

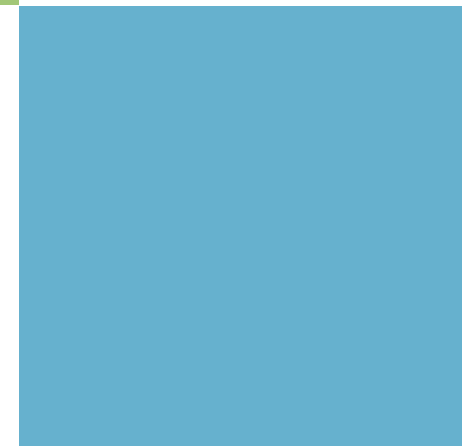
Fiscal 2025 Preliminary Budget

City of Baltimore
Budget Briefing

April 1st, 2024



Brandon M. Scott
Mayor



BMORE
BUDGET

FY 2025 General Fund Revenue Overview



Brandon M. Scott
Mayor

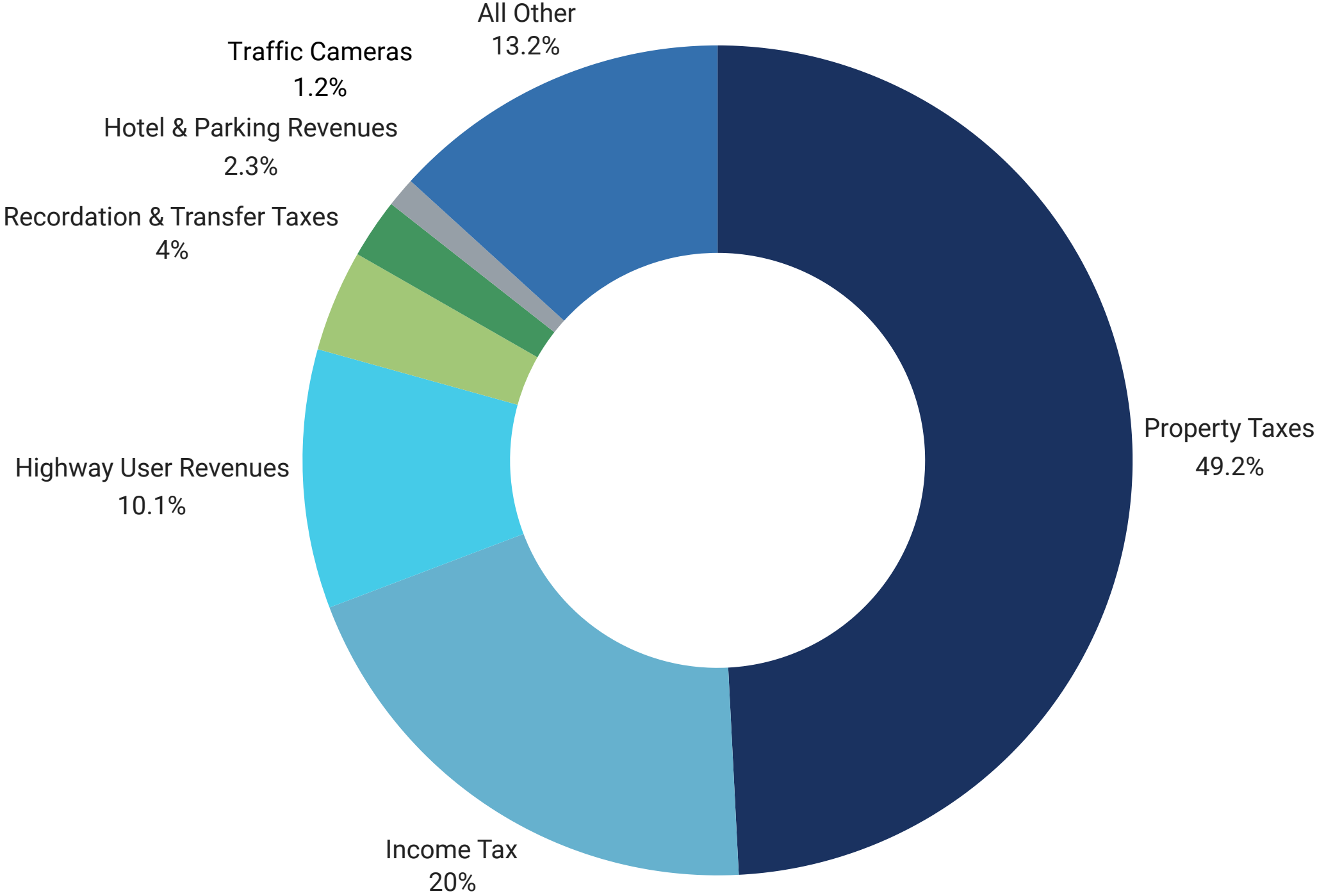
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Where the Money Comes From



