


FROM	NAME & TITLE	Natawna B. Austin, Executive Secretary	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Baltimore City Council, 100 Holliday Street, 4 th Floor, Baltimore, MD, 4 TH Floor		
	SUBJECT	BOE Agenda Approval Needed for City Council Bill 22-0228 and 22-0223		

DATE:

TO

ACTION REQUESTED OF THE BOARD OF ESTIMATES: Board of Estimates agenda approval needed for city council bill 22-0228 and 22-0223.

AMOUNT AND SOURCE OF FUNDS: \$0.00 (at no cost to the City of Baltimore)

BACKGROUND/EXPLANATION: N/A

MBE/WBE PARTICIPATION:

MWBOO WAIVER FOR GRANT AGREEMENT: YES NO
 REASON: State Pass-Through Grant Federal Pass-Through Grant




Clerk, Board of Estimates

By Celeste.Amato at 12:43:31 PM, 10/19/2022

BOE Approval Needed for City Council Bill 22-0216
 Contact for Questions: Matt Stegman
 BOE Document Sheet: Natawna B. Austin

**CITY OF BALTIMORE
COUNCIL BILL 22-0228
(First Reader)**

Introduced by: Councilmember Costello, Stokes
At the request of: Midtown Community Benefits District
Address: c/o Eric Souza, Executive Director
1120 N. Charles Street, Suite 220, Baltimore, MD 21201
Telephone: (410) 528-1512

Introduced and read first time: April 25, 2022

Assigned to: Economic and Community Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Baltimore Development Corporation, Department of Public Works, Department of Housing and Community Development, Department of Transportation, Department of Finance, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Midtown Community Benefits District – Amendment**

3 FOR the purpose of altering the boundaries of the Midtown Community Benefits District;
4 amending the composition of the District’s Board of Directors; revising the enforcement of
5 taxing; adjusting the allowable rate of Supplementary Tax; and generally relating to the
6 Midtown Community Benefits District.

7 BY repealing and re-ordaining, with amendments
8 Article 14 - Special Benefits Districts
9 Sections 7-2(a), 7-6(e), and 7-8(b) and (c)
10 Baltimore City Code
11 (Edition 2000)

12 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
13 Laws of Baltimore City read as follows:

14 **Baltimore City Code**

15 **Article 14. Special Benefits Districts**

16 **Subtitle 7. Midtown Community Benefits District**

17 **§ 7-2. District created; boundaries.**

18 (a) *In general.*

19 There is a community benefits district to be known as the Midtown Community Benefits
20 District, within the following boundaries:

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 22-0228

1 Beginning at the point of intersection of the center lines of Franklin Street and Park Avenue;
2 then east along the north side of Franklin Street to intersect with the property line between
3 Lot 4 and Lot 5 of Block 551; then north along that property line continuing across Hamilton
4 Street to intersect with the north side of Centre Street; then east on the north side of Centre
5 Street to intersect with the center line of I-83; then north on I-83 to intersect with the west
6 side of Calvert Street; then north on the west side of Calvert Street to intersect with the
7 [north] SOUTH side of North Avenue; then west on the [north] SOUTH side of North Avenue
8 [except that the properties in the 1900 block of North Charles Street and the 1900 block of
9 St. Paul Street shall be included]; then continuing west on the [north] SOUTH side of North
10 Avenue [to the west side of Charles Street; then north on Charles Street to the southwest
11 corner of Charles and 20-1/2 street; then west on the south side of 20-1/2 street to the east
12 side of Howard Street; then south on Howard Street to the southeast corner of North Avenue
13 and Howard Street then west on the south side of North Avenue] to intersect with the
14 southeast side of Gold Street; then southwest on the southeast side of Gold Street to intersect
15 with the northeast side of Tiffany Alley; then southeast on the northeast side of Tiffany Alley
16 to intersect with the northwest side of Dolphin Street; then northeast on the northwest and
17 north sides of Dolphin Street to intersect with the northeast side of Madison Avenue; then
18 southeast on the east side of Madison Avenue to intersect with the southeast side of Martin
19 Luther King, Jr. Boulevard; then southwest on the northeast side of Martin Luther King, Jr.
20 Boulevard to intersect with the northeast side of Read Street; then southeast on the northeast
21 side of Read Street to intersect with the east side of Tyson Street; then south on the east side
22 of Tyson Street to intersect with the south side of Monument Street; then west on the south
23 side of Monument Street to intersect with the east side of Howard Street; then south on the
24 east side of Howard Street to intersect with the north side of Centre Street; then east on the
25 north side of Centre Street to intersect with the east side of Park Avenue; then south on the
26 east side of Park Avenue to the point of beginning.

