

**CITY OF BALTIMORE
COUNCIL BILL 10-0470
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: April 12, 2010
Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Baltimore Development Corporation,
Health Department, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Energy Tax – Rates**

3 FOR the purpose of modifying the basic rate of the energy tax; curtailing the tax reduction for
4 certain users; providing for a special effective date; and generally relating to the imposition
5 and collection of an energy tax.

6 BY repealing and reordaining, with amendments

7 Article 28 - Taxes
8 Section(s) 25-14(c), (d), and (e)
9 Baltimore City Code
10 (Edition 2000)

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

13 **Baltimore City Code**

14 **Article 28. Taxes**

15 **Subtitle 25. Public Utilities Taxes**

16 **Part 2. Energy Tax**

17 **§ 25-14. Rates.**

18 (c) *Computation of base year rates.*

19 (1) For each class of energy and each class of user, the Director shall compute a base
20 year tax rate for Fiscal Year 2005 by:

21 (i) [(1)] multiplying the sum of the revenues from each class of user for each
22 class of energy by 0.08; and

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

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1 (ii) [(2)] then dividing that product by the sum of the units of each class of energy
2 delivered to the class of users.

3 (2) FOR FISCAL YEAR 2011 AND EACH SUBSEQUENT FISCAL YEAR, THE BASE YEAR TAX
4 RATE SHALL BE THE AMOUNT COMPUTED UNDER PARAGRAPH (1) OF THIS SUBSECTION,
5 AS ADJUSTED UNDER SUBSECTION (D) OF THIS SECTION, MULTIPLIED BY 1.15%.

6 (d) *Annual adjustments.*

7 For Fiscal Year 2006 and each subsequent fiscal year, these tax rates shall be adjusted by
8 the percentage change in the Washington-Baltimore Consumer Price Index, as reported
9 by the United States Department of Labor, comparing December of the preceding
10 calendar year to the December of the next preceding calendar year.

11 (e) *Percentage to be paid.*

12 For each of the following classes of users, the user is required to pay the following
13 percentage of that year's tax rate:

14 (1) residential energy users subject to residential schedules on file with the Public
15 Service Commission of Maryland –

16 – Fiscal Year 2005 and subsequent, 25%.

17
18 (2) direct users of energy in manufacturing, assembling, processing, or refining
19 operations that are exempt from the Maryland State Retail Sales and Use Tax, but
20 not including uses of energy for the following (for which the full tax shall be paid,
21 as stated in paragraph (4) of this subsection):

22 (A) maintaining, servicing, or repairing;

23 (B) testing finished products;

24 (C) providing for the comfort or health of employees;

25 (D) operating administrative or commercial facilities, such as offices, sales or
26 display rooms, retail outlets, and storage facilities (including refrigerated
27 storage facilities); or

28 (E) any other operations that the State Comptroller incorporates from time to
29 time in the regulations governing the administration of the Maryland State
30 Retail Sales and Use Tax, as those inclusions relate to manufacturing,
31 assembling, processing, or refining –

32 – Fiscal Years 2005 and 2006, 25%; Fiscal Year 2007 and subsequent,
33 0%.

34 (3) any nonprofit hospital, religious, charitable, or educational institution or
35 organization, or any in-patient medical care or nursing facility licensed by the
36 State or City Health Departments, with respect to energy used in carrying on the

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1 work of the nonprofit institution or organization or the in-patient medical care or
2 nursing facility –

3 – Fiscal Year 2005, 0%; Fiscal [Year] YEARS 2006 [and subsequent]
4 THROUGH 2010, 75%; FISCAL YEAR 2011 AND SUBSEQUENT,
5 100%.

6 (4) all other users –

7 – Fiscal Year 2005 and subsequent, 100%.

8 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
9 are not law and may not be considered to have been enacted as a part of this or any prior
10 Ordinance.

11 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it
12 is enacted for all units of energy delivered on or after July 1, 2010, and billed on or after August
13 1, 2010.