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AN ORDINANCE TO PROVIDE PROPERTY TAX CREDITS
FOR IMPROVEMENTS TO SPECIFIED HISTORIC
STRUCTURES IN WASHINGTON COUNTY, MARYLAND

WHEREAS, Washington County has the authority to tax real property and to grant credits against real property taxes.

WHEREAS, the authority to grant property tax credits is contained in 9-204 of the Tax-Property Article of the Annotated Code of Maryland.

WHEREAS, Washington County, Maryland has a rich architectural and cultural resource as evidenced by a variety of architectural styles in a multitude of surviving physical structures.

WHEREAS, as Washington County, Maryland desires to preserve said rich architectural and cultural history for the general benefit, knowledge and well being of the community.

WHEREAS, the Board of County Commissioners for Washington County has exercised its authority under Article 66B, Section 8.01-8.15 and created an Historic District Commission empowered to regulate the construction, alteration, reconstruction, expansion, moving, and demolition of specified historic structures in "HP" Historic Preservation zoning districts.

WHEREAS, real property tax credits for historic preservation activities are proven and appropriate methods of encouraging continued preservation, restoration, and construction of architecturally compatible structures.

WHEREAS, the County Commissioners of Washington County desire to further encourage preservation and protection of

historic structures by offering proven incentives to real property owners in the form of real property tax credits for historic preservation activities.

WHEREAS, a public hearing was held on April 3, 1990, following due notice and advertisement of the text of the Ordinance; and

WHEREAS, public comment was received, reviewed, and considered concerning the aforesaid Ordinance:

NOW, THEREFORE, BE IT ORDAINED by the Board of County Commissioners of Washington County, Maryland, as follows:

WASHINGTON COUNTY REAL PROPERTY TAX CREDITS

1. Real property tax credits for improvements in "HP" Historic Preservation zones and "AO" Antietam Overlay Zones.

A. Property tax credit of 10% --There shall be allowed a tax credit on Washington County real property taxes based upon the amount expended by a real property owner-taxpayer, after July 1, 1990, for restoration and preservation of any structure having historic value which lies within the boundaries of any historic district in Washington County, Maryland, established under the authority of Section 8.01 et seq., Article 66B, Annotated Code of Maryland, or which lies within the boundaries of the "AO" Antietam Overlay Zone and which is included on the Maryland Historic Sites Survey. The tax credit on Washington County real property tax shall be in an amount equal to ten percent (10%) of the owner's expense for such restoration and preservation as documented according to Historic District Commission Guidelines.

B. Property tax credit of 5% -- There shall be allowed a tax credit on Washington County real property taxes based upon the amount expended by a real property owner-taxpayer after July 1, 1990 for new construction attached to an existing structure on lands within any historic district in Washington County, Maryland, established under the authority of Section 8.01 et seq., Article 66B, Annotated Code of Maryland, or which lies within the boundaries of the "AO" Antietam Overlay Zone and which is included on the Maryland Historic Sites Survey. The new construction must be determined to be architecturally compatible with an existing structure having historic value which is located within the same district. The real property tax credit shall be in an amount equal to five percent (5%) of the owner's expense of the cost of construction of an architecturally compatible new structure attached to an existing structure as documented according to Historic District Commission Guidelines.

2. The restoration, preservation, and new construction activities referred to in this Ordinance shall be in conformance with The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings and subsequent revisions by The Washington County Historic District Commission.

3. Activities Eligible for Consideration.

(1) Construction activities eligible for consideration for real property tax credits are those identified in Article 20, Section 20.6 of the Washington County Zoning Ordinance. Other activities considered eligible for tax credits are those

described by the U.S. Internal Revenue Service (Publication 530 and subsequent revisions) as "improvements", which materially add to the value of the structure, considerably prolongs its useful life, or adapts it to a new use.

(2) Preservation or construction activities to be considered for tax credits may be approved by the Historic District Commission before construction begins.

(3) Preservation or construction activities must be inspected by the Historic District Commission or its designate before the application for tax credits will be acted upon.

4. The tax credit referred to in this Ordinance shall be given for the tax year immediately following the tax year in which the restoration or preservation work or new construction, or any portion thereof, is completed. The tax credit shall be in the form of a refund or waiver of any or all taxes that are due and paid to the Treasurer.

