

**CITY OF BALTIMORE
COUNCIL BILL 12-0020R
(Resolution)**

Introduced by: Councilmembers Reisinger, Cole, Clarke, Stokes, Welch, Curran, Spector,
Middleton

At the request of: on behalf of the Administration

Introduced and read first time: February 27, 2012

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Baltimore City
Public School System

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Beverage Container Tax – Dedication of Revenue to the Public School Construction**
3 **and Renovation Special Fund**

4 FOR the purpose of stating the commitment of the Administration to dedicate revenues received
5 from the Beverage Container Tax starting in fiscal year 2014 to the Public School
6 Construction and Renovation Special Fund for the specific purposes of school construction
7 and capital projects.

8 **Recitals**

9 The state of Baltimore City Public School facilities is in woeful disrepair. The current
10 backlog for school construction and renovation has been estimated at anywhere from \$1 billion
11 to \$2.8 billion in order to create a suitable, healthier, and more competitive learning environment
12 for our children.

13 High quality school facilities have a measurable positive impact on rates of student learning,
14 attendance, and graduation. Studies have shown that school facilities in poor condition contribute
15 to lower student achievement and higher rates of absenteeism and dropouts. School facilities also
16 affect a district's ability to attract and retain high quality teachers, which directly impacts student
17 achievement. School facilities in poor condition can also pose threats to the health and safety of
18 staff and students.

19 Unfortunately, the City School System is not only challenged by the oldest school buildings
20 in the State but also by a tax base that is insufficient to meet the current and future funding needs.
21 Recognizing the scope and importance of this problem, the current City Administration is
22 committed to finding practical and responsible solutions. Accordingly, the Mayor along with the
23 Baltimore City Public School System, created a school construction task force to explore
24 alternative financing methods, new legislative options, and successful models used in other
25 jurisdictions. Additionally, the Administration was able to secure an agreement that counted the
26 City's contribution to teacher retiree healthcare towards its contribution to the school system,
27 thereby leveraging an estimated additional \$8 to \$12 million in new State funds per year for
28 school construction.

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

Council Bill 12-0020R

1 The City Council has also demonstrated its strong commitment to improving our school
2 facilities. In addition to a series of hearings highlighting the problem and its work with the
3 Baltimore Education Coalition, the Council has also passed Bill #10-0631 Charter Amendment -
4 Nonlapsing Funds for Quality Schools - Reinvesting in our Youth. This Charter Amendment,
5 which was introduced by Council President Bernard C. “Jack” Young and Councilman James
6 Kraft, was approved by the voters of this City on November 8, 2011. The purpose of this
7 amendment is to authorize the creation of continuing and non-lapsing funds that enhance “...the
8 educational environment in Baltimore City, by creating modern state-of-the-art schools...”

9 While the Mayor and City Council have taken these actions, there is more that needs to be
10 done. An immediate and logical option is the repeal of the sunset of the Beverage Container Tax,
11 which is set to abrogate at the end of fiscal year 2013. This tax currently imposes a 2 cents fee on
12 the distribution of certain non-reusable containers. This tax has been a very successful revenue
13 generator for Baltimore. In fiscal year 2011 the City was able to raise \$4.7 million in revenue,
14 which not only averted lay-offs but more importantly saved vital City services.

15 The Finance Department has not factored this revenue in the general fund beyond June 2013.
16 Continuing this tax and dedicating the funds for school construction is a sound option without
17 affecting other future City services. Therefore, the sunset should be removed and the tax should
18 be increased to 5 cents per container. To take this bold action would mean an estimated \$10
19 million per year in additional revenue that would be directed towards school construction and
20 capital projects. Combined with the revenue from the teacher retiree healthcare contribution and
21 funds from the City’s Video Lottery Facility, new revenue upwards of \$25 million per year could
22 be created. The end result would give the City the ability to sell and repay hundreds of millions
23 worth of bonds so that school facilities could be improved immediately.

24 In conclusion, the Mayor, through this resolution, commits that revenue received from the
25 beverage tax starting in fiscal year 2014 will be dedicated to school construction and capital
26 projects. Specifically, the revenue will be dedicated and appropriated to the Public School
27 Construction and Renovation Special Fund, introduced pursuant to the aforementioned Charter
28 Amendment. The time to act is now to bring us closer to achieving the goal of providing our
29 children with the facilities and educational opportunities that they deserve.

30 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
31 Mayor commits that upon removal of the sunset of the Beverage Container Tax and increase of
32 its fee that revenue received will be dedicated starting in 2014 to the Public School Construction
33 and Renovation Special Fund for the specific purposes of school construction and capital
34 projects.

35 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Baltimore City
36 Public School System, the Baltimore City House and Senate Delegation to the Maryland General
37 Assembly, the Baltimore Education Coalition, and the Maryland Chapter of the American Civil
38 Liberties Union.