

Introduced by: Councilmembers Henry and Pinkett, Bullock, President Young, *Middleton, Jeff*

Prepared by: Department of Legislative Reference

Date: October 10, 2018

Referred to: TAXATION, FINANCE & ECONOMIC DEVELOPMENT

Committee

Also referred for recommendation and report to municipal agencies listed on reverse.

CITY COUNCIL 18-0297

A BILL ENTITLED

AN ORDINANCE concerning

Prevailing Wages – Tax Increment Financing Projects

FOR the purpose of extending the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of a certain amount; and clarifying and conforming related provisions.

BY repealing and reordaining with amendments
Article 5 - Finance, Property, and Procurement
Section(s) 25-1, 25-2
Baltimore City Code
(Edition 2000)

*DORSEY
Bunnell
Wor
Stefes
Speed
Clarke
Reisinger
COSTELLO
Senkeltner*

*Manly
Dorsey
LaPrice
Robulsky
Young
Bill
Shannon
John
Edmund
C-T-Curtis*

****The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

Agencies

<input checked="" type="checkbox"/>	Baltimore City Public School System
<input checked="" type="checkbox"/>	Baltimore Development Corporation
<input checked="" type="checkbox"/>	City Solicitor
<input type="checkbox"/>	Comptroller's Office
<input type="checkbox"/>	Department of Audits
<input type="checkbox"/>	Department of Finance
<input type="checkbox"/>	Department of General Services
<input type="checkbox"/>	Department of Housing and Community Development
<input type="checkbox"/>	Department of Human Resources
<input type="checkbox"/>	Department of Planning
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Department of Public Works
<input type="checkbox"/>	Department of Real Estate
<input type="checkbox"/>	Department of Recreation and Parks
<input type="checkbox"/>	Department of Transportation
<input type="checkbox"/>	Fire Department
<input type="checkbox"/>	Health Department
<input type="checkbox"/>	Mayor's Office of Employment Development
<input type="checkbox"/>	Mayor's Office of Human Services
<input type="checkbox"/>	Mayor's Office of Information Technology
<input type="checkbox"/>	Office of the Mayor
<input type="checkbox"/>	Police Department
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Environmental Control Board
<input type="checkbox"/>	Fire & Police Employees' Retirement System
<input type="checkbox"/>	Labor Commissioner
<input type="checkbox"/>	Parking Authority Board
<input type="checkbox"/>	Planning Commission
<input type="checkbox"/>	Wage Commission
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Board of Estimates
<input type="checkbox"/>	Board of Ethics
<input type="checkbox"/>	Board of Municipal and Zoning Appeals
<input type="checkbox"/>	Comm. for Historical and Architectural Preservation
<input type="checkbox"/>	Commission on Sustainability
<input type="checkbox"/>	Employees' Retirement System
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____
<input type="checkbox"/>	Other: _____

Boards and Commissions

CITY OF BALTIMORE
ORDINANCE **19-226**
Council Bill 18-0297

Introduced by: Councilmembers Henry, Pinkett, Bullock, President Young, Councilmembers
Middleton, Scott, Dorsey, Burnett, Cohen, Stokes, Sneed, Clarke, Reisinger, Costello,
Schleifer

Introduced and read first time: October 15, 2018

Assigned to: Taxation, Finance and Economic Development Committee

Committee Report: Favorable with amendments

Council action: Adopted

Read second time: January 28, 2019

AN ORDINANCE CONCERNING

1 **Prevailing Wages – Tax Increment Financing Projects**

2 FOR the purpose of extending the existing prevailing wage requirement to projects receiving
3 funds from tax increment financing in excess of a certain amount; ~~and clarifying and~~
4 ~~conforming related provisions; and providing for a special effective date.~~

5 BY authority of

6 State Finance and Procurement Article

7 Section 17-202(d)

8 Annotated Code of Maryland

9 (As added by Chapter 817, 2018 Acts of Maryland)

10 BY repealing and reordaining with amendments

11 Article 5 - Finance, Property, and Procurement

12 Section(s) 25-1, 25-2

13 Baltimore City Code

14 (Edition 2000)

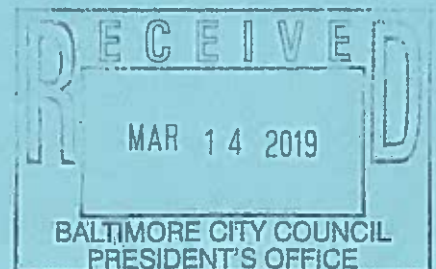
15 SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the
16 Laws of Baltimore City read as follows:

17 **Baltimore City Code**

18 **Article 5. Finance, Property, and Procurement**

19 **Subtitle 25. Prevailing Wages for Work Under Construction Contracts**

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.



Council Bill 18-0297

1 § 25-1. Definitions.

2 (a) *Apprentice.*

3 (1) The term "apprentice" as used in this subtitle means a person at least 16 years of age who
4 has entered into a written agreement with an employer or his agent, an association of
5 employers, or an organization of employers, or a joint committee representing both, and
6 which shall state the trade, craft, or occupation which the apprentice is to be taught, and
7 the time at which the apprenticeship will begin and end.

8 (2) All such apprenticeship agreements shall be approved by the Maryland Apprenticeship
9 and Training Council, and certification of such approval shall be furnished to the Wage
10 Commission.

11 (b) *Contractor.*

12 "Contractor", as used herein, shall mean the person, firm or corporation awarded a City
13 contract OR ENGAGED IN A PROJECT RECEIVING FUNDS FROM TAX INCREMENT FINANCING
14 IN EXCESS OF \$10,000,000.

15 (c) *Subcontractor.*

16 "Subcontractor", as used herein, shall mean any person, firm or corporation, other than
17 the contractor, performing any work upon the site of the project, whether subcontractor or
18 lower tier contractor

19 § 25-2. Scope of Subtitle.

