

Arts and Entertainment Districts Property Tax Credit

Program Purpose and Description:

This program is designed to encourage the renovation of buildings for use by artists or arts and entertainment enterprises by lessening the financial burden on property owners. Baltimore City currently has four Arts and Entertainment (A&E) Districts: (1) Station North; (2) Highlandtown; (3) Bromo; and (4) Pennsylvania Avenue. The program provides:

A **10-year tax credit** against the property tax imposed on a building located in a designated A&E District, wholly or partially renovated, and used by a qualified residing artist or A&E Enterprise. The credit begins with the first reassessment after the completion of the qualifying improvements made to the property.

This tax credit cannot be applied to any property for which any other tax subsidy from the City is being received or has been applied for, other than a Maryland Enterprise Zone Tax Credit. The credit is prorated to reflect the proportion of the building used by a qualifying residing artist or an arts and entertainment enterprise. This property tax credit is **transferable** to a purchaser of the property for the remaining term of the credit, provided the property continues to meet the continuing eligibility requirements.

Property Tax Credit Qualifications

The eligible assessment will be determined by the State Department of Assessment and Taxation based on the qualifying renovations.

Qualifying renovations are those that are made to a manufacturing, commercial, or industrial building located in a State-designated A&E district and for use by a qualifying residing artist or A&E Enterprise.

Qualifying residing artists and A&E enterprises, as defined by State Economic Development Article §4-701 of the Maryland Code, are individuals who own or rent residential real property in an A&E district, conduct a business in the A&E district, and derive income from the sale or performance within the A&E district of an artistic work that the individual wrote, composed, or executed either solely or collectively. Arts and entertainment enterprise is a for-profit or nonprofit entity dedicated to visual or performing arts.

The property owner must apply to the Department of Finance for a tax credit **within 90 days of receipt of an assessment notice** reflecting the eligible assessment. The property owner must certify the date on which he/she receives the assessment notice and the Department of Finance must receive the application within 90 days of that date. This 90 day time frame is NOT flexible and is strictly applied.

Continuing Eligibility

To remain eligible, the taxpayer must maintain the property in compliance with all City housing, building, health, fire, and other applicable City Code requirements and remain current on all payments due to the City. The property (the whole or the eligible portion) must also remain in use by a qualifying artist or A&E enterprise, with the taxpayer providing to the Department of Finance an annual certification of that continued use.

Credit Calculation

The credit period begins after the first reassessment of the property by the State after the completion of qualifying renovations.

Except for properties eligible for a Maryland Enterprise Zone Tax Credit*, the amount of the credit granted under this section is the amount of property tax imposed on the eligible assessment of the property, multiplied by:

- a. 80% for the first 5 taxable years;
- b. 70% for the 6th taxable year;
- c. 60% for the 7th taxable year;
- d. 50% for the 8th taxable year;
- e. 40% for the 9th taxable year;
- f. 30% for the 10th taxable year; and
- g. 0% for each subsequent taxable year.

For properties eligible for a Maryland Enterprise Zone Tax Credit, the amount of the credit granted under this section is the amount of property tax imposed on the eligible assessment of the property, multiplied by:

- a. 20% for the first 5 taxable years;
- b. 30% for the 6th taxable year;
- c. 40% for the 7th taxable year;
- d. 50% for the 8th taxable year;
- e. 60% for the 9th taxable year;
- f. 70% for the 10 taxable year; and
- g. 0% for each subsequent taxable year.

*For more information and to apply for the Enterprise Zone tax credit, please visit <https://propertytaxcredits.baltimorecity.gov/>.

Contact

Department of Finance – Fiscal Integrity Office
tax.credits@baltimorecity.gov
(410) 396-8961

Legal Reference

Baltimore City Code, Article 28-Taxes, Section 10-14
Economic Development Article, Art. 4, Subtitle 7 of the Maryland Annotated Code

Application Process

Step 1. Owner should complete the application and **attach evidence of appropriate building permits** (go to <http://www.baltimorehousing.org/permits> to download a building permit application or http://cels.baltimorehousing.org/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 an Assessment Notice substantiating the increased value** of the real property due to the improvements made to the property. This information can be obtained from the State Department of Assessments and Taxation (SDAT), and a copy of the Assessment Notice must be submitted with the application.

Contact Information

State Department of Assessments & Taxation (SDAT)

6 Saint Paul Street, 11th Fl.

Baltimore, MD 21202

sdat.baltcity@maryland.gov

Phone: 410-767-8250

Fax: 410-333-4626

Step 3. Owner should e-mail completed one-time application with all supporting documentation (application, building permits and Assessment Notice) to tax.credits@baltimorecity.gov.

Step 4. The Fiscal Integrity Office will review the application and if approved, will calculate the appropriate credit. If disapproved, the Fiscal Integrity Office will contact the property owner.

Step 5. Eligibility for the credit in any year is conditioned on the following: compliance with all City Housing, Building, Health, Fire and any other applicable Code requirements; remain current on all payments due to the City; and continue to use the property or eligible portion of the property by a qualifying residing artist and/or an A&E enterprise.

The law requires that the property owner **submit an annual certification** to the Fiscal Integrity Office to show that the use of the property continues to be in compliance with the terms of the property tax credit. The Fiscal Integrity Office requires the following:

1. An itemized list of all qualified residing artists and/or A&E enterprises that occupy the space subject to the property tax credit;
2. A copy of the lease and cancelled monthly rent checks for the qualified residing artists and/or A&E enterprises that occupy the space subject to the tax credit; and;
3. The state sales tax account number for the qualified residing artists and/or A&E enterprises that occupy the space.

***The property owner must submit this recertification information by May 1 of each year in order to continue to receive the property tax credit for the next tax year.**

City of Baltimore
Department of Finance – Fiscal Integrity Office
tax.credits@baltimorecity.gov

APPLICATION FOR ARTS AND ENTERTAINMENT DISTRICT PROPERTY TAX CREDIT

1. _____
Property Address

2. _____
Property Reference Number (Ward/Section/Block/Lot)

3. _____
Company Name

4. _____
Company Address

5. _____
Name of Qualifying Residing Artist and/or A&E Enterprise

6. _____
Address of Qualifying Residing Artist and/or A&E Enterprise

7. _____
Total Square Footage of Property

8. _____
Square Footage Dedicated to A&E

9. _____
Type of Use (commercial, manufacturing, residential, other)

10. Have you received a notice of reassessment? If yes, go to 10A. If no, this credit does not apply until reassessed.

10A. Assessed value of Improvement: _____

10B. **Attach** a copy of the State Department of Assessments and Taxation Assessment Notice.

11. All required Baltimore City building permits must be obtained for the improvement in order to qualify for the credit. Accordingly, please **attach** evidence of the required permits.

I declare under the penalties of perjury, that this application (including any accompanying forms and statements) has been examined by me and the information contained herein, to the best of my knowledge and belief, is true, correct and complete, and that I have a legal interest in this property for the prescribed period.

Owner's Signature

Date

Official Use Only

1. Assessment Subject to Credit: _____

2. Credit Amount: _____

3. Recertification Received and Validated (show the date of receipt of the material and the date of the inspection):

Materials Received:	Inspection Date:	Lien Search:
Year 1: _____	_____	_____
Year 2: _____	_____	_____
Year 3: _____	_____	_____
Year 4: _____	_____	_____
Year 5: _____	_____	_____
Year 6: _____	_____	_____
Year 7: _____	_____	_____
Year 8: _____	_____	_____
Year 9: _____	_____	_____
Year 10: _____	_____	_____