
Monday – Friday 8:30 a.m. – 4:30 p.m.

Application Process:

Step 1. Owner should complete the application and **attach evidence of appropriate building permits** (go to <http://www.baltimorehousing.org/index/permits.asp> to download a building permit application or http://www.baltimorehousing.org/CELS/Search_TM_MAP.aspx to print out a list of all building permits issued for your particular property which can be used to fulfill the requirements for this tax credit).

Step 2. Owner **must secure assessment information substantiating the increased value** (#8 on application) of the residential real property that is due to the improvements made to the property. This information can be obtained from the State Department of Assessments and Taxation, 6 St. Paul Street. For additional information, please contact SDAT at the following:

Phone (410) 767-8250
Fax (410) 333-4626
E-mail: baltcity@dat.state.md.us

Step 3. Owner should return completed application with all supporting documentation to:

City of Baltimore
Department of Finance
Bureau of Revenue Collections (BRC)
Room 3, Abel Wolman Municipal Building
200 North Holliday Street
Baltimore, MD 21202

Step 4. The BRC will review the application and if approved, will calculate appropriate credit. If disapproved, the BRC will contact the owner for additional information required.

Step 5. This credit automatically renews annually for five years as long as the property remains in compliance with the Housing Code.

For Official Use Only:

1. Assessment subject to credit: _____

2. Percent credit: ___100% ___80% ___60% ___40% ___20% ___0%

3. Net assess. Subject to Credit: _____

4. Tax rate: _____

5. Credit amount: _____

HCD Approval: _____

Date: _____

Approved: _____

Date: _____

Department of Finance