Fiscal 2025 General Fund Revenues

\$2.3 Billion

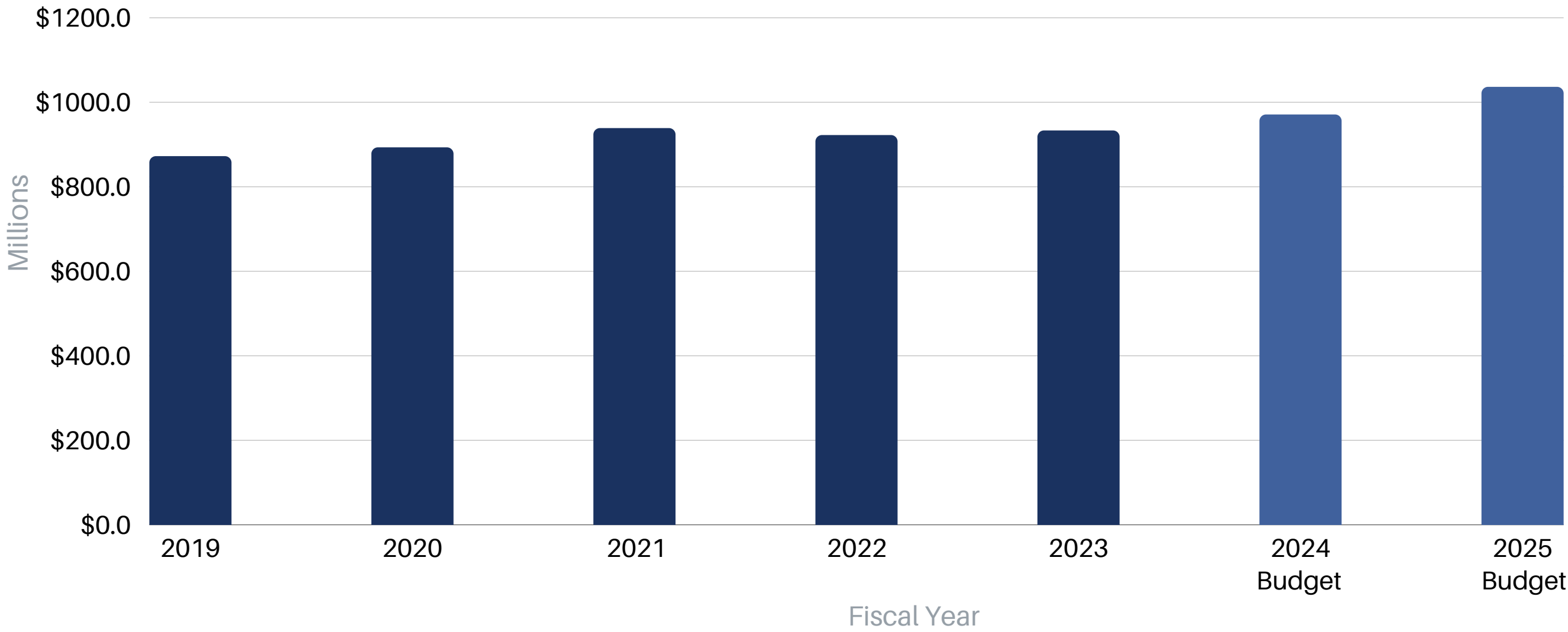


Property Tax

+\$65.4 MILLION

+6.7%

Real Property Tax Revenues



Real Property Assessment Growth

Group 3 Reassessment

- Group 3 was re-assessed for Fiscal 2025.
- Includes properties in the southern portion of the City.
- Tri-ennial growth of 17.9% overall.

Continued Growth in Assessed Values

- Fiscal 2025 represents the 11th consecutive year of assessment increases for Baltimore City.
- Fiscal 2024 and 2025 were the top two growth rates for that 11-year period.
- The City’s Fiscal 2025 assessment growth still ranked last among all other counties.

