

# **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. This letter must be issued within 6 months of the completion of the Voluntary Cleanup or Corrective Action Plan. 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.
- Issued a letter by the Department of Commerce (Commerce) designating the site as a "Qualified Brownfields Site" eligible for the Brownfields Revitalization Incentive program. This letter must be issued within 6 months of MDE's "No Further Requirements" letter.
- Issued a Base Assessment by SDAT. Property owners are responsible for ensuring that SDAT certify 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 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.”
- 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, that 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.

3.2 Applicants seeking the additional 20% credit.

At the time of application, applicants must provide a 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.

3.3 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 is for a period of ten (10) years.
- For all other sites, the credit is for a period of five (5) years.

4.2 Commencement of the Credit

- The credit period commences after 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 will first be applied to a tax bill generated after SDAT has issued a revised assessment notice, on a part or full year basis.

**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 follows:  
Years 1 through 5                      50%

- 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 follows:
 

Years 1 through 5	70%
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- The first year's tax credit will reflect a part year tax bill unless the voluntary cleanup or corrective action plan and improvements added to the site are first assessed after April 1 of a given year and added to the tax rolls by July 1 for a full year bill to be issued.
- 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 12/20/19 and have been filed with the City of Baltimore Department of Legislative Reference.

Issued and Approved:

  
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Henry J. Raymond, Director  
Department of Finance

12/12/19  
Date

  
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Law Department

12/18/19  
Date

  
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Avery Aisenstark  
Legislative Reference

12/20/19  
Date

Note: These rules and regulations replace all prior versions and follow chronologically the rules and regulations issued November 1, 1999.