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**BALTIMORE CITY COUNCIL  
WAYS AND MEANS  
COMMITTEE**

*Mission Statement*

*The Committee on Ways and Means (WM)* is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello  
Chairman**

**PUBLIC HEARING**

**TUESDAY, SEPTEMBER 20, 2022  
10:01 AM**

**COUNCIL CHAMBERS**

**Council Bill #22-0220**

**Study and Report – Tax Increment Financing**

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## BILL SYNOPSIS

**Committee:** Ways and Means

**Bill:** 22-0220

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### Study and Report – Tax Increment Financing

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**Sponsor:** Councilmember Ramos, et al

**Introduced:** April 4, 2022

**Purpose:**

**For the purpose of** requiring the Director of Finance, the City Administrator, the City Solicitor, the Commissioner for the Department of Housing and Community Development, and the Director of the Office of Equity and Civil Rights to submit a report, in collaboration with advocates, practitioners, and residents, that details how Tax Increment Financing can be used for community development and eliminating vacant and abandoned properties; and providing for a special effective date.

**Effective:** On the date it is enacted.

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### Agency Reports

Law Department	Favorable/Amend
Department of Finance	Favorable/Amend
Department of Housing and Community Development	Defers to Finance
City Administrator	Favorable/Amend
Office of Equity and Civil Rights	Favorable/Amend

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### Analysis

#### Current Law

The City's authority to issue TIF Bonds is established under **Article II, Section 62** of the **Baltimore City Charter** (1996 edition) (the "Enabling Act"). The Enabling Act itemizes the eligible uses of TIF Bond proceeds and states that TIF Bonds shall be approved by an ordinance of the City Council.

The ordinance shall describe the basic terms of the TIF Bonds or will provide that such terms are to be specified in a resolution of the City's Board of Finance. The City may also, acting through the Board of Finance, issue bonds to refund outstanding TIF Bonds.

## Background

**Tax increment financing (TIF)** is a method of financing real estate development costs--i.e.: **to encourage developers to construct buildings or other private improvements, or. to pay for public improvements, such as streets, sidewalks, sewer and water, and similar improvements.**

**TIF allows local governments to invest in public infrastructure and other improvements upfront.** Local governments can then pay later for those investments. They can do so by capturing the future anticipated increase in tax revenues generated by the project.

On Tuesday, September 20, 2022, several agency representatives will come before the committee to discuss how **TIFs'** can better serve the City of Baltimore.

The primary sponsor is also requesting these agencies (along with other pertinent parties) to create and submit a report depicting details for how TIFs can be used for community development, and for eliminating vacant and abandoned properties.<sup>1</sup>

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## Additional Information

**Fiscal Note:** None

**Information Source(s):** City Code, Bill 22-0220 and all agency reports received as this writing. of this writing.

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*Marguerite M. Currin*

Analysis by: Marguerite M. Currin  
Analysis Date: September 16, 2022

Direct Inquiries to: (443) 984-3485

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<sup>1</sup> The Honorable Odette Ramos, Councilmember, District 14

# Council Bill 22-0220

## AGENCY REPORTS

See attached

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CITY OF BALTIMORE

BRANDON M. SCOTT  
Mayor



DEPARTMENT OF LAW  
JAMES L. SHEA, CITY SOLICITOR  
100 N. HOLLIDAY STREET  
SUITE 101, CITY HALL  
BALTIMORE, MD 21202

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June 30, 2022

The Honorable President and Members  
of the Baltimore City Council  
Attn: Executive Secretary  
Room 409, City Hall  
100 N. Holliday Street  
Baltimore, Maryland 21202

Re: City Council Bill 22-0220 – Study and Report – Tax Increment Financing

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 22-0220 for form and legal sufficiency. The bill requires the Director of Finance, the City Administrator, the City Solicitor, the Commissioner for the Department of Housing and Community Development, and the Director of the Office of Equity and Civil Rights, in collaboration with advocates, practitioners, and residents, to submit a report “that details how Tax Increment Financing can be used for community development and eliminating vacant and abandoned properties.” The bill also details topics to be addressed in the report and requires the report to be published at least 30 days before final submission to seek public comment.

