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## **BALTIMORE CITY COUNCIL BUDGET AND APPROPRIATIONS COMMITTEE**

### *Mission Statement*

***The Budget and Appropriations Committee (BA)*** is responsible for ensuring taxpayer dollars are expended prudently and equitably. BA will exercise regular oversight of the funding and spending practices of City agencies, the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include all budgets & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Danielle McCray**

**Chairwoman**  
**PUBLIC HEARING**  
**TUESDAY, APRIL 22, 2025**  
**9:00 AM**

**COUNCIL CHAMBERS**

*Legislative Oversight LO25-0015*

**Briefing – City of Baltimore Tax Credits**

# CITY COUNCIL COMMITTEES

## **BUDGET AND APPROPRIATIONS (BA)**

Danielle McCray - Chair  
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Sharon Green Middleton  
Paris Gray  
Antonio Glover  
Staff: *Marguerite Currin (443-984-3485)*

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Zac Blanchard – Vice Chair  
Danielle McCray  
Isaac "Yitz" Schleifer  
Paris Gray  
Phylicia Porter  
Antonio Glover  
Staff: *Anthony Leva (410-396-1091)*

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Jermaine Jones  
Danielle McCray  
Antonio Glover  
Staff: *Anthony Leva (410-396-1091)*

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Staff: *Deontre Hayes (410-396-1260)*

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Ryan Dorsey  
Phylicia Porter  
Staff: *Deontre Hayes (410-396-1260)*

## **LAND USE AND TRANSPORTATION**

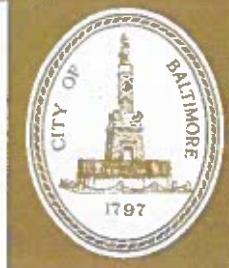
Ryan Dorsey – Chair  
Sharon Green Middleton – Vice Chair  
Mark Parker  
Paris Gray  
John Bullock  
Phylicia Porter  
Zac Blanchard  
Staff: *Anthony Leva (410-396-1091)*

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Antonio Glover – Vice Chair  
Ryan Dorsey  
Sharon Green Middleton  
Paris Gray  
Staff: *Marguerite Currin (443-984-3485)*



## BILL SYNOPSIS

**Committee:** Budget & Appropriations

**Legislative Oversight # LO 25-0015**

## AGENCY BRIEFING – CITY OF BALTIMORE TAX CREDITS

**Sponsor:** President Cohen and Councilmember McCray, et al

**Introduced:** March 10, 2025

**Purpose:**

For the purpose of inviting the City's Department of Finance to present and brief the City Council on the recommendations, outcomes and/or conclusions resulting from the Tax-Credit Task Force.

**Effective:** **This Legislative Oversight does not require a committee vote.**

### Agencies Reporting

Finance Department

### Analysis

#### Current Law

**Baltimore City Code – Article 1, Subtitle 1-City Council, 1-6**

**§ 1-6. Agencies to provide legislative information.**

It shall be the duty of the head of every City department or bureau established by the Baltimore City Charter or by ordinance to provide all technical materials, plats, drawings, and information that are requested by any member or the President of the City Council for the purpose of introducing legislation into the Council.

(*City Code, 1976/83, art. 1, §6.*) (*Ord. 76-080.*)

#### Background

A diverse range of stakeholders were asked to undertake a comprehensive review and improvement of the City's current tax credit systems. The workgroup members were asked to formulate strategic recommendations to:<sup>1</sup>

<sup>1</sup> Website: Mayor Brandon Scott, Tax Credit Workgroup

1. Attract Additional Net Investment to Baltimore City
2. Foster Sustainable Growth in General Fund Revenues
3. Maximize Efficiency in Subsidies.

