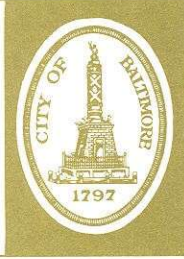| | NAME & TITLE | Andrew Kleine, Chief |
| FROM | AGENCY NAME & ADDRESS | Bureau of Budget and Management Research Room 432, City Hall (410)396-4941 |
| | SUBJECT | City Council CCB 13-0091R – Informational Hearing – Tax Credit Incentives |

CITY of BALTIMORE

MEMO

DATE:

May 7, 2013

TO

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

Resolution CCR 13-0091R – – Informational Hearing - Tax Credit Incentives, establishes a request by the City Council of Baltimore, that representatives of the Department of Finance to discuss the publication on their department's web site information that details the tax incentives received by companies, from the City, and the amount of money that devolves to these companies, from these incentives.
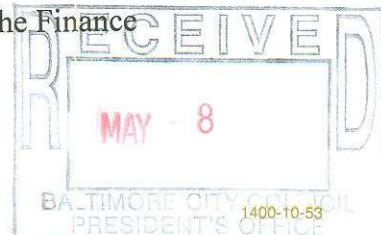
Analysis

The Department of Finance takes seriously the financial transparency of its systems that enable accurate reporting to the citizens of Baltimore. To this end, the department has undertaken projects to provide not only reporting but also improved efficiency for tax credits.

First, the Department is in the process of including on the new BBMR website much of the data the Council is discussing today. The new website will have links for both Tax Increment Financing (TIF) and special tax credits. The TIF link will take citizens to the Municap website that contains the financial information for each TIF. The tax credit link will display a PDF of all special credits, by credit type and by block and lot. A citizen will be able to locate which properties received tax credits and the amount of the credit. The credits will be posted for each tax year starting with Fiscal 2013.

While the Department of Finance views these as immediate measures to ensure transparency, it is not stopping there. In the Outcome Budgeting proposals for FY 2013, the Department of Finance proposed the establishment of a new tax credit system. This was approved and system development is currently under development. This system will provide many enhancements to the current process utilized for tax credits.

- The system will permit tax credit applicants to apply online and submit all required documentation by attaching and uploading it to their online record.
- The system will provide a workflow management process that will guide a submitted application through the required approval process. For example, a Historic Tax Credit, once submitted, will appear as a CHAP task in the system. Once CHAP verifies and approves the required documentation, the Finance

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Department will then review and approve the credits. The credit will then be calculated and the real property system will be updated with the credit information.

- At any point in time, an applicant will be able to login and view the status of the credit and approval process.
- All data for a given tax credit will be stored online to ensure that each credit is fully auditable.
- The new system will also facilitate advanced reporting using SQL syntax. This will enable the department to more easily generate tax credit reporting.

A major part of this project is the auditing and verification of the data that will go into the system. The department has been expending considerable resources to ensure that the tax credit data are correct. In July of 2012, the City took over responsibility of granting the Historic Tax Credits from the State Department of Assessments and Taxation (SDAT). In undertaking the CHAP credits, it was determined that all credits should be audited for accuracy and correctness. This process should be completed in the next couple of months.

With the new system and its reporting capabilities, the Finance Department will be able to post tax credit information by block/lot and by owner to its website for review by the public. It should be noted that tax credit information is not kept by business but rather by property owner. Also, under MPIA restrictions, some information containing proprietary information such as income tax data cannot be released to the public.

A similar system for PILOTs is also under review and it is anticipated that once the tax credit system is completed, a system for managing PILOTs will be implemented.

Fiscal Impact

The current tax credit information is stored in the City's mainframe computer. Due to the architecture of the file system (VSAM), extracting and formatting data must be done by a COBOL programmer. This is very costly and time consuming. For the moment, the department has opted to publish a currently generated report that is utilized by City accountants. Once the new system is completed, and in place, the department will be able to more easily generate reports in formats that are desired by the public.

