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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**Tuesday, October 22, 2024
10:00 AM**

COUNCIL CHAMBERS

Council Bill #24-060i

Property Taxes – Special Rate for Vacant and Abandoned Property

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BILL SYNOPSIS

Committee: Ways and Means

Bill 24-0601

Property Taxes – Special Rate for Vacant and Abandoned Property

Sponsor: *President Mosby, et al.*

Introduced: *October 7, 2024*

Purpose: For the purpose of requiring a special property tax rate for vacant and abandoned property; providing for the promulgation of rules and regulations; requiring a certain notice be sent to owners of real property within the City limits; requiring a certain annual report; defining certain terms; providing for a special effective date; and generally relating to the property tax levied on vacant and abandoned property.

Effective: January 1, 2025

Agency Reports

Law Department	Favorable
Department of Housing and Community Development	None as of this writing
Housing Authority of Baltimore City	None as of this writing
Baltimore Development Corporation	None as of this writing
Department of Planning	None as of this writing
Office of the City Administrator	None as of this writing
Office of Equity and Civil Rights	None as of this writing
Department of Finance	None as of this writing

Analysis

Current Law

Maryland Code

Article – Tax – Property

§6–202.1. The Mayor and City Council of Baltimore City or the governing body of a county may establish, by law, a subclass of real property consisting of vacant lots or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice.

Baltimore City Code

Building, Fire, and Related Codes (2024 Edition)

§116.4 Vacant structures. Every vacant structure, as defined in this § 116.4, is declared to be a fire hazard and a nuisance per se, and must be safeguarded and otherwise maintained as required in this § 116.4.

116.4.1 Definitions.

116.4.1.1 General. In this § 116.4, the following terms have the meanings indicated.

116.4.1.2 Vacant structure. “Vacant structure” means a structure or distinguishable part of a structure that is:

1. unoccupied, and
2. either:
 - A. unsafe or unfit for human habitation or other authorized use, or
 - B. a nuisance property.

116.4.1.3 Nuisance property. “Nuisance property” means:

1. an unoccupied structure for which 2 or more final, non-appealable Building Code, Fire Code, or Property Maintenance Code violations remained unabated for 10 days or more beyond the date by which the violation notice, citation, or order required the violation to be corrected; or
2. the exterior premises of an unoccupied structure for which, at any time within the preceding 12 months, on 6 or more separate occasions, final, no-longer appealable violation notices, citations, or orders were served to correct violations of Property Maintenance Code, § 305 {“Exterior Sanitary Maintenance – General”} or § 306 {“Exterior Sanitary Maintenance – Trash, Garbage, and Debris”}.

Background

In June 2024, the General Assembly of Maryland passed a law authorizing Baltimore City and counties to impose a special tax rate on vacant lots or properties deemed vacant and unfit for habitation. This law paved the way for Council Bill 24-0601, which, if enacted, would allow the Baltimore to require a special property tax rate for vacant and abandoned property, as defined by the Baltimore City Code. Beginning July 1, 2026, the ordinance’s first full tax year, vacant and abandoned properties will be taxed triple the current full-rate property tax. In subsequent years, beginning July 2027, that special property tax will increase to quadruple the current full-rate property tax. Under this bill, the tax will be in effect until June 30, 2029.

The City hopes this tax will incentivize owners of vacant and abandoned properties to bring them back to productive use. According to Councilwoman Odette Ramos, the city also hopes to continue to increase the liens on vacant properties, so they will go into the new In Rem Foreclosure process.¹ Under the In Rem Foreclosure, the city can foreclose and acquire properties where liens exceed the value of the property. This is crucial as the city only owns less than 1k out of the estimated 13k vacant properties.

Baltimore isn't alone in instituting a special property tax for vacant and abandoned properties. In 2011, Washington, DC created specific property tax rates for vacant and blighted properties in the city. Vacant commercial and resident properties were labeled as a Class 3 property tax, which is taxed at \$5 per \$100 of assessed value, and blighted properties are considered Class 4, which is taxed at \$10 per \$100 of assessed value.² In 2020, Oakland imposed an annual vacant property tax of up to \$6k per parcel. Other jurisdictions, including Baltimore County, are considering vacant property taxes as well.

Additional Information

Fiscal Note: None

Information Source(s): Baltimore City Code, Washington, DC – Office of Tax and Revenue, Odette Ramos website, Maryland Code, Bill 24-0601, and all agency reports received as of this writing.

Analysis by: Niya N. Garrett Direct Inquiries to: (410) 396-1268
Analysis Date: October 17, 2024

¹ <https://www.odetteramos.com/updates/vacant-property-tax-rate>

² [https://otr.cfo.dc.gov/page/vacant-real-property-0#:~:text=Class%203%2C%20vacant%20property%2C%20is,Department%20of%20Buildings%20\(DOB\).](https://otr.cfo.dc.gov/page/vacant-real-property-0#:~:text=Class%203%2C%20vacant%20property%2C%20is,Department%20of%20Buildings%20(DOB).)