27 Provided, however, that the following property is included in the described area: 1801
28 Falls Road (Block 387, Lots 25b, 26, 35, 36, 37, and 38).

29 **§ 7-6. Board of Directors.**

30 (e) *Composition.*

31 (1) The Board comprises the following voting members:

32 (i) 1 member appointed by the Mayor.

33 (ii) 1 member shall be a member of the City Council appointed by the President of
34 the City Council.

35 (iii) At least 2 members from each of the following constituent organizations
36 within the District:

37 (A) Charles-North Community Association;

38 (B) [Mt. Royal Improvement Association] BOLTON HILL COMMUNITY
39 ASSOCIATION;

40 (C) Madison Park Improvement Association, Inc.; and

41 (D) Mt. Vernon-Belvedere Improvement Association.

Council Bill 22-0228

1 (iv) The Board shall contain 4 at-large members, 1 from each of the following
2 communities comprising the District:

- 3 (A) Charles-North;
- 4 (B) Bolton Hill;
- 5 (C) Madison-Park; and
- 6 (D) Mt. Vernon-Belvedere.

7 (2) The Board may contain additional members from the following constituent groups, as
8 determined by the Board from time to time:

9 [(i) up to 4 members from the neighborhood associations bordering the District,
10 the Downtown Management District Authority and the Charles Village
11 Benefits Authority, who shall be voting or nonvoting, as determined by the
12 Board from time to time;]

13 (i) [(ii)] up to 3 voting members from the [churches and non-profit] organizations
14 within the District that make voluntary contributions to the District;

- 15 (A) MARYLAND INSTITUTE COLLEGE OF ART;
- 16 (B) UNIVERSITY OF BALTIMORE; AND
- 17 (C) PEABODY INSTITUTE OF THE JOHNS HOPKINS UNIVERSITY; AND

18 (ii) [(iii)] up to [4] 6 voting members representing constituencies that the Board
19 determines in its discretion will enhance the Authority’s success in
20 furthering the broad objectives of improving and enhancing public
21 services throughout the District, including, by way of example only,
22 retail merchants, major employers, professionals practicing in the
23 District, and residential tenants.

24 (3) At least 2/3 of the Board must be PROPERTY owners or representatives of property
25 owners subject to the tax imposed by this subtitle.

26 (4) Consistent with the encouragement of partnerships between the Authority and
27 property owners exempt from the tax imposed by this subtitle, the Board is
28 encouraged to consider representation of exempt partners on the Board.

29 **§ 7-8. Supplemental Tax.**

30 (b) *Assessment; collection; enforcement.*

31 (1) The funding for operation of the Authority shall be provided by a supplemental
32 property tax (the “Supplemental Tax”) on the assessable base of the District as
33 determined in subsection (a).

Council Bill 22-0228

1 (2) The Supplemental Tax shall be assessed and collected in conjunction with the
2 property taxes assessed and collected by the City (“Regular Tax”), unless otherwise
3 established by the Board of Estimates.

4 (3) Enforcement of the Supplemental Tax shall be in accordance with the enforcement of
5 the Regular Tax, and all provisions applicable to the assessments, refunds, [credits,]
6 collections, and enforcement which apply to the Regular Tax shall apply to the
7 Supplemental Tax unless modified herein.

8 (c) *Determination of tax.*

9 The Supplemental Tax rate shall be determined as follows:

10 (1) Any increase in the rate of the Supplemental Tax must be approved by a majority
11 of the voting Board members.

12 (2) For the initial budget year, the rate of the Supplemental Tax shall be set to raise
13 revenues equal to the costs of the Financial Plan but shall not exceed a full year
14 rate of 30¢ per \$100 of assessed value.

15 (3) For the first full budget year, the rate of the Supplemental Tax shall be set to raise
16 revenues equal to the costs of the Financial Plan but shall not exceed 30¢ per \$100
17 of assessed value, except that the rate may be adjusted to produce revenue
18 equivalent to the full year 30¢ yield of the initial budget year.

