

**CITY OF BALTIMORE
COUNCIL BILL 13-0120R
(Resolution)**

Introduced by: Councilmember Stokes, Henry, Mosby, Clarke, Scott, President Young

Introduced and read first time: August 12, 2013

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Housing and Community Development, Baltimore Development Corporation, Board of Finance

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Tax Increment Financing Study Commission**

3 FOR the purpose of calling for the formation of a special investigative commission to review the
4 effectiveness of the City's Tax Increment Financing program at spurring job-creating
5 investment in Baltimore that would not otherwise have occurred.

6 **Recitals**

7 In recent years the use of Tax Increment Financing (TIF), a process by which the anticipated
8 future increase in property tax revenue from a development is repackaged into bonds to pay for
9 infrastructure costs of the development, has become increasingly common as a funding
10 mechanism for large projects. This is both a national and local trend that shows no signs of
11 abating.

12 Typically, projects are approved for TIF assistance for two reasons, there is a representation
13 that the project could not otherwise move forward, and there is a belief that the development will
14 benefit the City, usually by proving a significant number of "new jobs". In most cases, both of
15 these premises are more or less taken on faith based on studies commissioned by the developers
16 seeking assistance.

17 Since the first TIF was issued in Baltimore, many hundreds of millions of dollars in foregone
18 tax revenue have been funneled to developers in this way. Yet, there has been no rigorous,
19 unbiased, assessment of how effective the program has been at achieving its twin goals of
20 allowing projects to go forward that otherwise would not, and increasing employment in
21 Baltimore.

22 It is well past time for the City to independently evaluate the ideas used to justify TIF awards.
23 An independent investigative commission should be formed to review projects that applied for
24 TIF support to determine whether the projects were able to proceed without it if it was not
25 granted, if the granting of TIF support truly was the decisive factor in allowing projects to
26 proceed, and how effective the TIF program has been at creating truly new jobs – rather than just
27 moving them from one building to another within Baltimore – in comparison with other possible
28 uses of the City's resources.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
2 Council calls for the formation of a special investigative commission to review the effectiveness
3 of the City’s Tax Increment Financing program at spurring job-creating investment in Baltimore
4 that would not otherwise have occurred.

5 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
6 Director of Finance, the Commissioner of Housing and Community Development, the Executive
7 Director of the Baltimore Development Corporation, and the Mayor’s Legislative Liaison to the
8 City Council.