The City Council has an inherent power to investigate “in furtherance of its legislative function.” 4 McQuillin Mun. Corp. § 13:7. The City Council may “exercise within the limits of Baltimore City all the power commonly known as the Police Power to the same extent as the State has or could exercise that power within the limits of Baltimore City,” and may “pass any ordinance, not inconsistent with the provisions of this Charter or the laws of the State, which it may deem proper in the exercise of any of the powers, either express or implied, enumerated in this Charter, as well as any ordinance as it may deem proper in maintaining the peace, good government, health and welfare of Baltimore City.” City Charter, Art. II, §§ (27), (47).

Moreover, Section 2(a) of Article VII of the Charter allows for ordinances to give additional duties to “a department, officer, commission, board or other municipal agency” so long as those duties are “consistent with the Charter and subject to the supervision of a superior municipal officer or agency.” Charter, Art. VII, § 2(a).

However, the Bill should be amended to remove all provisions requiring the City Solicitor to collaborate on the report and its recommendations since the report is to be made public. The City Solicitor represents the entity of the Mayor and City Council of Baltimore. Charter, Art. VII, § 24. The Solicitor’s recommendations and interpretations comprise legal advice that is protected by the attorney client privilege and could not be shared with the public without a knowing and

intelligent waiver of that privilege, which cannot happen before knowing the contents of the advice. Anything that requires legal knowledge and skill can be considered legal advice. *Maryland Attorney Grievance Commission v. Shaw*, 354 Md. 636, 649 (1999); 82 Md. Op. Att’y Gen. 15 (1997) (“the county attorney generally does not have an attorney client relationship with members of the public, for they are neither the corporate entity that is the client nor agents of the county authorized by law to act on its behalf.”). Such advice could also comprise a statement used against the City in litigation. Md. Rule 5-803(a)(1). Even a discussion of what rules or policies might be changed would present a problem. 82 Md. Op. Att’y Gen. 15 (1997); *Gravel v. U.S.*, 408 U.S. 606, 616 (1972) (discussing the wide scope of legislative privilege).

Legal advice and recommendations requested could be given outside of the published report, in a manner which preserves the privilege of the legal entity of the Mayor and City Council. Obviously, should any City entity tasked with working on this report need legal assistance, the Law Department would provide it. Charter, Art. VII, § 24.

Subject to the required amendment, the Law Department approves the bill for form and legal sufficiency.

Very truly yours,



Hilary Ruley  
Chief Solicitor


cc: James L. Shea, City Solicitor  
Nina Themelis, Mayor’s Office of Government Relations  
Elena DiPietro, Chief Solicitor, General Counsel Division  
Jeffery Hochstetler, Chief Solicitor  
Ashlea Brown, Chief Solicitor  
D’ereka Bolden, Assistant Solicitor  
Michelle Toth, Special Assistant Solicitor

**AMENDMENTS TO COUNCIL BILL 22-0220**  
(1<sup>st</sup> Reader Copy)

Proposed by: Law Dep't

On page 1, in lines 3 and 11 and on page 2 in line 18, delete "the City Solicitor"



<b>FROM</b>	NAME & TITLE	Robert Cename, Budget Director <i>BaltAC</i>	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 220-0220 – Study and Report-Tax Increment Financing		

DATE:

**TO**

The Honorable President and  
Members of the City Council  
City Hall, Room 400

September 15, 2022

**Position: Support with amendments**

The Department of Finance is herein reporting on City Council Bill 22-0220, Study and Report – Tax Increment Financing (TIF), the purpose of which is to have the multiple City agencies submit a report, in collaboration with advocates, practitioners, and residents, that details how tax increment financing can be used for community development and eliminating vacant and abandoned properties.

**Background**

Tax increment financing (TIF) is a financing tool that captures and uses increased property tax revenues from new development within a defined geographic district to fund public infrastructure. Tax increment revenues represent the taxes collected above the assessable base revenue, which is based on the increased assessed value within the development district. The incremental revenue is used to repay bonds issued to fund the public infrastructure required for the development. Additional revenue above the amounts needed to repay the bonds is transferred to the General Fund. Once the TIF debt is paid, the district is dissolved and all taxes collected, based on the increased assessed value, go to the General Fund.