The workgroup's goal was to deliver a report to the Mayor with recommendations by the close of business on December 31, 2024.<sup>2</sup>

### Membership

Member	Organization
John Bullock	Baltimore City Council
Bob Cennane	City of Baltimore
Dan Ellis	The NHP Foundation
Kyara Gray-Uqdah	Charm City Buyers
Dean Harrison	Harrison Development
Bill Henry	City of Baltimore
Alice Kennedy	City of Baltimore
Jon Laria	Ballard Spahr
Faith Leach	City of Baltimore
Mac McComas	Johns Hopkins, 21st Century Cities
Chris Mfume	The Civic Group
Annie Milli	Live Baltimore
Michael Mocksten	City of Baltimore
Caron Watkins	City of Baltimore
Nick Mosby	XXXXXXX
Keenan Rice	MuniCap
Chris Ryer	City of Baltimore
Doug Schmidt	Workshop Development
Colin Tarbert	Baltimore Development Corp.
Khalil Uqdah	Charm City Buyers
Justin Williams	City of Baltimore <sup>3</sup>

On Tuesday, April 22, 2025, a representative from the City's Department of Finance will brief the City Council on the recommendations, outcomes and/or conclusions resulting from the Tax Credit Task Force. **See the attached report.**

Following is a list of Tax Credits for Baltimore City<sup>4</sup>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Website: Baltimore City Department of Finance

## Tax Credits

- 9-1-1 Specialists Property Tax Credit
- Admission and Amusement Tax Exemption
- Arts and Entertainment Districts Property Tax Credit
- Brownfields Property Tax Credit
- Dwelling on Cemetery Property Tax Credit
- Energy Conservation Devices (Real Property Tax Credit)
- Enterprise Zone Property Tax Credit
- Fallen Hero Property Tax Credit
- Food Desert Retail Incentive Areas - Personal Property
- High-Performance Inclusionary Housing Tax Credit
- High-Performance Market Rate Rental Housing - Citywide
- High-Performance Market Rate Rental Housing - Targeted Areas
- High-Performance Newly Constructed Dwellings Property Tax Credit
- Historic Restoration and Rehabilitation (CHAP) Property Tax Credit
- Home Improvement Property Tax Credit
- Homestead Property Tax Credit
- Low-Income Employees Property Tax Credit
- Maryland Homeowners' Property Tax Credit Program
- Newly Constructed Dwelling Property Tax Credit
- Portable Homestead Tax Credit
- Public Safety Officers Tax Credit's Rules and Regulations
- Targeted Homeowners Tax Credit
- Tax Credit for Conservation Property
- Urban Agriculture