20 (A) *CITY CONTRACTS OVER \$5,000.*

21 THIS SUBTITLE APPLIES TO EACH [Each] and every contract in excess of \$5,000
22 [(hereinafter referred to the "the contract")] made by the Board of Estimates (hereinafter
23 referred to as "the City"), or on its behalf, with any person, firm or corporation for the
24 construction, reconstruction, erection, conversion, installation, alteration, repair,
25 maintenance, renovation, razing, demolition, moving, removing, grading, paving,
26 repaving, curbing, filling, excavation, or any other operation or work to be done or
27 performed in, on, upon, or in connection with any building, bridge, viaduct, tunnel, tower,
28 stack, or other structure, airport, land, highway, pier, wharf, sewer, drain, main, conduit,
29 machinery, or mechanical, electrical, or other equipment [for said municipality shall
30 contain the following provisions].

31 (B) *TAX INCREMENT FINANCING PROJECTS OVER \$10,000,000.*

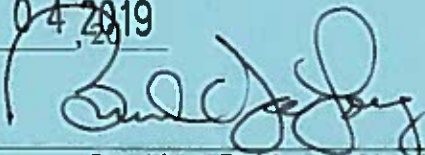
32 THIS SUBTITLE APPLIES TO EACH AND EVERY PROJECT APPROVED BY THE MAYOR AND
33 CITY COUNCIL ON OR AFTER JANUARY 1, 2019 RECEIVING FUNDS FROM TAX INCREMENT
34 FINANCING IN EXCESS OF \$10,000,000 IN THE AGGREGATE TO THE EXTENT THOSE FUNDS
35 ARE USED IN WHOLE OR IN PART FOR THE CONSTRUCTION, RECONSTRUCTION, ERECTION,
36 CONVERSION, INSTALLATION, ALTERATION, REPAIR, MAINTENANCE, RENOVATION, RAZING,
37 DEMOLITION, MOVING, REMOVING, GRADING, PAVING, REPAVING, CURBING, FILLING,
38 EXCAVATION, OR ANY OTHER OPERATION OR WORK TO BE DONE OR PERFORMED IN, ON,

Council Bill 18-0297

1 UPON, OR IN CONNECTION WITH ANY BUILDING, BRIDGE, VIADUCT, TUNNEL, TOWER,
2 STACK, OR OTHER STRUCTURE, AIRPORT, LAND, HIGHWAY, PIER, WHARF, SEWER, DRAIN,
3 MAIN, CONDUIT, MACHINERY, OR MECHANICAL, ELECTRICAL, OR OTHER EQUIPMENT.

