

Introduced 1/3/17
Public Hearing 1/17/17
Council Action 2/16/17
Executive Action 2/9/17
Effective Date 4/1/17

County Council of Howard County, Maryland

2017 Legislative Session

Legislative Day No. 1

Bill No.6-2017

Introduced by: The Chairperson at the request of the County Executive

AN ACT clarifying the definition of eligible property; clarifying certain qualified expenses for purposes of qualifying to receive the tax credit; clarifying the process to receive the tax credit; removing certain obsolete provisions; making certain technical corrections; defining certain terms, and generally related to the tax credit for the restoration and rehabilitation of historic or heritage properties.

Introduced and read first time January 3, 2017. Ordered posted and hearing scheduled.

By order

Jessica Feldmark
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on January 17, 2017.

By order

Jessica Feldmark
Jessica Feldmark, Administrator

This Bill was read the third time on February 6 2017 and Passed , Passed with amendments , Failed .

By order

Jessica Feldmark
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 9th day of February 2017 at 3 a.m./p.m.

By order

Jessica Feldmark
Jessica Feldmark, Administrator

Approved/Vetoed by the County Executive Feb 9, 2017

Allan H. Kittleman
Allan H. Kittleman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Section 1. Be It Enacted** by the County Council of Howard County, Maryland that the Howard
2 County Code is amended as follows:

3
4 By amending Title 20 "Taxes, Charges, and Fees"
5 Section 20.113 "Restorations and rehabilitations of historic or heritage properties"

6
7 **Title 20. Taxes, Charges, and Fees.**

8 **Subtitle 1. Real Property Tax; Administration, Credits, And Enforcement.**

9 **Part II. State-Wide Tax Credits.**

10
11 **Section 20.113. Restorations and rehabilitations of historic or heritage properties.**

12 (a) *Establishment of Historic Tax Credit Program for Increase in Assessed Value.* In accordance with § 9-
13 204.1 of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County Property Tax
14 Credit FOR QUALIFIED EXPENSES NOT TO EXCEED [[in an amount equal to]]the difference between:

15 (1) The Howard County Real Property Tax that, but for the tax credit, would be payable on the
16 assessed value of an eligible historic property after the [[completion of eligible work]]
17 EXPENDITURE OF QUALIFIED EXPENSES; and

18 (2) The Howard County Real Property Tax that would be payable on the assessed value of the
19 property if [[the]] THERE WAS NO EXPENDITURE OF QUALIFIED EXPENSES [[eligible work was not
20 done]].

21 (b) *Definitions.* In this section the following terms have the meanings indicated:

22 (1) *Certificate of eligibility* means the [[document]]ORDER issued by the Commission [[under section
23 20.112 of the County Code]] to the owner of an eligible property, which authorizes the
24 Department of Finance to apply a historic tax credit to the eligible property.

25 (2) *Commission* means the Historic Preservation Commission created under section 6.324 of [[the
26 County]]THIS Code.

27 (3) *Eligible property* MEANS A PROPERTY THAT HAS UNDERGONE SIGNIFICANT IMPROVEMENTS,
28 RESTORATION, OR REHABILITATION RESULTING IN AN INCREASE IN ASSESSED VALUE, AND IS:
29 [[has the meaning stated in subsection 20.112(b)(3) of the County Code.]]

30 (I) A STRUCTURE THAT IS LISTED ON THE HOWARD COUNTY HISTORIC SITES INVENTORY AND IS
31 DESIGNATED BY THE COMMISSION AS HISTORICALLY SIGNIFICANT;

1 (II) A STRUCTURE ELIGIBLE FOR INCLUSION IN THE HOWARD COUNTY HISTORIC SITES
2 INVENTORY, WHICH IS ADDED TO THE INVENTORY PRIOR TO THE FINAL APPROVAL OF A
3 ~~CERTIFICATE OF ELIGIBILITY TAX CREDIT UNDER THIS SECTION~~; OR

4 (III) AN EXISTING PRINCIPAL STRUCTURE OR HISTORIC OUTBUILDING LOCATED WITHIN A LOCAL
5 HISTORIC DISTRICT IN HOWARD COUNTY, WHICH IS DETERMINED BY THE COMMISSION TO BE
6 OF HISTORIC OR ARCHITECTURAL SIGNIFICANCE.