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## Additional Information

**Fiscal Note:** None

**Information Source(s):** Baltimore City Website

*Marguerite M. Currin*

Analysis by: Marguerite M. Currin

Direct Inquiries to: (443) 984-3485

Analysis Date: April 16, 2025

# City Council LO25-0015

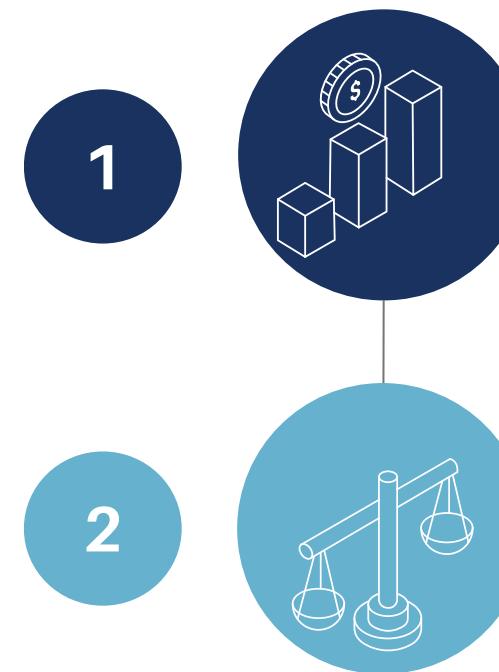
## Tax Credit Workgroup Update

April 2025

BM<sup>RE</sup> BUDGET



# Agenda



## *Background*

History, Mission, Scope

## *Workgroup Findings to Date*



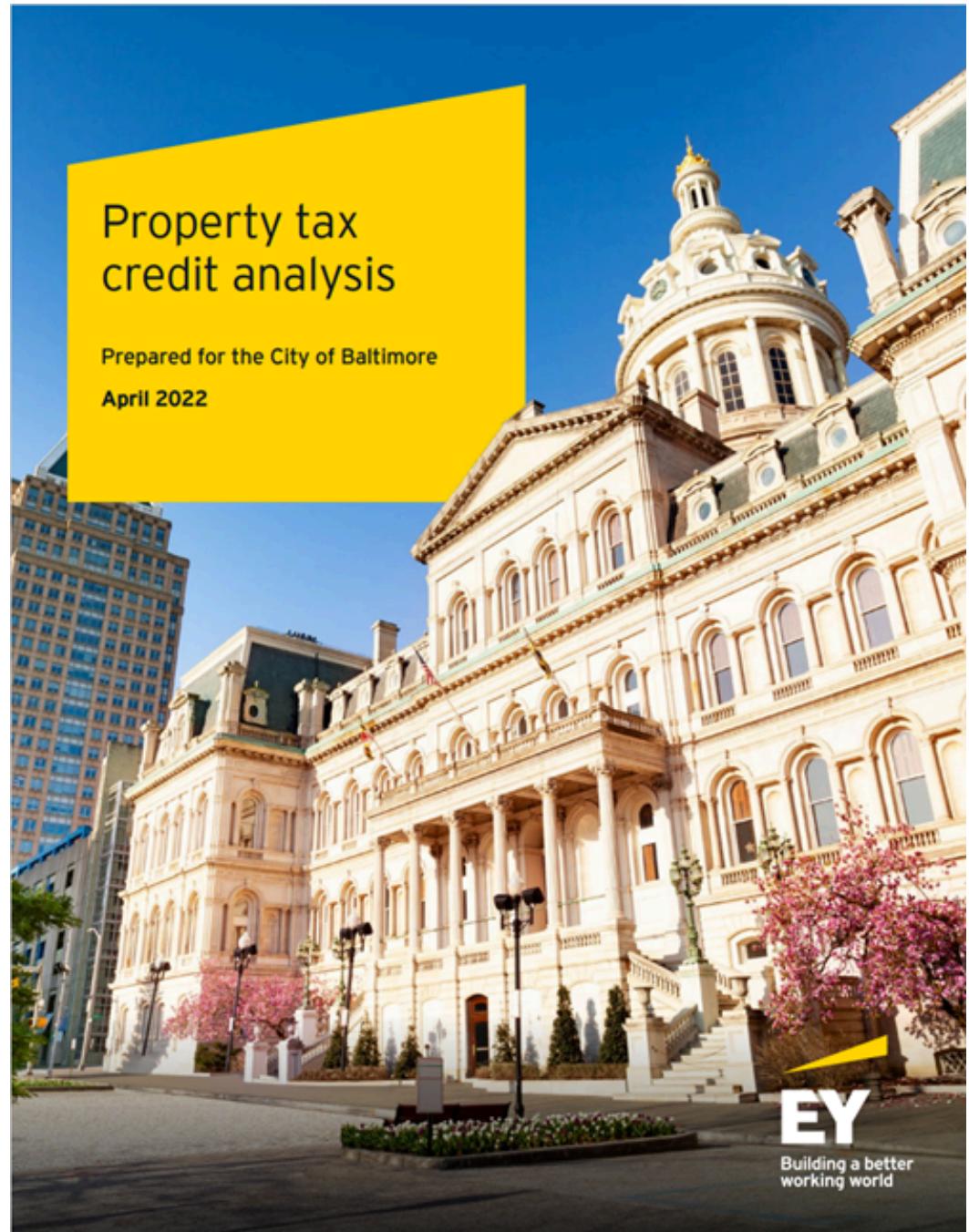
# Tax Credit Workgroup

# Background



Brandon M. Scott  
Mayor

# Workgroup History



Workgroup formed at the Mayor's direction in January 2024.

Workgroup membership includes elected officials, City agency heads, private and public experts, and private developers.

Workgroup has completed its review of existing tax credit programs, and is deliberating on a proposed set of reforms.