4 SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the ~~30th~~ day
5 after the date it is enacted.

Certified as duly passed this _____ day of FEB 04 2019



President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of FEB 04 2019

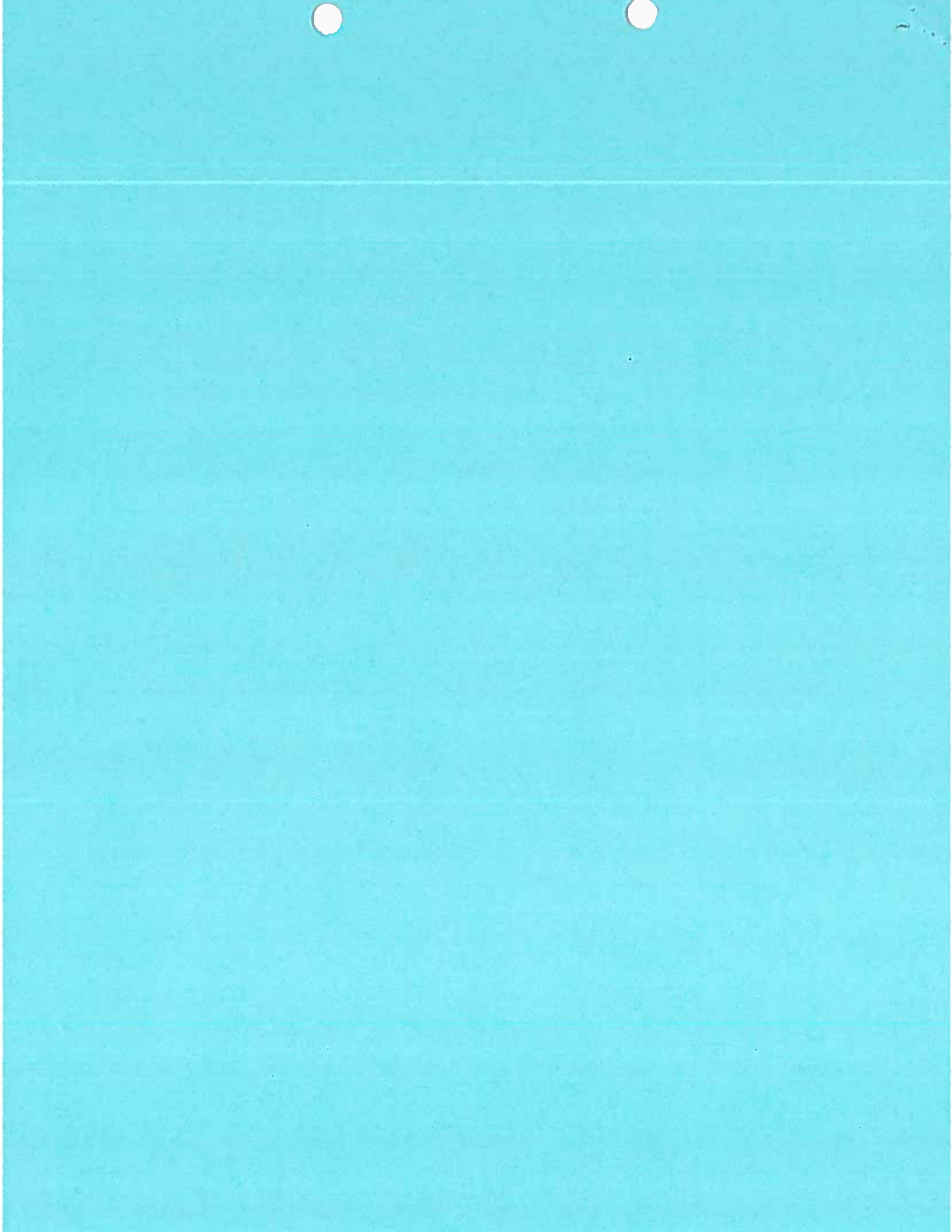


Chief Clerk

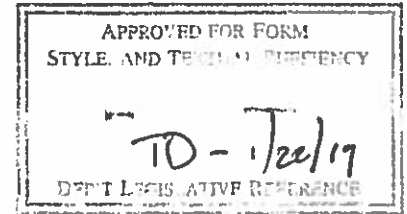
Approved this _____ day of _____, 20____

Mayor, Baltimore City

Pursuant to City Charter, Article
IV, Section 5(C), this bill became
law on March 11, 2019, *- NBD*
without the Mayor's Signature.



AMENDMENTS TO COUNCIL BILL 18-0297
(1st Reader Copy)



By: Taxation, Finance, and Economic Development Committee

Amendment No. 1

On page 1, in line 4, after the semicolon, strike “and”; on that same page, in line 5, after “provisions”, insert “; and providing for a special effective date”; and, on page 2, in lines 35 and 36, strike “the 30th day after”.

Amendment No. 2

On page 1, after line 5, insert:

“BY authority of
State Finance and Procurement Article
Section 17-202(d)
Annotated Code of Maryland
(As added by Chapter 817, 2018 Acts of Maryland)”.

ADOPTED

Amendment No. 3

On page 2, in line 25, after “PROJECT”, insert “APPROVED BY THE MAYOR AND CITY COUNCIL ON OR AFTER JANUARY 1, 2019”.

BALTIMORE CITY COUNCIL TAXATION, FINANCE AND ECONOMIC DEVELOPMENT VOTING RECORD

DATE: January 17, 2019

BILL#: 18-0297

BILL TITLE: Prevailing Wages – Tax Increment Financing Projects

MOTION BY: Pinkett SECONDED BY: Costello

FAVORABLE

FAVORABLE WITH AMENDMENTS

UNFAVORABLE

WITHOUT RECOMMENDATION

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, Sharon, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pinkett, Leon, Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costello, Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reisinger, Edward	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stokes, Robert	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TOTALS	<u>3</u>	<u>0</u>	<u>2</u>	

CHAIRPERSON: Sharon Middleton

COMMITTEE STAFF: Samuel Johnson, Initials: SL



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BALTIMORE CITY
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Michael Braverman, Housing Commissioner

Date: January 15, 2019

Re: **City Council Bill 18-0297, Prevailing Wages – Tax Increment Financing Projects**

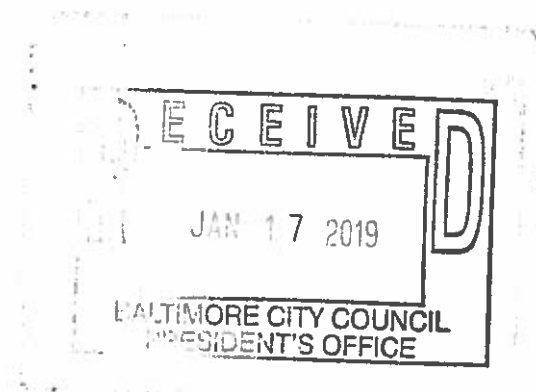
The Department of Housing and Community Development (HCD) has reviewed City Council Bill 18-0297, for the purpose of extending the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of a certain amount; and clarifying and conforming related provisions.

If enacted, this bill will make existing prevailing wage requirements applicable to projects receiving funds from tax increment financing in excess of \$10,000,000.

HCD has no objections to the passage of City Council Bill 18-0297.

MB:td

cc: Mr. Jeffrey Amoros, *Mayor's Office of Government Relations*




No obj.



11

12

13

FROM	NAME & TITLE	Henry J. Raymond, Director <i>HJR</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 449 City Hall (410-396-4940)		
	SUBJECT	City Council Bill 18-0297		

DATE: January 14, 2019

TO

The Honorable President and
Members of the City Council
Room 400, City Hall

Council Bill 18-0297 extends the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of \$10 million, and clarifies related provisions.

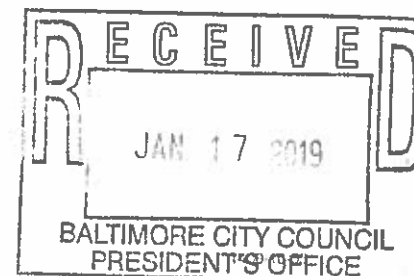
Tax increment financing (TIF) is a public funding mechanism that uses property tax increment within a development district to fund improvements within the district. The tax increment is normally pledged to special obligation bonds issued by or on behalf of the City. Imposing a prevailing wage on projects funded with proceeds of such bonds or absent of bonds, the tax increment, will increase the cost of contracts associated with the project. Development projects include many cost categories such as design, predevelopment, acquisition, legal, construction and of course labor. This bill will primarily impact the labor portion of contracts funded with TIF proceeds.

It is difficult to estimate the labor impact of a TIF project because the labor component can vary depending on the type of work the project requires. However, as an example, the City asked the development team of a TIF currently under review to provide the impact this bill will have on the first phase of their project. We found the added labor costs resulted in an increase of approximately 5.4%. In this example the public improvement budget rose from \$75.2 million to \$79.3 million – and increase of \$4.1 million.

If the TIF is able to accommodate the added cost the increase in principal and interest totals \$10.6 million over a 30 year bond term. In this case the City will bear the majority of this cost because as property taxes are pledged to the repayment of the debt. If the TIF cannot afford the additional cost, the developer will likely ask for further City assistance such as grants or other like support to cover the gap.