7 ~~[(4) Eligible work has the meaning stated in subsection 20.112(b)(4) of the County Code, except that~~
8 ~~routine maintenance, as defined under section 16.601 of the County Code, is not eligible work~~
9 ~~under this section.]]~~

10 (4) ~~INCREASED ASSESSMENT~~ MEANS THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION
11 ~~ASSESSMENT UPON WHICH THE APPLICATION FOR THE TAX CREDIT IS BASED THAT RESULTS FROM~~
12 ~~THE IMPROVEMENT, RESTORATION, OR REHABILITATION OF ELIGIBLE PROPERTY.~~

13 ~~[[5]]5) Qualified expenses~~[[:

14 (i) The]]MEANS THE amount of money paid by the owner of an eligible property to a licensed
15 contractor for IMPROVEMENTS, RESTORATION, OR THE REHABILITATION OF THE
16 PROPERTY[[eligible work]] or for materials used to IMPROVE, RESTORE, OR REHABILITATE
17 THE PROPERTY, ~~WHICH RESULTS IN AN INCREASED ASSESSMENT~~ [[do eligible work]].

18 [[(ii) In order to be eligible for a tax credit under this section, qualified:]]

19 (c) *Procedures:*

20 (1) The owner of an eligible property may apply for a certificate of eligibility under this section [[by
21 complying with the procedures under subsections 20.112(c)(2) through (6) of this subtitle]] IF:

22 (I) QUALIFIED EXPENSES ARE \$5,000.00 OR GREATER;

23 (II) A. PRIOR TO THE EXPENDITURE OF QUALIFIED EXPENSES, THE OWNER OBTAINS A
24 PRE-APPROVAL DETERMINATION FROM THE COMMISSION THAT THE PROPOSED
25 IMPROVEMENTS, RESTORATION, AND REHABILITATION ARE IN ACCORD WITH THE
26 U.S. SECRETARY OF INTERIOR STANDARDS AND GUIDELINES ON
27 REHABILITATION OF HISTORIC STRUCTURES.

28 B. IN THE CASE OF AN EMERGENCY APPLICATION DUE TO FLOOD, FIRE, OR NATURAL
29 DISASTER, THE COMMISSION MAY ISSUE A PRE-APPROVAL DETERMINATION
30 AFTER THE EXPENDITURE OF QUALIFIED EXPENSES IF THE COMMISSION
31 DETERMINES THAT THE WORK REQUIRING THE CERTIFICATION WAS DONE IN
32 ACCORDANCE WITH TITLE 6, SUBTITLE 6 OF THIS CODE AND IS IN ACCORD WITH
33 THE U.S. SECRETARY OF INTERIOR STANDARDS AND GUIDELINES ON THE
34 REHABILITATION OF HISTORIC STRUCTURES.

1 ~~(H)~~(III) A CERTIFICATE OF APPROVAL FROM THE COMMISSION IS OBTAINED FOR ALL WORK
2 SUBJECT TO COMMISSION APPROVAL UNDER SECTION 16.603 OF THIS CODE, OR ANY OTHER
3 PROVISION OF THIS CODE OR THE ZONING REGULATIONS THAT REQUIRES A COMMISSION
4 DETERMINATION;

5 ~~(H)~~(IV) THE OWNER FILES AN APPLICATION WITH THE COMMISSION:

6 A. WITHIN 12 MONTHS OF THE INCREASED ASSESSMENT:

7 B. ON A FORM PROVIDED BY THE COMMISSION AND ACCOMPANIED BY THE PRE-APPROVAL
8 DETERMINATION, ITEMIZED RECEIPTS DOCUMENTING THE QUALIFIED EXPENSES, AND
9 ADDITIONAL INFORMATION THAT THE COMMISSION, BY RULE, REQUIRES;

10 ~~(H)~~(V) THE OWNER OTHERWISE COMPLIES WITH THE PROVISIONS OF THIS SECTION.

11 (2) THE COMMISSION SHALL ISSUE A CERTIFICATE OF ELIGIBILITY STATING THE AMOUNT OF
12 QUALIFIED EXPENSES:

13 (i) IF IT DETERMINES THE PROPERTY TO BE AN ELIGIBLE PROPERTY;

14 (ii) IF THE QUALIFIED EXPENSES ARE DOCUMENTED TO THE SATISFACTION OF THE COMMISSION;

15 AND

16 (ii) IF ANY CERTIFICATE OF APPROVAL OR COMMISSION DETERMINATION REQUIRED BY THIS
17 CODE OR THE ZONING REGULATIONS HAS BEEN ISSUED FOR THE WORK.

18 ~~[[2]]~~3) The owner of an eligible property may apply to the Department of Finance for a tax credit
19 under this section if:

20 (i) A certificate of eligibility meeting the requirements of this section, for work done on the
21 property, has been given final approval by the Commission; and

22 (ii) The assessed value of the property has increased after a valuation or revaluation under § 8-
23 104 of the Tax-Property Article of the Annotated Code of Maryland.