5. A claim may be granted if filed within five years of the completion, and in the event taxes were paid for the period of the credit, the County Treasurer would be authorized to effectuate a refund. Any unused portion of a credit granted may be carried over to subsequent years within the same five year period beginning at the completion of construction.

6. Application for the tax credit referred to in this Ordinance shall be made to the Washington County Historic District Commission. The tax credit application shall not be finally approved until the appropriate documentation, on forms

prescribed and provided by the Commission, are supplied accompanied by the oath or affirmation of the owner-taxpayer, that the records are those for the actual expenditures in connection with the restoration and preservation of the structure, or the new construction within an Historic Preservation of "HP" zone or the "AO" Antietam Overlay Zone.

7. The Commission shall determine, from the improvements submitted, which ones are eligible for tax credits and forward its findings to the County Treasurer within 45 days of receipt. The County Treasurer will issue a refund to the applicant within 30 days of receipt. The Commission will not determine the dollar amount of the tax credit to be granted nor will it be judging whether or not the cost of the improvements paid by the property owner was appropriate or not.

8. In the event there are unused portions of a granted tax credit and the owner-taxpayer wishes to receive additional refunds in subsequent tax years as specified in Paragraph 3-(2) above, the owner-taxpayer must initiate a new application for each year that an unused portion of the tax credit remains available.

9. BE IT ORDAINED that this Ordinance shall become effective upon adoption.

Adopted this 15th day of May, 1990.

ATTEST:

Jay L. Bittner

BOARD OF COUNTY COMMISSIONERS
OF WASHINGTON COUNTY, MARYLAND

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Ronald L. Bowers, President

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AN ORDINANCE TO REPEAL AN ORDINANCE ENTITLED "AN ORDINANCE TO PROVIDE PROPERTY TAX CREDITS FOR IMPROVEMENTS TO SPECIFIED HISTORIC STRUCTURES IN WASHINGTON COUNTY, MARYLAND" AND TO REENACT, WITH AMENDMENTS, THE WASHINGTON COUNTY HISTORIC PROPERTIES TAX CREDIT ORDINANCE.

RECITALS

In recognition that preservation of specified historic structures is an effective tool for managing growth and sustainable development, revitalizing neighborhoods, fostering local pride and maintaining community character while enhancing livability, the County has an obligation to create incentives to benefit owners of such properties and thus encourage them to enter that land into historic preservation programs.

Historic landscapes and individual properties designated through this ordinance or through other Federal and State programs and inventories, have a level of integrity that conveys historic associations or attributes that owners, residents, neighbors, and users of the designated properties should be prepared to maintain.

The Board of County Commissioners of Washington County, Maryland ("the County") adopted an ordinance entitled "An Ordinance to Provide Property Tax Credits for Improvements to Specified Historic Structures in Washington County, Maryland" on May 5, 1990 (the "1990 Ordinance").

The purpose of the 1990 Ordinance was to encourage preservation and protection of historic structures by granting a County Property Tax Credit on the improvements made to structures in the "HP" Historic Preservation District and the "AO" Antietam Overlay District as defined in the Washington County Zoning Ordinance pursuant to Section 9-204, Tax-Property Article, Annotated Code of Maryland.

A public hearing was held on XXXX,XX,XXXX following due notice and advertisement of a fair summary of the amendments proposed to the 1990 Ordinance.

Public comment concerning the amendments proposed was received, reviewed, and considered.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED that the Ordinance entitled " An Ordinance to Provide Property Tax Credits for Improvements to Specified Historic Structures in Washington County, Maryland", adopted May 5, 1990, is hereby repealed; and the following Historic Properties Tax Credit Ordinance is hereby adopted.

1. PROPERTY TAX CREDITS FOR IMPROVEMENTS TO SPECIFIED HISTORIC STRUCTURES

1.01 [Establishment of Real Property Tax Credits for Improvements on Historic Properties](#)

1.01a A historic preservation tax credit (the "Tax Credit") from County Real Property taxes on historic structures is authorized by § 9-204 of the Tax-Property Article of the Annotated Code of Maryland (the "State Code"). For purposes of this Ordinance, "Historic Structure" is: a combination of material to form a construction that is stable, which possesses historic, archaeological, or cultural significance.

1.01b The restoration, preservation, and new construction activities referred to in this Ordinance shall be in conformance with the Secretary of Interior's Standards and Guidelines for Rehabilitation and subsequent revisions and with the Washington County Design Guidelines for Historic Structures and subsequent revisions.