The Department of Finance is concerned about the negative fiscal impact the increased project costs may have on the general fund, and as such we do not support the bill.

Does not support





MEMORANDUM

TO: Honorable President and Members of the City Council
Attention: Natawna B. Austin, Executive Secretary

FROM: William H. Cole, President and CEO

DATE: November 2, 2018

SUBJECT: City Council Bill No. 18-0297
Prevailing Wages – Tax Increment Financing Projects

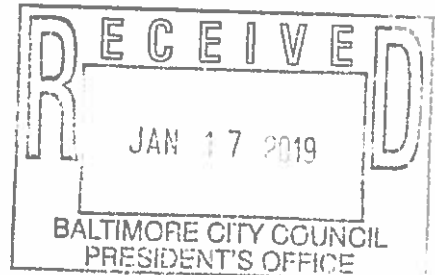
The Baltimore Development Corporation (BDC) has been asked to comment on City Council Bill No. 18-0297, concerning the extending of an existing prevailing wage requirement to projects receiving funds from Tax Increment Financing.

This past legislative session, the State of Maryland passed Senate Bill 278, an act concerning Prevailing Wages – Tax Increment Financing Developments – Application. The current Council Bill acts to put in place the local authority to authorize or decline the application of the State regulation for the City of Baltimore. The Bill expands the types of activities for which funds within a Tax Increment Financing project are used, either in part or wholly, where prevailing wages would be required. It also increases the usage coverage of prevailing wages to subcontractors and lower tier contractors.

The BDC has no objections to this Bill.

cc: Kyron Banks

No obj.



CITY OF BALTIMORE

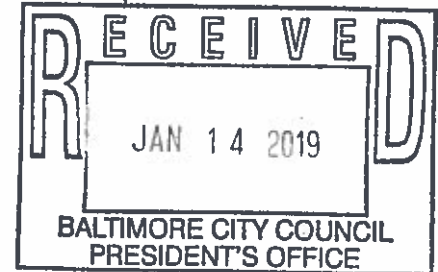
CATHERINE E. PUGH,
Mayor



DEPARTMENT OF LAW
ANDRE M. DAVIS, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

January 14, 2019

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202



Re: City Council Bill 18-0297 – Prevailing Wages – Tax Increment Financing

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 18-0297 for form and legal sufficiency. The bill extends the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of \$10,000,000.

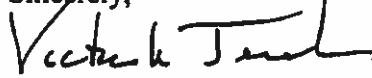
Chapter 817 of the 2018 Laws of Maryland amended the State's provisions relating to prevailing wages in public works contracts. The law permitted local prevailing wage rates to be extended to certain public works projects located in a designated tax increment financing development district created on or after July 1, 2018. The new law, however, was applicable only if Baltimore City or other political subdivisions of the State authorized that a construction project was subject to the new law.

Council Bill 18-0297 is the enabling ordinance required by Chapter 817 of the 2018 Laws of Maryland. It allows the City's prevailing wage requirements to be used for various types of construction projects conducted in a TIF district.

As an aside, we point out that the language in the current law, which is quoted on page 2, lines 13 and 14, stating that contracts over \$5,000 are affected by the City's prevailing wage law is incorrect. Under the State's enabling law, State Finance and Procurement, §17-202(b), the prevailing wage is applicable only to contracts over \$500,000. The Law Department discussed this problem with the Department of Legislative Reference. Legislative Reference concluded that the error can be corrected in the next package of corrective legislation.

The Law Department can approve the above bill for form and legal sufficiency as drafted.

Sincerely,



Victor K. Tervala
Chief Solicitor

cc: Andre M. Davis, City Solicitor
Karen Stokes, Director, Mayor's Office of Government Relations
Kyron Banks, Mayor's Legislative Liaison
Elena DiPietro, Chief Solicitor, General Counsel Division
Hilary Ruley, Chief Solicitor
Ashlea Brown, Assistant Solicitor



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Minutes - Final

Taxation, Finance and Economic Development Committee

Thursday, January 17, 2019

10:05 AM

Du Burns Council Chamber, 4th floor, City Hall

18-0297

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

- Present** 3 - Member Sharon Green Middleton, Member Leon F. Pinkett III, and Member Eric T. Costello
- Absent** 2 - Member Edward Reisinger, and Member Robert Stokes Sr.

ITEMS SCHEDULED FOR PUBLIC HEARING

18-0297

Prevailing Wages - Tax Increment Financing Projects

For the purpose of extending the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of a certain amount; and clarifying and conforming related provisions.

Sponsors: Bill Henry, Leon F. Pinkett, III, John T. Bullock, President Young, Sharon Green Middleton, Brandon M. Scott, Ryan Dorsey, Kristerfer Burnett, Zeke Cohen, Robert Stokes, Sr., Shannon Sneed, Mary Pat Clarke, Edward Reisinger, Eric T. Costello, Isaac "Yitzy" Schleifer

A motion was made by Member Pinkett, III, seconded by Member Costello, that Bill 18-0297 be Recommended Favorably with Amendments to the Taxation, Finance and Economic Development Committee. The motion carried by the following vote:

- Yes:** 3 - Member Middleton, Member Pinkett III, and Member Costello
- Absent:** 2 - Member Reisinger, and Member Stokes Sr.

ADJOURNMENT



HEARING NOTES

Bill: 18-0297

Prevailing Wages – Tax Increment Financing Projects

Committee: Taxation, Finance and Economic Development

Chaired By: Councilmember Sharon Green-Middleton

Hearing Date: January 17, 2019

Time (Beginning): 11:52 a.m.

Time (Ending): 12:25 p.m.

