

**CITY OF BALTIMORE
COUNCIL BILL 13-0126R
(Resolution)**

Introduced by: Councilmembers Stokes, Kraft, Holton, Welch

Introduced and read first time: October 7, 2013

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Privatized Tax Collection**

3 FOR the purpose of calling on the City's Department of Finance to explore privatizing tax
4 calculations and collections in order to put a end to the chronic and costly tax errors plaguing
5 Baltimore.

6 **Recitals**

7 Late last month news broke that calculation errors in yet another tax program had cost the
8 City hundreds of thousands of dollars in lost revenue. These errors, involving the Enterprise
9 Zone Tax Credit, come on top of other recently disclosed tax errors that have cost Baltimore
10 millions in foregone taxes.

11 Media investigations have now revealed government calculation mistakes in at least three
12 unrelated tax programs. In addition to the \$700,000 in errors in the Enterprise Zone Tax Credit
13 calculations, costly flaws have been found in the administration of the Homestead Tax Credit and
14 in credits for historic renovations. These widespread problems must give rise to serious doubts
15 about government's ability to properly administer tax credit programs.

16 In fact, the cost and scale of errors in tax credits makes exploring the idea of farming out tax
17 collection and calculations to private entities an attractive option. If privatization could
18 eliminate, or even materially reduce, expensive tax errors then any fees charged by the outside
19 contractors would be more than justified by the increased revenue stream.

20 Ultimately, the unwarranted tax breaks given out to some properties due to flawed
21 calculations result in additional burdens for all of Baltimore's tax-payers who must pick up the
22 slack with higher payments of their own or endure degraded City services. Any steps that could
23 reduce this burden on Baltimore's citizens, including privatized tax calculations and collections,
24 deserve to be seriously considered.

25 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
26 Council calls on the City's Department of Finance to explore privatizing tax calculations and
27 collections in order to put a end to the chronic and costly tax errors plaguing Baltimore.

28 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
29 Director of Finance, and the Mayor's Legislative Liaison to the City Council.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.