

CITY OF BALTIMORE
ORDINANCE 02-462
Council Bill 02-0835

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: July 15, 2002
Assigned to: Finance Committee
Committee Report: Favorable
Council action: Adopted
Read second time: December 5, 2002

AN ORDINANCE CONCERNING

**Arts and Entertainment Districts – Property Tax Credits –
Admissions and Amusement Tax Exemptions**

FOR the purpose of providing a real property tax credit for certain buildings to which certain renovations have been made for certain purposes; providing for the amount of, duration of, and conditions for the credit; providing for the administration of the credit; providing for a certain exemption from the admissions and amusement tax for certain arts and entertainment enterprises and qualifying artists; providing for the duration of and conditions for the exemption; providing for the administration of the exemption; defining certain terms; providing for special effective dates; correcting, clarifying, and conforming certain language; and generally relating to property tax credits and admissions and amusement tax exemptions in arts and entertainment districts.

BY authority of
Article - Tax-Property
Section(s) 9-240
Annotated Code of Maryland
(2001 Replacement Volume and 2001 Supplement)

BY authority of
Article - Tax-General
Section(s) 4-104(e)
Annotated Code of Maryland
(1997 Replacement Volume and 2001 Supplement)

BY adding
Article 28 - Taxes
Section(s) 10-14
Baltimore City Code
(Edition 2000)

BY repealing and reordaining, with amendments

Article 28 - Taxes
Section(s) 19-3
Baltimore City Code
(Edition 2000)

BY adding

Article 28 - Taxes
Section(s) 19-4
Baltimore City Code
(Edition 2000)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

§ 10-14. ARTS AND ENTERTAINMENT DISTRICTS.

(A) *DEFINITIONS.*

(1) *IN GENERAL.*

IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) *ARTS AND ENTERTAINMENT DISTRICT.*

“ARTS AND ENTERTAINMENT DISTRICT” HAS THE MEANING STATED IN ARTICLE 83A, §4-701 OF THE MARYLAND CODE.

(3) *ARTS AND ENTERTAINMENT ENTERPRISE.*

“ARTS AND ENTERTAINMENT ENTERPRISE” HAS THE MEANING STATED IN ARTICLE 83A, §4-701 OF THE MARYLAND CODE.

(4) *DIRECTOR.*

“DIRECTOR” MEANS THE DIRECTOR OF FINANCE OR DESIGNEE.

(5) *ELIGIBLE ASSESSMENT.*

“ELIGIBLE ASSESSMENT” MEANS THE PHASED-IN VALUE, AS APPLIED BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IN THE 1ST, 2ND, OR 3RD YEAR IN A 3-YEAR CYCLE UNDER STATE TAX-PROPERTY ARTICLE §8-103, ATTRIBUTABLE TO THE QUALIFYING RENOVATIONS, AS DETERMINED BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(6) *QUALIFYING RENOVATIONS.*

“QUALIFYING RENOVATIONS” MEANS RENOVATIONS THAT ARE MADE:

(I) TO A MANUFACTURING, COMMERCIAL, OR INDUSTRIAL BUILDING LOCATED IN A STATE-DESIGNATED ARTS AND ENTERTAINMENT DISTRICT; AND

(II) FOR USE BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

(7) *QUALIFYING RESIDING ARTIST.*

“QUALIFYING RESIDING ARTIST” HAS THE MEANING STATED IN ARTICLE 83A, §4-701 OF THE MARYLAND CODE.

(B) *CREDIT GRANTED.*

(1) IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE §9-240, A REAL PROPERTY TAX CREDIT IS GRANTED AGAINST THE CITY PROPERTY TAX IMPOSED ON A MANUFACTURING, COMMERCIAL, OR INDUSTRIAL BUILDING THAT:

(I) IS LOCATED IN A STATE-DESIGNATED ARTS AND ENTERTAINMENT DISTRICT; AND

(II) IS WHOLLY OR PARTIALLY RENOVATED FOR USE BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

(2) THE CREDIT IS PRORATED TO REFLECT THE PROPORTION OF THE BUILDING USED BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

(C) *TERM OF CREDIT.*

A TAX CREDIT MAY BE TAKEN UNDER THIS SECTION FOR UP TO 10 YEARS, AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, SUBJECT TO COMPLIANCE WITH THE CONTINUING ELIGIBILITY REQUIREMENTS OF SUBSECTION (J) OF THIS SECTION.

