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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

**THURSDAY, MAY 16 , 2024
1:00 PM**

COUNCIL CHAMBERS

Council Bill #24-0520

Parking Facilitators and Taxes

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BILL SYNOPSIS

Committee: Ways and Means

Bill: 24-0520

Parking Facilitators and Taxes

Sponsor: Department of Finance

Introduced: April 15, 2024

For the purpose of requiring online, mobile, and other third-party booking platforms for parking spaces to pay the City parking tax required by City Code Article 28, subtitle 22 and defining certain terms.

Effective: 30th day after the date it is enacted

Agency Reports

Law	None as of this writing
Department of Transportation	No Objection
Parking Authority of Baltimore	Favorable
Department of Finance	Favorable
Department of Planning	No Objection

Analysis

Current Law

Article 28 - Taxes, subtitle 22 of the Baltimore City Code governs and defines the mandate for parking taxes within the City of Baltimore:

§22-2 Tax imposed.

(a) In general

A tax is levied and imposed on the privilege of parking a motor vehicle on any parking lot or in any garage in the City in exchange for a fee or other consideration paid by the parker or by another on the parker's behalf.

§22-3 Rate of Tax.

(a) In general

For all parking, whether on an hourly, daily, weekly, monthly, or longer basis, the tax is 20% of the fee or other consideration received, directly or indirectly, for or in connection with that parking.

§22-5 Collection and remittance.

(a) Collection.

(1)(i) Except as provided in paragraph (2) of this subsection, the operator of the parking lot or garage must collect the tax imposed by this subtitle from the person seeking the privilege of parking.

(ii) The operator must collect the tax at the same time that the operator collects the fee or other consideration charged for parking, whether that fee or other consideration is charged on an hourly, daily, weekly, monthly, or other basis.

Background

Online, mobile, and other third-party parking apps have become more popular over the last decade due to a shift to a more technology-reliant culture. Popular parking applications, such as ParkWhiz and SpotHero, charge customers premium prices for advance parking but are not subject to the city's current parking tax. The current parking tax rate is 20%, which is the maximum mandated rate for parking garages and lots, according to the Baltimore City Code. In 2011, this tax rate increased from 16% to 20%, however, the legislation did not include the increasing popularity of online brokers and parking applications. This has led the city to potentially miss out on additional revenue.

On Thursday, May 16, 2024, the committee will hold a hearing on Council Bill 24-0520, which would require booking platforms for parking spaces to be subjected to the city parking tax. According to the Finance Department, it is estimated this legislation will generate \$429,000 in additional parking revenue per year. As noted by the Parking Authority of Baltimore City, this legislation will clarify that all parking payments are subject to the parking tax, regardless of how payment is made. This legislation is necessary to adapt current law to the current market conditions and to close the loophole in the parking tax law.

Additional Information

Fiscal Note: Estimated **\$429,000 increase** in revenue

Information Source(s): 24-0520, Baltimore City Code, Baltimore Sun Publications, FY2025 Recommended Budget, and all agency reports received as of this writing.

Analysis by: Niya N. Garrett

Analysis Date: May 13, 2024

Direct Inquiries to (410) 396-1268

Council Bill 24-0520

Agency Report

SEE ATTACHED



BRANDON M. SCOTT
MAYOR
100 Holliday Street, Room 250
Baltimore, Maryland 21202

TO	The Honorable President and Members of the Baltimore City Council
FROM	Corren Johnson, Director – Department of Transportation
DATE	May 6, 2024
SUBJECT	24-0520 Parking Facilitators and Taxes

Position: No Objection

Introduction

Parking Facilitators and Taxes For the purpose of requiring online, mobile, and other third-party booking platforms for parking spaces to pay the City parking tax required by City Code Article 28, Subtitle 22 and defining certain terms.

DOT Analysis

Council Bill 24-0520 addresses entities which provide paid parking through online booking platforms. These entities (termed “facilitators”) would be listed under the section of Code which establishes the tax on parking fees. The legislation would thus clarify that online parking transactions are subject to this tax.

Consumers buying parking on-site pay a 20% tax on parking fees. This legislation would require facilitators to collect said tax from transactions performed online.

Conclusion

The Department projects no fiscal or operational impact and has no objection to the advancement of Council Bill 24-0520.