Brandon M. Scott  
Mayor



# Mission



The Workgroup's mission is to recommend the right mix of tax credits that accomplishes the following three goals:

1

**Attracts additional investment to Baltimore City**

*Which in turn:*

2

**Creates sustainable growth in General Fund revenues**

*In a manner that:*

3

**Minimizes the City's cost by providing only the subsidy required to make projects feasible**



Brandon M. Scott  
Mayor



# Scope

The Workgroup is reviewing two different types of tax credits:

## Homeowner Protection Tax Credits

**INTENT:**  
To protect or reduce the tax burden  
on the residential homeowner.

- 1) Homestead Tax Credit
- 2) Targeted Homeowners Tax Credit
- 3) State Homeowners Tax Credit

## Development Tax Credits

**INTENT:**  
To encourage the building of new  
residential or commercial properties

- 1) Newly Constructed Tax Credit
- 2) High-Performance Market-Rate Rental Tax Credit
- 3) CHAP (Historic) Tax Credit
- 4) Enterprise Zone (EZ) Tax Credit
- 5) Brownfield Tax Credit

# Tax Credit Workgroup

# Findings



Brandon M. Scott  
Mayor

# Finding #1

## City's "sticker price" tax rate is mis-aligned with other Maryland jurisdictions.

### Factor

**A**Targeted Homeowners  
Tax Credit**B**

Homeowners Tax Credit

**C**Solid Waste  
Collection Costs

### Baltimore

Provide all residential homeowners with a tax credit that is the equivalent of 20 cents off the full rate. (\$2.248 to \$2.048)

### Other Jurisdictions

Some municipalities simply charge a lower tax rate for different classes of property, i.e. residential.

Provide a very generous 4% cap for homeowners, ranking as one of the lowest Statewide.

Majority of counties and municipalities set cap between 5% and 10% (State maximum).

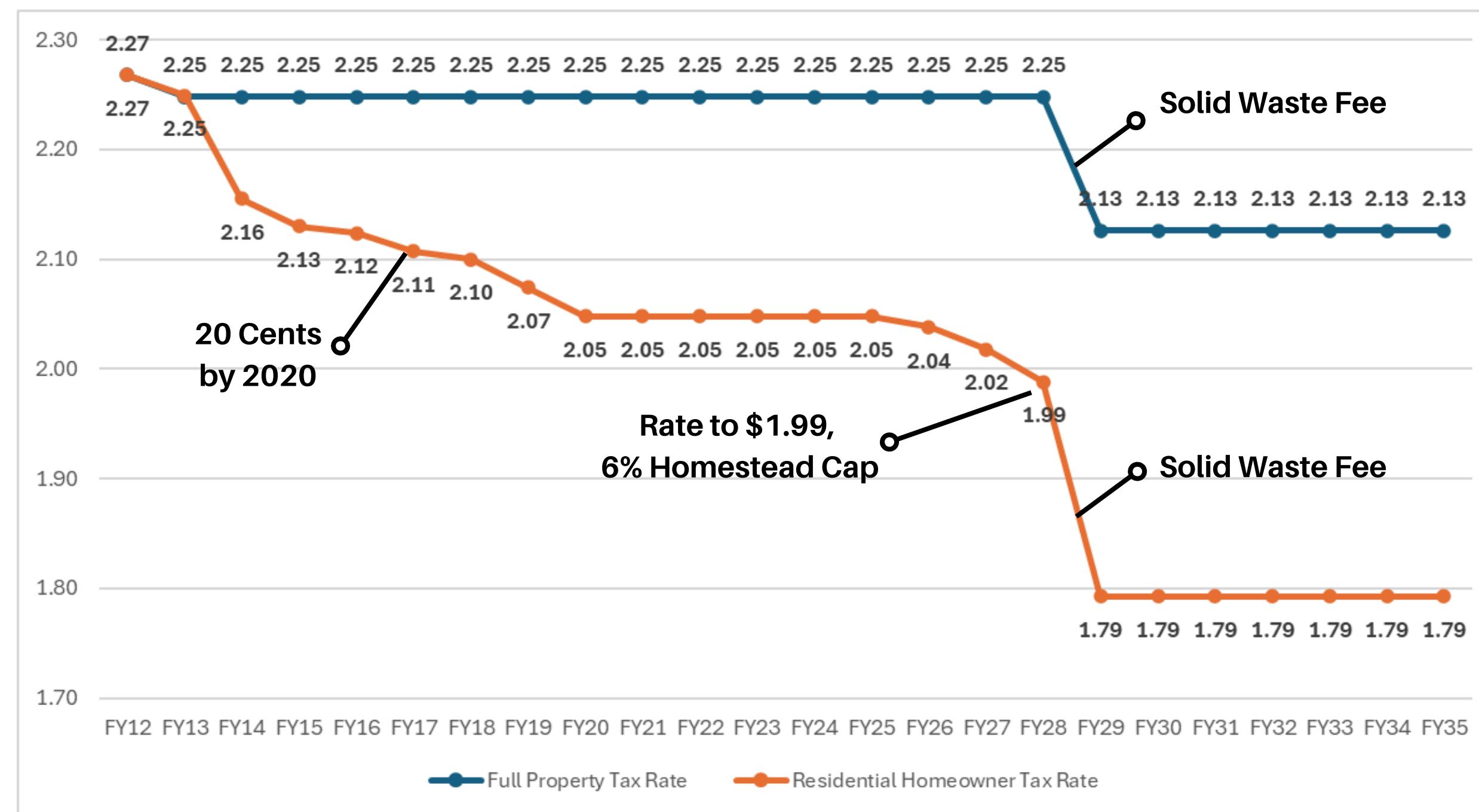
City pays for Solid Waste costs out of the General Fund, resulting in a higher property tax levy.