24 ~~[[3]]~~3) The application shall be on a form that the Commission, by rule, requires, and shall be
25 accompanied by the certificate of eligibility.

26 (4) Upon receipt of an application under this subsection, the Department of Finance shall forward a
27 copy of the certificate of eligibility to the State Department of Assessments and Taxation, who
28 shall determine what portion, if any, of the increase in assessment is due to the eligible work.]]

29 ~~[[5]]~~4) ~~[[After the determination by the Department of Assessments and Taxation, the]]~~ THE
30 Department of Finance shall grant the Howard County Real Property Tax Credit under this
31 section, beginning with the first tax year in which the real property tax would increase as a result
32 of the INCREASED assessment.

1 (~~[[6]]~~5) (i) A tax credit under this section is granted annually for a term of ten years, provided that
2 [[no eligible work is]] WORK REQUIRING THE [[altered without the prior]] approval of the
3 Commission IS DONE WITH THE COMMISSION'S APPROVAL.

4 ~~(ii) THE COMMISSION MAY GRANT RETROACTIVE APPROVAL, WHICH SHALL BE SUFFICIENT~~
5 ~~FOR THE TAX CREDIT IN THE CASE OF AN EMERGENCY APPLICATION DUE TO FLOOD, FIRE, OR~~
6 ~~NATURAL DISASTER, IF THE COMMISSION DETERMINES THAT THE WORK REQUIRING ITS~~
7 ~~APPROVAL WAS DONE IN ACCORDANCE WITH TITLE 6, SUBTITLE 6 OF THIS CODE.~~

8 ~~(iii)~~ (ii) If [[eligible work]] THE PROPERTY is altered without the prior approval of the
9 Commission:

- 10 a. The Department of Planning and Zoning shall notify the Department of Finance; and
- 11 b. The tax credit under this section shall lapse beginning with the tax year immediately
12 following the year in which notification is received by the Department of Finance.

13 (d) *Lapse of Credit Due to Damage to Property:*

14 (1) A tax credit granted under this section shall lapse if any [[eligible work]] OF THE
15 IMPROVEMENTS, RESTORATION, OR REHABILITATION WHICH WERE COVERED BY QUALIFIED
16 EXPENSES is damaged due to fire, weather or other natural causes.

17 (2) The owner of the property may, as approved by the Commission, repair the damage and apply for
18 a tax credit under this section.

19 ~~[[e)]~~ *Applicability Outside Historic District:*

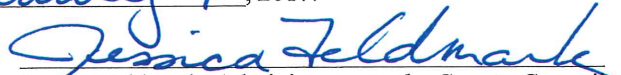
20 (1) For property not located in an official local historic district, the certificate of eligibility establishes tax
21 credit eligibility.

22 (2) Work not done in accordance with initial approval of a certificate of eligibility does not qualify for a
23 historic tax credit, but otherwise is not subject to subsection 16.606(a) of the Code regarding commission
24 approval or section 16.610 regarding enforcement.]]

25
26 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
27 *this Act shall become effective 61 days after its enactment.*

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on February 9, 2017.



Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on _____, 2017.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on _____, 2017.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on _____, 2017.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on _____, 2017.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on _____, 2017.

Jessica Feldmark, Administrator to the County Council

Amendment 1 to Council Bill No. 6-2017

BY: The Chairperson at the
request of the County Executive

Legislative Day No. 2
Date: February 6, 2017

Amendment No. 1

(This amendment clarifies certain terms, clarifies the process when you need a pre-approval determination; sets forth that pre-approval determinations shall be consistent with certain federal guidelines, clarifies the process in the event of an emergency, and makes technical corrections.)

1 On page 1, in line 27, after “UNDERGONE”, insert “SIGNIFICANT”.

2

3 On page 2, in line 3, strike “CERTIFICATE OF ELIGIBILITY” and substitute “TAX CREDIT UNDER THIS
4 SECTION”.

5

6 On page 2, in line 11, strike “UPON WHICH THE APPLICATION FOR THE TAX CREDIT IS BASED” and
7 substitute “THAT RESULTS FROM THE IMPROVEMENT, RESTORATION, OR REHABILITATION OF ELIGIBLE
8 PROPERTY”.

9

10 On page 2, in line 16, strike “, WHICH RESULTS IN AN INCREASED ASSESSMENT”.

11

12 On page 2, after line 21, insert:

13 “(II) A. PRIOR TO THE EXPENDITURE OF QUALIFIED EXPENSES, THE OWNER OBTAINS A PRE-
14 APPROVAL DETERMINATION FROM THE COMMISSION THAT THE PROPOSED
15 IMPROVEMENTS, RESTORATION, AND REHABILITATION ARE IN ACCORD WITH THE U.S.
16 SECRETARY OF INTERIOR STANDARDS AND GUIDELINES ON REHABILITATION OF
17 HISTORIC STRUCTURES.