19 (4) For any year after the first full budget year, the rate of the Supplemental Tax may
20 be adjusted to yield revenues which are no more than [5%] 10% greater than in
21 the prior year UNLESS THE INCREASE IS APPROVED BY 80% OR MORE OF THE
22 VOTING BOARD MEMBERS.

23 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
24 after the date it is enacted.

CITY OF BALTIMORE

BRANDON M. SCOTT,
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

August 7, 2022

The Honorable President and Members
of the Baltimore City Council
Attn: Natawna Austin, Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 22-0228 - Midtown Community Benefits District –
Amendment

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 22-0228 for form and legal sufficiency. The bill is for the purpose of altering the boundaries of the Midtown Community Benefits District, amending the composition of the District’s Board of Directors, revising the enforcement of taxing and adjusting the allowable rate of Supplementary Tax.

The bill removes the Mount Royal Improv. Assoc. and replaces it with the Bolton Hill Comm. Assoc. The bill also removes the general reference to the “the church and non-profit” constituent organizations and replaces it with specific organizations – MICA, Univ. of Baltimore and Peabody Instit. of JHU. Finally, the bill increases from 4 to 6 the number of voting members from constituencies identified by the Board in its discretion.

The bill also amends the explanation of how enforcement will be handled. In Sec. 7-8, the law requires the supplemental tax to be enforced in the same manner as the Regular Tax and that all provisions applicable to assessment, refunds, credits, collection and enforcement be applied to the Supplemental Tax. The bill removes “credits” from that section so the existing law regarding tax credits has no impact on the enforcement of the supplemental tax.

Finally, the existing law caps adjustments to the rate by limiting an increase to creating no more than 5% additional revenue over the previous year. The amendment changes the cap so that no more than a 10% increase in revenues may be generated by an increase in the supplemental tax unless the increase is approved by 80% or more of the voting members of the Board.

The enabling legislation for the community benefits districts requires a local government to create districts by ordinance. In order to revise those provisions, an amending ordinance is the appropriate action to be taken by the City Council.

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
Austin

CITY OF BALTIMORE

BRANDON M. SCOTT,
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

This bill is the required method to amend an ordinance creating a community benefits district. The Law Department, therefore, approves the bill for form and legal sufficiency.



Sincerely yours,

Elena R. DiPietro
Chief Solicitor

FAVORABLE

cc: James L. Shea, City Solicitor
Ebony Thompson, Deputy Solicitor
Stephen Salsbury, Chief of Staff
Nicky Thompson, President's Office
Natasha Mehu, MOGR
Nina Themelis, MOGR
Matthew Stegman, President's Office
Sophia Gebrehiwot, MOGR
Hilary Ruley, Chief Solicitor
Jeff Hochstetler, Chief Solicitor
Ashlea Brown, Chief Solicitor
Dereka Bolden
Michele Toth
Tim McGee

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
Austin

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 TH FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #22-0228/ MIDTOWN COMMUNITY BENEFITS DISTRICT – AMENDMENT		

TO

The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

DATE: August 1, 2022

The Department of Planning is in receipt of City Council Bill #22-0228, which is for the purpose of altering the boundaries of the Midtown Community Benefits District; amending the composition of the District’s Board of Directors; revising the enforcement of taxing; adjusting the allowable rate of Supplementary Tax; and generally relating to the Midtown Community Benefits District.

The Department of Planning has **no opposition** to City Council Bill #22-0228. The bill will remove the portion of the Benefits District north of North Avenue, and will make updates to organizations referenced in the plan, as well as changes to the composition of its Board.

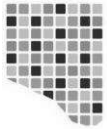
If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

- cc: Ms. Natasha Mehu, Mayor’s Office
 Ms. Nina Themelis, Mayor’s Office
 Mr. Ethan Cohen, Mayor’s Office
 The Honorable Eric Costello, Council Rep. to Planning Commission
 Mr. Matthew Stegman, City Council President’s Office
 Ms. Nikki Thompson, City Council President’s Office
 Mr. Colin Tarbert, BDC
 Ms. Kathleen Byrne, BMZA
 Mr. Geoffrey Veale, Zoning Administration
 Ms. Stephanie Murdock, DHCD
 Ms. Elena DiPietro, Law Dept.
 Mr. Francis Burnszynski, PABC
 Mr. Liam Davis, DOT
 Ms. Natawna Austin, Council Services

NOT OPPOSED

BOE Approval Needed for City
 Council Bill 22-0228
 Contact for Questions: Matt
 Stegman
 BOE Document Sheet: Natawna B.
 Austin



MEMORANDUM

DATE: August 8, 2022
TO: Economic & Community Development Committee
FROM: Colin Tarbert, President and CEO
POSITION: Favorable
SUBJECT: Council Bill 22-0228
 Midtown Community Benefits District – Amendment

INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill 22-0228 introduced by Councilmembers Costello and Stokes.

