

CITY OF BALTIMORE
COUNCIL BILL 13-0127R
(Resolution)

Introduced by: Councilmembers Stokes, Henry, Scott, Kraft, Holton, President Young,
Councilmembers Middleton, Clarke, Cole, Branch, Welch, Reisinger

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, Department of Audits

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Auditing Baltimore's Tax Programs**

3 FOR the purpose of calling for an immediate and thorough audit of the Finance Department and
4 the City's tax programs to determine exactly what errors have been made in administering the
5 City's property tax programs and how much money these errors are costing the City.

6 **Recitals**

7 A recent media investigation revealed that calculation errors had led to under billing of at
8 least \$700,000 in the Enterprise Zone Tax Credit program. Previous media investigations have
9 shown millions of dollars in errors in two unrelated tax programs. It has become increasingly
10 obvious that poor administration of various tax programs on both the State and local level is
11 costing the City an unacceptable amount of lost revenue.

12 Equally troubling is the fact that these errors have repeatedly been exposed through media
13 efforts rather than through internal controls on the tax programs. A City with chronic fiscal
14 concerns necessitating hard choices on program cuts year after year shouldn't have to, and simply
15 can't afford to, rely on the media to catch multimillion dollar tax errors.

16 The results of the limited reviews conducted by reporters make it clear that there are
17 systematic problems with how tax bills are being calculated for Baltimore City. However, these
18 reviews have touched on only a tiny fraction of all of the City's tax bills. The high percentage of
19 errors they have found are alarming, and point to the possibility that millions more worth of
20 miscalculations exist that have not yet been brought to light.

21 We need to get a fuller handle on the extent of the problems with tax calculations and
22 administration. Until the extent of the problem is clear, the City can't truly begin to address it, or
23 even accurately assess the true state of Baltimore's finances.

24 Only a complete and systematic audit of the Finance Department and Baltimore's tax
25 programs can provide the full and accurate picture that is needed of the extent of the problem and
26 just how much money may be being left on the table. Without this understanding, any attempts
27 at real fiscal planning are bound to fail for lack of accurate information.

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

Council Bill 13-0127R

1 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE**, That the
2 Council calls for an immediate and thorough audit of the Finance Department and the City's tax
3 programs to determine exactly what errors have been made in administering the City's property
4 tax programs and how much money these errors are costing the City.

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