Fiscal Year Reassessment	Assessment Group	Full Cash Value Assessment Increase
Fiscal 2015	Group 2	7.0%
Fiscal 2016	Group 3	9.6%
Fiscal 2017	Group 1	10.9%
Fiscal 2018	Group 2	6.2%
Fiscal 2019	Group 3	3.6%
Fiscal 2020	Group 1	8.4%
Fiscal 2021	Group 2	9.1%
Fiscal 2022	Group 3	4.1%
Fiscal 2023	Group 1	6.6%
Fiscal 2024	Group 2	21.6%
Fiscal 2025	Group 3	17.9%

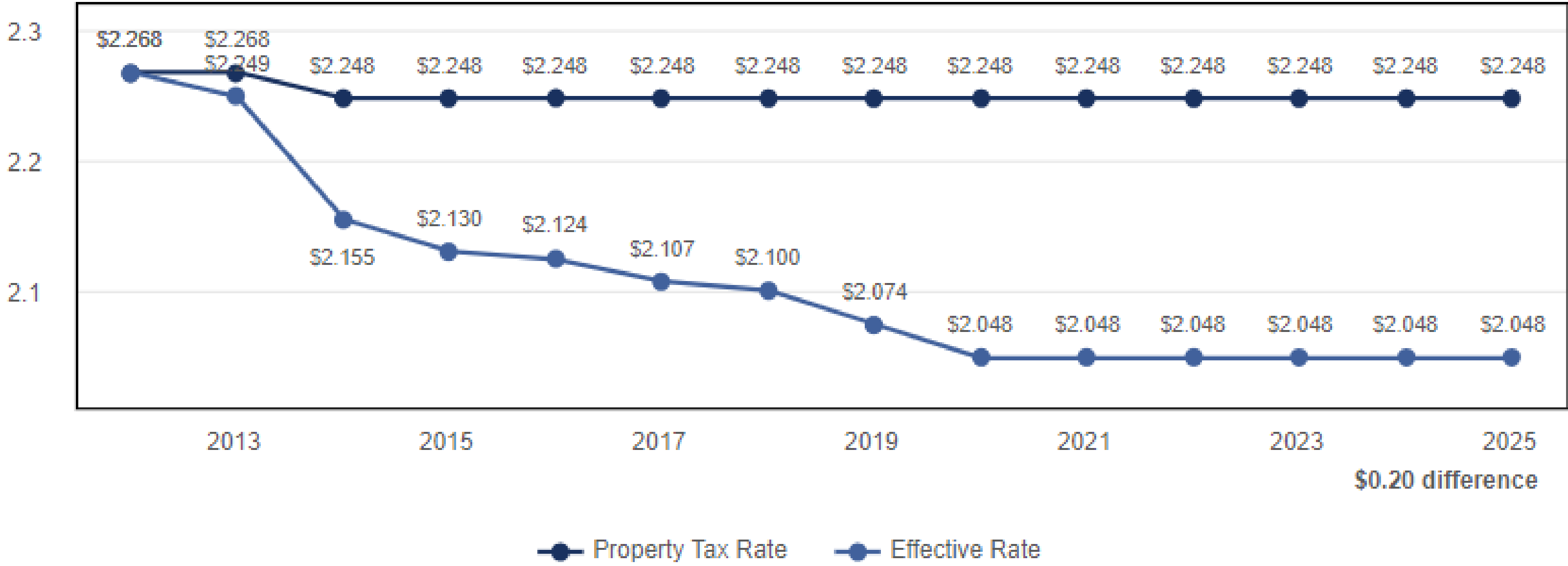


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Property Tax

Effective Property Tax Rate History (Per \$100 of Assessed Value)