Location: Clarence “Du” Burns Chambers

Total Attendance: Approximately 15 – 20

Committee Members in Attendance:

Sharon Green Middleton

Eric Costello

Leon Pinkett

Bill Synopsis in the file?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Attendance sheet in the file?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Agency reports read?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Hearing televised or audio-digitally recorded?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> N/A
Certification of advertising/posting notices in the file?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
Evidence of notification to property owners?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
Final vote taken at this hearing?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
Motioned by:	Councilmember Pinkett		
Seconded by:	Councilmember Costello		
Final Vote:	3 – 0		

Major Speakers

(This is not an attendance record.)

- Victor Tervalá, Law Department
- William Cole, Baltimore Development Corporation
- Robert Pipik, Department of Housing and Community Development
- Steve Kraus, Department of Finance

Major Issues Discussed

1. Councilwoman Middleton read the bill into the record and introduced committee members.
2. Victor Tervalá, Law Department - Read agency report into the record.
3. William Cole, Baltimore Development Corporation – Read agency report into the record.
4. Robert Pipik, Department of Housing and Community Development – Read agency report into the record.
5. Steve Kraus, Finance – Read agency report into the record.
6. One person provided public testified at this hearing.
7. Councilman Pinkett introduced a package of amendments.
 - A motion was made by Pinkett and seconded by Costello.
 - The amendments passed with a vote of 3 – 0.
8. A final vote was taken on the bill and it passed out of committee 3 – 0.

Further Study

Was further study requested?

Yes No

If yes, describe. N/A

Committee Vote:

S. Middleton: **Yea**
 L. Pinkett: **Yea**
 E. Costello: **Yea**
 E. Reisinger: **Absent**
 R. Stokes: **Absent**

Samuel Johnson , Committee Staff
 (410) 396-1091
 cc: Bill File
 OCS Chrono File

Date: January 17, 2019



**CITY OF BALTIMORE
CITY COUNCIL HEARING ATTENDANCE RECORD**

Committee: Taxation, Finance and Economic Development | Chairperson: Sha
 Date: January 17, 2019 | Time: 10:05 A.M. | Place: Clarence "Du" Burns Chambers
 Subject: Prevailing Wages – Tax Increment Financing Projects

PLEASE PRINT

IF YOU WANT TO TESTIFY PLEASE CHECK HERE

FIRST NAME	LAST NAME	ST. #	ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS
John	Doe	100	North Charles Street	21202	Johndoenbmore@yahoo.com
Rich	Bineethi		Baltimore District Council 41004		rbineethi@buidc.org
Bill	Robert	36	924 W. 1st St	21201	
William	Alburger		1706 Abbots St	21218	afalburgh@qmar
Robert	Pi-pik		DHCPD		
Butt	Powers		ICMA		

(*) NOTE: IF YOU ARE COMPENSATED OR INCUR EXPENSES IN CONNECTION WITH THIS BILL, YOU MAY BE REQUIRED BY LAW TO REGISTER WITH THE CITY BOARD OF ETHICS. FOR INFORMATION AND FORMS, CALL OR WRITE: BALTIMORE CITY BOARD OF ETHICS, LEGISLATIVE REFERENCE, 626 CITY HALL, BALTIMORE, MD 21202. TEL: 410-396-4730; FAX: 410-396-8483.





Chairman Sharon Green-Middleton
Vice-Chair Leon Pinkett
Members
Taxation, Finance & Eco Dev Committee
100 N. Holliday Street, 5th Floor
Baltimore, MD 21202

January 17, 2019

Prevailing Wages - Tax Increment Financing Projects

Dear Chairman Middleton and Members of the Taxation, Finance & Economic Development Committee,

My name is Rick Binetti, and I am here today representing the Baltimore Washington Construction & Public Employees Laborers' District, LiUNA. We are in support of the bill before you today, Prevailing Wage – Tax Increment Financing Projects, which would gapply Baltimore's prevailing wage to the infrastructure portions of City Tax Increment Financing Developments.

Baltimore City has a long history of fighting for the rights of all people, including working people. Since the 1960's through its prevailing wage law, Baltimore City has made the legal commitment to encourage both contractors and the skilled trades to work together and continually grow a local and experienced workforce.

Baltimore's prevailing wage law enables the city to use its considerable capital investment power to drive the creation of local middle-class jobs and economic development. It helps ensure that construction workers get access to family-sustaining wages and benefits. These policies also foster a skilled and reliable construction workforce through certified apprenticeship programs and constant training, providing a ladder to the middle-class for thousands of workers. This why most of the capital projects approved by the city's Board of Estimates projects are required to pay prevailing wage.

These policies help contractors keep approximately 1,000 LiUNA members who live in Baltimore City employed in a meaningful way, with access to family-sustaining wages, quality family healthcare, and a pension.

These are construction workers who didn't go to college and are not getting rich, but who can keep their families safely in the middle-class. It's a solid return on the City's investment

because our contractors, and others like them, have a strong desire to do right by their employees.

But because Baltimore's TIF is currently exempt from the city's prevailing wage law, very little of this tax-based investment power is being used generating family-sustaining wages for local construction workers.

Through 2017, at least 12 development projects have used, or are using, Tax Increment Financing to pay for \$1.5 billion in Baltimore City infrastructure projects. Just three of these – Port Covington, EBDI and Harbor Point total around \$880 million.

During the 2018 General Assembly session, Maryland passed a law giving local jurisdictions the authority to attach prevailing wage to public infrastructure portions of TIF development projects.

Prevailing wage is not a social program. It's a tool of responsible government that promotes business competition by leveling the playing field for owners/contractors who pay a fair wage, against those who would rather pay poverty-level wages without health benefits.

At least five states and 12 cities apply prevailing wage to TIF. For Example:

- Pennsylvania, New Jersey, Nevada, Wisconsin, West Virginia
- Chicago, IL; Bloomington, IL; Granite City, IL; Lincoln, IL; Quincy, IL; Madison, WI; Milwaukee, WI; Cincinnati, OH; Grandview Heights, OH; Denver, CO; San Antonio, TX; Pittsburgh, PA; Burlington, VT

We believe Baltimore's TIF legislation should be clear on the issue of prevailing wage. If Baltimore wants to use TIF as a funding mechanism, then it should be in line with other bond funding already subject to prevailing wage.