Other large counties charge a separate "Solid Waste collection" fee, resulting in a lower property tax levy.

Brandon M. Scott  
Mayor

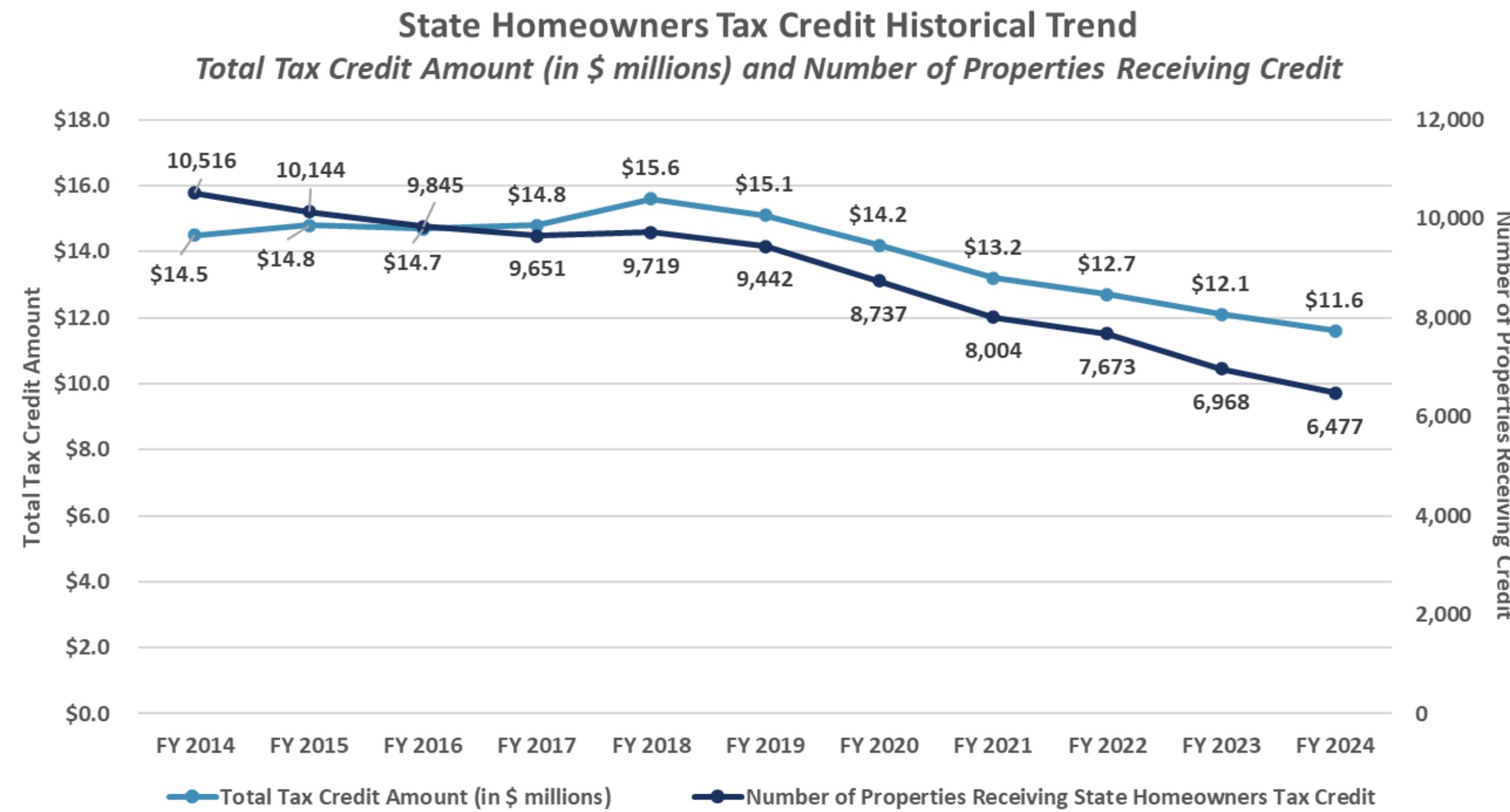
# Finding #1 (cont.)

