


MEMORANDUM

TO: Honorable President and Members of the City Council  
Attention: Karen Randle, Executive Secretary

FROM: M. J. Brodie, President 

DATE: June 11, 2010

SUBJECT: City Council Bill No. 10-0470  
Energy Tax – Rate

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The Baltimore Development Corporation (BDC) has been asked to clarify its position on the proposed energy tax rate bill (Council Bill 10-0470) as it would apply to industrial and/or manufacturing businesses. The BDC wants to clearly state that we are opposed to the provisions of the bill that would be applied to industrial and/or manufacturing businesses. Implementing this new tax on the manufacturing sector is bad public policy and would have a very negative economic impact on the manufacturers currently operating in Baltimore City. Furthermore, this tax will be disadvantageous to the City's overall competitive position as we try to retain our existing industrial base or attract new companies to locate their operations in Baltimore.

While identifying additional revenues during this economic crisis is important, it is critical that such efforts are sensitive to the fact that there may be unintended consequences that outweigh the perceived benefits. It would be devastating to the City if the manufacturing sector is forced to choose between meeting a new tax burden, laying off employees or leaving Baltimore entirely. Baltimore's manufacturing sector has been hard hit for years, shedding jobs and costing the City valuable tax revenues. A 2006 report by the Abell Foundation estimated that there were 44,102 manufacturing jobs in Baltimore, down 50% since 1990. It would be unwise to place a further encumbrance on this sector that would make it exceedingly difficult for these companies to operate efficiently in Baltimore.

cc: Kaliopé Parthemos  
Angela Gibson

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