

**CITY OF BALTIMORE  
COUNCIL BILL 14-0170R  
(Resolution)**

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Introduced by: Councilmembers Henry, Stokes, Kraft, Clarke, Reisinger

Introduced and read first time: April 28, 2014

Assigned to: Housing and Community Development Committee

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REFERRED TO THE FOLLOWING AGENCIES: Department of Finance, Department of Housing and Community Development

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A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Request for State Action – Clarifying that Vacant Non-Profit Owned Property is not Tax**  
3 **Exempt**

4 FOR the purpose of calling on the General Assembly to enact, and the Governor to sign,  
5 legislation clarifying that non-profit owned vacant property – which by definition is not being  
6 used for any charitable purpose – is not exempt from property taxes and requiring nonprofits  
7 to annually recertify that each of the properties they own is currently being used for charitable  
8 purposes.

9 **Recitals**

10 Maryland, like all 50 states, exempts charitable non-profits from paying property taxes on  
11 property used for charitable purposes as a way to support public service oriented institutions.  
12 Studies suggest that nationally this exemption is worth more than \$30 billion in taxes forgone by  
13 state and local governments. Cities, such as Baltimore, with a concentration of non-profit  
14 institutions account for a disproportionate share of these forgone revenues.

15 In recent decades, the non-profit sector has enjoyed significant growth and it now accounts  
16 for roughly 10% of the U.S. economy by spending or jobs. With this growth has come an  
17 expansion in the amount of property owned by tax-exempt entities. For instance, here in  
18 Baltimore, total property exemptions for religious and nonprofit institutions have climbed  
19 approximately 76 percent in less than a decade.

20 The vast majority of properties owned by non-profits are in fact used to further their  
21 important charitable work. However, as the non-profit sector has grown in size and importance  
22 some non-profits have begun to act in ways that differ from their traditional roles. As part of this  
23 trend, some Baltimore non-profits have acquired ownership of significant numbers of vacant  
24 properties, often as either the first stage in possible future projects or simply as investments.

25 Baltimore’s vacant property problem is well documented, and when non-profits acquire and  
26 hold vacant properties for some nebulous potential future use they become part of that problem.  
27 Rundown vacant properties, no matter who they are owned by, cost the City much more than  
28 active properties in the form of increased service calls and lowered surrounding property values.  
29 They also, by definition, are not being used for any purpose, much less a charitable purpose.

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

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1 Under these circumstances it is difficult to justify the tax-exempt status of non-profit owned  
2 vacant property. If non-profits want to act as property speculators they should be treated the  
3 same as all other speculators and at least required to pay property taxes to partially offset the  
4 costs their vacant properties impose on the City.

5 Charitable work should be encouraged through public policy, but unproductive land  
6 speculation should not be. Non-profits should not be empowered to reduce the City's tax base  
7 unless they are able to immediately make charitable use of property acquisitions. Especially not  
8 when they are acquiring properties that drain a disproportionate share of City resources and  
9 putting them beyond the reach of productive private development.

10 In order to ensure that their property tax-exempt status is truly justified, non-profits should be  
11 required to annually recertify that each of the properties they own is currently being used for  
12 charitable purposes. Adding this simple requirement would prevent non-profits from gaining any  
13 tax advantage when they step outside of their charitable roles, while ensuring that those  
14 properties that are in fact used for vital public purposes continue to receive public support.

15 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the  
16 Council calls on the General Assembly to enact, and the Governor to sign, legislation clarifying  
17 that non-profit owned vacant property – which by definition is not being used for any charitable  
18 purpose – is not exempt from property taxes and requiring nonprofits to annually recertify that  
19 each of the properties they own is currently being used for charitable purposes.

20 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the  
21 Honorable Chairs and Members of the Baltimore City House and Senate Delegations to the  
22 Maryland General Assembly, the President of the Maryland Senate, the Maryland House  
23 Speaker, the Mayor, and the Mayor's Legislative Liaison to the City Council.