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Community Type - applicable to:	Urban; Suburban
Title:	County of Baltimore Property Tax Credit for High Performance Buildings and Homes
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Abstract

Baltimore County, Maryland is part of the Baltimore-Washington Metropolitan area. As of 2004 Baltimore County's population was estimated to be 763,181. Baltimore County's boundaries do not actually include the City of Baltimore. The northern regions of Baltimore County are primarily rural, home to old deciduous forests. The County's population density is 1,260 people per square mile, and the County has a total area of 682 square miles.

Baltimore County's green building incentives come in the form of property tax. Properties that may receive tax breaks based on Leadership in Energy and Environmental Design (LEED) compliance are divided into two groups, High Performance Buildings [commercial] and High Performance Residential. The County does not mandate compliance, however LEED accreditation comes with very significant tax breaks. The Office of Budget and Finance oversees the tax incentive program. The duration of Baltimore's tax incentive is limited; tax credits are authorized for a maximum of five years and a minimum of three years, depending on the category of LEED design undertaken.

The tax credit is determined as a percentage of the total County property tax assessed on the high performance building, in which the percentage of tax relief increases with each higher level of LEED certification achieved. For example, LEED New Construction (NC) would allow for a 50% tax credit on LEED certified Silver buildings, 60% for LEED certified Gold, and 80% for LEED certified Platinum. Whereas LEED Core and Shell (CS) would allow for a 40% tax credit on LEED certified Silver buildings, 50% for LEED certified Gold, and 70% for LEED certified Platinum.

High Performance Buildings qualify for tax credits for achieving LEED accreditation under various LEED design standards such as: LEED for New Construction, Core and Shell, or Existing Building. High Performance Buildings are allowed a very palatable yearly maximum tax credit of \$5,000,000; High Performance Homes are allowed a generous maximum of \$1,000,000. The High Performance Homes standard only applies to new

residential structures (New Construction), and bars existing residential homes from any tax benefit.

Both the High Performance Buildings and Homes ordinances follow the same general requirements with respect to deadline for application, proof, and review. These requirements include: only one tax credit per building; the tax credits remain with the property, and a change in ownership does not result in a lapse of the tax credit; the deadline for filing for the tax credit and application must be filed on or before June 1 immediately preceding the first taxable year for which the tax credit is sought; and decisions regarding tax credit are appealable.

Resource

CODE OF ORDINANCES – BALTIMORE COUNTY, MARYLAND
ARTICLE 11: TAXATION
TITLE 2. AD VALOREM TAXES
Subtitle 2. Property Tax Credits for Improvements.
§ 11-2-203.1 to § 11-2-204

§ 11-2-203.1. PROPERTY TAX CREDIT FOR HIGH PERFORMANCE BUILDINGS.

(a) Definitions.

- (1) In this section, the following words have the meanings indicated.
- (2) “Commercial building” includes an income producing residentially-used building that contains at least 50 units.
- (3) “High performance building” means a commercial building that achieves at least a Silver rating according to the U.S. Green Building Council’s LEED (Leadership in Energy and Environmental Design) Green Building rating system.
- (4)
 - (i) “LEED rating system” means the Leadership in Energy and Environmental Design rating system as may be adopted and amended.
 - (ii) “LEED rating system” includes:
 1. LEED-NC for new construction;
 2. LEED-CS for core and shell; and
 3. LEED-EB for existing buildings.

(b) Created.

In accordance with § 9-242 of the Tax-Property Article of the Annotated Code of Maryland, the owner of a high performance building may receive a property tax credit against county real property taxes assessed on a high performance building.

(c) LEED-NC Amount and duration.

(1) For a high performance building that is certified in the LEED rating system for new construction, the amount of the tax credit is a percentage of the total county property tax assessed on the high performance building as follows:

- (i) LEED certified Silver - 50%;
- (ii) LEED certified Gold - 60%; and
- (iii) LEED certified Platinum - 80%.

(2) The duration of the tax credit authorized under this subsection is five consecutive years.

(d) LEED-CS Amount and duration.

(1) For a high performance building that is certified in the LEED rating system for core and shell, the amount of the tax credit is a percentage of the total county property tax assessed on the high performance building as follows:

- (i) LEED certified Silver - 40%;
- (ii) LEED certified Gold - 50%; and
- (iii) LEED certified Platinum - 70%.

(2) The duration of the tax credit authorized under this subsection is five consecutive years.

(e) LEED-EB Amount and duration.

(1) For a high performance building that is certified in the LEED rating system for existing buildings, the amount of the tax credit is a percentage of the total county property tax assessed on the high performance building as follows:

- (i) LEED certified Silver - 10%;
- (ii) LEED certified Gold - 25%; and
- (iii) LEED certified Platinum - 50%.

(2) The duration of the tax credit authorized under this subsection is three consecutive years.

(f) One tax credit per building.

A property owner may not receive more than one tax credit under this section for each high performance building.

(g) Termination of credit for alteration.

A property tax credit granted under this section shall terminate if during the credit period, the Director of Budget and Finance finds that the property has been altered so that it no longer complies with the LEED rating system, version, and level that was the basis for granting the credit at the time the credit was granted.

(h) Transferability.

A tax credit granted under this section runs with the property and a change in ownership does not result in a lapse of the tax credit.