Tax Credits

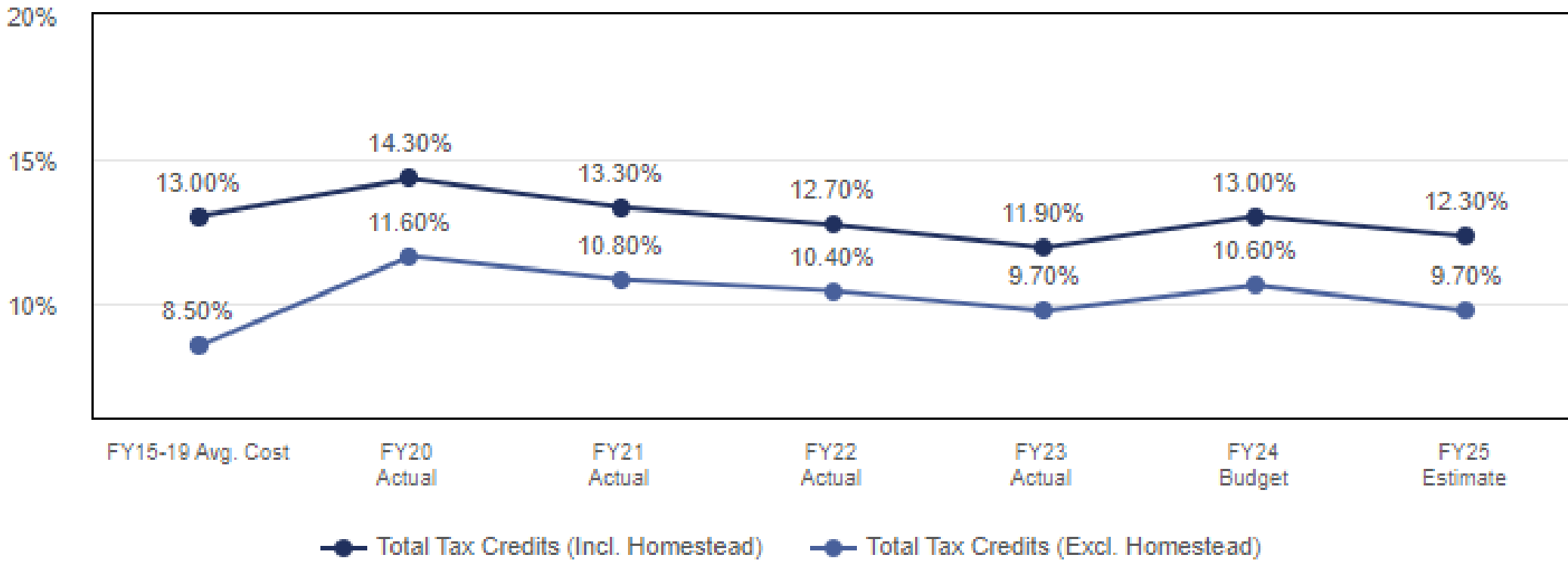
+\$2.5 MILLION

-2.4%

Changes in Tax Credit Costs

- The Fiscal 2025 budget reflects the anticipated reduction in the cost of two tax credits: the Enterprise Zone (EZTC) and the Historic (CHAP) tax credits. This reduction is due primarily to expiring credits on a handful of projects.