Simple corrections to those mis-alignments could reduce the residential homeowner tax rate below \$1.80.



# Finding #2

The City is under-enrolled in the State HTC, which costs homeowners valuable tax relief.



Brandon M. Scott  
Mayor

# Finding #3

No “but for” process for the City to test projects with the largest subsidies.

	Affordable Apartment Project	Market-Rate Apartment Project
1 Approval	Board of Estimates	By Right
2 Review Process	Committee incl. Mayors Office, CP Office, Law, Real Estate, HCD, Finance	Fiscal Integrity Office (Finance) for compliance w/ rules only
3 Developer Submission and Financial Review	Project Pro-Forma, rent rolls, debt service coverage, with and w/out PILOT analysis	None
4 Annual Volume	average of 5-10 projects	average of 3-5 projects
5 Annual Subsidy Amount	range from \$25k to \$200k, average of \$50k	range from \$150k to \$2.5 million, average of \$500k



## Finding #4

**City's "one size fits all" approach does not account for neighborhood differences.**

**Other cities have identified broad "tiers" to better target their abatement strategies.  
(Columbus, OH example)**

**Persistently  
Disinvested**

**Need**

Full tax abatement plus additional private, governmental investments.



**Ready for  
Revitalization**

Targeted ongoing flow of investment that can "tip the balance."



**Market  
Ready**

Begin "graduating" out of the highest level of subsidies.



Brandon M. Scott  
Mayor

**BM<sup>ORE</sup> BUDGET**

# Finding #5

Too many rules that are burdensome or inconsistent between tax credits.

## ELIGIBILITY

- Some require dwelling to be occupied as principal residence.
- Others require filing of State income tax each year.



## APPLICATION REQUIREMENTS

- Some require two step process and pre-approval.
- Others require just one final application.

## TRANSFER

- Some transfer to subsequent owners.
- Others lapse after change of ownership.



## CREDIT CALCULATION / TERMS

- Some use assessment for calculation of tax credit.
- Others use a property appraisal for calculation.
- Credit terms range from five to ten years.