We urge the committee to give a favorable report on this bill. Thank you.

City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Agenda - Final

Taxation, Finance and Economic Development Committee

Thursday, January 17, 2019

10:05 AM

Du Burns Council Chamber, 4th floor, City Hall

18-0297

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

ITEMS SCHEDULED FOR PUBLIC HEARING

18-0297

Prevailing Wages - Tax Increment Financing Projects

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Sponsors:

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Attachments:

18-0297~1st Reader

ADJOURNMENT

THIS MEETING IS OPEN TO THE PUBLIC





BILL SYNOPSIS

Committee: Taxation, Finance and Economic Development

Bill 18-0297

Prevailing Wages – Tax Increment Financing Projects

Sponsor: Councilmember Henry
Introduced: October 15, 2018

Purpose:

For the purpose of extending the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of a certain amount; and clarifying and conforming related provisions.

Effective: On the 30th day after enactment.

Hearing Date/Time/Location: January 17, 2019 / 10:05 a.m. / Clarence "Du" Burns Chamber

Agency Reports

City Solicitor	Favorable
Baltimore Development Corporation	Favorable
Department of Housing and Community Development	
Department of Finance	Comments

Analysis

Current Law:

Article V – Finance, Property, and Procurement
Section(s) 25-1, 25-2
Baltimore City Code
(1996 Edition)

Repealing and Reordaining with amendments:

Article V – Finance, Property, and Procurement
Section(s) 25-1, 25-2
Baltimore City Code
(Edition 2000)

Background

Bill 18-0297 would extend the prevailing wage requirement to all projects receiving funds from tax increment financing (TIF) in excess of \$10,000,000. In government contracting, a prevailing wage is defined as the hourly wage, usually benefits and overtime, normally paid to the majority of workers, laborers, and mechanics within a particular area. Those construction projects are broken down into the following classifications: building construction, highways, housing, maintenance repairs, and alleys, sewers and drains.

The Maryland General Assembly heard House Bill 546 Prevailing Wage – Tax Increment Financing Developments – Application during the 2018 legislative session. That bill took effect on July 1, 2018 and requires that prevailing wages be paid for the construction of a structure or work, that is (1) located in a tax increment financing (TIF) district created on or after July 1, 2018 and (2) built using proceeds from local government bonds authorized in statute for use in those districts. Per the legislation, the bill applies only if a political subdivision, Baltimore City, or the Revenue Authority of Prince George’s County authorizes the payment of prevailing wages for the relevant construction project. If enacted, Bill 18-0297 would be the enabling ordinance required by Chapter 817 of the 2018 Laws of Maryland. It would allow the City’s prevailing wage requirements to be used for various types of construction projects conducted in a TIF district.

It has been reported that the local effect on the total cost of future construction projects in TIF districts funded by local bonds may increase by between 2% and 5%, to the extent that a local government or revenue authority approves the payment of prevailing wages for a project. In Baltimore City, if the TIF cannot afford the additional cost, the developer will likely ask for further assistance from the city to cover the gap. The Department of Finance reports that this could have a negative fiscal impact on the general fund due to increased project cost.

Additional Information

Fiscal Note: Not Available

Information Source(s): Department of Labor, Licensing and Regulation
Prevailing Wage, Maryland Department of Legislative Services

Analysis by: Samuel Johnson, Jr.
Analysis Date: January 15, 2019

Direct Inquiries to: (410) 396-1091

**CITY OF BALTIMORE
COUNCIL BILL 18-0297
(First Reader)**

Introduced by: Councilmembers Henry, Pinkett, Bullock, President Young, Councilmembers
Middleton, Scott, Dorsey, Burnett, Cohen, Stokes, Sneed, Clarke, Reisinger, Costello,
Schleifer

Introduced and read first time: October 15, 2018

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Baltimore Development Corporation,
Department of Housing and Community Development, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Prevailing Wages – Tax Increment Financing Projects**

3 FOR the purpose of extending the existing prevailing wage requirement to projects receiving
4 funds from tax increment financing in excess of a certain amount; and clarifying and
5 conforming related provisions.

6 BY repealing and reordaining with amendments

7 Article 5 - Finance, Property, and Procurement

8 Section(s) 25-1, 25-2

9 Baltimore City Code

10 (Edition 2000)

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

13 **Baltimore City Code**

14 **Article 5. Finance, Property, and Procurement**

15 **Subtitle 25. Prevailing Wages for Work Under Construction Contracts**

16 **§ 25-1. Definitions.**

17 (a) *Apprentice.*

18 (1) The term “apprentice” as used in this subtitle means a person at least 16 years of age who
19 has entered into a written agreement with an employer or his agent, an association of
20 employers, or an organization of employers, or a joint committee representing both, and
21 which shall state the trade, craft, or occupation which the apprentice is to be taught, and
22 the time at which the apprenticeship will begin and end.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 18-0297

1 (2) All such apprenticeship agreements shall be approved by the Maryland Apprenticeship
2 and Training Council, and certification of such approval shall be furnished to the Wage
3 Commission.

4 (b) *Contractor.*

5 "Contractor", as used herein, shall mean the person, firm or corporation awarded a City
6 contract OR ENGAGED IN A PROJECT RECEIVING FUNDS FROM TAX INCREMENT FINANCING
7 IN EXCESS OF \$10,000,000.

8 (c) *Subcontractor.*

9 "Subcontractor", as used herein, shall mean any person, firm or corporation, other than
10 the contractor, performing any work upon the site of the project, whether subcontractor or
11 lower tier contractor

12 § 25-2. Scope of Subtitle.