Tax Credits as a Percent of Real Property



Transfer & Recordation Taxes

-\$4.8 MILLION

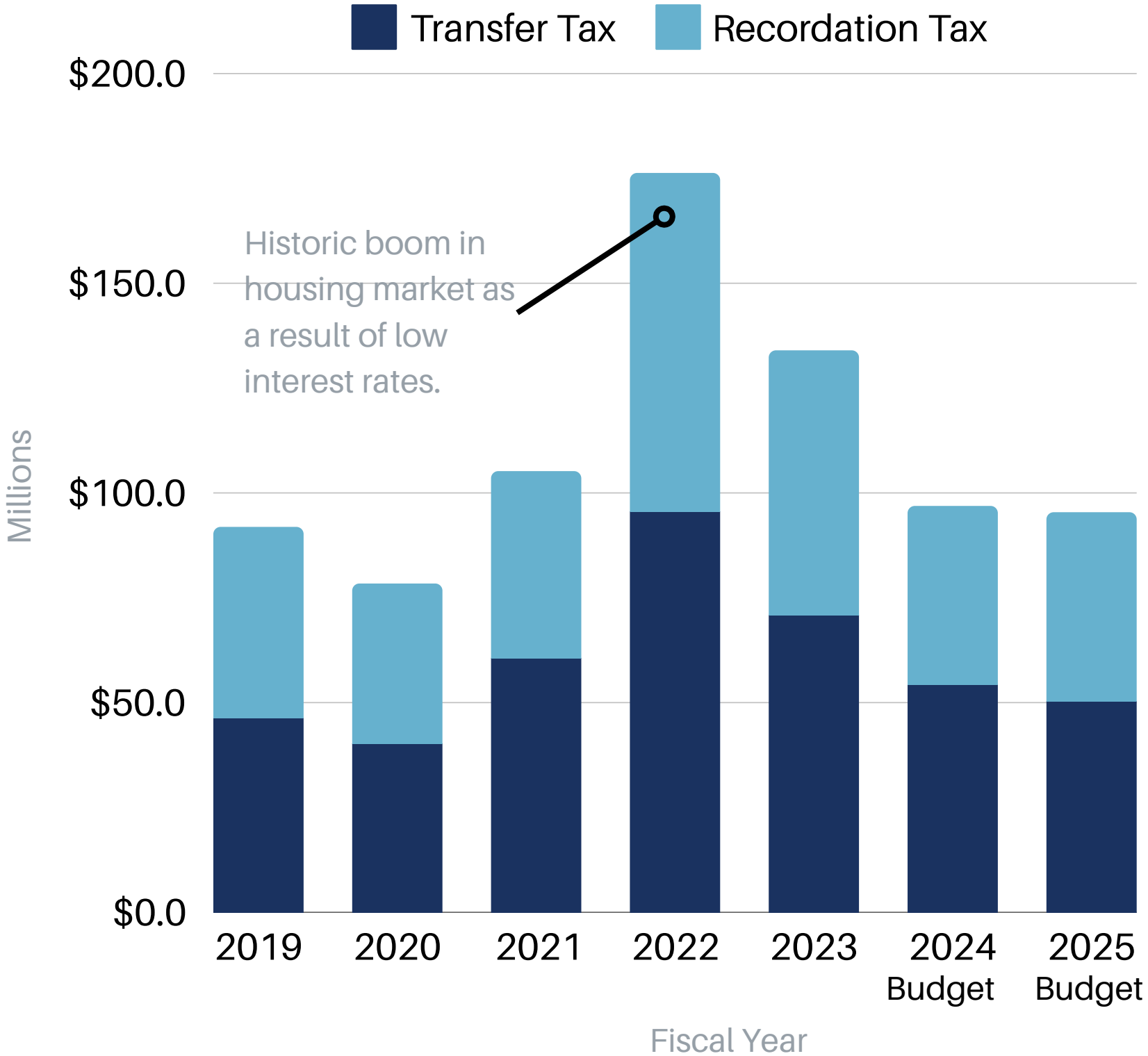
-4.9%

Residential Property Values

- This revenue source is driven by both the number of transactions and the value of those transactions.
- Despite a decline in the number of transactions, the value of those transactions grew 0.7% from Fiscal 2022 to Fiscal 2023, suggesting some resilience in housing prices.

Stabilizing Activity in the City's Housing Market

- The housing market is projected to continue stabilizing into Fiscal 2025, after reaching record highs in Fiscal 2022.



Income Tax

+\$18.9 MILLION

+4.2%

Income Tax Bracket	Change in # Tax Returns
< \$30,000	5,173 Decrease
\$30,000-\$59,999	1,709 Increase
\$60,000-\$149,999	4,040 Increase
\$150,000-\$499,000	1,583 Increase
> \$500,000	157 Decrease
Net Change	2,002 Increase

Declining Unemployment Rate

- The City’s income tax base continues to grow overall as its labor market remains strong.
- In Calendar 2023, the unemployment rate for City residents reached an average of 2.9%, the lowest since 1990.

Increasing Number of Tax Returns Filed

- 2022 tax return data by income bracket indicate that the number of tax returns by individuals earning less than \$30k continues declining, while tax returns filed by individuals earning more than \$30k is increasing.

Highway User Revenues

+\$41.3 MILLION

+21.3%

Allocation Changes

- Fiscal 2025 is the second of five years where the City was projected for higher HUR allocations, based on changes to State law passed in 2022 under House Bill 1187.
- State Senate’s budget bill cuts the City’s allocation in Fiscal 2026 and 2027. House budget bill still under consideration.

HUR Funding Formula Components

- HUR is funded by statewide proceeds from fuel tax, titling tax, vehicle registration fees, corporate income tax, and a portion of sales tax.
- Prior to Fiscal 2023 HUR primarily funded operating costs. Increased allocations are programmed for transportation capital projects. Loss of HUR funding will impact the City’s ability to fund these projects going forward.

