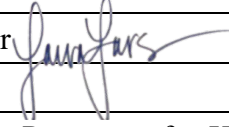




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	January 5 th , 2026
SUBJECT	25-0138 Excise Tax Increase—Passenger-for-Hire Services

Position: Support

The Department of Finance is herein reporting on City Council Bill 25-0138, Excise Tax Increase—Passenger-for-Hire Services, the purpose of which is to increase the Passenger-for-Hire Services tax from \$0.25 to \$0.38 for all trips originating within the City. This legislation was introduced on behalf of Finance and is an initiative from the City’s 10-Year Financial Plan.

Background

The City established this tax in 2014 for taxicab, limousine, and sedan services at a flat rate of \$0.25 per trip. In 2020, the tax was expanded to include Transportation Network Services (TNSs), like Uber and Lyft. This legislation aims to increase the tax by \$0.13 per trip, from \$0.25 to \$0.38, and was included in the Fiscal 2026 revenue estimates.

This legislation is part of the City’s second 10-Year Financial Plan, *Securing Baltimore’s Future*, which was released in December 2025 and is available on the Bureau of the Budget and Management Research’s [website](#). *Securing Baltimore’s Future* is a set of actions and investments that, if implemented over the next decade, will ensure the City sustainably balances the annual budget while fostering long-term population growth and community vitality. Consisting of over 80 initiatives, the Plan focuses on cost control, while improving quality of life and strengthening the City’s competitiveness. City Council Bill 25-0138 is part of Initiative 3.09, Increase Taxi and Ride-Share Trip Tax.

Fiscal Impact

The Department of Finance estimates \$2.0 million in additional annual revenue from increasing the tax to \$0.38. This estimate is based on the Fiscal 2025 actual revenue, which equates to approximately 15 million rides annually, and assumes no impact to the number of rides. For a ride that costs \$20, this legislation will result in a 0.6% increase in the full cost, from \$20.25 to \$20.38.

Estimated Annual Revenue under 25-0138	
Estimated Rides in FY25	15,277,875
Tax Collected at \$0.25	\$3,819,469
Tax Collected at \$0.38	\$5,805,593
Difference	\$1,986,124

Benchmarking

Maryland State law caps the Passenger-for-Hire tax at \$0.25, however the City is exempt and has the authority to raise the cap at any time. Compared with regional peers outside of Maryland, there are similar taxes that are set as a rate rather than a flat fee. The table below outlines the different tax rates from regional peers outside of Maryland, including the equivalent tax amount for a \$20 ride.

Benchmarking Passenger-for-Hire Taxes		
Regional Peers	Tax	Equivalent Tax per \$20 Ride
Washington, D.C.	6% tax	\$1.20
Philadelphia	1.4% tax	\$0.28
New York City	4.5% tax + \$2.75 congestion fee*	\$0.67 to \$3.17 per ride

* New York City charges a standard sales tax on each ride. The 4.5% is the City's portion of the sales tax. The State charges an additional 4%, which is not included here.

Other Considerations

The Fiscal 2026 budget assumed an estimated revenue increase of \$2.0 million for the full year, which was revised during First Quarter to assume up to \$540,000 in revenue for the remainder of the fiscal year based on anticipated enactment in spring 2026. Despite the impact of this revised revenue estimate, Finance's First Quarter Projection reflected a \$9.1 million surplus resulting from higher than budgeted income tax and property tax revenues.

The legislation takes effect 120 days after enactment, which ensures compliance with State notification requirements for TNSs and enables the City to provide ample public notice to taxi, limousine, and sedan services of the new tax rate and effective date.

Conclusion

City Council Bill 25-0138, Excise Tax Increase—Passenger-for-Hire Services, increases the tax applied to taxi, limousine, sedan, and TNSs rides from \$0.25 to \$0.38. The Department of Finance projects this rate increase to generate \$2.0 million in additional annual revenue for the City.

For the reasons stated above, the Department of Finance supports City Council Bill 25-0138.

cc: Michael Mocksten
Nina Themelis