MEMORANDUM

To: Nick J. Mosby, President, Baltimore City Council

From: Peter Little, Executive Director

Date: May 2, 2024

Subject: City Council Bill 24-0520

I am herein reporting on City Council Bill 24-0520 introduced by Council President Mosby at the request of the Administration (Department of Finance).

The purpose of this bill is to require online, mobile, and other third-party platforms for parking spaces to pay the City parking tax required by City Code Article 28, Subtitle 22 and defining certain terms.

The Parking Authority of Baltimore City (PABC) has reviewed the proposed legislation. It is important that the full parking tax be collected and remitted to the City, whether a parker pays for parking at a parking facility or through an online, mobile, or other type of platform. This legislation makes it clear that the full payment for parking is subject to the parking tax, regardless of how that payment is made. Therefore, PABC supports this legislation.

Based on the comments above, the PABC respectfully requests a favorable report on City Council Bill 24-0520.



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director <i>Laura Larsen</i>
DATE	May 7, 2024
SUBJECT	City Council Bill 24-0520 - Parking Facilitators and Taxes

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

May 7, 2024

Position: Support

The Department of Finance is herein reporting on City Council Bill 24-0520, Parking Facilitators and Taxes, the purpose of which is to modify the Parking Tax law under Article 28, Subtitle 22 of the City Code to incorporate language that would require online, mobile, and other third-party booking platforms for parking spaces to pay the City's Parking tax.

Background

The legislation intends to expand the definition of parking facilities to incorporate online booking brokers or parking apps to close a loophole in the imposition of Parking taxes. Similar legislation, City Council bills 07-0664 and 18-0189) were introduced to expand the definition of the hotel tax to include broker services, online booking agents such as Orbitz, Kayak, and Travelocity, and short-term rentals and hosting platforms such as Airbnb, VRBO, and Home Away.

Market participation of online platforms facilitating the reservation and payment for parking spaces has gradually increased. The Finance Department has determined that online brokers or parking apps charge a premium for advance booking but are not paying the 20% parking tax on this difference; therefore, the proposed legislation is required to adapt our law to current market conditions.

Fiscal Impact

The Finance Department estimates that the proposed legislation will result in an increase in Parking tax revenues of \$429,000 per year after enactment. The passage of this legislation will require no additional cost for its implementation, and its provision will be funded with existing resources.

The Finance Department estimates that about 15% of parking tax revenues are generated from online booking options. Additionally, it is estimated that 10% of the charges processed in online transactions are not reported, and therefore not subject to Parking taxes.

Other Considerations

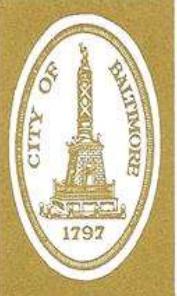
Jurisdictions across the country are adjusting local laws to incorporate online booking brokers or parking apps. Just recently, the State of Illinois enacted the Public Act 103-0009 which amended their Parking Excise tax law to require booking intermediaries to collect and remit the parking excise taxes. These amendments represent needed law adjustments to trending market conditions.

Conclusion

The proposed legislation would close a loophole in the City's Code currently impeding the imposition of Parking tax on transactions processed through online, mobile, and other third-party booking platforms. This policy would generate additional revenues needed to balance the Fiscal 2025 Budget.

For the reasons stated above, the Department of Finance supports City Council Bill 24-0520.

cc: Michael Mocksten
Robert Cennane
Nina Themelis

FROM	<p>NAME & TITLE CHRIS RYER, DIRECTOR</p> <p>AGENCY NAME & ADDRESS DEPARTMENT OF PLANNING 8TH FLOOR, 417 EAST FAYETTE STREET</p> <p>SUBJECT CITY COUNCIL BILL #24-0520/ PARKING FACILITATORS AND TAXES</p>	<p>CITY of BALTIMORE</p> <p>MEMO</p>	
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TO

The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

DATE:

April 19, 2024

The Department of Planning is in receipt of City Council Bill #24-0520, which is for the purpose of requiring online, mobile, and other third-party booking platforms for parking spaces to pay the City parking tax required by City Code Article 28, Subtitle 22 and defining certain terms.

