

*Andrew Klein*

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| FROM | NAME & TITLE          | Andrew W. Kleine, Budget Chief  |
|      | AGENCY NAME & ADDRESS | Department of Finance<br>Room 432 City Hall (396-4941)                              |
|      | SUBJECT               | City Council Bill No. 09-0301 –<br>Aircraft Landing Strip and Areas - Tax Exemption |

CITY of  
BALTIMORE  
**MEMO**



TO DATE: October 5, 2009

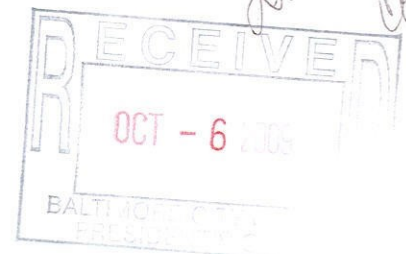
Honorable President and  
Members of the City Council  
C/O Karen Randle  
Room 409, City Hall

City Council Bill 09-0301 proposes a property tax exemption for aircraft landing strips and areas as established in Section 8-302 of the Tax-Property Article of the State Code. This exemption is not mandated by the State law and can be granted at City's discretion. There are ten heliports identified as aircraft landing areas located in the City. Nine of them are in exempt owned properties and only one is located in a taxable location: The Pier 7 Pavilion at 1800 S. Clinton Street. This bill would grant an exemption to this property.

Fiscal Impact

- The property in reference has a total enclosed area of 141,256 square feet.
- The Maryland Aviation Administration (MAA) defines, as follow, which portions of the airports are considered essential and thereby entitled to tax exemption:
  - Runways safety areas;
  - Taxiways clearance areas;
  - Runways approach areas; and
  - Improvements to the above areas.
- According to the MAA, the safety clearance zone, and the final approach and take of area of the heliport in reference, are the portions of the property considered essential; therefore, these segments would be the only areas subject to the proposed property tax exemption. The potential exempt area represents about 5,219 square feet, or 3.7% of the 141,256 square feet of the total enclosed area of the property.
- The Fiscal 2010 assessment value for the Pier 7 Pavilion at 1800 S. Clinton Street is \$537,600 in land and \$3,812,900 in improvements. The estimated property tax yield is \$98,669.
- According to the MAA, the area subject to exemption does not incorporate any improvement; therefore, the exemption would be granted based on the assessment of the land only.
- The estimated fiscal impact of the proposed bill would represent a total revenue loss of \$449 in real property tax for Fiscal 2010. The State Department of Assessments and Taxation must certify if any improvement takes place in the area subject to exemption.

*Does not oppose comments*



## Finance Department Position

The Finance Department is not opposed to City Council Bill 09-0301, so long as the exemption is limited to the area identified by the MAA as essential. In general, the Department is concerned about exempting additional property from taxation for the following reasons:

- The City currently exempts \$12.4 billion of property tax full cash value assessment, representing 25.7% of the total \$48.2 billion City's FY 2010 assessable base.
- Total real property exempt value corresponds to \$282.0 million in forgiven property tax revenue, which would represent, if received, a reduction of \$0.88 of the 2.268 per \$100 of the current real property tax rate.
- Additionally, it is estimated that in Fiscal 2010, the City will forgive about \$175.1 million in real property tax credits.

cc: Edward Gallagher  
Angela Gibson  
Pedro Aponte