(D) *AMOUNT OF CREDIT.*

(1) 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:

(I) 80% FOR THE FIRST 5 TAXABLE YEARS;

(II) 70% FOR THE 6TH TAXABLE YEAR;

(III) 60% FOR THE 7TH TAXABLE YEAR;

(IV) 50% FOR THE 8TH TAXABLE YEAR;

(V) 40% FOR THE 9TH TAXABLE YEAR;

(VI) 30% FOR THE 10TH TAXABLE YEAR; AND

(VII) 0% FOR EACH SUBSEQUENT TAXABLE YEAR.

(2) 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:

- (I) 20% FOR THE FIRST 5 TAXABLE YEARS;
- (II) 30% FOR THE 6TH TAXABLE YEAR;
- (III) 40% FOR THE 7TH TAXABLE YEAR;
- (IV) 50% FOR THE 8TH TAXABLE YEAR;
- (V) 60% FOR THE 9TH TAXABLE YEAR;
- (VI) 70% FOR THE 10TH TAXABLE YEAR; AND
- (VII) 0% FOR EACH SUBSEQUENT TAXABLE YEAR.

(E) *FIRST YEAR OF CREDIT.*

THE CREDIT PERIOD BEGINS AFTER THE FIRST REASSESSMENT OF THE PROPERTY BY THE STATE AFTER THE COMPLETION OF QUALIFYING RENOVATIONS. THE CREDIT WILL FIRST BE APPLIED TO THE TAX BILL GENERATED AFTER THE STATE HAS ISSUED A REVISED ASSESSMENT NOTICE, ON A PART- OR FULL-YEAR BASIS.

(F) *DEADLINE FOR QUALIFICATION.*

IMPROVEMENTS MADE BEFORE JULY 1, 2002, DO NOT QUALIFY FOR A TAX CREDIT UNDER THIS SECTION.

(G) *CREDIT TRANSFERABILITY.*

THE TAX CREDIT GRANTED BY THIS SECTION MAY BE TRANSFERRED TO A PURCHASER OF THE PROPERTY FOR THE REMAINING TERM OF THE CREDIT, SUBJECT TO COMPLIANCE WITH THE CONTINUING ELIGIBILITY REQUIREMENTS OF SUBSECTION (J) OF THIS SECTION.

(H) *APPLICATION FOR CREDIT.*

THE PROPERTY OWNER MUST APPLY TO THE DIRECTOR FOR A TAX CREDIT UNDER THIS SECTION WITHIN 90 DAYS OF RECEIPT OF AN ASSESSMENT NOTICE REFLECTING THE ELIGIBLE ASSESSMENT.

(I) *NO TAX SUBSIDY DUPLICATION ALLOWED.*

THE CREDIT GRANTED UNDER THIS SECTION DOES NOT APPLY TO ANY PROPERTY FOR WHICH ANY OTHER TAX SUBSIDY FROM THE CITY, OTHER THAN A MARYLAND ENTERPRISE ZONE TAX CREDIT, IS BEING RECEIVED OR HAS BEEN APPLIED FOR, WHETHER IN THE FORM OF A TAX CREDIT, PAYMENT IN LIEU OF TAXES, OR OTHERWISE.

(J) *CONTINUING ELIGIBILITY REQUIREMENTS.*

THE USE OF THE CREDIT IN ANY YEAR IS CONDITIONED ON:

- (1) THE PROPERTY'S COMPLIANCE WITH ALL CITY HOUSING, BUILDING, HEALTH, FIRE, AND OTHER APPLICABLE CODE REQUIREMENTS;
- (2) THE TAXPAYER'S REMAINING CURRENT ON ALL PAYMENTS DUE TO THE CITY;
- (3) THE CONTINUED USE OF THE PROPERTY OR ELIGIBLE PORTION OF THE PROPERTY BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE; AND
- (4) THE TAXPAYER'S PROVIDING TO THE DIRECTOR AN ANNUAL CERTIFICATION OF THAT CONTINUED USE.

(K) *ADMINISTRATION.*

THE DIRECTOR MAY:

- (1) ADOPT RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION;
- (2) SETTLE DISPUTED CLAIMS THAT MAY ARISE IN CONNECTION WITH THE CREDIT AUTHORIZED BY THIS SECTION; AND
- (3) DELEGATE POWERS, DUTIES, OR FUNCTIONS IN CONNECTION WITH THE ADMINISTRATION OF THE CREDIT AUTHORIZED BY THIS SECTION TO ANY EMPLOYEE OF THE CITY.