18 B. IN THE CASE OF AN EMERGENCY APPLICATION DUE TO FLOOD, FIRE, OR NATURAL
19 DISASTER, THE COMMISSION MAY ISSUE A PRE-APPROVAL DETERMINATION AFTER THE
20 EXPENDITURE OF QUALIFIED EXPENSES IF THE COMMISSION DETERMINES THAT THE
21 WORK REQUIRING THE CERTIFICATION WAS DONE IN ACCORDANCE WITH TITLE 6,
22 SUBTITLE 6 OF THIS CODE AND IS IN ACCORD WITH THE U.S. SECRETARY OF INTERIOR
23 STANDARDS AND GUIDELINES ON THE REHABILITATION OF HISTORIC STRUCTURES.”.

- 1
- 2 On page 2, in line 22, strike “(II)” and substitute “(III)”.
- 3
- 4 On page 2, in line 26, strike “(III)” and substitute “(IV)”.
- 5
- 6 On page 2, in line 28, after “ACCOMPANIED BY”, insert “THE PRE-APPROVAL DETERMINATION,
- 7 ITEMIZED RECEIPTS DOCUMENTING THE QUALIFIED EXPENSES, AND”.
- 8
- 9 On page 2, in line 30, strike “(IV)” and substitute “(V)”.
- 10
- 11 On page 3, strike lines 23 through 6 inclusive and in their entirety.
- 12
- 13 On page 3, in line 27, strike “([[i]]III)” and substitute “(II)”.

ADOPTED 2/6/17
FAILED _____
SIGNATURE Jessica Feldman

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council of Howard County, Maryland

2017 Legislative Session

Legislative Day No. 1

Bill No. 6-2017

Introduced by: The Chairperson at the request of the County Executive

AN ACT clarifying the definition of eligible property; clarifying certain qualified expenses for purposes of qualifying to receive the tax credit; clarifying the process to receive the tax credit; removing certain obsolete provisions; making certain technical corrections; defining certain terms, and generally related to the tax credit for the restoration and rehabilitation of historic or heritage properties.

Introduced and read first time _____, 2017. Ordered posted and hearing scheduled.

By order _____
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2017.

By order _____
Jessica Feldmark, Administrator

This Bill was read the third time on _____, 2017 and Passed ____, Passed with amendments ____, Failed ____.

By order _____
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this ____ day of _____, 2017 at ____ a.m./p.m.

By order _____
Jessica Feldmark, Administrator

Approved/Vetoed by the County Executive _____, 2017

Allan H. Kittleman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Section 1. Be It Enacted** by the County Council of Howard County, Maryland that the Howard
2 County Code is amended as follows:

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11 **Section 20.113. Restorations and rehabilitations of historic or heritage properties.**

12 (a) *Establishment of Historic Tax Credit Program for Increase in Assessed Value.* In accordance with § 9-
13 204.1 of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County Property Tax
14 Credit FOR QUALIFIED EXPENSES NOT TO EXCEED [[in an amount equal to]]the difference between:

15 (1) The Howard County Real Property Tax that, but for the tax credit, would be payable on the
16 assessed value of an eligible historic property after the [[completion of eligible work]]

17 EXPENDITURE OF QUALIFIED EXPENSES; and

18 (2) The Howard County Real Property Tax that would be payable on the assessed value of the
19 property if [[the]] THERE WAS NO EXPENDITURE OF QUALIFIED EXPENSES [[eligible work was not
20 done]].

21 (b) *Definitions.* In this section the following terms have the meanings indicated:

22 (1) *Certificate of eligibility* means the [[document]]ORDER issued by the Commission [[under section
23 20.112 of the County Code]] to the owner of an eligible property, which authorizes the
24 Department of Finance to apply a historic tax credit to the eligible property.

25 (2) *Commission* means the Historic Preservation Commission created under section 6.324 of [[the
26 County]]THIS Code.

27 (3) *Eligible property* MEANS A PROPERTY THAT HAS UNDERGONE IMPROVEMENTS, RESTORATION, OR
28 REHABILITATION RESULTING IN AN INCREASE IN ASSESSED VALUE, AND IS: [[has the meaning
29 stated in subsection 20.112(b)(3) of the County Code.]]