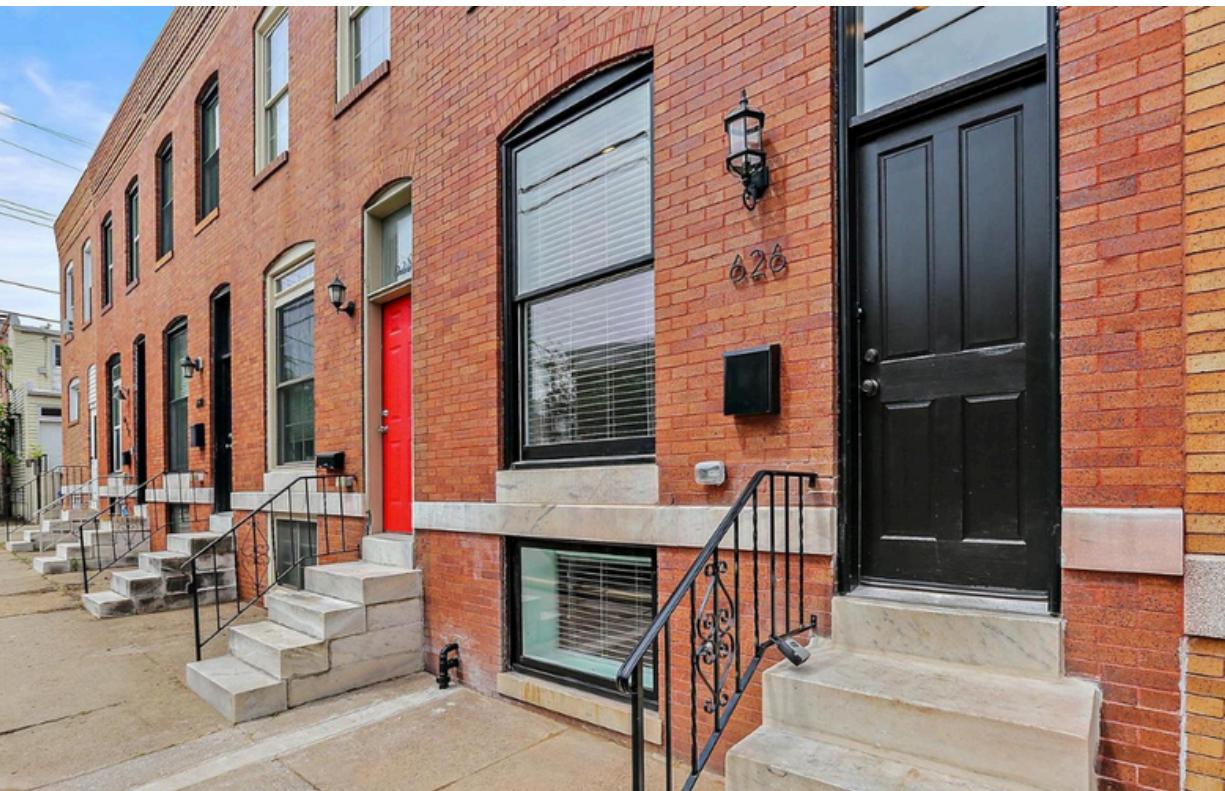


Brandon M. Scott  
Mayor

# Finding #6

## Other program-specific findings and issues....

- **Brownfield Tax Credit**
  - State law requires that, for each credit granted, an additional 30% contribution must be made to the State's economic development fund.
  - State law allows counties to add optional provisions on credit length and terms; Baltimore's provisions are the most generous in the State.



