

Andrew Kleine

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research Room 432, City Hall (410) 396-4941
	SUBJECT	City Council Bill No.13-0243 Building Code – Permit Fees for Construction Work

CITY of
BALTIMORE
MEMO



TO

DATE:

August 19, 2013

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

Bill Summary

Currently, the City charges \$20 per each 1,000 cubic feet of gross volume. The proposed legislation will exempt the volume of a floor that is in excess of 20 feet above the floor.

Analysis

First, according to Maryland State case law, fees are to be designed to approximate the cost of regulation or service provided. Fees may not be used to raise additional revenue for the General Fund. Because the current calculation would cause a fee to be generated that substantially exceeds the cost of the regulation of the building, the Finance Department views this as a corrective action.

Second, in the case of warehouses or other large industrial structures, the failure to cap the height of a floor creates a cost dis-incentive to the construction of a facility such as a warehouse or manufacturing facility. These types of facilities provide employment for residents. Given the 11% unemployment rate in the City, these types of businesses are highly desirable.

Fiscal Impact

The loss of revenue associated with the building code change is anticipated to be minimal. Additionally, because the loss of revenue is expected to be small and occur infrequently, obtaining accurate estimations are limited statistically and by the cost of the estimation itself. The loss of any such revenue due to this change would likely be offset by additional taxes resulting from the construction of such a facility.

Recommendation

The Finance Department does not oppose CC Bill 13-0243.

CC: Harry Black
William Voorhees
Angela Gibson

Do not oppose