30 (I) A STRUCTURE THAT IS LISTED ON THE HOWARD COUNTY HISTORIC SITES INVENTORY AND IS
31 DESIGNATED BY THE COMMISSION AS HISTORICALLY SIGNIFICANT;

1 (II) A STRUCTURE ELIGIBLE FOR INCLUSION IN THE HOWARD COUNTY HISTORIC SITES
2 INVENTORY, WHICH IS ADDED TO THE INVENTORY PRIOR TO THE FINAL APPROVAL OF A
3 CERTIFICATE OF ELIGIBILITY; OR

4 (III) AN EXISTING PRINCIPAL STRUCTURE OR HISTORIC OUTBUILDING LOCATED WITHIN A LOCAL
5 HISTORIC DISTRICT IN HOWARD COUNTY, WHICH IS DETERMINED BY THE COMMISSION TO BE
6 OF HISTORIC OR ARCHITECTURAL SIGNIFICANCE.

7 [[(4) *Eligible work* has the meaning stated in subsection 20.112(b)(4) of the County Code, except that
8 routine maintenance, as defined under section 16.601 of the County Code, is not eligible work
9 under this section.]]

10 (4) *INCREASED ASSESSMENT* MEANS THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION
11 ASSESSMENT UPON WHICH THE APPLICATION FOR THE TAX CREDIT IS BASED.

12 ([[5]]5) *Qualified expenses*[:

13 (i) The]]MEANS THE amount of money paid by the owner of an eligible property to a licensed
14 contractor for IMPROVEMENTS, RESTORATION, OR THE REHABILITATION OF THE
15 PROPERTY[[eligible work]] or for materials used to IMPROVE, RESTORE, OR REHABILITATE
16 THE PROPERTY, WHICH RESULTS IN AN INCREASED ASSESSMENT [[do eligible work]].

17 [[(ii) In order to be eligible for a tax credit under this section, qualified:]]

18 (c) *Procedures*:

19 (1) The owner of an eligible property may apply for a certificate of eligibility under this section [[by
20 complying with the procedures under subsections 20.112(c)(2) through (6) of this subtitle]] IF:

21 (I) QUALIFIED EXPENSES ARE \$5,000.00 OR GREATER;

22 (II) A CERTIFICATE OF APPROVAL FROM THE COMMISSION IS OBTAINED FOR ALL WORK SUBJECT
23 TO COMMISSION APPROVAL UNDER SECTION 16.603 OF THIS CODE, OR ANY OTHER
24 PROVISION OF THIS CODE OR THE ZONING REGULATIONS THAT REQUIRES A COMMISSION
25 DETERMINATION;

26 (III) THE OWNER FILES AN APPLICATION WITH THE COMMISSION:

27 A. WITHIN 12 MONTHS OF THE INCREASED ASSESSMENT:

28 B. ON A FORM PROVIDED BY THE COMMISSION AND ACCOMPANIED BY ADDITIONAL
29 INFORMATION THAT THE COMMISSION, BY RULE, REQUIRES;

30 (IV) THE OWNER OTHERWISE COMPLIES WITH THE PROVISIONS OF THIS SECTION.

31 (2) THE COMMISSION SHALL ISSUE A CERTIFICATE OF ELIGIBILITY STATING THE AMOUNT OF
32 QUALIFIED EXPENSES:

33 (I) IF IT DETERMINES THE PROPERTY TO BE AN ELIGIBLE PROPERTY;

1 (II) IF THE QUALIFIED EXPENSES ARE DOCUMENTED TO THE SATISFACTION OF THE COMMISSION;

2 AND

3 (II) IF ANY CERTIFICATE OF APPROVAL OR COMMISSION DETERMINATION REQUIRED BY THIS
4 CODE OR THE ZONING REGULATIONS HAS BEEN ISSUED FOR THE WORK.

5 ([[2]]3) The owner of an eligible property may apply to the Department of Finance for a tax credit
6 under this section if:

7 (i) A certificate of eligibility meeting the requirements of this section, for work done on the
8 property, has been given final approval by the Commission; and

9 (ii) The assessed value of the property has increased after a valuation or revaluation under § 8-
10 104 of the Tax-Property Article of the Annotated Code of Maryland.

11 [[(3)] The application shall be on a form that the Commission, by rule, requires, and shall be
12 accompanied by the certificate of eligibility.

13 (4) Upon receipt of an application under this subsection, the Department of Finance shall forward a
14 copy of the certificate of eligibility to the State Department of Assessments and Taxation, who
15 shall determine what portion, if any, of the increase in assessment is due to the eligible work.]]

16 ([[5]]4) [[After the determination by the Department of Assessments and Taxation, the]] THE
17 Department of Finance shall grant the Howard County Real Property Tax Credit under this
18 section, beginning with the first tax year in which the real property tax would increase as a result
19 of the INCREASED assessment.