(i) Limitation.

The total tax credits for the program may not exceed an aggregate amount of \$5,000,000, subject to the County Council's annual review of the program amount.

(j) Deadline for filing application.

(1) Except as provided in (2), an application for the tax credit shall be filed on or before June 1 immediately preceding the first taxable year for which the tax credit is sought.

(2) If a tax credit is granted under §11-2-202, an application for the tax credit authorized by this section may be filed any time.

(k) Submission of application.

An application for the tax credit shall be:

(1) Submitted to the Director of Budget and Finance on forms that the Director requires;

(2) Accompanied by proof that the property meets the definition of a "high performance building" and other requirements set forth in this section; and

(3) Under oath.

(l) Review of application.

The Office of Budget and Finance shall:

(1) Review each application for a tax credit; and

(2) Grant or deny the application for a tax credit under this section.

(m) Appeal of denial or termination.

A taxpayer whose application for a tax credit under this section is denied or whose tax credit is terminated by action of the Director of Budget and Finance under subsection (g) of this section may appeal the denial or termination as provided in § 11-2-204 of this subtitle.

(n) Adoption of regulations.

The Director of Budget and Finance may adopt regulations in accordance with Article 3, Title 7 of the Code to carry out the provisions of this section.

(o) Standards for grant or denial of credit.

If a tax credit is granted under § 11-2-202 and an application is filed for a tax credit under this section, the standards for the grant or denial of the credit are those in effect at the time the tax credit under § 11-2-202 was granted. The tax credit shall be applied as provided in § 11-2-202(j).

Editor's note: Section 3 of Bill No. 78-07 provides that this Act does not apply to any tax credit granted or applied for under § 11-2-112 of the Baltimore County Code, 2003 before the effective date of the Act except to the extent that any tax credit granted or applied for before the effective date of the Act effects the overall \$5,000,000 limitation on the tax credit.

§ 11-2-203.2. PROPERTY TAX CREDIT FOR HIGH PERFORMANCE HOMES.

(a) Definitions.

(1) In this section, the following words have the meanings indicated.

(2) "High performance home" means a new residential structure that achieves at least a silver rating according to the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) for Homes rating system.

(3) "LEED rating system" means the Leadership in Energy and Environmental Design rating system as may be adopted and amended.

(b) Created.

In accordance with § 9-242 of the Tax-Property Article of the Annotated Code of Maryland, the owner of a high performance home may receive a property tax credit against county real property taxes assessed on a high performance home.

(c) LEED Amount and duration.

(1) For a high performance home that is certified in the LEED for Homes rating system, the amount of the tax credit is a percentage of the total county property tax assessed on the high performance home as follows:

- (i) LEED silver - 40%;
- (ii) LEED gold - 60%;
- (iii) LEED platinum - 100%.

(2) The duration of the tax credit authorized under this subsection is three consecutive years.

(d) One tax credit per building.

A property owner may not receive more than one tax credit under this section for each high performance home.

(e) Termination of credit for alteration.

A property tax credit granted under this section shall terminate if during the credit period, the Director of Budget and Finance finds that the property has been altered so that it no longer complies with the LEED for Homes rating system that was the basis for granting the credit at the time the credit was granted.

(f) Transferability.

A tax credit granted under this section runs with the property and a change in ownership does not result in a lapse of the tax credit.

(g) Limitation.

The total tax credits for the program may not exceed an aggregate amount of \$1,000,000 in any fiscal year, subject to the County Council's annual review of the program amount.

(h) Deadline for filing application.

An application for the tax credit shall be filed on or before June 1 immediately preceding the first taxable year for which the tax credit is sought.

(i) Submission of application.

An application for the tax credit shall be:

- (1) Submitted to the Director of Budget and Finance on forms that the Director requires;
- (2) Accompanied by proof that the property meets the definition of a "high performance home" and other requirements set forth in this section; and
- (3) Under oath.

(j) Review of application.

The Office of Budget and Finance shall:

- (1) Review each application for a tax credit; and
- (2) Grant or deny the application for a tax credit under this section.

(k) Appeal of denial or termination.

A taxpayer whose application for a tax credit under this section is denied or whose tax credit is terminated by action of the Director of Budget and Finance under subsection (e) of this section may appeal the denial or termination as provided in § 11-2-204 of this subtitle.

(l) Adoption of regulations.

The Director of Budget and Finance may adopt regulations in accordance with Article 3, Title 7 of the code to carry out the provisions of this section.

§ 11-2-204. APPEALS TO THE COUNTY ADMINISTRATIVE OFFICER.

(a) Authority to appeal.

(1) A taxpayer whose application for tax credit under this subtitle is denied or whose tax credit is terminated under applicable law may appeal the Director's decision, in writing, to the County Administrative Officer within 15 days after the Director's denial or termination.

(2) The appeal shall include the reasons for the appeal.

(b) Action of the County Administrative Officer.

The County Administrative Officer or the Administrative Officer's designee:

(1) Within 15 days after receipt of the appeal, may reverse, affirm, or modify the Director's decision; and

(2) Shall notify the Director and the applicant of the decision.

(c) Failure to act.

If the County Administrative Officer fails to act on an appeal within 15 days after receipt of the appeal, the decision of the Director is deemed to be affirmed.