Council Bill 24-0601

Agency Reports

SEE ATTACHED

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW

EBONY M. THOMPSON, ACTING CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

October 8, 2024

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 24-0601 – Property Taxes – Special Rate for Vacant and Abandoned Property

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 24-0601 for form and legal sufficiency. The bill would set the tax rate for a vacant structure, as defined in the City’s Building Code, to be three times the full rate property tax established each year. City Charter, Art. VI, § 7. If the structure is defined as vacant for more than one tax year, the rate is four times the full rate property tax. The bill would also require notice be provided to owners of vacant structures. If enacted, the law would sunset on July 1, 2029.

State law allows local governments to set a separate rate for “a vacant lot” or an “improved property cited as vacant and unfit for human habitation or other authorized use on a housing or building violation notice.” Md. Code, Tax-Prop., § 6-202.1; 6-301(c)(1). This bill is the appropriate local law to authorize this tax rate.

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

Very truly yours,

A handwritten signature in blue ink, appearing to read "Hilary R. Ruley".

Hilary Ruley
Chief Solicitor

cc: Ebony M. Thompson, Acting City Solicitor
Nina Themelis, Mayor’s Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Michelle Toth, Assistant Solicitor
Desiree Lucky, Assistant Solicitor

**CITY OF BALTIMORE
COUNCIL BILL 24-0601
(First Reader)**

Introduced by: President Mosby, Councilmembers Ramos, Costello, Cohen, Dorsey, Conway, Middleton, Torrence, Bullock, Stokes, Glover, Porter, Burnett, Schleifer, and McCray
Introduced and read first time: October 7, 2024

Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community Development, Housing Authority of Baltimore City, Baltimore Development Corporation, Department of Planning, Office of the City Administrator, Office of Equity and Civil Rights, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Property Taxes – Special Rate for Vacant and Abandoned Property**

3 FOR the purpose of requiring a special property tax rate for vacant and abandoned property;
4 providing for the promulgation of rules and regulations; requiring a certain notice be sent to
5 owners of real property within the City limits; requiring a certain annual report; defining
6 certain terms; providing for a special effective date; and generally relating to the property tax
7 levied on vacant and abandoned property.

8 BY adding

9 Article 28 - Taxes
10 Section 11-1, to be under the new subtitle designation,
11 “Subtitle 11. Vacant and Abandoned Property”
12 Baltimore City Code
13 (Edition 2000)

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

16 **Baltimore City Code**

17 **Article 28. Taxes**

18 **SUBTITLE 11. VACANT AND ABANDONED PROPERTY**

19 **§ 11-1. SPECIAL RATE FOR VACANT AND ABANDONED PROPERTY.**

20 (A) *DEFINITIONS.*

21 (1) *IN GENERAL.*

22 IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

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

Council Bill 24-0601

1 (2) *BUILDING*.

2 “BUILDING” HAS THE MEANING STATED IN CITY CODE ARTICLE 13, § 11-1
3 {“DEFINITIONS”}.

4 (3) *PROPERTY OWNER*.

5 “PROPERTY OWNER” MEANS THE PERSON WHO HOLDS THE TITLE TO A VACANT
6 STRUCTURE.

7 (4) *VACANT STRUCTURE*.

8 “VACANT STRUCTURE” HAS THE MEANING STATED IN § 116.4 OF THE BALTIMORE CITY
9 BUILDING CODE.

10 (B) *PROPERTY TAX APPLIES*.

11 (1) *IN GENERAL*.

12 A PROPERTY CLASSIFIED BY THE DEPARTMENT OF HOUSING AND COMMUNITY
13 DEVELOPMENT AS A VACANT STRUCTURE IS SUBJECT TO:

14 (I) IN THE FIRST FULL TAX YEAR THE PROPERTY IS CLASSIFIED AS A VACANT
15 STRUCTURE, 3 TIMES THE FULL RATE PROPERTY TAX ESTABLISHED BY CITY
16 CHARTER ARTICLE VI, § 7(C) {“ENACTMENT OF ORDINANCE OF ESTIMATES:
17 REVENUE ORDINANCES”}; AND

18 (II) ANY TAX YEAR THEREAFTER THAT THE PROPERTY IS CLASSIFIED AS A VACANT
19 STRUCTURE, 4 TIMES THE FULL RATE PROPERTY TAX.

20 (2) *FIRST TAX YEAR*.

