

## City councilman presses for property-tax overhaul

By Jamie Smith Hopkins and Scott Calvert, *The Baltimore Sun*, December 17, 2011

Along with some of his neighbors, the chairman of the Baltimore City Council's taxation committee is getting a remarkable tax break on his home: He pays just 16 percent of the bill. The Homestead Property Tax Credit picks up the rest.

But instead of quietly rooting for the system to remain as is, Councilman Carl Stokes is advocating an overhaul that he thinks will spread tax relief more broadly than the homestead program does.

Though Stokes' break is the largest in percentage terms and second-largest in dollar value among council members, he's proposing to raise the 4 percent ceiling over three years to the statewide limit of 10 percent and leave it there five years — part of his plan to slash the city's high property-tax rate in half by 2016.

Stokes said he's in favor of the change because he believes a competitive tax rate would draw people to Baltimore, give businesses incentive to expand and encourage more rehabilitations of vacant homes.

"I'm saying, let's go for it so that the city grows," he said.

Other council members, and Mayor Stephanie Rawlings-Blake's finance officials, have called the idea unrealistic. They argue that Baltimore wouldn't get a big enough influx of newcomers to prevent a dramatic drop in revenue. Increasing the homestead cap also got a thumbs-down.

"We're starting this discussion about lowering property taxes ... by raising property taxes?" Councilman William H. Cole IV said when Stokes first proposed his legislation in March.

Stokes' homestead credit is worth about \$3,300 this year. Cole has a \$3,475 credit covering just over a quarter of the taxes on his home in Otterbein — a significant break but not unusual in percentage terms.

State assessment officials confirmed that Stokes is entitled to his 84 percent tax break under the homestead rules. How he and 23 neighbors on his block in Barclay came to accrue credits covering most of their bills is a striking example of how the homestead program makes uniform taxation impossible.

State assessors valued many of the rowhomes in the 2400 block of Guilford Avenue at less than \$20,000 in 1999. Stokes says he was upset: Seven years earlier he had paid far more — \$71,000 — for a house that the state now said was worth a fraction of that.

"I thought it would hurt my chances if I wanted to sell," he recalled. "I thought it was also saying my block was distressed or something."

Vincent Quayle, founder of St. Ambrose Housing Aid Center, knows the block well — it's near his nonprofit group's offices. He's sure the 1999 assessments were far too low. It's been a quiet, stable street for at least 30 years, he said. Shady trees stand alongside rowhouses reminiscent of the Charles Village "painted ladies."

But \$17,000 was what assessors said Stokes' house was worth. Then the real estate boom sent prices — and assessments — skyward across the city.

Now Stokes' assessment is \$165,000, a nearly tenfold increase in about a decade. But he's effectively paying on \$25,000 of that, a divergence created by the homestead program's 4 percent cap.

He's one of two dozen homeowners on the block with a homestead credit covering at least 70 percent of their taxes. The average payment among them is \$820. Three other homeowners who moved in over the last four years, meanwhile, pay an average of \$3,100.

"I hesitate to move now because I'd lose that huge break I'm getting," Stokes said, adding, "As long as I live in my house I'll never get to full freight."

He thinks raising the homestead cap temporarily would help "right-size" many people's property taxes by better aligning their payments with their assessments. But he's not in favor of eliminating the cap. Like the homestead program's creators in 1977, he sees it as a way to protect longer-term residents from being taxed out of their homes.

Getting rid of the cap "would cause a revolt," Stokes said. "It really would be a huge burden on citizens, particularly senior citizens."