The City’s authority to issue TIF bonds is established under Article II, § 62 and § 62A of the Baltimore City Charter. The City has used TIF bonds for financing the following activities:

- Purchasing, condemning, acquiring land or property;
- Relocating of businesses or residents;
- Developing public infrastructure (sidewalks, streets, parking, lighting, and other facilities); and
- Structured and surface parking.

The City has issued 16 TIF bonds since 2003 for the nine districts, which are outlined below. There have been multiple bond issuances for Harbor Point and East Baltimore Development.

District	Year Started	Ending	Length/Yr	Financed Amount
Belvedere Square	2003	2025	22	\$ 2,000,000
Strathdale	2004	2030	26	\$ 5,957,000
Clipper Mill	2004	2030	26	\$ 7,877,000
North Locust Point	2005	2030	25	\$ 2,977,000
Mondawmin Mall	2006	2039	33	\$ 12,200,000
East Baltimore Development	2008	2038	30	\$ 86,280,000
Harbor Point	2014	2046	32	\$ 82,950,633
Poppleton	2017	2043	26	\$ 12,000,000
Port Covington	2020	2050	30	\$ 137,856,633

### *Reporting*

The City provides the continuing disclosure for TIF projects, which is a provision pursuant to Rule 15c2-12 for the Securities and Exchange Commission. While the City is not legally required to comply based on an exemption that exists in the Rule, to provide transparency for these projects, the City and developers on specific projects have agreed to provide certain financial information, operating data, and event disclosures. The disclosures are published annually on the [Electronic Municipal Market Access \(EMMA\)](#) and can be found by searching for "[BALTIMORE MD SPL OBLIG](#)". The reports address development status, ownership status, public improvements, annual revenue requirements, delinquent special taxes and contribution revenues, special tax levy, project spending, and debt service requirements.

### **Fiscal Impact Analysis**

The Department of Finance anticipates minimal fiscal impact for the City from this legislation of \$30,000.

Municap, Inc., the City's financial advisor, is able to provide a detailed report on the impact of TIF projects in Baltimore, outlining revenues generated in the districts; impact on economic development surrounding development districts and special taxing district established to facilitate the TIF; and examine how TIF usage can eliminate vacant and abandoned properties. Additionally, the City has engaged Municap to conduct a study of non-contiguous TIF projects.

### **Other Considerations**

Since the Department of Finance is able to provide the information requested in the legislation based on current reports and those to be completed by financial advisors, Finance proposes amending the legislation to remove the inclusion of advocates, practitioners, and residents in the development of the report. In addition, Finance proposes adapting amending the submission deadline for the report, which is required to include review of public comment, to 180 days after enactment.

### **Conclusion**

The Department of Finance supports transparency around the City's TIF process and projects. As Finance will pull from currently available publications and work with financial advisors to complete the report, Finance proposes amending the legislation to remove the inclusion of advocates, practitioners, and residents in the development of the report. In addition, Finance proposes extending the submission deadline of the report to allow adequate time for developing the report, allowing public comment, and updating the report to include this public comment. Finance anticipates minimal fiscal impact from this legislation.

**For the reasons stated above, the Department of Finance supports City Council Bill 22-0220 with amendments.**

cc: Yoanna Moisides  
Natasha Mehu  
Nina Themelis



## MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council  
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Housing Commissioner



Date: July 13, 2022

**Re: City Council Bill 22-0220 Study and Report - Tax Increment Financing**

### Bill Background

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 22-0220 for the purpose of requiring the Director of Finance, the City Administrator, the City Solicitor, the Commissioner for the Department of Housing and Community Development, and the Director of the Office of Equity and Civil Rights to submit a report, in collaboration with advocates, practitioners, and residents, that details how Tax Increment Financing can be used for community development and eliminating vacant and abandoned properties; and providing for a special effective date.

