

**CITY OF BALTIMORE
COUNCIL BILL 14-0165R
(Resolution)**

Introduced by: Councilmembers Henry, Kraft, Stokes, President Young, Councilmembers
Middleton, Branch, Clarke, Curran, Scott, Reisinger

Introduced and read first time: April 7, 2014

Assigned to: Housing and Community Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community
Development, Department of Finance

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Request for State Action – Higher Vacant Property Tax Rate**

3 FOR the purpose of calling on the General Assembly and Governor to enact enabling legislation
4 which would allow the Mayor and City Council to develop a program that would allow
5 vacant properties to be taxed at a higher rate more in line with the true costs they inflict on
6 their host communities.

7 **Recitals**

8 Baltimore’s longstanding vacant property problem is well known. Unfortunately, there is no
9 such thing as a magic wand that we can wave to make this problem disappear. Over the years
10 many approaches have been tried with varying, but limited, degrees of success.

11 However, there is a simple action that could be taken at the State level that would help
12 immensely, and that, at least, would take away some of the existing immunity from having to pay
13 for the true costs vacant properties inflict on our community that these properties’ owners
14 currently enjoy.

15 It is well established that one of the reasons vacant properties are a problem is the fact that
16 they drain a far higher amount from the City’s coffers than they contribute in property taxes.
17 Raising the property tax rate on decrepit vacant properties would be an easy way to address this
18 imbalance.

19 Vacant, deteriorating, buildings often have little to no property value, meaning they pay little
20 to no property tax. And the worse shape a property is in, the lower its value, and the cheaper its
21 tax bill. Unfortunately, in this instance, the properties’ values serve as a particularly poor proxy
22 for their drain on the City’s resources.

23 Vacants cost the City far more than occupied buildings by providing havens for vermin, bases
24 for crime, and unattended kindling for fires. They lower property values for, and sometimes even
25 damage the structural integrity of, surrounding properties, thus further eroding the City’s tax
26 base. They contribute to a disproportionate share of emergency service calls and community
27 requests for cleaning, maintenance, and inspections. And, unlike their property values, their
28 drain on City resources increases as their conditions deteriorate.

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

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1 Under Maryland’s existing property tax laws, no accounting for these costs can be imposed
2 on vacant properties. The most decrepit vacant properties continue to use the most public
3 resources while contributing the least in taxes, turning them into huge financial liabilities for the
4 City.

5 Despite the damage they cause to their host neighborhoods and the City’s finances, vacants
6 are often not financial liabilities for their owners. The minimal property taxes owners of vacant
7 properties are required to pay means that it may make perfect financial sense for speculative
8 absentee property owners to simply hold and ignore these properties, allowing them to deteriorate
9 and further lower their tax bill, in the hopes that someday neighborhood changes will increase the
10 value of the property.

11 Even worse, the fact that making improvements to worthless vacant properties would raise
12 their taxable value works as financial disincentive for speculators to make the first move in
13 developing their properties. If they invest but the neighborhood as a whole does not improve
14 they may be left with higher taxes but no opportunity to profit. Instead, they are incentivized to
15 continue to act as parasites, sitting back and hoping that someone else – the City, responsible
16 developers, neighborhood residents – will make the investments of time, money, and effort
17 needed to overcome the blight that the vacants help to spread and increase property values to the
18 point that the vacant property owners can cash in their own “investment” by selling the
19 properties.

20 A properly constructed higher property tax rate on vacant and decrepit buildings could
21 significantly ameliorate both of these aspects of the vacant property problem. Allowing the City
22 to take in more revenue from vacants would partly offset their huge drain on City resources, and
23 would create a much more equitable distribution of the City’s tax burden between responsible
24 residents and speculative property owners. It would also create an incentive for property owners
25 to get off the sidelines and move their properties into productive uses to avoid the higher vacant
26 property tax rate. On its own, this change may not solve all of the problems that vacant
27 structures present us with, but it would certainly be a huge step towards that goal.

28 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
29 Council calls on the General Assembly and Governor to enact enabling legislation which would
30 allow the Mayor and City Council to develop a program that would allow vacant properties to be
31 taxed at a higher rate more in line with the true costs they inflict on their host communities.

32 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the
33 Honorable Chairs and Members of the Baltimore City House and Senate Delegations to the
34 Maryland General Assembly, the President of the Maryland Senate, the Maryland House
35 Speaker, the Mayor, and the Mayor’s Legislative Liaison to the City Council.