PURPOSE

This Ordinance will alter the boundaries of the Midtown Community Benefits District; amend the composition of the District’s Board of Directors; revise the enforcement of taxing; and adjust the allowable rate of the district’s Supplementary Tax.

BRIEF HISTORY

The Midtown Community Benefits District provides services to more than 4,000 properties across the 144 blocks of Bolton Hill, Charles North, Madison Park, and Mount Vernon. Created by voter referendum in 1996, the organization provides cleaning services, maintenance of green space, and partners with a variety of city agencies to address issues of homelessness and crime within the district.

Collectively, the efforts of the Midtown Community Benefits District have contributed to a safer, healthier atmosphere for residents and businesses alike.

FISCAL IMPACT

None

AGENCY POSITION

The Baltimore Development Corporation respectfully requests a **favorable** report on City Council Bill 22-0228.

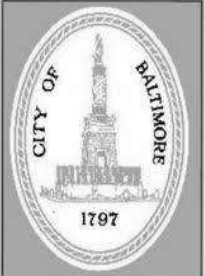
If you have any questions, please contact Kim Clark at 410-837-9305 or KClark@baltimoredevelopment.com.

cc: Nina Themelis, Mayor’s Office of Government Relations
Sophia Gebrehiwot, Mayor’s Office of Government Relations

BOE Approval Needed for City Council Bill 22-0228
Contact for Questions: Matt Stegman
BOE Document Sheet: Natawna B. Austin

FAVORABLE

[LC]

FROM	NAME & TITLE	Dr. Jason W. Mitchell, Director	CITY of BALTIMORE <i>MEMO</i>	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	City Council Bill 22-0228		

July 26, 2022

TO:

Economic and Community Development Committee

I am herein reporting on City Council Bill 22-0228 introduced by Council Members Costello and Stokes, on behalf of the Midtown Community Benefits District.

The purpose of the Bill is to alter the boundaries of the Midtown Community Benefits District; amend the composition of the District’s Board of Directors; revise the enforcement of taxing; adjust the allowable rate of Supplementary Tax; and generally relating to the Midtown Community Benefits District.

Ordinance 95-613 authorized the creation of the Midtown Special Benefits District (the “District”) and Management Authority, and was last amended by Ordinance 20-17, which allowed for the continuation of the Midtown Community Benefits District and Authority for an additional four years. The Midtown Community Benefits District, an area of approximately 17 acres, includes the neighborhoods of Bolton Hill, Charles-North, Eutaw Place, and Mount Vernon-Belvedere. The District and Management Authority were established to promote the area; provide supplemental security and sanitation and promotional services; provide public amenities; and generally improve the quality of life in the area. In order to fund these operations, the District is designated as a special taxing district. A Board of Directors governs the Authority and includes one Mayoral representative, one City Council representative, one business representative, two non-profit representatives, two representatives from each of the four community organizations in the District, and four at-large members.


City Council Bill 20-0228, if approved, would do the following:

- Amend the boundaries of the District by removing an area bounded by Falls Road, West 20th Street, Saint Paul Street, and the south side of North Avenue;
- delete the two voting members of the Mt. Royal Improvement Association from the Board and replace with two voting members of the Bolton Hill Community Association;

The Honorable President and Members
of the Baltimore City Council
July 26, 2022
Page 2

- delete the optional members of the Board representing neighborhood associations surrounding the District, and provide for up to three voting members that are organizations within the District that make voluntary contributions to the District;
- clarify that at least two thirds of the Board members must be property owners or representatives of property owners;
- delete “credits” from the list of provisions that are applicable to enforcement of the Tax; and
- allow for increasing the adjustment of the rate of the Supplemental Tax that would yield revenues of no more than 5%, to no more than 10% over the prior year’s revenues, unless 80% or more of the Board votes to support a larger increase.

The Department of Public Works has no objection to the passage of City Council Bill 20-0228.