13 (A) *CITY CONTRACTS OVER \$5,000.*

14 THIS SUBTITLE APPLIES TO EACH [Each] and every contract in excess of \$5,000
15 [(hereinafter referred to the "the contract")] made by the Board of Estimates (hereinafter
16 referred to as "the City"), or on its behalf, with any person, firm or corporation for the
17 construction, reconstruction, erection, conversion, installation, alteration, repair,
18 maintenance, renovation, razing, demolition, moving, removing, grading, paving,
19 repaving, curbing, filling, excavation, or any other operation or work to be done or
20 performed in, on, upon, or in connection with any building, bridge, viaduct, tunnel, tower,
21 stack, or other structure, airport, land, highway, pier, wharf, sewer, drain, main, conduit,
22 machinery, or mechanical, electrical, or other equipment [for said municipality shall
23 contain the following provisions].

24 (B) *TAX INCREMENT FINANCING PROJECTS OVER \$10,000,000.*

25 THIS SUBTITLE APPLIES TO EACH AND EVERY PROJECT RECEIVING FUNDS FROM TAX
26 INCREMENT FINANCING IN EXCESS OF \$10,000,000 IN THE AGGREGATE TO THE EXTENT
27 THOSE FUNDS ARE USED IN WHOLE OR IN PART FOR THE CONSTRUCTION,
28 RECONSTRUCTION, ERECTION, CONVERSION, INSTALLATION, ALTERATION, REPAIR,
29 MAINTENANCE, RENOVATION, RAZING, DEMOLITION, MOVING, REMOVING, GRADING,
30 PAVING, REPAVING, CURBING, FILLING, EXCAVATION, OR ANY OTHER OPERATION OR WORK
31 TO BE DONE OR PERFORMED IN, ON, UPON, OR IN CONNECTION WITH ANY BUILDING,
32 BRIDGE, VIADUCT, TUNNEL, TOWER, STACK, OR OTHER STRUCTURE, AIRPORT, LAND,
33 HIGHWAY, PIER, WHARF, SEWER, DRAIN, MAIN, CONDUIT, MACHINERY, OR MECHANICAL,
34 ELECTRICAL, OR OTHER EQUIPMENT.

35 SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day
36 after the date it is enacted.

**CITY OF BALTIMORE
COUNCIL BILL 18-0297
(First Reader)**

Introduced by: Councilmembers Henry, Pinkett, Bullock, President Young, Councilmembers
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15 **Subtitle 25. Prevailing Wages for Work Under Construction Contracts**

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19 has entered into a written agreement with an employer or his agent, an association of
20 employers, or an organization of employers, or a joint committee representing both, and
21 which shall state the trade, craft, or occupation which the apprentice is to be taught, and
22 the time at which the apprenticeship will begin and end.

EXPLANATION: CAPITALS indicate matter added to existing law.
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Council Bill 18-0297

(2) All such apprenticeship agreements shall be approved by the Maryland Apprenticeship and Training Council, and certification of such approval shall be furnished to the Wage Commission.

(b) Contractor.

“Contractor”, as used herein, shall mean the person, firm or corporation awarded a City contract OR ENGAGED IN A PROJECT RECEIVING FUNDS FROM TAX INCREMENT FINANCING IN EXCESS OF \$10,000,000.

(c) Subcontractor.

“Subcontractor”, as used herein, shall mean any person, firm or corporation, other than the contractor, performing any work upon the site of the project, whether subcontractor or lower tier contractor

§ 25-2. Scope of Subtitle.

(A) CITY CONTRACTS OVER \$5,000.

THIS SUBTITLE APPLIES TO EACH [Each] and every contract in excess of \$5,000 [(hereinafter referred to the “the contract”)] made by the Board of Estimates (hereinafter referred to as “the City”), or on its behalf, with any person, firm or corporation for the construction, reconstruction, erection, conversion, installation, alteration, repair, maintenance, renovation, razing, demolition, moving, removing, grading, paving, repaving, curbing, filling, excavation, or any other operation or work to be done or performed in, on, upon, or in connection with any building, bridge, viaduct, tunnel, tower, stack, or other structure, airport, land, highway, pier, wharf, sewer, drain, main, conduit, machinery, or mechanical, electrical, or other equipment [for said municipality shall contain the following provisions].

(B) TAX INCREMENT FINANCING PROJECTS OVER \$10,000,000.

THIS SUBTITLE APPLIES TO EACH AND EVERY PROJECT RECEIVING FUNDS FROM TAX INCREMENT FINANCING IN EXCESS OF \$10,000,000 IN THE AGGREGATE TO THE EXTENT THOSE FUNDS ARE USED IN WHOLE OR IN PART FOR THE CONSTRUCTION, RECONSTRUCTION, ERECTION, CONVERSION, INSTALLATION, ALTERATION, REPAIR, MAINTENANCE, RENOVATION, RAZING, DEMOLITION, MOVING, REMOVING, GRADING, PAVING, REPAVING, CURBING, FILLING, EXCAVATION, OR ANY OTHER OPERATION OR WORK TO BE DONE OR PERFORMED IN, ON, UPON, OR IN CONNECTION WITH ANY BUILDING, BRIDGE, VIADUCT, TUNNEL, TOWER, STACK, OR OTHER STRUCTURE, AIRPORT, LAND, HIGHWAY, PIER, WHARF, SEWER, DRAIN, MAIN, CONDUIT, MACHINERY, OR MECHANICAL, ELECTRICAL, OR OTHER EQUIPMENT.

SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted.

10/10/18

INTRODUCTORY*
 CITY OF BALTIMORE
 COUNCIL BILL _____

Introduced by: Councilmembers Henry and Pinkett, Bullock, President Young

A BILL ENTITLED

AN ORDINANCE concerning

Prevailing Wages – Tax Increment Financing Projects

FOR the purpose of extending the existing prevailing wage requirement to projects receiving funds from tax increment financing in excess of a certain amount; and clarifying and conforming related provisions.