### About TIFs

In general, TIF Bonds are special obligations of the City secured by the incremental increase in property taxes resulting from the proposed improvement. The City utilizes this financing option by designating within its borders a TIF district. The base property valuation (assessable base) is then established and certified, and the property taxes from that assessable base continue to be collected and used for general governmental purposes. As the assessed valuation within the district increases, the taxes derived from the increased valuation (tax increment) pay debt service on the bonds used to fund TIF project costs within the district. When the TIF debt is repaid, the district is dissolved and the taxes collected from the increased assessed valuation flow directly to the City's general fund.

Tax Increment Financing (TIF) is an important and useful tool available to Baltimore City to encourage development of certain projects that are desirable and in the public interest, and that would not occur without assistance from the City. Tax increment revenues can be an important funding source for infrastructure improvements that are necessary to advance development in targeted areas of the city such as the Perkins Somerset Oldtown redevelopment for instance.



## DHCD Comments

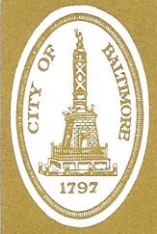
Tax Increment Financing is one of the incentive tools that can be used for community development, eliminating vacant and abandoned properties and encouraging the revitalization of Baltimore City. DHCD supports an exploration of ways in which non-contiguous TIFs can be used to support the City's neighborhood revitalization efforts. This tool should be exercised with care in the thorough evaluation of each TIF proposal to ensure that the benefits of the project are appropriate for the risks and costs of the project, and that they are equitable and in the best interest of the City.

**DHCD defers to the department of Finance** on the passage of City Council Bill 22-0220.

*AK/sm*

*cc: Ms. Nina Themelis, Mayor's Office of Government Relations*



<b>FROM</b>	NAME & TITLE	Christopher Shorter, City Administrator	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Office of the Mayor 100 N. Holliday Street, 2 <sup>nd</sup> Floor Baltimore, MD 21202		
	SUBJECT	City Council Bill # 22-0220 Study and Report – Tax Increment Financing (TIF)		

**TO** The Honorable President and Members of the Baltimore City Council c/o  
Natawna Austin, Executive Secretary

DATE: September 15, 2022

**Position: Support with amendments**


Herein lies the report from the Office of the City Administrator in response to Council Bill #22-0220, Study and Report – Tax Increment Financing (TIF). The bill requires the Director of Finance, the City Administrator, the City Solicitor, the Commissioner for the Department of Housing and Community Development, and the Director of the Office of Equity and Civil Rights, in collaboration with advocates, practitioners, and residents, to submit a report “that details how Tax Increment Financing can be used for community development and eliminating vacant and abandoned properties.” The bill also details topics to be addressed in the report and requires the report to be published at least 30 days before final submission to seek public comment.

The Office of the City Administrator supports the amendments suggested by the Department of Finance to remove the inclusion of advocates, practitioners and residents in the development of the report. The Department of Finance has estimated the cost of the report requested in this legislation at being \$30,000 through Municap, Inc, the city’s financial advisor, and has already provided some of the data requested in the committee report for this hearing. The requirement to include advocates, practitioner and residents in the development of the report may delay the production timeline and increase the total cost of production. Further, Finance suggests extending the submission deadline for the report to allow for production of the report and for the public comment period. The perspectives and opinions of advocates, practioners and residents will be heard through the public comment process.

**Conclusions:**

The Office of the City Administrator supports the intent of this legislation which is aimed at understanding the use of Tax Increment Financing as a potential additional tool to support the goal of eliminating vacant and abandoned properties. The City Administrator’s Office will be represented at the hearing and requests that the committee reviews and supports the amendments suggested by the Department of Finance.

Dana P. Moore

FROM	NAME & TITLE	Dana P Moore, Director and Chief Equity Officer	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Office of Equity and Civil Rights, 7 East Redwood St, 9 <sup>th</sup> Floor		
	SUBJECT	City Council Bill 220-0220 – Study and Report-Tax Increment Financing		

DATE:

TO

The Honorable President and  
Members of the City Council  
City Hall, Room 400

September 13, 2022

**Position: Support with amendments**

The Office of Equity and Civil Rights is herein reporting on City Council Bill 22-0220, Study and Report – Tax Increment Financing (TIF), the purpose of which is to have the multiple City agencies submit a report, in collaboration with advocates, practitioners, and residents, that details how tax increment financing can be used for community development and eliminating vacant and abandoned properties.

