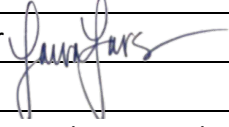




CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Laura Larsen, Budget Director 
<b>DATE</b>	May 7, 2024
<b>SUBJECT</b>	City Council Bill 24-0520 - Parking Facilitators and Taxes

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

May 7, 2024

**Position: Support**

The Department of Finance is herein reporting on City Council Bill 24-0520, Parking Facilitators and Taxes, the purpose of which is to modify the Parking Tax law under Article 28, Subtitle 22 of the City Code to incorporate language that would require online, mobile, and other third-party booking platforms for parking spaces to pay the City's Parking tax.

**Background**

The legislation intends to expand the definition of parking facilities to incorporate online booking brokers or parking apps to close a loophole in the imposition of Parking taxes. Similar legislation, City Council bills (07-0664 and 18-0189) were introduced to expand the definition of the hotel tax to include broker services, online booking agents such as Orbitz, Kayak, and Travelocity, and short-term rentals and hosting platforms such as Airbnb, VRBO, and Home Away.

Market participation of online platforms facilitating the reservation and payment for parking spaces has gradually increased. The Finance Department has determined that online brokers or parking apps charge a premium for advance booking but are not paying the 20% parking tax on this difference; therefore, the proposed legislation is required to adapt our law to current market conditions.

**Fiscal Impact**

The Finance Department estimates that the proposed legislation will result in an increase in Parking tax revenues of \$429,000 per year after enactment. The passage of this legislation will require no additional cost for its implementation, and its provision will be funded with existing resources.

The Finance Department estimates that about 15% of parking tax revenues are generated from online booking options. Additionally, it is estimated that 10% of the charges processed in online transactions are not reported, and therefore not subject to Parking taxes.

**Other Considerations**

Jurisdictions across the country are adjusting local laws to incorporate online booking brokers or parking apps. Just recently, the State of Illinois enacted the Public Act 103-0009 which amended their Parking Excise tax law to require booking intermediaries to collect and remit the parking excise taxes. These amendments represent needed law adjustments to trending market conditions.

**Conclusion**

The proposed legislation would close a loophole in the City's Code currently impeding the imposition of Parking tax on transactions processed through online, mobile, and other third-party booking platforms. This policy would generate additional revenues needed to balance the Fiscal 2025 Budget.

**For the reasons stated above, the Department of Finance supports City Council Bill 24-0520.**

cc: Michael Mocksten  
Robert Cename  
Nina Themelis