

CITY OF SALISBURY
ORDINANCE NO. 1932

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SALISBURY TO AMEND CHAPTER 3.20 OF THE CITY OF SALISBURY MUNICIPAL CODE ADDRESSING A HOMEOWNER CONVERSION TAX ABATEMENT PROGRAM.

WHEREAS, the City Council of the City of Salisbury recently enacted Chapter 3.20 of the City of Salisbury Municipal Code to create a homeowner conversion tax abatement program; and

WHEREAS, the City Council desires to amend Chapter 3.20 to allow an owner to participate in the homeowner conversion tax abatement program during the period of rehabilitation of a qualified residence even when the home is unoccupied during the rehabilitation period; and

WHEREAS, the City Council desires to amend certain language concerning the year of commencement for participation in the program.

NOW, THEREFORE, be it enacted and ordained by the City Council of the City of Salisbury, in regular session, as follows:

Chapter 3.20

Homeowner Conversion Tax Abatement Program

3.20.010 Definitions.

As used in this Chapter, the following terms shall have the meanings indicated:

"Applicant" means an owner of a qualified residence who applies for the tax abatements described herein.

"Family" retains the meaning it is given under Title 17 herein.

"Owner" means an individual who has a legal interest in a dwelling.

"Program" means the Homeowner Conversion Tax Abatement Program.

"Qualified residence" means any residence meeting the criteria established in Section 3.20.020 and located within the corporate limits of the City of Salisbury.

"Residence" means:

1. A house that is:

A. A single-family detached dwelling arranged or designed for occupancy for ~~by only one family, which is not attached to any other dwelling.~~

B. Occupied as the principal residence of the homeowner; and

C. Actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12-month period beginning with the date of finality for the taxable year for which the property tax abatement under this section is sought, unless the homeowner does not actually reside in a dwelling for the required time period because of illness or need of special care; and

2. The lot on which the house is erected.

3.20.020. Tax Abatement.

A. Residential real property that is converted from use exclusively as a rental property to use as an owner-occupied family residence shall be subject to a tax abatement as described herein, if the applicant provides sufficient proof of the following:

1. The property has been used exclusively as a rental property for at least three (3) years immediately prior to purchase by the applicant or was purchased from a person or entity that rehabilitated the property after rental use for three consecutive years;

2. The applicant purchased the property with the intent of converting the property to use as an owner-occupied family residence;

3. The applicant intends to occupy the home within one year of purchase as an owner-occupied family residence; and
 4. The applicant agrees to continue to use the property as an owner-occupied family residence for the entire nine years of participation in the Program from the date of closing, or sell it only to a person who will use it as an owner-occupied family residence until the expiration of ~~nine years from the date of closing~~ of the property's participation in the program, or pay the City for all taxes abated during the period of his ownership.
- B. A qualified property that is used as an owner-occupied family residence shall be eligible for the following tax abatements:
1. A qualified residence shall be exempt from city property tax for five (5) years from the date of closing.
 - a. If an Applicant purchases a qualified property on or before December 31st, the current tax year will be the property's first year in the Program.
 - b. If an Applicant purchases a qualified property on or after January 1st, the following tax year will be the property's first year in the Program.
 2. In year six (6) of participation in the program, the qualified residence shall be taxed at a rate equal to 20% of the then-prevailing tax rate for residential real property in the City.
 3. In year seven (7) of participation in the Program, the qualified property shall be taxed at a rate equal to 40% of the then-prevailing tax rate for residential real property in the City.
 4. In year eight (8) of participation in the Program, the qualified property shall be taxed

at a rate equal to 60% of the then-prevailing tax rate for residential real property in the City.

5. In year nine (9) of participation in the Program, the qualified property shall be taxed at a rate equal to 80% of the then-prevailing tax rate for residential real property in the City.

6. Thereafter, the qualified residence shall be taxed at the then-prevailing tax rate for residential real property in the City.

C. Termination of Participation in Program.

1. A residence's participation in the Program is terminated when, before the end of an agreement made under subsection A(4) of this Section, the residence subject to the agreement:

- a. Ceases to be used as a owner-occupied family residence; or
- b. Is conveyed to a new owner, unless the new owner of a qualified residence accepts the obligations of an agreement made under this Chapter; or
- c. Otherwise fails to meet the criteria for a qualified residence under this Chapter.

2. When a qualified residence's participation in the Program is terminated, a property tax is due for each taxable year beginning with the first taxable year in which the qualified residence's owner received a tax abatement under this Chapter.

D. Implementation.

1. To administer the Program, the Department of Finance of the City of Salisbury shall distribute and receive any forms that are required for application to the Program, agreement to participate and an annual certification of qualification.

2. Each applicant shall file a certificate of qualification by April 1 of each year with the Department of Finance in order to remain eligible for the tax abatement program.

AND BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, that this ordinance shall take effect upon final passage.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the ____ day of _____, 2005, and having been published as required by law, in the meantime, was finally passed by the Council on the ____ day of _____, 2005.

Brenda J. Colegrove, City Clerk

Michael P. Dunn,
President of the Council of
the City of Salisbury

Approved by me, this _____
day of _____, 2005.

Barrie P. Tilghman,
Mayor of the City of Salisbury