Fiscal Year	HUR Allocation, %
Fiscal 2023	8.3%
Fiscal 2024	9.5%
Fiscal 2025	11.0%
Fiscal 2026	12.2%
Fiscal 2027	12.2%
Fiscal 2028	9.5%



Brandon M. Scott
Mayor



Investment Earnings

+\$15.6 MILLION

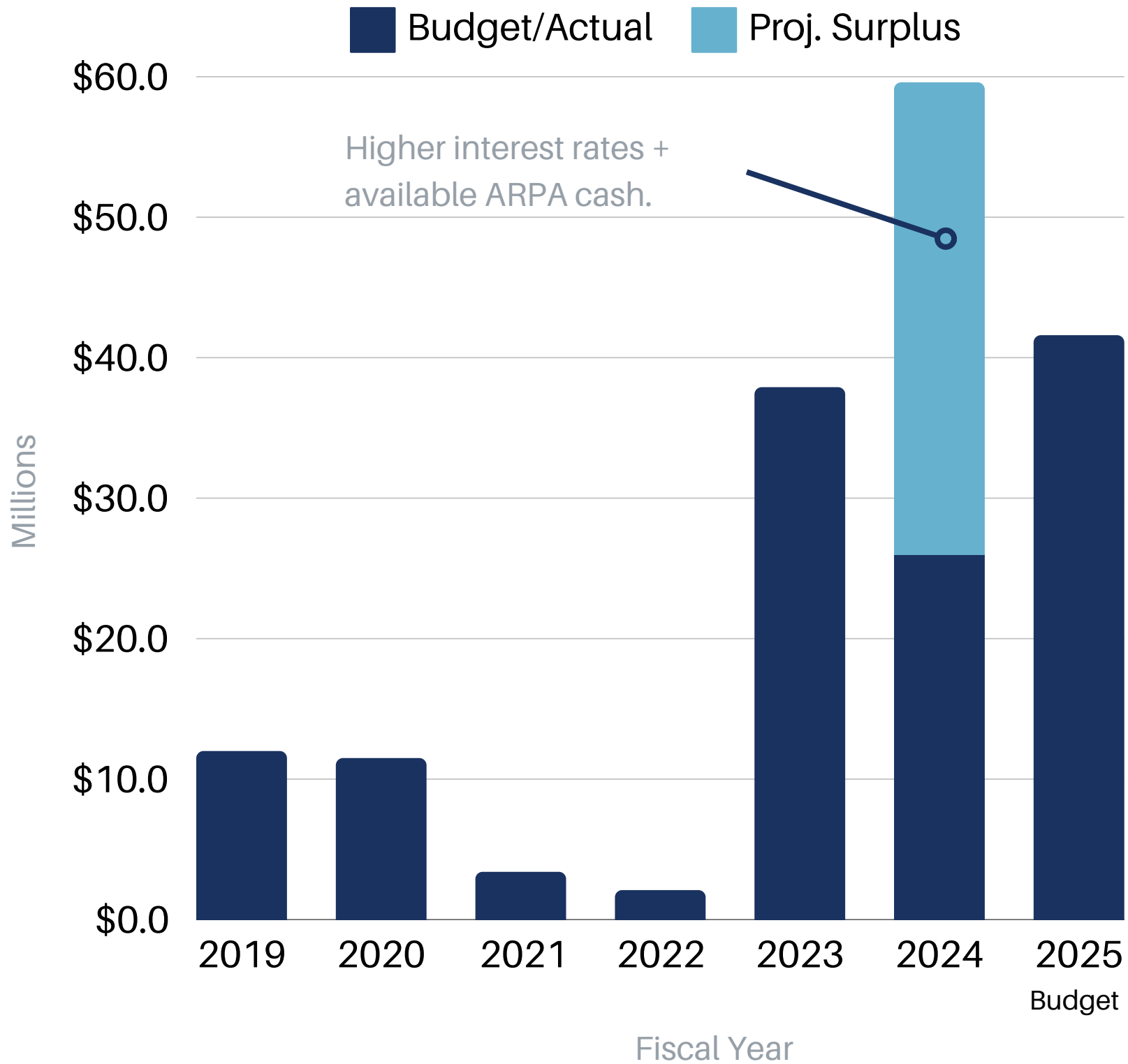
+59.8%

Cash Available for Investment

- The City will have more cash available for short-term investment than is customary due to ARPA cash that can be invested along with the City's other cash balances.

