

**CITY OF BALTIMORE
COUNCIL BILL 12-0084R
(Resolution)**

Introduced by: Councilmembers Henry, Stokes, Clarke, Branch, Mosby, President Young,
Councilmembers Middleton, Scott, Welch, Reisinger, Spector
Introduced and adopted: December 6, 2012

A COUNCIL RESOLUTION CONCERNING

Request for State Action – Community Development PILOTs

FOR the purpose of respectfully requesting that the Maryland General Assembly pass, and the Governor sign, legislation allowing Baltimore City to enter into PILOT agreements for deserving smaller community development projects outside of the City’s downtown and waterfront neighborhoods.

Recitals

Large developers and the City of Baltimore frequently work together to create payment in lieu of taxes (PILOT) agreements that lower the tax burden imposed on new property improvements and encourage beneficial projects that may not have otherwise been feasible.

These PILOT agreements are possible because of State authorization contained in § 7-504.3 of the Tax-Property Article in the Maryland Code. This section of State law lays out in some detail exactly what types of projects are eligible for PILOTs – generally only very large, multimillion dollar developments expected to create more than 100 permanent jobs.

While doubtless there are good reasons to concentrate on these mega-projects for development assistance – the time and effort required to negotiate and put into place a PILOT agreement is similar regardless of the PILOT’s value, so larger projects are likely to provide a higher dollar value return on the City’s investment of effort for example – the reality is that very large scale developments tend to cluster together – in Baltimore, typically in the central business district and along the waterfront – so these agreements end up disproportionately benefitting a handful of neighborhoods and are very rarely used in most others.

This clustering of City-supported development can have a serious negative side. For instance, it can give rise to the impression that City government is less concerned about development outside of these active districts, simply because the City has fewer tools to employ in areas with smaller scale development opportunities. Even worse, it can create the feeling that the City is using tax dollars extracted from less affluent neighborhoods to subsidize development in some of Baltimore’s most well off areas, even though the supported developments are intended to – and typically do – benefit the city as a whole and City negotiators take care to craft PILOT agreements that never decrease tax revenue and will instead increase it over the long term by enabling projects that would not otherwise occur.

Further, the availability of tax relief for mega-projects, often considered viable only in certain favored neighborhoods, but not for the types of medium sized projects that are more appropriate for less built-up areas, and can really begin to transform less affluent neighborhoods, can actually

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 distort the market in ways that discourage development in the transitioning neighborhoods that
2 most need City support. Or it can force the City to focus on large scale redevelopment projects,
3 that it can subsidize under current law, for these areas rather than the smaller scale, more
4 dispersed, but currently ineligible for PILOT support, development that can often be more
5 appropriate and effective.

6 Both the perception problems undermining the public's trust in local government, and the
7 very real distortions to the development market, caused by the legal inability to offer PILOTs to
8 more neighborhood-oriented projects could be addressed by a loosening of the project size
9 requirements for PILOTs in less built-up areas. A simple change to State law allowing the City
10 to waive the job creation or investment size thresholds contained in § 7-504.3 for deserving
11 projects – that the City Council approved through a resolution supporting the project, prior to its
12 applying to the City for a waiver – would allow Baltimore the flexibility it needs to support the
13 most effective development projects city-wide, rather than just the largest.

14 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
15 Council respectfully requests that the Maryland General Assembly pass, and the Governor sign,
16 legislation allowing Baltimore City to enter into PILOT agreements for deserving smaller
17 community development projects outside of the City's downtown and waterfront neighborhoods.

18 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the
19 Honorable Chair and Members of the Baltimore City House and Senate Delegations to the
20 Maryland General Assembly, the President of the Maryland Senate, the Maryland House
21 Speaker, the Mayor, and the Mayor's Legislative Liaison to the City Council.