



**HEARING NOTES**

**Legislative Oversight 24-0060**

**Briefing – Fiscal Year 2025 Preliminary Revenue Estimates**

**Committee:** Ways and Means

**Chaired by:** Eric Costello

**Hearing Date:** Tuesday, April 2, 2024

**Time (Beginning):** 10:10 AM

**Time (Ending):** 11:05 AM

**Location:** Council Chambers

**Total Attendance:** Approximately 15 in-person  
Approximately 05 virtually

**Committee Members in Attendance:**

Ryan Dorsey                      Robert Stokes, Sr.                      Kristerfer Burnett  
Eric Costello                      Sharon Green Middleton

- Bill Synopsis in the file? .....  YES     NO     N/A
- Attendance sheet in the file? .....  YES     NO     N/A
- Agency reports read? .....  YES     NO     N/A
- Hearing televised or audio-digitally recorded?.....  YES     NO     N/A
- Certification of advertising/posting notices in the file? .....  YES     NO     N/A
- Evidence of notification to property owners? .....  YES     NO     N/A
- Final vote taken at this hearing? .....  YES     NO     N/A

**Major Speakers**

*(This is not an attendance record.)*

Laura Larsen, Budget Director, Bureau of Budget and Management Research

**Major Issues Discussed**

1. The representative from BBMR, in the wake of the Francis Scott Key Bridge collapse, prefaced the agency’s presentation by noting that the preliminary budget does not reflect the disaster.

Information and estimates are rapidly changing due to the ongoing response and recovery, but BBMR is working with agencies to understand and track city costs and economic impact. There may be adjustments to the FY25 budget via amendments if there are any changes after the budget approval.

2. The representative gave a presentation on the Fiscal 2025 revenue estimates, highlighting 7 major revenue sources.
3. Councilman Stokes noted that Baltimore City probably has the highest property tax in the state of Maryland, and asked BBMR if they have spoken with any outside organization on how the city can lower the tax.
4. The BBMR representative noted that property tax relief is a priority for Mayor Scott's administration and a cornerstone of the 10-year financial plan. The city would need to look for a way to pay for property tax relief, which would require another revenue source, or look for additional cost savings in the general fund. The representative gave an example of removing solid waste pickup from property tax and having citizens pay for the service, which would free up \$80M-\$90M for property tax relief. This is already implemented in several jurisdictions outside of the city.
5. Vice President Middleton asked BBMR if they could share discussions on the potential downside to the city after the Key Bridge collapse.
6. BBMR is working with partners to understand the economic impacts of the temporary port closure. They are anticipating impacts on the income tax revenue if there are any layoffs associated with the temporary port closure. The representative also noted that this is something that would impact the region, so the city would have to work with Baltimore County and the State. Right now, it's very early, but they are working with partners.
7. Vice President Middleton asked if it is incidences like this where the city would need to tap into the Rainy Day Fund. BBMR responded "Perhaps". They are actively cost tracking and, if there is no alternative revenue source, the city may need to utilize the fund. If the fund is utilized, then the fund will need to be replenished within a 5-year window. State and Federal aid may play into this situation.
8. Vice President Middleton asked about updates for the Hilton Hotel. BBMR noted that in the preliminary budget, the city won't need to contribute the maximum of \$7 million.
9. Vice President Middleton asked about city revenue from the CIAA event. BBMR noted that CIAA organizers publish an economic report and Visit Baltimore shares that information. **BBMR will follow up on the CIAA revenue and economic impact, and update the committee.**
10. Councilman Dorsey asked about a projection for the inclusionary housing subsidy for Fiscal 2025. BBMR noted that the tax credit projection does not include a cost for that as some of the projects will take a while to start up. They anticipate seeing the cost credit in Fiscal 2026 and 2027.
11. Councilman Dorsey asked if they have an account of the ongoing projects that will contribute to that in the future years. **BBMR will provide a full analysis of the cost of the credit in the future years and will indicate when it is anticipated for those costs to start. Councilman Dorsey would also like to know any analysis for the planned 900 dwellings at HarborPlace, which would have the largest rent gap that the city would need to make up for.**
12. Councilman Stokes asked for clarification on BBMR's previous example to lower the property tax, which was removing solid waste removal from the general fund and requiring citizens to pay for the service. **BBMR has already analyzed this scenario, so Councilman Stokes asked for the analysis to be shared with the committee and to perform a comparison of other jurisdictions' solid waste removal fees.**

