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| FROM | Name & Title | <i>Walter Horton</i> Walter Horton, Acting Real Estate Officer | CITY OF BALTIMORE MEMO |  |
| | Agency Name & Address | Department of Real Estate 304 City Hall | | |
| | Subject | City Council Bill 08-0057 Property Tax Credits- High Performance Buildings | | |

To: Honorable President and Members
of the City Council
c/o Karen Randle
Mayor's Legislative Liaison to the City Council
400 City Hall

Date: May 6, 2008

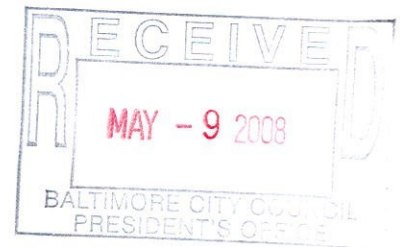
As requested, we have reviewed the subject bill, which if approved, would authorize the Mayor and City to grant a property tax credit for certain high-performance buildings, define certain terms; establish certain conditions, impose certain limitations; and generally relating to tax credits for qualifying high performance buildings

High performance or "green" buildings are designed to be environmentally friendly and energy efficient. As such construction costs can run 3% to 10% higher than conventional buildings. To off-set the higher construction cost a tax credit of 100% of the City property tax will be given to any building that achieves a silver rating of higher according to the U.S. Green Building LEED rating system. This credit may be taken over each of the next 10 tax years. The Department of Finance projections of a loss of approximately \$7 million in property taxes for Fiscal 2009 and an estimated total revenue loss of \$507 million over term of the proposed credits.

While we support a cleaner and greener environment, the lost of \$50 million annually for the next ten years will place a financial burden on the City which may cause a severe reduction in services to the public. The Department of Real Estate does not support the passage of this legislative due to its fiscal impact on the City.

TJ

cc: Angela Gibson



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