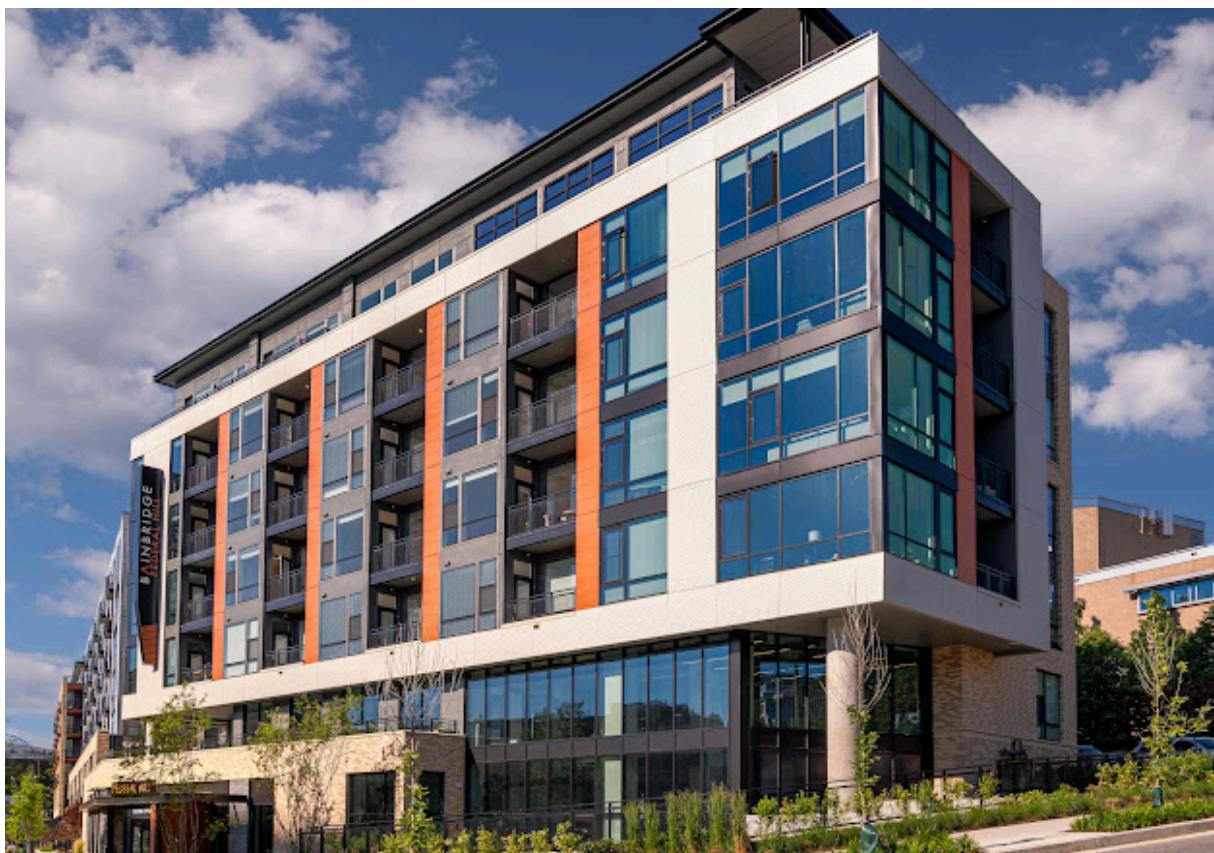
- **CHAP (Historic) Tax Credit**
  - Historic district boundaries do not necessarily align with development needs.
  - CHAP is the only program that offers a full 100% abatement for ten years, with over 80% of that value going to Typology A & B neighborhoods.

# Finding #6 (cont.)

## Other program-specific findings and issues....

- **Newly Constructed Tax Credit**

- Large homebuilders say that the credit does **not** influence their decision to build; more important is available land, zoning, and economies of scale.
- Requirement for tax credit application to be filed within 90 days of settlement has led to some missed opportunities for homeowners.



- **High Performance Market-Rate Rental Tax Credit**

- Tax credit was created to incent market-rate and above projects, but demand is currently highest for middle-income and affordable units.
- Activity in this tax credit has slowed due to higher interest rates and construction costs.



Brandon M. Scott  
Mayor

## Finding #6 (cont.)

### Other program-specific findings and issues....

- **Enterprise Zone Tax Credit**

- Best City “value” of all tax credits, due to 50% State reimbursement.
- City was able to fend off a proposal in Governor’s budget that would have phased this program out entirely.



Brandon M. Scott  
Mayor



# Questions?



Brandon M. Scott  
Mayor