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Article 5 - Finance, Property, and Procurement
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SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

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Article 5. Finance, Property, and Procurement

Subtitle 25. Prevailing Wages for Work Under Construction Contracts

§ 25-1. Definitions.

(a) *Apprentice.*

- (1) The term "apprentice" as used in this subtitle means a person at least 16 years of age who has entered into a written agreement with an employer or his agent, an association of employers, or an organization of employers, or a joint committee representing both, and which shall state the trade, craft, or occupation which the apprentice is to be taught, and the time at which the apprenticeship will begin and end.
- (2) All such apprenticeship agreements shall be approved by the Maryland Apprenticeship and Training Council, and certification of such approval shall be furnished to the Wage Commission.

EXPLANATION: CAPITALS indicate matter added to existing law.
 [Brackets] indicate matter deleted from existing law.

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
 THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

(b) *Contractor.*

“Contractor”, as used herein, shall mean the person, firm or corporation awarded a City contract OR ENGAGED IN A PROJECT RECEIVING FUNDS FROM TAX INCREMENT FINANCING IN EXCESS OF \$10,000,000.

(c) *Subcontractor.*

“Subcontractor”, as used herein, shall mean any person, firm or corporation, other than the contractor, performing any work upon the site of the project, whether subcontractor or lower tier contractor

§ 25-2. **Scope of Subtitle.**

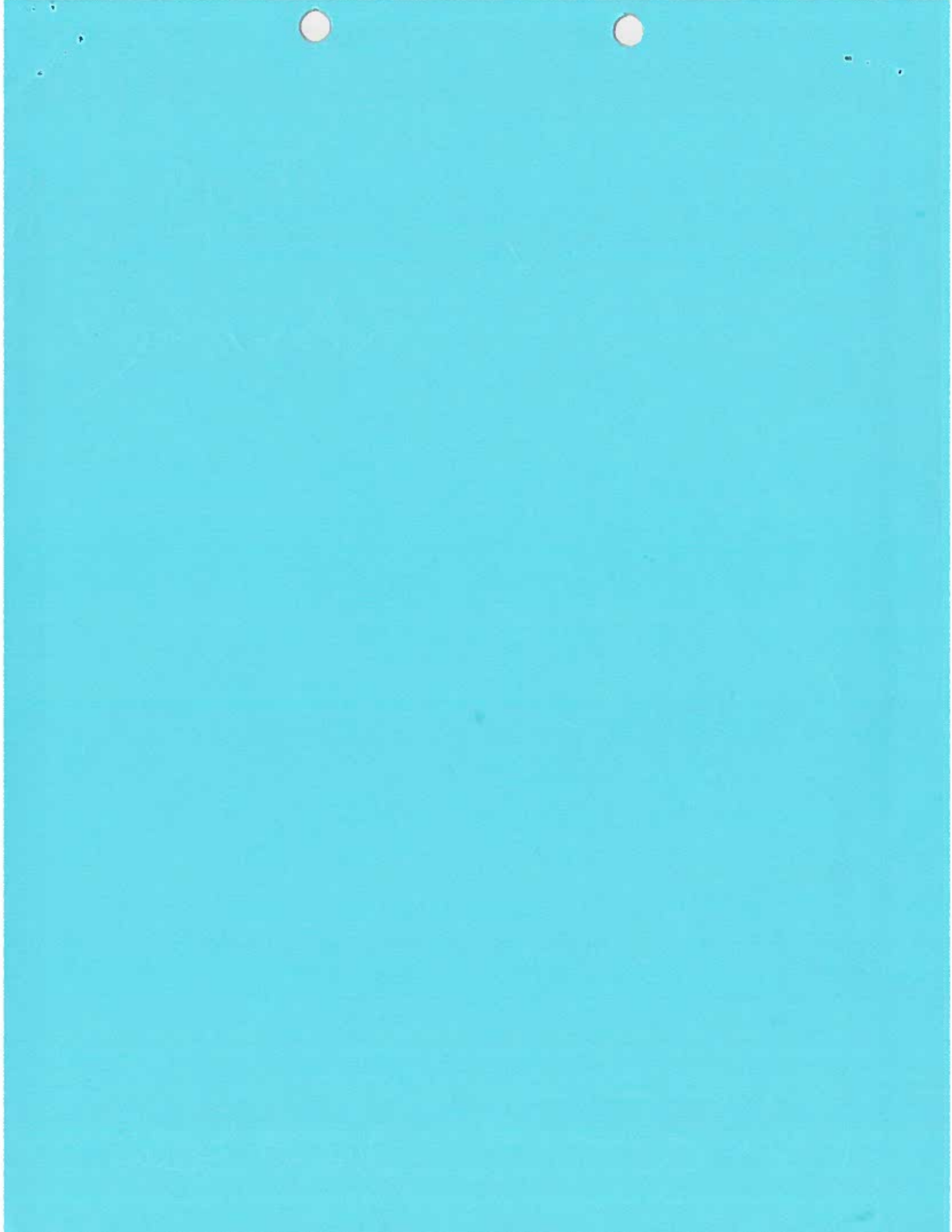
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ACTION BY THE CITY COUNCIL

OCT 15 2018

FIRST READING (INTRODUCTION) _____ 20 _____

PUBLIC HEARING HELD ON _____ January 17 _____ 20 19

COMMITTEE REPORT AS OF _____ January 28 _____ 20 19

_____ FAVORABLE _____ UNFAVORABLE FAVORABLE AS AMENDED _____ WITHOUT RECOMMENDATION

Sharon M. [Signature]
Chair

COMMITTEE MEMBERS:

COMMITTEE MEMBERS:

SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

JAN 28 2019

Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING _____ FEB 04 2019

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (ENROLLED) _____ 20 _____

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) _____ 20 _____

WITHDRAWAL _____ 20 _____

There being no objections to the request for withdrawal, it was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.

[Signature]

President

[Signature]

Chief Clerk