

ENROLLED

**CITY OF BALTIMORE
ORDINANCE ____
Council Bill 10-0470**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: April 12, 2010
Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable with amendments
Council action: Adopted
Read second time: June 14, 2010

AN ORDINANCE CONCERNING

Energy Tax – Rates

FOR the purpose of modifying the basic rate of the energy tax; curtailing the tax reduction for certain users; providing for a special effective date; and generally relating to the imposition and collection of an energy tax.

BY repealing and reordaining, with amendments

Article 28 - Taxes
Section(s) 25-14(c), (d), and (e)
Baltimore City Code
(Edition 2000)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 28. Taxes

Subtitle 25. Public Utilities Taxes

Part 2. Energy Tax

§ 25-14. Rates.

(c) *Computation of base year rates.*

(1) For each class of energy and each class of user, the Director shall compute a base year tax rate for Fiscal Year 2005 by:

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.
Underlined italics indicate matter added to the bill by amendment after printing for third reading.

Council Bill 10-0470

1 (i) [(1)] multiplying the sum of the revenues from each class of user for each
2 class of energy by 0.08; and

3 (ii) [(2)] then dividing that product by the sum of the units of each class of energy
4 delivered to the class of users.

5 (2) FOR FISCAL YEAR 2011 AND EACH SUBSEQUENT FISCAL YEAR, THE BASE YEAR TAX
6 RATE SHALL BE THE AMOUNT COMPUTED UNDER PARAGRAPH (1) OF THIS SUBSECTION,
7 AS ADJUSTED UNDER SUBSECTION (D) OF THIS SECTION, MULTIPLIED BY 1.15%.

8 (d) *Annual adjustments.*

9 For Fiscal Year 2006 and each subsequent fiscal year, these tax rates shall be adjusted by
10 the percentage change in the Washington-Baltimore Consumer Price Index, as reported
11 by the United States Department of Labor, comparing December of the preceding
12 calendar year to the December of the next preceding calendar year.

13 (e) *Percentage to be paid.*

14 For each of the following classes of users, the user is required to pay the following
15 percentage of that year's tax rate:

16 (1) residential energy users subject to residential schedules on file with the Public
17 Service Commission of Maryland –

18 – Fiscal Year 2005 and subsequent, 25%.

19
20 (2) direct users of energy in manufacturing, assembling, processing, or refining
21 operations that are exempt from the Maryland State Retail Sales and Use Tax, but
22 not including uses of energy for the following (for which the full tax shall be paid,
23 as stated in paragraph (4) of this subsection):

24 (A) maintaining, servicing, or repairing;

25 (B) testing finished products;

26 (C) providing for the comfort or health of employees;

27 (D) operating administrative or commercial facilities, such as offices, sales or
28 display rooms, retail outlets, and storage facilities (including refrigerated
29 storage facilities); or

30 (E) any other operations that the State Comptroller incorporates from time to
31 time in the regulations governing the administration of the Maryland State
32 Retail Sales and Use Tax, as those inclusions relate to manufacturing,
33 assembling, processing, or refining –

34 – Fiscal Years 2005 and 2006, 25%; Fiscal Year 2007 and subsequent,
35 0%.

Council Bill 10-0470

1 (3) any nonprofit hospital, religious, charitable, or educational institution or
2 organization, or any in-patient medical care or nursing facility licensed by the
3 State or City Health Departments, with respect to energy used in carrying on the
4 work of the nonprofit institution or organization or the in-patient medical care or
5 nursing facility –

6 – Fiscal Year 2005, 0%; Fiscal [Year] YEARS 2006 [and subsequent]
7 THROUGH 2010, 75%; FISCAL YEAR 2011 AND SUBSEQUENT, ~~100%~~
8 87% OF THE COMMERCIAL RATE IMPOSED ON THE USERS LISTED IN
9 SUBITEMS (A) THROUGH (E) OF ITEM (2) OF THIS SUBSECTION.

10 (4) all other users –

11 – Fiscal Year 2005 and subsequent, 100%.

12 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
13 are not law and may not be considered to have been enacted as a part of this or any prior
14 Ordinance.

15 **SECTION 3. AND BE IT FURTHER ORDAINED,** That, notwithstanding the tax rates set by this
16 Ordinance, the rate applicable to members of the Maryland Hospital Association and members
17 of the Maryland Independent College and University Association may not exceed that agreed to
18 in the Memorandum of Understanding between the City and these Associations, as long as the
19 Memorandum of Understanding is in effect and the Associations are in compliance with its terms
20 and conditions.

21 **SECTION 3 4. AND BE IT FURTHER ORDAINED,** That the tax rate set by this Ordinance for
22 residential users may not be increased as long as the Memorandum of Understanding referred to
23 in Section 2 3 of this Ordinance is in effect and the Associations are in compliance with its terms
24 and conditions.

25 **SECTION 3 4 5. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date
26 it is enacted for all units of energy delivered on or after July 1, 2010, and billed on or after
27 August 1, 2010.

Council Bill 10-0470

Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City