

**ORDINANCE NO. 3742**

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF CUMBERLAND, MARYLAND, ENTITLED "AN ORDINANCE TO REPEAL AND REENACT WITH AMENDMENTS SECTION 10-30 OF THE CODE OF THE CITY OF CUMBERLAND ENTITLED 'TAX CREDIT ON PROPERTIES IN THE CANAL PRESERVATION DISTRICT', PERTAINING TO TAX CREDITS ON CITY REAL PROPERTY TAXES FOR ELIGIBLE PROPERTIES WHICH HAVE BEEN IMPROVED AND WHICH ARE LOCATED IN THE CANAL PLACE PRESERVATION DISTRICT AND/OR A NATIONAL REGISTER OF HISTORIC PLACES DISTRICT, SITE, OR STRUCTURE, OR OTHER HERITAGE ZONING DISTRICT, SITE, OR STRUCTURE, IN ORDER TO INCREASE THE SCOPE OF THE TAX CREDIT TO INCLUDE SPECIAL TAXING DISTRICT TAXES."

WHEREAS, section 10-30 of the City Code sets forth provisions relative to a tax credit/tax assessment freeze for eligible properties which have been improved and which are located within the boundaries of: (i) A property listed on the National Register of Historic Places, or a National Register of Historic Places district or landmark district; (ii) A property or district designated as a historic property or district under local law; or (iii) A property included within the boundaries of a certified heritage area under Ann. Code of Md., art. Financial Institutions, § 13-111;

WHEREAS, the Canal Place Preservation District is a certified heritage area and both the Primary Benefit District and the Secondary Benefit District of the Downtown Development Special Taxing District are located within the Canal Place Preservation District;

WHEREAS, the Downtown Development Commission has requested that the Mayor and City Council expand the scope

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of the provisions set forth in section 10-30 of the City Code to include special taxing district taxes so as to encourage the renewal and rehabilitation of properties located within the special taxing district area; and

WHEREAS, the Mayor and City Council have agreed to the request in order to further their efforts to encourage the revitalization of properties located within the City and the enhancement of the properties located within the vicinity of the downtown mall.

NOW, THEREFORE:

SECTION 1: BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF CUMBERLAND, MARYLAND, that section 10-30 of the Code of the City of Cumberland (1991 Edition) be and is hereby repealed and reenacted, the said reenacted version being set forth below, a text edited version being attached hereto as Exhibit A:

**Sec. 10-30. - Tax credit on properties in the Canal Place Preservation District.**

- (a) There shall be allowed a tax credit on city real property taxes and special taxing district taxes upon properties located in the Canal Place Preservation District and/or a National Register of Historic Places district, site, or structure, or other heritage zoning district, site, or structure which credit shall be the difference between the property tax that, but for the tax credit, would be payable after the completion of eligible improvements, and the property tax that would be payable if the eligible improvements were not made. The tax credit on special taxing district taxes shall take effect on April 30, 2013 and shall be applied prospectively.
- (b) The property tax credit provided for in this section shall:
  - (1) Be subject to eligibility requirements no less stringent than those applicable to credits authorized under Ann. Code Md., art. Tax-Property, § 9-204;
  - (2) Be for a period that does not exceed ten (10) years for each property. The specific period of the property tax credit shall depend upon the cost of eligible improvement as compared to the value of the property if the eligible improvement had not been made as set forth below:

Improvement Cost as Percentage	Available Tax Exempt Status
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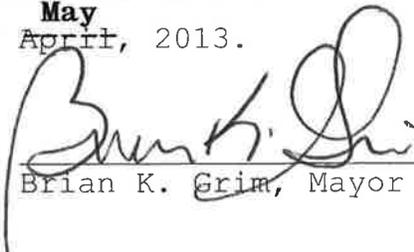
of Market	of Improvement
10 percent	1 year
20 percent	2 years
30 percent	2 years
40 percent	3 years
50 percent	3 years
60 percent	4 years
70 percent	4 years
80 percent	5 years
90 percent	6 years
100 percent	7 years
200 percent	8 years
300 percent	9 years
400 percent	9 years
500 percent	10 years

- (3) Apply to eligible improvements which are located within the boundaries of:
- a. A [the] property listed individually in the National Register of Historic Places, or a National Register of Historic Places district or landmark district; or
  - b. A property or district designated as a historic property or district under local law; or
  - c. A property included within the boundaries of a certified heritage area under Ann. Code of Md., art. Financial Institutions, § 13-111.
- (c) In order to qualify for the tax credit provided under this section, the property owner must personally invest a minimum of five thousand dollars (\$5,000.00) in improvement costs for the property, must submit construction plans for the improvements or renovations to the historic preservation commission and/or its staff and must obtain the following documentation prior to the commencement of any work:
- (1) For properties located within the locally zoned historic districts, sites or structures, a certificate of appropriateness must be obtained from the historic preservation commission plus a preconstruction work scope application form;
  - (2) For properties individually listed or located within districts listed on the National Register of Historic Places, approval must be given on a pre-construction work scope application form.

