


Andrew Kleine

FROM	NAME & TITLE	Andrew Kleine, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research Department of Finance		
	SUBJECT	City Council Bill No.10-0471 Parking Tax		

DATE: April 19, 2010

TO

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

This bill proposes that the parking tax be adjusted from a current rate 16% to 20%.

Analysis

The parking tax applies to the gross receipts from space rentals for the short term housing of motor vehicles. The tax is imposed on the privilege of parking a motor vehicle in or on any parking lot or garage in the City. The proposed rate is comparable to the current parking tax rate of 20% in Philadelphia.

Assuming a monthly contract of \$120, the tax increase would result in an additional \$4.80 per month for monthly parkers. Daily parkers paying \$24 a day to park would pay an additional \$ 0.96 in taxes and hourly parkers paying \$8 an hour to park would pay an additional \$0.32 per hour in taxes.

Because an estimated 55% of the tax will fall on commuters, a greater balance will be achieved between resident and non-resident support of City services. Additionally, at the margins, a parking tax would result in some commuters switching to mass transit or carpools, reducing road congestion and pollution.

Fiscal Impact

The Fiscal 2010 budget for the parking tax is \$23.2 million. By increasing the rate to 20%, the City projects \$5.08 million in additional revenues.

Recommendation

The Finance Department urges the passage of this rate increase as the additional revenue is needed to fill critical budget gaps for Fiscal 2011. This proposal is part of a \$50 million revenue package that shares the burden of new taxes and fees among residents, non-residents, businesses and nonprofit organizations. The new revenue will contribute to a comprehensive plan for closing the City's \$121 million budget gap. The plan closes 60% of the gap with spending reductions and 40% with revenue enhancements.

CC: Edward J. Gallagher
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