21 THE FIRST TAX YEAR WHEN THE PROPERTY TAX DESCRIBED IN PARAGRAPH (1) OF THIS
22 SUBSECTION MAY BE APPLIED IN THE JULY 1, 2026 TO JUNE 30, 2027 TAX YEAR.

23 (C) *RULES AND REGULATIONS*.

24 SUBJECT TO TITLE 4 {“ADMINISTRATIVE PROCEDURE ACT – REGULATIONS”} OF THE CITY
25 GENERAL PROVISIONS ARTICLE, THE DIRECTOR OF FINANCE AND THE COMMISSIONER OF
26 HOUSING AND COMMUNITY DEVELOPMENT SHALL ADOPT RULES AND REGULATIONS TO
27 CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

28 (D) *NOTICE REQUIRED*.

29 (1) *IN GENERAL*.

30 THE CITY ADMINISTRATOR OR THE CITY ADMINISTRATOR’S DESIGNEE SHALL NOTIFY
31 AN OWNER OF REAL PROPERTY LOCATED WITHIN THE CITY LIMITS OF THE
32 IMPLEMENTATION OF THE TAX ESTABLISHED BY THIS SUBTITLE 11 BY THE FOLLOWING
33 METHODS:

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1 (I) UNITED STATES MAIL;

2 (II) ADVERTISEMENT IN 2 NEWSPAPERS IN GENERAL CIRCULATION FOR A MINIMUM
3 OF 2 CONSECUTIVE WEEKS DURING EACH MONTH OF JUNE PRECEDING THE TAX
4 YEARS LISTED BELOW; AND

5

TAX YEAR	DATE: START	DATE: END
01	JULY 1, 2026	JUNE 30, 2027
02	JULY 1, 2027	JUNE 30, 2028
03	JULY 1, 2028	JUNE 30, 2029

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9 (III) POSTING ON THE CITY WEBSITE.

10 (2) *NOTICE BY MAIL.*

11 TO COMPLY WITH PARAGRAPH (1)(I) OF THIS SUBSECTION THE CITY ADMINISTRATOR
12 OR THE CITY ADMINISTRATOR’S DESIGNEE MAY INCLUDE THE NOTICE REQUIRED BY
13 PARAGRAPH (1) OF THIS SUBSECTION WITH:

14 (I) A WATER BILL; OR

15 (II) A VIOLATION NOTICE FOR A VACANT STRUCTURE ISSUED BY THE DEPARTMENT
16 OF HOUSING AND COMMUNITY DEVELOPMENT.

17 (E) *REPORTING.*

18 ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT OF FINANCE SHALL SUBMIT
19 TO THE MAYOR AND CITY COUNCIL, AND IN ACCORDANCE WITH § 6-302(C)(2) OF THE
20 STATE TAX – PROPERTY ARTICLE, THE MARYLAND DEPARTMENT OF HOUSING AND
21 COMMUNITY DEVELOPMENT, AND THE MARYLAND GENERAL ASSEMBLY, A REPORT THAT
22 INCLUDES THE FOLLOWING:

23 (1) THE SPECIAL RATE SET UNDER STATE TAX – PROPERTY ARTICLE § 6-302(C)(1);

24 (2) THE NUMBER OF PROPERTIES TO WHICH THE SPECIAL TAX RATE APPLIES;

25 (3) THE REVENUE CHANGE RESULTING FROM THE SPECIAL RATE;

26 (4) THE USE OF THE REVENUE FROM THE SPECIAL RATE;

27 (5) WHETHER PROPERTIES SUBJECT TO THE SPECIAL RATE ARE VIABLE FOR ADAPTIVE
28 REUSE, AS DEFINED IN § 1-102 OF THE STATE HOUSING AND COMMUNITY
29 DEVELOPMENT ARTICLE; AND

30 (6) ANY EXISTING PLANS TO CONVERT PROPERTIES VIABLE FOR ADAPTIVE REUSE.

Council Bill 24-0601

1 **SECTION 2. AND BE IT FURTHER ORDAINED**, That the Department of Finance’s
2 determination of which structures are eligible for the increased tax rate established by this
3 Ordinance shall be determined by January 1 of each year, beginning January 1, 2025.

4 **SECTION 3. AND BE IT FURTHER ORDAINED**, That this Ordinance takes effect on
5 January 1, 2025. This Ordinance will remain effective through the 3 tax years listed below.

TAX YEAR	DATE: START	DATE: END
01	July 1, 2026	June 30, 2027
02	July 1, 2027	June 30, 2028
03	July 1, 2028	June 30, 2029

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10 **SECTION 4. AND BE IT FURTHER ORDAINED**, That at the end of the 3 tax-year period, as
11 of July 1, 2029, with no further action by the Mayor and City Council, this Ordinance will be
12 abrogated and of no further effect.