- (d) The historic preservation commission shall only take action upon tax credit applications for preservation or restoration work submitted prior to the start of the preservation or restoration work proposed for tax credits. The historic preservation commission shall take preliminary action on the application for tax credits within the time required for two (2) consecutive regular meetings of the commission, after all pertinent information has been received. Determination of eligibility shall be made within the meaning of Ann. Code of Md., art. Tax-Property, § 9-204.1. It is the intent of this section that the historic preservation commission be liberal in such determination. Additionally, preservation or restoration work submitted for tax credits may include eligible interior and exterior improvements.
- (e) The tax credit referred to herein shall not be allowed until the receipts required by this section have been filed with the historic preservation commission, accompanied by the oath or affirmation of the owner/taxpayer, on such form(s) prescribed by the historic preservation commission and approved by the historic preservation commission. The receipts must be those for actual expenses in connection with the restoration and preservation previously approved by the historic preservation commission. Any changes from the original approval may cause denial of the tax credit. This historic preservation commission shall take final action on the application for tax credit within the time required for two (2) consecutive regular meetings of the historic preservation commission.
- (f) If for any reason a property granted a tax credit by this section ceases to be located within a historic district, the owner/taxpayer may be required to refund such credit. Should said property cease to be located within a heritage district or loses its National Register of Historic Places designation status through no action of the owner, there shall be no refund of the tax credit required. Should the property owner initiate the action that results from the property ceasing to be located within the historic district or National Register, the property owner shall be liable to refund all tax credits received to that date.

SECTION 2: AND BE IT FURTHER ORDAINED, that this Ordinance shall take effect from the date of its passage.

Passed this 7th day of ~~April~~<sup>May</sup>, 2013.

  
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Brian K. Grim, Mayor

ATTEST:

  
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Marjorie E. Eirich, City Clerk

**1st Reading - April 23, 2013**  
**2nd & 3rd Readings - May 7, 2013**  
**Passed 5-0**

**EXHIBIT A**

New language to be added is depicted in **BOLD FACE & CAPITAL LETTERS** and language to be deleted in ~~strikethrough~~ font

**Sec. 10-30. - Tax credit on properties in the Canal Place Preservation District.**

- (a) There shall be allowed a tax credit on city real property taxes **AND SPECIAL TAXING DISTRICT TAXES** upon properties located in the Canal Place Preservation District and/or a National Register of Historic Places district, site, or structure, or other heritage zoning district, site, or structure which credit shall be the difference between the property tax that, but for the tax credit, would be payable after the completion of eligible improvements, and the property tax that would be payable if the eligible improvements were not made. **THE TAX CREDIT ON SPECIAL TAXING DISTRICT TAXES SHALL TAKE EFFECT ON APRIL 30, 2013 AND SHALL BE APPLIED PROSPECTIVELY.**
- (b) The property tax credit provided for in this section shall:
- (1) Be subject to eligibility requirements no less stringent than those applicable to credits authorized under Ann. Code Md., art. Tax-Property, § 9-204;
  - (2) Be for a period that does not exceed ten (10) years for each property. The specific period of the property tax credit shall depend upon the cost of eligible improvement as compared to the value of the property if the eligible improvement had not been made as set forth below:

Improvement Cost as Percentage of Market	Available Tax Exempt Status of Improvement
10 percent	1 year
20 percent	2 years
30 percent	2 years
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80 percent	5 years
90 percent	6 years
100 percent	7 years
200 percent	8 years

300 percent	9 years
400 percent	9 years
500 percent	10 years

- (3) Apply to eligible improvements which are located within the boundaries of:
- a. A [the] property listed individually in the National Register of Historic Places, or a National Register of Historic Places district or landmark district; or
  - b. A property or district designated as a historic property or district under local law; or
  - c. A property included within the boundaries of a certified heritage area under Ann. Code of Md., art. Financial Institutions, § 13-111.
- (c) In order to qualify for the tax credit provided under this section, the property owner must personally invest a minimum of five thousand dollars (\$5,000.00) in improvement costs for the property, must submit construction plans for the improvements or renovations to the historic preservation commission and/or its staff and must obtain the following documentation prior to the commencement of any work:
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