20 ([[6]]5) (i) A tax credit under this section is granted annually for a term of ten years, provided that
21 [[no eligible work is]] WORK REQUIRING THE [[altered without the prior]] approval of the
22 Commission IS DONE WITH THE COMMISSION'S APPROVAL.

23 (II) THE COMMISSION MAY GRANT RETROACTIVE APPROVAL, WHICH SHALL BE SUFFICIENT
24 FOR THE TAX CREDIT IN THE CASE OF AN EMERGENCY APPLICATION DUE TO FLOOD, FIRE, OR
25 NATURAL DISASTER, IF THE COMMISSION DETERMINES THAT THE WORK REQUIRING ITS
26 APPROVAL WAS DONE IN ACCORDANCE WITH TITLE 6, SUBTITLE 6 OF THIS CODE.

27 ([[ii]]iii) If [[eligible work]] THE PROPERTY is altered without the prior approval of the
28 Commission:

29 a. The Department of Planning and Zoning shall notify the Department of Finance; and

30 b. The tax credit under this section shall lapse beginning with the tax year immediately
31 following the year in which notification is received by the Department of Finance.

32 (d) *Lapse of Credit Due to Damage to Property:*

1 (1) A tax credit granted under this section shall lapse if any [[eligible work]] OF THE
2 IMPROVEMENTS, RESTORATION, OR REHABILITATION WHICH WERE COVERED BY QUALIFIED
3 EXPENSES is damaged due to fire, weather or other natural causes.

4 (2) The owner of the property may, as approved by the Commission, repair the damage and apply for
5 a tax credit under this section.

6 *[[e) Applicability Outside Historic District:*

7 (1) For property not located in an official local historic district, the certificate of eligibility establishes tax
8 credit eligibility.

9 (2) Work not done in accordance with initial approval of a certificate of eligibility does not qualify for a
10 historic tax credit, but otherwise is not subject to subsection 16.606(a) of the Code regarding commission
11 approval or section 16.610 regarding enforcement.]]

12
13 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
14 ***this Act shall become effective 61 days after its enactment.***



Amendment 1 to Council Bill No. 6-2017

BY: The Chairperson at the
request of the County Executive

Legislative Day No. 2
Date: February 6, 2017

Amendment No. 1

(This amendment clarifies certain terms, clarifies the process when you need a pre-approval determination; sets forth that pre-approval determinations shall be consistent with certain federal guidelines, clarifies the process in the event of an emergency, and makes technical corrections.)

- 1 On page 1, in line 27, after “UNDERGONE”, insert “SIGNIFICANT”.
- 2
- 3 On page 2, in line 3, strike “CERTIFICATE OF ELIGIBILITY” and substitute “TAX CREDIT UNDER THIS
- 4 SECTION”.
- 5
- 6 On page 2, in line 11, strike “UPON WHICH THE APPLICATION FOR THE TAX CREDIT IS BASED” and
- 7 substitute “THAT RESULTS FROM THE IMPROVEMENT, RESTORATION, OR REHABILITATION OF ELIGIBLE
- 8 PROPERTY”.
- 9
- 10 On page 2, in line 16, strike “, WHICH RESULTS IN AN INCREASED ASSESSMENT”.
- 11
- 12 On page 2, after line 21, insert:
- 13 “(II) A. PRIOR TO THE EXPENDITURE OF QUALIFIED EXPENSES, THE OWNER OBTAINS A PRE-
- 14 APPROVAL DETERMINATION FROM THE COMMISSION THAT THE PROPOSED
- 15 IMPROVEMENTS, RESTORATION, AND REHABILITATION ARE IN ACCORD WITH THE U.S.
- 16 SECRETARY OF INTERIOR STANDARDS AND GUIDELINES ON REHABILITATION OF
- 17 HISTORIC STRUCTURES.
- 18 B. IN THE CASE OF AN EMERGENCY APPLICATION DUE TO FLOOD, FIRE, OR NATURAL
- 19 DISASTER, THE COMMISSION MAY ISSUE A PRE-APPROVAL DETERMINATION AFTER THE
- 20 EXPENDITURE OF QUALIFIED EXPENSES IF THE COMMISSION DETERMINES THAT THE
- 21 WORK REQUIRING THE CERTIFICATION WAS DONE IN ACCORDANCE WITH TITLE 6,
- 22 SUBTITLE 6 OF THIS CODE AND IS IN ACCORD WITH THE U.S. SECRETARY OF INTERIOR
- 23 STANDARDS AND GUIDELINES ON THE REHABILITATION OF HISTORIC STRUCTURES.”.