Average Return Rate and Yields

- The Fiscal 2025 projected revenue assumes an investment yield of 4.5% on short-term investments.
- The current 3-month Treasury bill yield exceeds 5.0% but the Federal Reserve has indicated that rate cuts are likely this calendar year.



Tourism & Visitor Revenues

+\$5.1 MILLION

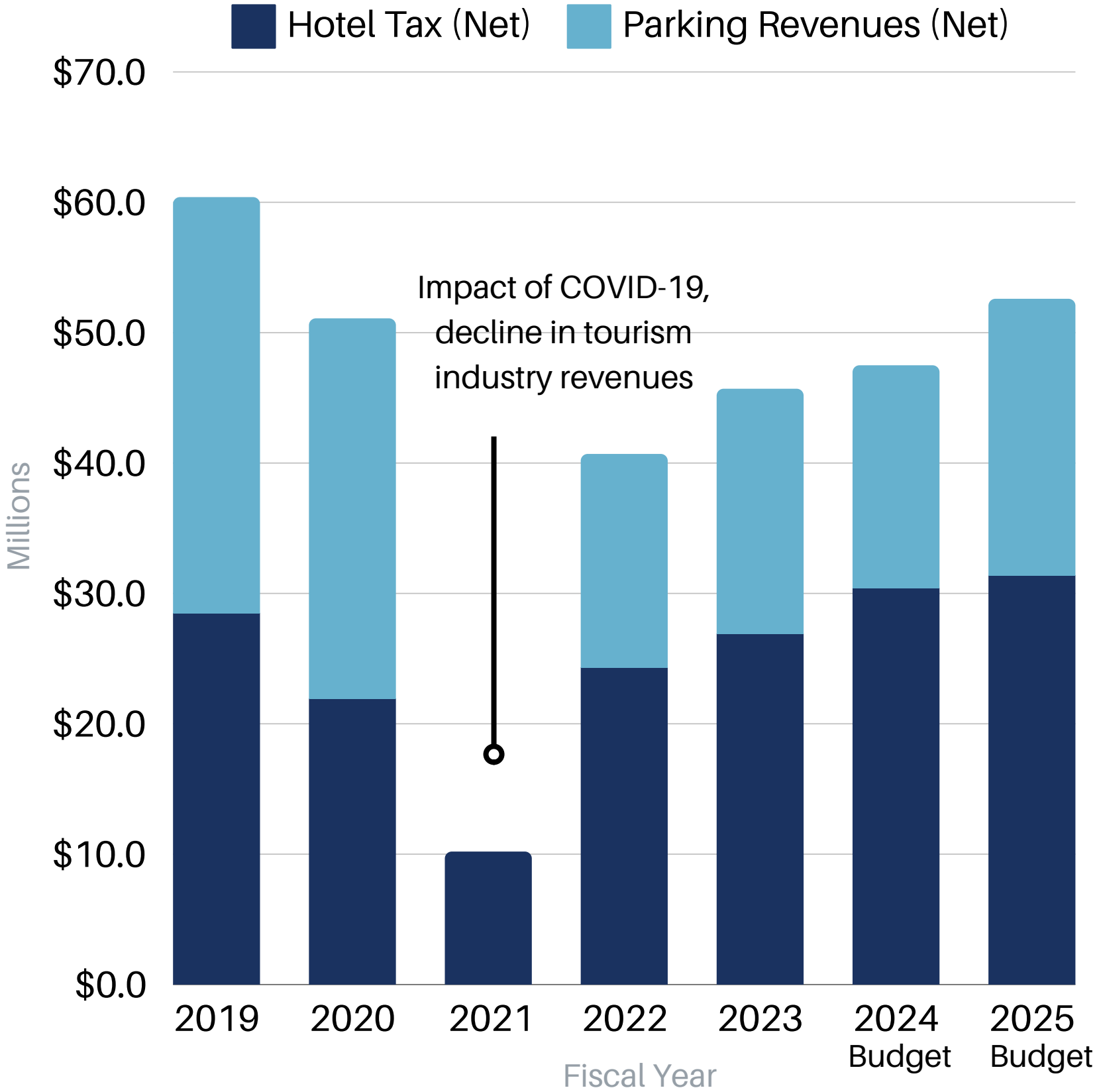
+10.6%

Growth in Hotel Room Prices

- The Fiscal 2025 budget assumes an additional \$0.4 million of hotel tax revenue.
- Average room rates (ARR) are expected to grow. ARR rates were up \$6.30 to \$168.00 per night as of December 2023, a 3.9% increase versus the prior year.