Dr. Jason W. Mitchell
Director

NO OBJECTION

JWM:MMC

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
Austin



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Housing Commissioner



Date: August 9, 2022

Re: City Council Bill 22-0228 Midtown Community Benefits District - Amendment

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 22-0228 for the purpose of altering the boundaries of the Midtown Community Benefits District; amending the composition of the District's Board of Directors; revising the enforcement of taxing; adjusting the allowable rate of Supplementary Tax; and generally relating to the Midtown Community Benefits District.

If enacted, this bill would remove the portion of the Benefits District north of North Avenue, and will make updates to organizations referenced in the plan, as well as changes to the composition of its Board. The Midtown Community Benefits District was established in 1996 and provides services across a 144-block area in central Baltimore. The neighborhood advocacy and improvement group include four distinct communities: Bolton Hill, Charles North, Madison Park, and Mount Vernon.

All of the established programs over the years have worked to ensure that the neighborhood remains clean, safe and vibrant. DHCD does not anticipate that the amendment will have an adverse fiscal or operational impact on the Department.


DHCD **supports** the passage of City Council Bill 22-0228.

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
Austin

FAVORABLE

AK/sm

cc: Ms. Nina Themelis, Mayor's Office of Government Relations

F R O M	NAME & TITLE	Steve Sharkey, Director	CITY of BALTIMORE	
	AGENCY NAME & ADDRESS	Department of Transportation (DOT) 417 E Fayette Street, Room 527		
	SUBJECT	City Council Bill 22-0228	M E M O	

TO: Mayor Brandon M. Scott
TO: Economic & Community Development Committee
FROM: Department of Transportation
POSITION: **No Objection**
RE: City Council Bill 22-0228

DATE: 8/8/22

INTRODUCTION – Midtown Community Benefits District - Amendment

PURPOSE/PLANS – For the purpose of altering the boundaries of the Midtown Community Benefits District; amending the composition of the District’s Board of Directors; revising the enforcement of taxing; adjusting the allowable rate of Supplementary Tax; and generally relating to the Midtown Community Benefits District.

COMMENTS – Council Bill 22-0228 looks to amend Midtown Community Benefits District's governance, expanding boundaries on the north side of the district, revising the composition of the district's board of directors, and altering rules within the district's taxing powers. Midtown Community Benefits District has been in existence since the mid-1990’s, serving the communities of Bolton Hill, Charles North, Madison Park and Mount Vernon. Property owners within the Midtown Community Benefits District catchment area pay an additional 13.2 cents per \$100 of assessed property value in the form of a surtax. The surtax is in addition to the City of Baltimore’s standard property tax rate and supports supplemental services within the boundaries of Midtown Community Benefits District.

AGENCY/DEPARTMENT POSITION – The Baltimore City Department of Transportation foresees no direct operational or fiscal impact resulting from the legislation’s adoption and has **no objection** towards the advancement of Council Bill 22-0228.

If you have any questions, please do not hesitate to contact Liam Davis at Liam.Davis@baltimorecity.gov or at 410-545-3207.

Sincerely,

Steve Sharkey
Director

NO OBJECTION

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
Austin

FROM	NAME & TITLE	Robert Cename, Budget Director <i>R. Cename</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 22-0228 – Midtown Community Benefits District – Amendment		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

August 8, 2022

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
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Austin

Position: Support with amendments

The Department of Finance is herein reporting on City Council Bill 22-0228, Midtown Community Benefits District – Amendment, the purpose of which is to amend the Authority’s by-laws to alter the District’s boundaries, amend the composition of the Board of Directors, revise enforcement of taxing, and adjust the allowable rate of the Supplemental Tax.

Background

The Midtown Community Benefits District was established in 1996 and is managed by the Midtown Management Authority and its Board of Directors. The Board of Directors prepares the yearly operating budget and manages funds received from property tax surcharges to provide additional services to the District. This surcharge was approved by the District’s property owners by vote. These services include street cleaning, alley maintenance, public space maintenance, tree planting, and safety patrols.

Currently, the District Supplemental Tax is applied to the net taxable value, including property tax credits. Other Community Benefits Districts supplemental taxes are applied differently. This legislation seeks to amend enforcement of the Supplemental Tax by excluding credits from the list of provisions applicable to assessments. Downtown Partnership and Waterfront Partnership do not include credits in the assessable tax base, while Charles Village excludes High Performance tax credits from the assessable tax base.