1

2 On page 2, in line 22, strike “(II)” and substitute “(III)”.

3

4 On page 2, in line 26, strike “(III)” and substitute “(IV)”.

5

6 On page 2, in line 28, after “ACCOMPANIED BY”, insert “THE PRE-APPROVAL DETERMINATION,
7 ITEMIZED RECEIPTS DOCUMENTING THE QUALIFIED EXPENSES, AND”.

8

9 On page 2, in line 30, strike “(IV)” and substitute “(V)”.

10

11 On page 3, strike lines 23 through 6 inclusive and in their entirety.

12

13 On page 3, in line 27, strike “([i]ii)III)” and substitute “(II)”.

CB6-2017

Public Hearing
Testimony
(already scanned)

HOWARD COUNTY COUNCIL MEETING

JANUARY 17, 2017

My name Fred Dorsey and I live at 10774 Judy Lane, Columbia Md. I am here as President of Preservation Howard County.to testify on CB 6-2017 amending the "Restoration and rehabilitation of historic or heritage properties.".....

This bill provides tax credit for interior restoration, assists the reestablishment of the properties assessed value, retroactive approval for emergency work performed required by flood, fire, natural disaster and granting the approved tax credit annually for ten years.

These three areas change the spectrum of historic preservation restoration now within the two historic districts and extends it to historic properties throughout Howard County. These three areas cannot stand on their own without the inclusion of a detailed implementation process absent in the bill.

The extent of tax credit for interior work exceeds the current approvals providing only for interior work that affects structural stability and weather proofing. There is an exterior Design Guideline used by the HPC but there is not a Design Guideline. The bill does not address the specific types of interior restoration provided in this bill leaving only the Secretary of Interior guidelines as a source.


The concerns presented are important enough that PHC feels the bill should be ~~tabled and the concerns~~ addressed in a work sessions. A bill returned adequately addressing these concerns would be supported by PHC, should be approved by the Council benefitting historic property owners, especially those located on Main Street Ellicott City.



Howard County
Internal Memorandum

Subject: Testimony on Council Bill No. ____-2017; amending the tax credit for restoration and rehabilitation of historic or heritage properties

To: Lonnie R. Robbins
Chief Administrative Officer

From: Stanley Milesky, 
Director of the Department of Finance

Date: December 22, 2016

History of Tax Credit under 20.113

The tax credit under HCC §20.113, the historic assessment credit, was originally drafted as a complement to the historic tax credit in §20.112, the historic renovations credit. While the historic renovations credit allowed for reimbursement for a portion of the costs of certain limited improvements ("eligible work"), the historic assessment credit was granted to protect property owners from increased assessments they might trigger as a result of the historic renovations. These credits were linked in that both required the pre-approval of the Historic Preservation Commission and were limited to exterior and structural improvements.

In the past, the use of these credits in the County for exterior refurbishing, including siding and roofs and were not in conjunction with interior repairs.

Ellicott City Flooding and its impact on the credit

Recent flood damage in Ellicott City brought forth major questions regarding how these credits would be administered on those properties whose improvement assessment was reduced to zero and the increase resulting from repair and renovations would be considerable when the properties were reassessed. In addition, the pre-approval process for the credit hampered the ability of merchants to get back into business quickly.

The current code requires that the State Department of Assessments and Taxation (SDAT) determine what portion, if any, of the increase in assessment is due to eligible work. In early September, after inquiries from some businesses regarding how this determination was going to be made, the Department of Finance contacted SDAT to ascertain what methodology SDAT was

restoration of their property. Because they did not fully understand this credit and they were primarily focused on getting their business up and running, many of them moved forward in their repair efforts without seeking pre-approval and lost the ability to utilize the credit under the current code. This legislation gives them a new opportunity for assistance. As such, the number of businesses who apply should increase.

The Department of Finance has access to some important information regarding these properties. There are 87 properties whose improvement assessment was reduced as a result of the flood from their original value to \$1000. The amount of that reduction on a full annual basis is \$206,124. The fiscal impact to the County of this credit is dependent on several other variables:

- Number of property owners who apply for the credit.
- The assessed value assigned to the improvement by SDAT following repair and restoration.
- The amount of qualified expenses for repairs and restoration.