13. Vice President Middleton asked for clarification about the I-83 traffic program and why that revenue is not included in the preliminary budget. BBMR noted the I-83 program revenue is separate from the general fund and is allocated to a special fund. Any revenue from I-83 goes back into the cost of administering the program and some goes into capital investment for that area. The citation revenue is lower than anticipated and is just enough to cover administrative costs.
14. Councilman Conway asked what is included in the 13.2% of the “All Other Revenue” portion of the preliminary budget. BBMR noted that this represents smaller fees and revenue streams, such as fees paid to BMZA during the development review. These range in the size of revenue, so they are lumped together in this category. BBMR will publish all the smaller revenue sources in their executive summary documents after the budget is approved by the Board of Estimates.
15. Councilman Conway asked how often the city reviews these fees and collections to ensure they are feasible. BBMR noted that the preliminary budget includes an assumption of revenue that would be realized through reviewing fines and fees, and giving a package of recommendations where those items would need to be updated.
16. Councilman Conway asked how long we expect to see this continued increase in investment earnings due to the America Rescue Plan Act (ARPA) funds. BBMR noted we should see a significant decrease as we move into Fiscal 2025, and see this normalize in Fiscal 2026.
17. Councilman Ramos asked for clarification on the income tax assumptions –Are people earning more or does this mean people are earning so low that they don’t need to file? BBMR noted that this data is received from the State Comptroller’s Office, so they don’t have detailed insight into the figures.
18. **Councilman Stokes asked for BBMR to include additional scenarios that would provide property tax relief.** BBMR emphasized that there is not a specific list of solutions for property tax relief, but this is a part of a larger financial plan.
19. Vice President Middleton thanked BBMR for always having representation at all the hearings.
20. Vice President Middleton asked if there is a space where City Council commitments are honored by BBMR when making budget decisions, such as cutting city jobs. BBMR noted that, in close coordination with the City Administrator, they consider past commitments that were made in the prior fiscal year to the council and emerging needs when making budget decisions. They take the council's perspective and priorities very seriously.
21. Hearing called to recess.

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### Further Study

Was further study requested?

Yes    No

***Please see the highlights above***

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*Niya N. Garrett*

Niya N. Garrett, Committee Staff

Date: April 2, 2024

Cc: Bill File

OCS Chrono File

# City of Baltimore

City Council  
City Hall, Room 408  
100 North Holliday Street  
Baltimore, Maryland 21202

## Meeting Minutes - Final

### Ways and Means

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Tuesday, April 2, 2024

10:00 AM Virtual/Du Burns Chambers, 4th Floor, City Hall, Phone:  
+1-408-418-9388, Access Code: 2344 439 4961, Password;  
Public, Link: [https://bmore.webex.com/bmore/j.php?  
MTID=m339779cd666ce7d5556d0ae8b12c2988](https://bmore.webex.com/bmore/j.php?MTID=m339779cd666ce7d5556d0ae8b12c2988)

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Legislative Oversight: LO24-0060

#### **CALL TO ORDER**

#### **INTRODUCTIONS**

#### **ATTENDANCE**

**Present** 5 - Eric T. Costello, Kristerfer Burnett, Ryan Dorsey, Sharon Green Middleton, and Robert Stokes Sr.

**Absent** 2 - Danielle N. McCray, and Isaac "Yitzy" Schleifer

#### **ITEMS SCHEDULED FOR PUBLIC HEARING**

Briefing - Fiscal Year 2025 Preliminary Revenue Estimates

For the purpose of calling on the Director of the Finance Department's Bureau of Budget and Management Research (BBMR), to brief the City Council on the Preliminary Revenue Estimates for Fiscal Year 2025; July 1, 2024 through June 30, 2025.

Hearing called to recess.

#### **ADJOURNMENT**