

Robert Cennamo

FROM	NAME & TITLE	Robert Cennamo, Budget Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 432, City Hall (410) 396-4774		
	SUBJECT	CCB 19-0330 - Yield Excise Tax – Tax Rates		

DATE:

TO

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

February 25, 2019

Attention: Ms. Natawna Austin

We are herein reporting on City Council Bill 19-0330, which calls for amending the Yield Excise tax rates used to calculate the amount to be dedicated to Affordable Housing Trust Fund (AHTF) from transactions subject to recordation and transfer tax as defined in Subtitle 17.1 of Article 28 of the City Code.

Background

City Council bill 18-0221 authorized the imposition of a surcharge tax on the consideration value of selected transactions subject to recordation and transfer taxes. Proceeds from these surtaxes are dedicated to the AHTF. The final language for City Council bill 18-0221 imposed a surcharge on the tax collected for these transactions, as opposed to a tax on the consideration value, which is how the existing taxes are calculated; therefore, the rates must be adjusted.

The following table shows an example that explains the needed rate adjustments to yield the same amount of revenues initially intended for the AHTF:

Example Supporting Proposed Amendments		
CCB-18-0221 - Based on Consideration Value		
	Transfer Tax	Recordation tax
Consideration Value	\$1,000,000	\$1,000,000
Surcharge	0.60%	0.15%
Revenues to AHTF	\$6,000	\$1,500
CCB-19-0330 - Based on Collected Taxes		
	Transfer Tax	Recordation tax
Consideration Value	\$1,000,000	\$1,000,000
Amount Collected	\$15,000	\$10,000
Proposed Surcharge	40.0%	15.0%
Revenues to AHTF	\$6,000	\$1,500

Fiscal Analysis

The proposed amendments do not change Finance's position regarding the estimated revenue raised or the surcharge. These impacts were explained in our bill response to CCB-18-0221, and there is no additional fiscal impact from this legislation.

Conclusion

The Finance Department supports the passage of this legislation.

cc: Henry Raymond
Jeff Amoros