(L) *PROGRAM TERMINATION.*

APPLICATIONS FOR PROPERTY IN AN ARTS AND ENTERTAINMENT DISTRICT WILL NOT BE ACCEPTED AFTER THE 10TH YEAR FROM THE DATE THE ARTS AND ENTERTAINMENT DISTRICT WAS DESIGNATED BY THE STATE.

SECTION 2. AND BE IT FURTHER ORDAINED, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 28. Taxes

Subtitle 19. Admissions and Amusement Tax

[Note: Section 19-3 was also amended by this Ordinance, but it has been deleted in this version because it is irrelevant to the Arts & Entertainment District]

§ 19-4. EXEMPTIONS – ARTS AND ENTERTAINMENT DISTRICT.

(A) *DEFINITIONS.*

(1) *IN GENERAL.*

IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) *ARTS AND ENTERTAINMENT DISTRICT.*

“ARTS AND ENTERTAINMENT DISTRICT” HAS THE MEANING STATED IN ARTICLE 83A, § 4-701 OF THE MARYLAND CODE.

(3) *ARTS AND ENTERTAINMENT ENTERPRISE.*

“ARTS AND ENTERTAINMENT ENTERPRISE” HAS THE MEANING STATED IN ARTICLE 83A, § 4-701 OF THE MARYLAND CODE.

(4) *DIRECTOR.*

“DIRECTOR” MEANS THE DIRECTOR OF FINANCE OR DESIGNEE.

(5) *QUALIFYING RESIDING ARTIST.*

“QUALIFYING RESIDING ARTIST” HAS THE MEANING STATED IN ARTICLE 83A, §4-701 OF THE MARYLAND CODE.

(B) *EXEMPTION GRANTED.*

SUBJECT TO THE REQUIREMENTS OF THIS SECTION, THE GROSS RECEIPTS FROM ANY ADMISSIONS OR AMUSEMENT CHARGE LEVIED BY A QUALIFYING RESIDING ARTIST OR ARTS AND ENTERTAINMENT ENTERPRISE IN AN ARTS AND ENTERTAINMENT DISTRICT ARE EXEMPT FROM THE TAX IMPOSED BY THIS SUBTITLE.

(C) *REGISTRATION.*

(1) TO BE ELIGIBLE FOR THE EXEMPTION, THE QUALIFYING RESIDING ARTIST OR ARTS AND ENTERTAINMENT ENTERPRISE MUST REGISTER WITH THE DIRECTOR OF FINANCE.

(2) THE REGISTRATION SHALL BE ON THE FORM AND CONTAIN THE INFORMATION THAT THE DIRECTOR REQUIRES.

(D) *TERM OF EXEMPTION.*

AN EXEMPTION UNDER THIS SECTION APPLIES ONLY FOR 10 YEARS FROM THE DATE ON WHICH THE QUALIFYING RESIDING ARTIST OR ARTS AND ENTERTAINMENT ENTERPRISE REGISTERS WITH THE DIRECTOR.

(E) *ADMINISTRATION.*

THE DIRECTOR MAY:

- (1) ADOPT RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION; AND
- (2) DELEGATE POWERS, DUTIES, OR FUNCTIONS IN CONNECTION WITH THE ADMINISTRATION OF THIS SECTION TO ANY EMPLOYEE OF THE CITY.

(F) *PROGRAM TERMINATION.*

REGISTRATIONS FOR ARTISTS OR ENTERPRISES IN AN ARTS AND ENTERTAINMENT DISTRICT WILL NOT BE ACCEPTED AFTER THE 10TH YEAR FROM THE DATE THE ARTS AND ENTERTAINMENT DISTRICT WAS DESIGNATED BY THE STATE.

SECTION 3. AND BE IT FURTHER ORDAINED, That the catchlines contained in this Ordinance are not law and may not be considered to have been enacted as a part of this or any prior Ordinance.

SECTION 4. AND BE IT FURTHER ORDAINED, That:

- (1) Sections 1 and 3 of this Ordinance take effect on the date this Ordinance is enacted; and
- (2) Section 2 of this Ordinance takes effect on the date this Ordinance is enacted, retroactive to July 1, 2002.

Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City