The following table represents Maximum Potential Liability under the assumption that all eligible owners apply for the credit and the qualified expenses were large enough for the owners to receive the credit for the full ten years:

	Amount that new Assessment Exceeds Prior Assessment			
	0%	10%	20%	30%
One year value of credit	206,124	227,610	248,301	268,993
Ten year value of credit	2,061,240	2,276,100	2,483,010	2,689,930

LARRY HOGAN
Governor

BOYD RUTHERFORD
Lt. Governor



DEPARTMENT OF
ASSESSMENTS & TAXATION

SEAN POWELL
Director

MICHAEL HIGGS JR.
Deputy Director

December 1, 2016

Linda Watts, Assistant Director of Finance
Office of Business Management and Customer Service
Howard County Department of Finance
3430 Courthouse Drive
Ellicott City, Maryland 21043

Re: Historic Tax Credits

Dear Ms. Watts:

According to Howard County, MD Code of Ordinances, Sec. 20.113(c)(4), "Upon receipt of an application under this subsection, the Department of Finance shall forward a copy of the certificate of eligibility to the State Department of Assessments and Taxation, who shall determine what portion, if any, of the increase in assessment is due to the eligible work."

The Department of Assessments and Taxation, Howard County, is not able to make the noted determination, as the County ordinance extends beyond the requirements of the governing statute, Annotated Code of Maryland, Tax-Property Article 9-204.1. However, upon receipt of the certificate of eligibility, I or my designee will certify to the County, (1) the market value assessment prior to an increased assessment due to improvements, and (2) the market value assessment after an increased assessment due to improvements.

If you have any questions regarding this matter, please feel free to contact me at 410-480-7956 or manya.archie@maryland.gov.

Sincerely,

Manya Archie
Supervisor of Assessments
Howard County

Revised

CBG-2017



Howard County

Internal Memorandum

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In the past, the use of these credits in the County for exterior refurbishing, including siding and roofs and were not in conjunction with interior repairs.

Ellicott City Flooding and its impact on the credit

Recent flood damage in Ellicott City brought forth major questions regarding how these credits would be administered on those properties whose improvement assessment was reduced to zero and the increase resulting from repair and renovations would be considerable when the properties were reassessed. In addition, the pre-approval process for the credit hampered the ability of merchants to get back into business quickly.

The current code requires that the State Department of Assessments and Taxation (SDAT) determine what portion, if any, of the increase in assessment is due to eligible work. In early September, after inquiries from some businesses regarding how this determination was going to

be made, the Department of Finance contacted SDAT to ascertain what methodology SDAT was going to use to make the determination of increase in assessment because most businesses had a combination of eligible work and interior work which both affect assessment.

On December 1, 2016 we received a letter from SDAT informing the County that they would not be able to make the determination of increase in assessment because the County Code extends SDAT's responsibility beyond the governing State statute. SDAT will provide us only with the assessment before the increase, in the Ellicott City Flood case \$1000 and the assessment with the improvement. It would be up to the County to determine the portion of the increase attributable to eligible work.

Remedy

The Department of Finance does not have the expertise to make the determination of increase in assessment and attempts to devise a methodology resulted in inconsistent results. The Department of Finance contacted other jurisdictions who utilize the historic assessment credit and those jurisdictions did not have such limited definition of eligible work and allowed the assessment credit for any renovation that added value to the property in order to encourage such improvements and prevent blight.

This legislation delinks the historic assessment credit from the historic renovations credit, removes the need for pre-approval of renovations that are not covered under the historic renovations credit and provides for an expansion of the definition of work that contributes to the increased assessment eligible for the historic renovations credit. All exterior work on the property must still meet the requirements of the Historic Preservation Commission and the Commission will still be involved in providing a Certificate of Eligibility. This bill also provides that the amount of the credit be capped at the amount of qualified expenses.

Fiscal Impact

Property owners in Historic Ellicott City are already eligible for this credit under current code. The argument could have been made by SDAT, if they had chosen to do so, that on many of the properties, the exterior work resulting from flood needed to be done in order for the improvement to be habitable and that the interior work while it has value would not have raised the assessment had the exterior work not been completed. This would have resulted in the same level of increased assessment covered by this credit as would be incurred under this legislation. However, under current code, there was no cap which limited the credit to the amount spent thus an expenditure of \$10,000 could have resulted in a credit in excess of that amount.

This legislation broadens the definition of work which would qualify for the credit and places a cap on the total amount of the credit. For Ellicott City property owners, the most significant

change may be the absence of the need for pre-approval before they can begin working on restoration of their property. Because they did not fully understand this credit and they were primarily focused on getting their business up and running, many of them moved forward in their repair efforts without seeking pre-approval and lost the ability to utilize the credit under the current code. This legislation gives them a new opportunity for assistance. As such, the number of businesses who apply should increase.

The Department of Finance has access to some important information regarding these properties. There are 87 properties whose improvement assessment was reduced as a result of the flood from their original value to \$1000. The amount of that reduction on a full annual basis is \$206,124. The fiscal impact to the County of this credit is dependent on several other variables:

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