The legislation also changes the District Board membership to include up to three voting members from specified organizations that make voluntary contributions to the District and expand the number of members that are determined to enhance the Authority’s success from four to six.

Finally, the legislation increases the permissible range of adjustment for the Supplemental Tax rate to increase revenue to 10 percent greater than the previous year’s revenue. The amendment also specifies that this rate can be greater than 10 percent if approved by 80 percent or more of voting board members.

Fiscal Impact

The Department of Finance anticipates minimal fiscal impact for the City from this legislation; however, there will be a fiscal impact for certain property owners.

The legislation excludes property tax credits from the clause detailing enforcement of the Supplemental Tax, which will increase the Supplemental Tax for some District property owners. In effect, removal of applicable tax credits will raise the assessable tax base for impacted District property owners. Under the

current by-laws, each taxable property is subject to a surcharge of \$0.132 per \$100 of assessed value. Under the proposed change, 1,144 properties would potentially pay an increased Supplemental Tax due to the loss of credit applicability. For Fiscal 2023, the proposed change would increase the assessable tax base by \$150,331,243 and increase the District’s revenue by \$198,437.

The table below details the breakdown of applicable tax credits and the average credit value per property in the District:

Credit	Properties	Average Credit Value
Homestead Tax Credit	606	\$1,174.56
Homeowner's Tax Credit	38	\$2,661.26
Historic Restoration & Rehabilitation (CHAP)	92	\$8,811.06
Enterprise Zone (EZ)	11	\$50,303.60
Home Improvement	1	\$271.77
High Performance Market Rate Rental Housing (HPMRR)	5	\$110,504.02
Portability	1	\$700.00
Public Safety Officers	1	\$1,593.83

Finance prepared two fiscal scenarios depending on the implementation of this legislation. As written, Finance interprets the legislation to exclude all tax credits from the assessable tax base. However, in conversations with the District, the intention of the legislation may be to exclude only certain tax credits, such as CHAP, HPMRR, EZ, and Home Improvement.

	Current By-Laws	Eliminate All Credits	Eliminate Incentive Credits
FY 23 Taxable Assessment	\$1,333,819,669	\$1,333,819,669	\$1,333,819,669
Incentive Tax Credits	\$85,618,294	\$0	\$0
Entitled Tax Credits	\$64,712,949	\$0	\$64,712,949
Total Tax Credits	\$150,331,243	\$0	\$64,712,949
Net Taxable Assessment	\$1,183,488,426	\$1,333,819,669	\$1,269,106,720
Supplemental Tax Revenue	\$1,562,205	\$1,760,642	\$1,675,221
Equivalent Supplemental Rate	0.132%	0.148%	0.142%

Based on this analysis, by excluding all or certain credits, there is an indirect tax rate increase for properties receiving property tax credits.

For the City, this legislation would require new surcharges for Fiscal 2023 be sent to District property owners, which would have an estimated cost of \$3,500. There is no expected impact on City revenues.

Other Considerations

The Department of Finance proposes amending the legislation to maintain credits in the assessed taxable base. The District stated the intent of the legislation is to exclude incentive type tax credits. Finance defers to the Law Department on the interpretation of this legislation and whether the removal of “credit” has broader applicability than the District’s stated intent. However, either scenario presents concerns for Finance. The Surcharge is intended to support supplemental services on top of those already provided by the City to areas within the District. Excluding tax credits from the assessable tax base for properties in the District adds to the tax burden for certain properties and residents that already are taxed more than the City’s property tax rate based on the location of the property. Baltimore City has the highest property

tax rate in the state and adding to that burden for certain residents and property owners is concerning for the Department of Finance.

The legislation also changes the District's board composition. Finance defers to the Law Department on the legal sufficiency of §7.6(e)(2), which specifies certain organizations as District board members.

Conclusion

This legislation amends the by-laws of the Midtown Community Benefits District that will have minimal fiscal impact for the City, but will have a more significant fiscal impact for some of the District's residents due to the removal of credit applicability to the Supplemental Tax.

For the reasons stated above, the Department of Finance supports City Council Bill 22-0228 with amendments.

cc: Henry Raymond
Natasha Mehu
Nina Themelis

FAVORABLE WITH AMENDMENTS

BOE Approval Needed for City
Council Bill 22-0228
Contact for Questions: Matt
Stegman
BOE Document Sheet: Natawna B.
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