

**CITY OF BALTIMORE  
COUNCIL BILL 06-0437  
(First Reader)**

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Introduced by: Councilmembers Kraft, Harris, Reisinger, Mitchell

Introduced and read first time: May 15, 2006

Assigned to: Budget and Appropriations Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Annual Property Tax – Fiscal Year 2007**

3 FOR the purpose of providing a tax for the use of the Mayor and City Council of Baltimore for  
4 the period July 1, 2006 through June 30, 2007; setting the semiannual payment service  
5 charge for that period; and providing for a special effective date.

6 **Recitals**

7 The City is projecting a surplus for Fiscal Year 2007 of some \$60.9 million. That surplus is a  
8 one-time occurrence.

9 It is appropriate that one-half of this surplus be returned to the taxpayers of the City. Given  
10 the fact that a surplus is simply that, returning the money from the actual surplus will result  
11 in nothing more than a one-year credit, as the ability to continue it would be dependent on  
12 future surpluses of the same amount or more. Anticipating, however, the City's continued  
13 increase in new residents, property values, and median household income, and its consequent  
14 growth in income, any tax relief should be granted not from the City's surplus but from its  
15 general revenues.

16 One cent on the property tax rate equals \$2.7 million. One half of the surplus is \$30.45  
17 million. Thus, a return of one-half of the surplus would result in an 11 cent reduction in the  
18 tax rate. This would set the rate at \$2.195 for Fiscal Year 2007, which is also approximately  
19 0.029 cents lower than the constant yield rate, or the rate at which the tax rate would need to  
20 be set in order for Fiscal Year 2007's budget to match that of Fiscal Year 2006's.

21 To effect this change from general revenues, it will be necessary to make a one-time  
22 reduction in the Fiscal Year 2007 budget by \$30.45 million.

23 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That  
24 for the period July 1, 2006 through June 30, 2007, a tax is levied and imposed for the use of the  
25 Mayor and City Council of Baltimore on all property in the City of Baltimore (except property  
26 exempt by law), as follows:

EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.

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1 (a) except as otherwise specified in item (b) of this section, a tax of \$2.195 is levied and  
2 imposed on every \$100 of assessed or assessable value of real property; and

3 (b) a tax of \$5.77, is levied and imposed on every \$100 of assessed or assessable value of:

4 (1) personal property; and

5 (2) operating real property described in State Tax-Property Article § 8-109(c).

6 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this tax shall be paid and collected in the  
7 manner prescribed by law.

8 **SECTION 3. AND BE IT FURTHER ORDAINED,** That for the period July 1, 2006, through June 30,  
9 2007, the semiannual payment service charges to be imposed under State Tax-Property Article  
10 § 10-204.3 is 0.642%.

11 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is  
12 enacted.