1.02 [Duration of Real Property Tax Credits for Improvements on Historic Properties](#)

1.02a The private owner taxpayer (the "Owner") of a Historic Structure is eligible and may apply for and receive the Tax Credit for a period of up to five (5) years, provided the Tax Credit is not combined with other optional tax credits enumerated under Title 9 of the Tax-Property Article of the State Code or this Ordinance.

1.02b The Tax Credits granted by this Ordinance are not cumulative, and in no event shall the total sum of the Tax Credit of the Owner exceed 100% of the County Real Property Tax Bill for the real property on which the Historic Structure is located. If the Tax Credit for any one (1) year exceeds the amount of the County Real Property Tax Bill for that year, the balance may be carried forward until depleted but in no event longer than five (5) years.

1.03 [Eligibility for Real Property Tax Credits for Improvements on Historic Properties](#)

1.03a There is a credit from County Real Property Taxes levied on real property improved by Historic Structures for qualified expenses for preservation, restoration, and rehabilitation, in municipalities located in Washington County, MD if:

- i) The Historic Structure is listed on the Maryland Inventory of Historic Properties;
- or
- ii) The Historic Structure is listed individually on the National Register of Historic Places or contributes to a National Register Historic or Landmark district; and
- iii) The Historic Structure is located in a qualified municipality as defined in §1.04 of this Ordinance.

1.03b There is a credit from County Real Property Taxes levied on real property improved by Historic Structures for qualified expenses for preservation, restoration, and rehabilitation, in the Antietam Overlay as defined by the Washington County Zoning Ordinance, if:

- i) The Historic Structure is in the Antietam Overlay 1 - Battlefield Buffer or the Antietam Overlay 2 - Approach as defined by the Washington County Zoning Ordinance; and
- ii) The Historic Structure is listed with the Maryland Historical Trust on the Maryland Inventory of Historic Properties.

1.03c There is a credit from County Real Property Taxes levied on real property improved by Historic Structures for qualified expenses for preservation, restoration, and rehabilitation, within any historic district in Washington County, Maryland, if:

- i) The Historic Structure is located within the boundaries of any historic district in Washington County, Maryland, established under the authority of Title 8, § 105 of the Land Use Article of the State Code.

1.03d There is a credit from County Real Property Taxes levied on real property improved by Historic Structures for qualified expenses for preservation, restoration, and rehabilitation in County-adopted Historic Rural Villages if:

- i) The Historic Structure is in a County-adopted Historic Rural Village; for purposes of this Ordinance, a "Historic Rural Village" is defined as: those rural villages with completed architectural surveys which have been adopted through the Comprehensive Plan or through individual adoption by the Board of County Commissioners; and
- ii) The Historic Structure is a contributing resource to the Historic Rural Village. A "Contributing Resource" is defined as: any building, object, structure, or site which adds to the historical integrity, architectural quality, or historical significance of the local or federal historic district within which the building, object, structure, or site is located.

1.03e There is a credit from County Real Property Taxes levied on real property improved by Historic Structures for qualified expenses for preservation, restoration, and rehabilitation, which are encumbered by an existing easement through the Maryland Historical Trust, if:

- i) The Historic Structure is a fixture on real property which is encumbered by a permanent or term easement through the Maryland Historical Trust that provides additional review and restrictions to the exterior appearance and maintenance of the Historic Structure(s) for the duration of the Tax Credit.

1.04 [Qualified Municipalities Eligible for the Tax Credit.](#)

1.04a For the purpose of this Ordinance, a Historic Structure located within a municipality of Washington County, or otherwise not subject to the Washington County Zoning Ordinance may be eligible for the Tax Credit if the municipality is a Qualified Municipality.

1.04b Aa "Qualified Municipality" shall be defined as:

- i) The municipality with exterior design review requirements, equivalent to those in place for the Historic Preservation District as defined by the Washington County Zoning Ordinance, by municipal ordinance or by delegation to the County Historic District Commission of permit review authority through a recorded Memorandum of Agreement.

1.05 [Time for filing of application for the Tax Credit](#)

1.05a An application for the Tax Credit shall be filed on or before April 1 immediately before the taxable year for which the Tax Credit is sought. If the application is filed after April 1, the Tax Credit shall be disallowed that year but shall be treated as an application for the Tax Credit for the next succeeding taxable year.