Recommendation

The Finance Department fully supports CCR 13-0091R and is currently working towards achieving the ends desired by the City Council.

CC: Harry Black
    Angela Gibson
    William Voorhees

Screen Shots of New Tax Credit System (Sample)

Eligibility | Applicant | Property | Questionnaire | Documents/Uploads | Signature

Ward	Section	Block	Lot
01	001	1738	002

Your Property must be listed as one of the following

- ● A Baltimore City Landmark
- ○ Located in Baltimore City Historic District
- ○ National Register Historic Landmark
- ○ Located in a National Register Historic District

Current full cash value (assessed value of land and improvement as listed in SDAT) of your property
100000

If you plan to contest the assesed value you must do so before you can apply for the credit. Do you need to contest the assessment?
○ Yes ● No

By answering No to the above question you waive the right to appeal the current Full Cash value assessment for the purpose of the Historic Tax credit calculation.

If the property improvement is completed outside of the current triennial assessment cycle, the current full cash vale will change to be the full cash value of the property in the triennial assessment cycle in which the improvement is completed.

What is the proposed project budget?
1000100.00

Is the budget over $3.5 million?
● Yes ○ No

Proposed use of the property: Residential ▾

[Next >>]

Eligibility | Applicant | Property | **Questionnaire** | Documents/Uploads | Signature

Last State income tax filed in ?   Alabama ▾

Has the availability of the credit in any way affected your decision about where you live?   ● Yes ○ No

What is your household income?   Between 50000 and 74999 ▾

How did you find out about the Baltimore City historic tax credit program?   Media ▾

you are applying for this credit as a   HomeOwner ▾

In the past, did you rent or own your home?   ● Rent ○ Own

Would you make the improvements without the availability of the historic property tax credit?   ● Yes ○ No

Did the availability of the historic tax credit affect the timing and the amount of the improvements?   ● Yes ○ No

If yes to above question, please explain:

    test

Are you using any other Local/State/Federal tax incentive or development subsidy program?
☐ Local ☑ State ☐ Federal

If yes to above question, please identify the programs:

    test

State and Federal Tax Credit Programs: The City of Baltimore encourages property owners to also apply for State and Federal rehabilitation tax credit programs, whenever eligible. Applicants must follow the requirements of the Maryland Historical Trust to receive such credits - approval of a Baltimore City Rehabilitation Tax Credit project by CHAP does not guarantee approval by the MHT. Please contact the Maryland Historical Trust (MHT) at (410) 514-7628 for further information. We recommend that you contact both the MHT and CHAP whenever you begin to plan a tax credit rehabilitation project in Baltimore City.

Note: Please save the application before proceeding to the uploads. You may not upload any documents or pictures until the application is saved.

[<< Previous]   [Save] [Next >>]

Baltimore City
Department of Finance

City of
BALTIMORE
Maryland

Welcome **ravi** [Log Out]

Applicant	⌄
CHAP	⌄
HSTC	⌄
	⌄

Eligibility | Applicant | Property | Questionnaire | Documents/Uploads | Signature

Please note: A project review fee of $50.00, to be made out to the Director of Finance, Baltimore City, is due upon submission of this application and includes the CHAP Notice-to-Proceed permit fee, required in CHAP designated historic districts.

Please submit application fee to the following address before the application can be reviewed:

Department of Planning / CHAP
C/o Ms. Stacy Montgomery, Program Manager
417 East Fayette Street - 8th floor
Baltimore, Md. 21202

Regulations for this program are subject to change; you may be asked to submit additional information or an amended application if needed. The following materials should be uploaded as a part of your application:

Name of the architect/designer, if any: _____

Documents

Upload Documents

Document Type	Required	Uploaded
Material Information	False	✓
Plans and Drawings	True	✓
Enterprise Zone Tax Credit Verification Form	True	✗

<< Previous

Next >>

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