**Background**

Tax increment financing (TIF) is a financing tool that captures and uses increased property tax revenues from new development within a defined geographic district to fund public infrastructure. A TIF is created when a government entity borrows money to finance private development that is viewed as beneficial to the community. The collateral for the borrowed money is the projected tax receipts of the property that is being developed.<sup>1</sup> It has been a hotly debated topic for urban development and redevelopment with some exclaiming its value and other decrying the it as an unfair subsidy for rich developers to the detriment of local taxpayers.<sup>2</sup>

**The Office of Equity and Civil Rights will support research and analysis on the use and value of TIFs to ensure they are truly used to the benefit of all residents. The Office of Equity and Civil Rights defers to the Department of Finance on the passage of City Council Bill 22-0220.**

cc: Natasha Mehu, Director Mayor’s Office of Government Relations  
Nina Themelis, Deputy Director, Mayor’s Office of Government Relations

<sup>1</sup> "TIF Funding Debated at Baltimore City Council Meeting." 20 May. 2016, <https://afro.com/tif-funding-debated-at-baltimore-city-council-meeting/>. Accessed 13 Sep. 2022.

<sup>2</sup> "The problem with Baltimore's 'TIF' strategy » Research »." 13 May. 2022, <https://www.mdpolicy.org/research/detail/the-problem-with-baltimores-tif-strategy>. Accessed 13 Sep. 2022.

**CITY OF BALTIMORE  
COUNCIL BILL 22-0220  
(First Reader)**

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Introduced by: Councilmember Ramos, Bullock

Introduced and read first time: April 4, 2022

Assigned to: Ways and Means Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Housing and Community Development, City Administrator, Office of Equity and Civil Rights

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Study and Report – Tax Increment Financing**

3 FOR the purpose of requiring the Director of Finance, the City Administrator, the City Solicitor,  
4 the Commissioner for the Department of Housing and Community Development, and the  
5 Director of the Office of Equity and Civil Rights to submit a report, in collaboration with  
6 advocates, practitioners, and residents, that details how Tax Increment Financing can be used  
7 for community development and eliminating vacant and abandoned properties; and providing  
8 for a special effective date.

9 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That:**

- 10 (a) No later than 90 days after enactment of this Ordinance, the Director of Finance, the  
11 City Administrator, the City Solicitor, the Commissioner for the Department of  
12 Housing and Community Development, and the Director of the Office of Equity and  
13 Civil Rights shall submit a report, in collaboration with advocates, practitioners, and  
14 residents, about the public financing tool known as Tax Increment Financing (“TIF”).
- 15 (b) Prior to the report’s final submission to the City Council a public notice shall be  
16 published containing report and seeking public comment for at least 30 days .
- 17 (c) The report shall include:
- 18 (i) A description of TIF, including:
- 19 (1) a review of State enabling legislation;
- 20 (2) a review of Baltimore City’s TIF law;
- 21 (3) historic and current utilization of TIF in the City, including a map of  
22 where TIF districts are located within the City; and
- 23 (4) a detailed account of City spending on TIF debt service by project.

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



## Council Bill 22-0220

1 (ii) The impact of TIF on Baltimore City, including:

2 (1) the impact on City revenues;

3 (2) the impact on economic development surrounding development districts  
4 and special taxing districts established to facilitate TIF; and

5 (3) an examination of how to use TIF to eliminate vacant and abandoned  
6 properties.

7 (iii) An in depth discussion of how to improve the effectiveness of TIF, including the  
8 consideration of the following novel TIF concepts:

9 (1) non-Contiguous TIF;

10 (2) clustering;

11 (3) removal of taxing districts;

12 (4) neighborhood TIF only policies; and

13 (5) other policy changes that require regulatory or legislative action.

14 (iv) A review of those public comments collected during the 30-day public comment  
15 period required under § 1(b) of this Ordinance.

16 (d) The City Council shall call a hearing where the Director of Finance, the City  
17 Administrator, the City Solicitor, the Commissioner for the Department of Housing  
18 and Community Development, and the Director of the Office of Equity and Civil  
19 Rights shall present the findings and the recommendations of the report.  
20

21 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the day it is  
22 enacted.