1.05b Applications for the Tax Credit must be submitted before the start of the work for which the Tax Credit is sought.

1.06 [Calculation for Real Property Tax Credits for Improvements on Historic Properties](#)

1.06a The amount of the Tax Credit granted under Subsection 1.03a through 1.03e of this Ordinance shall be twenty-five percent (25%) of the Owner's qualified expenses (defined herein) for preservation, restoration, and rehabilitation of historic properties.

1.06b The amount of the Tax Credit granted under Subsection 1.03a through 1.03e of this Ordinance shall be five percent (5%) of the Owner's qualified expenses for the construction of architecturally-compatible new construction attached to a qualifying structure.

1.06c The taxation of significant improvements to, and restoration or rehabilitation of, historic or heritage properties qualifying under subsection 1.03a through 1.03e shall be maintained, for a period of up to ten (10) years, at taxation levels not greater than those in place before the eligible improvements were made, in accordance with § 9-204.1(c)(1) of the Tax Property Article of the State Code.

1.07 [Qualifying Expenses for the Tax Credit.](#)

1.07a "Qualifying Expenses" that are eligible for consideration of the Tax Credit for the purposes of this section of the Ordinance shall be:

- i) Construction activities that materially add to the value of the structure, considerably prolong its useful life, or adapt it to a new use; and
- ii) Qualified Rehabilitation Expenditures (QREs) as defined by 26 USC 47©(2)(A).
Examples include but are not limited to:

- (1) *Roof Repair and Replacement*
- (2) *Chimney Repair and Replacement*
- (3) *Window Restoration*
- (4) *New Storm Doors/Windows*
- (5) *Masonry Repointing*
- (6) *Floor Refinishing*
- (7) *Structural Repairs*
- (8) *Plumbing, Electrical and Mechanical systems*
- (9) *Architectural/Engineering/Consulting Fees*
- (10) *Tool/Equipment Rental*

1.07b Qualifying Expenses may also include expenses for life safety (e.g. required sprinkler systems, lead paint remediation) and ADA-Required Improvements.

1.08 [Application Review for Real Property Tax Credits for Improvements on Historic Properties](#)

1.08a Application for the Tax Credit shall be made to the Historic District Commission and at minimum include:

- i) Sufficient application information for initial determination by the County Planning Department (the "Planning Department") to determine if the property is eligible for the Tax Credit. The Planning Department may consult with experts, as necessary, to ensure the property meets applicable criteria and standards for historic significance and integrity before determining the eligibility of the structure for the Tax Credit.
- ii) A completed rehabilitation plan that must be approved by the Historic District Commission before commencement of rehabilitation work to ensure conformance with the Secretary of Interior's Standards and Guidelines for Rehabilitation and subsequent revisions and with the Washington County Design Guidelines for Historic Structures and subsequent revisions.
- iii) An application for request for certification of completed work must be reviewed by the Historic District Commission at project completion.
 - (1) *The request for certification of completed work will require inspection by designated staff. The inspection may include photography.*
- iv) The Historic District Commission will forward the Qualified Expenses, determined by the review of the request for certification of completed work, to the County Treasurer within forty-five (45) days of receipt of the completed application. The Treasurer will process the forwarded application for tax credit.
- v) The Historic District Commission will not determine the dollar amount of the Tax Credit, nor will it render a judgment as to whether the cost of the improvement paid by the Owner was appropriate.
- vi) The Planning Department and Historic District Commission may accept as equivalent documentation, for review, completed applications for the Tax Credit at the local, state, or federal level if those applications have sufficient information to meet the application criteria listed in this section.
- vii) The Tax Credit application shall not be finally approved until the appropriate documentation, on forms prescribed and provided by the Historic District Commission or equivalent as listed in this subsection, are supplied. The application must be accompanied by the oath or affirmation of the Owner that the records are those for the actual expenditures in connection with the rehabilitation of the structure or the qualifying new construction.

1.09 [Termination of Real Property Tax Credits for Improvements on Historic Properties](#)

1.09a The Tax Credit shall terminate if the real property, improved by the Historic Structure, is altered by the Owner such that it no longer complies with the standards by which it became eligible for the Tax Credit.

1.09b If the Tax Credit is terminated under this section, the Owner shall be required to refund, to the County, the entire amount of the Tax Credit, including applicable interest, from the date the Tax Credit was first granted.