

Andrew Klein

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research Department of Finance
	SUBJECT	City Council Bill No.11-0695 Trespass Towing Surcharge

CITY of
BALTIMORE
MEMO



DATE: May 27, 2011

TO

Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

This bill levies a \$30 charge for each incidence of trespass towing.

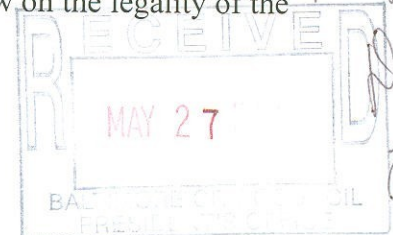
Analysis

The Department of Finance has concerns regarding administration and costs of the bill.

Administration of the bill is of major concern to the Finance Department. For the Finance Department to accurately track and enforce the provisions of the bill, enhancements will need to be made to at least two of the City's information systems. First, CitiTrack will need to be modified to collect and produce reports on trespass towing calls. Additionally, the Municipal Tax and Reporting System (MTRS) will need to be modified to collect the payments made by the towing companies. Both of these systems will need to be tied together in order to audit and enforce the billing process. The costs to modify these systems are preliminary estimates and will require a systems analysis by the Mayor's Office of Information Technology (MOIT) and the Department of Finance to determine the extent that the systems will need to be enhanced in order administer the provisions of this bill.

The Department has two other concerns both of them of a legal nature. First, the Finance Department is uncertain of the City's authority to regulate the economic incidence of the towing charge (Section 29-4(3)) of the bill). The Department of Finance defers to the Law Department on this issue. Furthermore, by regulating the economic incidence of the charge, the City could possibly destroy the trespass towing market in the City.

It is unclear whether the surcharge imposed is being levied as a tax or a fee. The term "surcharge" can refer to either a fee or a tax. If the intent is to create a fee, then under Maryland law, the fee may not exceed the cost of the service provided. It is uncertain whether the proposed fee would exceed the cost of the service the City provides (maintaining 311 trespass towing call records). A fee would also fall under the City Fee Policy in terms of pricing and price escalation. If the intent is to create an excise tax, then the Department of Finance will defer to the Department of Law on the legality of the tax.



*Do not
oppose
Law*

Fiscal Impact

The Department of Finance has performed a preliminary cost benefit analysis of this bill. Based on preliminary trespass towing data obtained from CitiTrack, the Department of Finance estimates that the City will bill approximately \$163,000 in revenue based on 5455 towing occurrences. This estimate is preliminary and could be subject to change as more data become available. There is also an estimated \$48,000 in implementation and administration expenditures. The expenditures are based on a one time systems modification expenditure of \$38,000 and ongoing administrative and enforcement expenditures of \$1.72 per occurrence per year.

Recommendation

The Department of Finance does not oppose this bill.

Cc: Edward Gallagher
Angela Gibson

Visit our website @ www.baltimorecity.gov