The Department of Planning has **no objection** to City Council Bill #24-0520, and defers to the Parking Authority and the Department of Finance.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

cc: Ms. Nina Themelis, Mayor's Office
The Honorable Eric Costello, Council Rep. to Planning Commission
Mr. Colin Tarbert, BDC
Ms. Rebecca Witt, BMZA
Mr. Geoffrey Veale, Zoning Administration
Ms. Stephanie Murdock, DHCD
Ms. Elena DiPietro, Law Dept.
Mr. Francis Burnszyński, PABC
Mr. Liam Davis, DOT
Ms. Natawna Austin, Council Services

**CITY OF BALTIMORE
COUNCIL BILL 24-0520
(First Reader)**

Introduced by: The Council President

At the request of: The Administration (Department of Finance)

Introduced and read first time: April 15, 2024

Assigned to: Finance and Performance Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Transportation, Parking Authority of Baltimore City, Department of Planning

A BILL ENTITLED

1 **AN ORDINANCE** concerning

Parking Facilitators and Taxes

3 FOR the purpose of requiring online, mobile, and other third-party booking platforms for parking
4 spaces to pay the City parking tax required by City Code Article 28, Subtitle 22 and defining
5 certain terms.

6 BY repealing and re-ordinating, with amendments

7 Article 28 - Taxes
8 Sections 22-1(c) through (j), 22-3(a), 22-5(a)(1)
9 Baltimore City Code
10 (Edition 2000)

11 BY adding

12 Article 28 - Taxes
13 Section 22-1(c)
14 Baltimore City Code
15 (Edition 2000)

16 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
17 Laws of Baltimore City read as follows:

Baltimore City Code

Article 28. Taxes

Subtitle 22. Parking Tax

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

1 **§ 22-1. Definitions.**

2 (C) *FACILITATOR*.

3 “FACILITATOR” MEANS A BUSINESS ENTITY THAT MAKES PARKING SPACES IN THE CITY
4 AVAILABLE FOR USE BY A PERSON THROUGH AN ONLINE, MOBILE, OR OTHER THIRD-PARTY
5 BOOKING PLATFORM:

6 (1) FOR A CERTAIN AMOUNT OF TIME; AND

7 (2) FOR A FEE.

8 (D) [(c)] *Garage*.

9 “Garage” means any structure or part of a structure for the parking of 3 or more motor
10 vehicles in exchange for a fee or other consideration.

11 (E) [(d)] *Motor Vehicle*.

12 “Motor vehicle” means:

13 (1) any self-propelled vehicle; and

14 (2) any other vehicle required to be registered under the laws of this State or
15 of any other state.

16 (F) [(e)] *Operator*.

17 “Operator” means any person who controls, conducts, or operates a parking lot or garage.

18 (G) [(f)] *Parking*.

19 “Parking” means any parking, storing, housing, or keeping of a motor vehicle, whether
20 self-service, valet-service, long-term, short-term, ticketed metered, THROUGH
21 COORDINATION WITH A FACILITATOR, for special events only, or otherwise.

22 (H) [(g)] *Parking lot*.

23 “Parking lot” means any outdoor area or space for the parking of 3 or more motor
24 vehicles in exchange for a fee or other consideration.

25 (I) [(h)] *Person*.

26 (1) *In general*.

27 “Person” has the meaning stated in § 1-107(a) {“Person: In general”} of the City
28 Code’s General Provisions Article.

(2) *Inclusion of governmental entities.*

Notwithstanding § 1-107(b) {"Person: Exclusion"} of the General Provisions Article, in this subtitle "person" also includes a governmental entity or an instrumentality or unit of a governmental entity.

(J) [(i)] *Transaction.*

“Transaction” means the parking of a motor vehicle on a parking lot or in a garage in exchange for a fee or other consideration.

§ 22-3. Collection and remittance.

(a) *In general.*

For all parking, whether on an hourly, daily, weekly, monthly, or longer basis, the tax is 20% of [the] ANY fee or other consideration received, directly or indirectly, BY THE OPERATOR OF THE PARKING LOT OR GARAGE OR THE FACILITATOR, for or in connection with that parking.

§ 22-5. Collection and remittance.

(a) *Collection.*

(1) (i) Except as provided in paragraph (2) of this subsection, the operator of the parking lot or garage OR THE FACILITATOR, must collect the tax imposed by this subtitle from the person seeking the privilege of parking.

(ii) The operator OR THE FACILITATOR, must collect the tax at the same time that the operator OR THE FACILITATOR collects [the] ANY fee or other consideration charged for parking, whether that fee or other consideration is charged on an hourly, daily, weekly, monthly, or other basis.

SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted.