



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE AND SENATE WAYS & MEAN COMMITTEE

HOUSE BILL 707— RESTORING AND SUSTAINING BALTIMORE CITY COMMUNITIES ACT OF 2014

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support w/Amendments

The Greater Baltimore Committee (GBC) is an independent non-partisan regional business advocacy organization of more than 500 businesses—large, medium and small—educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford and Howard counties as well as Baltimore City. The GBC is a 59-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability. It is an organization that prides itself on advocating for changes in public policies that strengthen the business climate while improving the quality of life.

The Greater Baltimore Committee **supports** House Bill 707 - Restoring and Sustaining Baltimore City Communities Act of 2014 but also offers amendments for improved reporting.

This bill requires the Mayor and City Council to grant a property tax credit for qualified owners of vacant or newly constructed dwellings against the current property tax imposed in Baltimore for properties located in the communities of Harlem Park, Pennsylvania Avenue, Irvington-Beechfield, or Fayette Street Outreach. The credit value proposed in the bill gradually phases out and would be 100% for the first 5 years; 50% for the next 10 years; 34% for the 16th year; 16% for the 17th year; then 0% thereafter. Owners qualify by filing State income taxes as a resident of Baltimore City during the tax credit period and:

- 1) **For Vacant Property:** Substantially rehabilitating a vacant dwelling and occupying it after rehabilitation as principal residence; or,
- 2) **For New Construction:** Purchasing a newly constructed dwelling and occupying as the principal residence.

This legislation could spur revitalization and economic activity in areas that could truly benefit from the assistance. Concentrated development of the kind contemplated in HB 707 could translate into City revenues in other forms beyond property taxes and could boost property values.

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Suite 1700, 111 South Calvert Street, Baltimore, Maryland 21202-6180
410. 727-2820. Fax 410. 539-5705

Pairing the vacant dwelling component with the newly constructed property component could improve whole communities. This shows a greater strategic emphasis on revitalization and development than previous policy proposals.

Extending the duration of the credit as it applies to new and vacant dwellings as this bill does—from a 5-year span in current standalone programs up to a 17-year span in the proposal—could make more rehabilitation projects feasible and more attractive to developers.

Proposed Amendments:

It has been historically difficult to evaluate the overall impact of tax credit programs like HB 707. The GBC would recommend amending the bill to include specific language for reporting on this program that meets and goes beyond what is typically seen in credit reporting requirements.

This would include:

- Number of credits issued
- Annual and cumulative value of the credits
- Annual and cumulative impact on surrounding property values (average and median sale price).

The Greater Baltimore Committee requests a favorable report on Senate Bill 707 and recommends the above additions for reporting purposes.