Parking Enhancements

- The Fiscal 2025 estimate includes \$6.2 million of expected parking revenue enhancements related to parking enforcement, parking penalties, and parking tax.

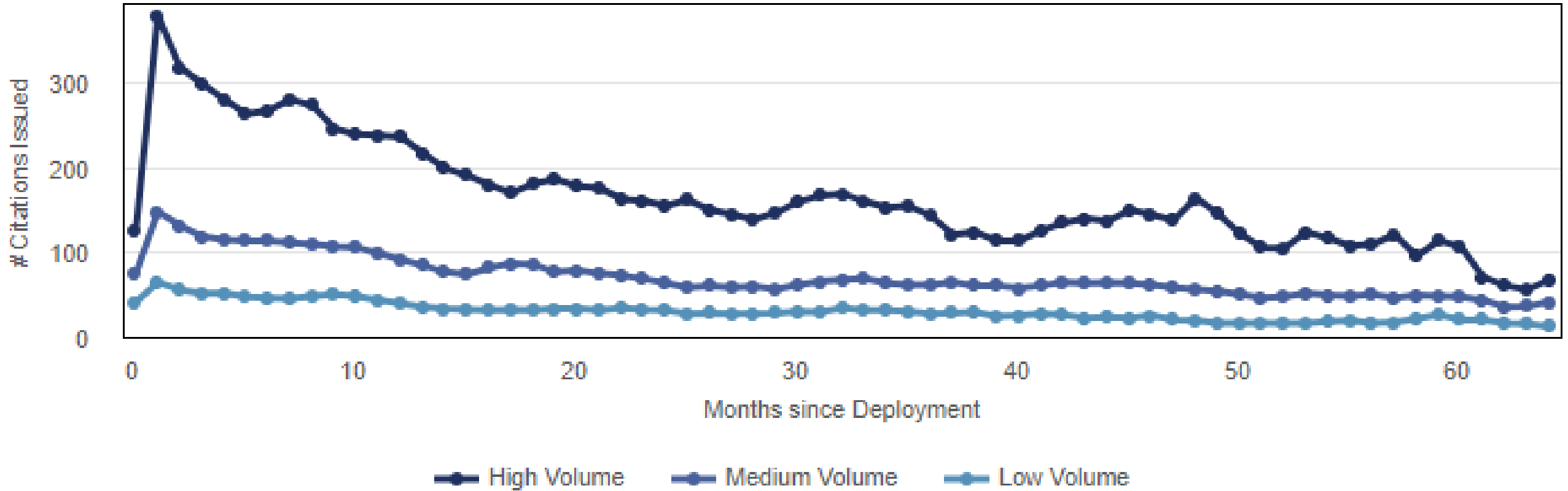


Traffic Cameras

+\$0.8 MILLION

+3.2%

Average Red Light Camera Violations Issued over Time per Camera



Collection rate

The assumed collection rate for Fiscal 2025 is approximately 55% for new cameras, in line with prior results.

Deployment Strategy

The increase in revenues is driven by the planned deployment of 24 new red-light cameras in the spring of 2024, which would bring the totals to 153 (speed) and 183 (red light).



Brandon M. Scott Mayor



FY 2025 Upcoming Major Dates

Major Dates for Fiscal 2025 Budget Adoption



Brandon M. Scott
Mayor

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FY 25 Budget: Key Dates

Key Dates

- April 1st: Preliminary Budget Released
- April 3rd: Preliminary Budget Introduced at BOE
- April 17th: Fiscal 2025 Agency Hearing & BOE Taxpayer Night
- May 1st: BOE Votes on Fiscal 2025 Budget
- May 6th: Fiscal 2025 Ordinance of Estimates introduced at City Council
- May 16th: FY 2025 Overview Presentation & City Council Taxpayers Night
- May 23rd - June 6th: City Council Budget Hearings

Budget Adoption

- Per Charter, the Ordinance of Estimates must be adopted no later than June 26th.



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