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HEADLINE: Baltimore leaders back plan to fix Maryland historic tax credit program

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Baltimore Business Journal – by Daniel J. Sernovitz Staff

Years of progress rehabilitating Maryland's cities and downtowns has tapered significantly since 2002, when state legislators began curtailing a program encouraging developers to rehab properties and find new uses for them, according to a newly issued report.

Budget cuts and geographic restrictions on the state's Heritage Structure Rehabilitation Tax Credit Program prompted a drop in the number of projects qualifying for the tax credits, resulting in fewer rehabilitation projects being undertaken by developers, according to the report released Monday by the Abell Foundation. In 2001, developers launched 75 projects costing nearly $304 million. By 2005, developers undertook just 20 projects costing $32.8 million.

Now, a proposal pending before the Maryland General Assembly could revitalize the program that's given new life to scores of prominent buildings in downtown Baltimore and across the state, including the former Stewart's department store on Baltimore's west side that now serves as the headquarters for Catholic Relief Services.

Gov. Martin O'Malley has proposed setting aside $100 million for the program over the next five years, rather than subjecting the program to annual budget cuts depending on the state's finances. For the 2009 fiscal year, for example, the state cut the program by a third, leaving just $15 million for the program.

The funds often make the difference between a developer moving forward with a project or walking away from it. Proponents of the governor's changes, including the ***Greater Baltimore Committee*** and Downtown Partnership of Baltimore Inc., expect the dedicated funding will spark a wave of new economic development projects in Greater Baltimore.

'It's just another piece of the puzzle falling into place," said Robert M. Aydukovic, vice president of economic development at Downtown Partnership.

The state Senate's budget and taxation committee is scheduled to consider the changes, as Senate Bill 258, March 4. The House Ways and Means Committee will take up the matter, as House Bill 309, on March 5. Without action, the program is set to expire in July.

Highlights: Greater Baltimore Committee