

Andrew Kleine

FROM	NAME & TITLE	Andrew W. Kleine, Chief	CITY of BALTIMORE MEMO
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432 City Hall (410) 396-4941	
	SUBJECT	City Council Bill No. 13-0242: Art and Entertainment Districts – Property Tax Credit – Admission and Amusement Tax Exemption	



TO The Honorable President and
 Members of the City Council
 C/O Karen Randle
 Room 409, City Hall

DATE: June 26, 2013

Attention: Karen Randle

CCB 13-0242 – Arts and Entertainment Districts - Property Tax Credit - Admission and Amusement Tax Exemption proposes to eliminate the sunset provision for which artists and art and entertainment enterprises are eligible to apply for the property tax credit and the admission and amusement tax exemption.

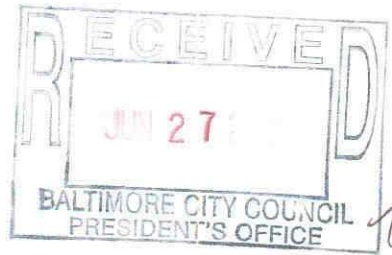
Analysis

Over the last ten years, the original Arts and Entertainment District legislation has failed to attract a single applicant. The only application the City has ever received for this tax credit is in the newly authorized Bromo Tower District. That applicant was already exempt from taxes as a non-profit organization. It is the Finance Department's understanding that the applicant sought the tax credit to extend the exemption any person or organization who rented the building from them.

Article § 19-4 (f) of the Baltimore City Code establishes that applications for the property tax credit and admission and amusement tax exemption for artists or enterprises in an art and entertainment districts will not be accepted after the 10th year from the date the arts and entertainment district was designated by the State. Currently, there are three art and entertainment districts:

- The Station North A&E District, established in 2002
- The Highlandtown A&E District, established in 2002
- The Bromo Tower A&E District, 2012

The application period for both the Station North and Highlandtown A&E districts ended in 2012. The following table shows the number of applications for property tax credit and admission and amusement tax exemption processed during the 10-year period allowed by the current law:



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Applications Received			
Art & entertainment Districts	Station North (2002-2012)	Highlandtown (2002-2012)	Bromo Seltzer (Since 2012)
A& A tax Exemption	0	0	1
Property Tax Credit	0	0	0

The Finance Department strongly supports tax incentives for economic development that have measurable, positive objectives with significant returns to the City's taxpayers. Because this legislation has been on the books for over ten years and has failed to generate a single new development, the Finance Department argues that other approaches need to be examined in order to facilitate development objectives.

Fiscal Impact

Based on the previous experience of this program, there is no fiscal impact as the credit program has not been utilized.

Recommendation

The Finance Department opposes CC Bill 13-0242.

Cc: William Voorhees
Harry Black
Angela Gibson