



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

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| TO | The Honorable President and Members of the Baltimore City Council |
| FROM | Bob Cename, Deputy Finance Director |
| DATE | April 14, 2026 |
| SUBJECT | 26-0172 Charter Amendment – Charter Committee Recommendations |

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

Position: The Finance Department has split our analysis of 26-0172 Charter Amendment – Charter Committee Recommendations into six issue areas. The Department has taken a position on each of the issue areas.

| Issue | Position |
|--|--------------------------|
| #1: Budget Timeline | Support, with amendments |
| #2: Property Tax Rate Ordinance | Support |
| #3: Contingent Fund | Support |
| #4: Council Authority to Set Conditions on Appropriation | Oppose |
| #5: Non-Lapsing Funds | Oppose |
| #6 Mayoral Veto | Oppose |

The Department of Finance is herein reporting on City Council Bill 26-0172 Charter Amendment – Charter Committee Recommendations, the purpose of amending certain processes, requirements, and permissions relating to the adoption and rejection of ordinances and resolutions, the City’s

budget, and establishing certain tax rates; providing for the grant of certain minor privilege rights under a process established by ordinance; removing certain improper, non-essential, obsolete, and redundant provisions; setting a special effective date; and submitting this amendment to the qualified voters of the City for adoption or rejection.

Background

The proposed Charter amendment represents a broad set of structural changes to the City's budget framework, rather than a single targeted reform. Collectively, this proposal affects multiple components of the budget development process, including the timing of budget submission, the sequencing of tax rate adoption, the scope of City Council authority over appropriations, and the mechanisms governing reserve, contingency, and nonlapsing funds.

The proposed charter amendment will reshape how financial decisions are made, how funds are allocated, and how fiscal oversight is exercised. Changes to the budget timeline may influence the quality and accuracy of financial planning and adjustments to appropriation authority could affect the implementation and quality of City services.

The amendment has the potential to significantly impact the City's overall fiscal health. It could have an effect budget transparency, administrative efficiency, and the City's ability to respond to changing economic conditions and policy priorities. As such, it is important to consider not only the individual aspects of the proposal but also the cumulative impact on the integrity, flexibility, and sustainability of the City's financial management framework.

Analysis

Issue #1: Budget Timeline

Proposal: The current Charter requires the Department of Finance to submit the Ordinance of Estimates at least 45 days before the start of the fiscal year and to provide an additional 30 days' public notice prior to that submission. The proposed amendment would eliminate the separate public notice requirement and instead require submission of a final Ordinance of Estimates to the City Council by April 15.

Analysis: Under the current Charter, the combined 75-day (45 + 30) requirement necessitates the release of a "Preliminary" budget in early April, followed by a "Final" budget in early May, which is introduced to the City Council to meet the 45-day requirement before the start of the fiscal year. In practice, there are rarely substantive differences between the Preliminary and Final budgets.

Maintaining two formal budget releases imposes additional administrative burdens with limited added value. These include publication of a second budget document with largely duplicative content, an additional formal briefing to the Board of Estimates, and a Taxpayers' Night following multiple public engagement opportunities already built into the process. Based on experience, these steps do not meaningfully enhance transparency or public input, and a single, clearly defined submission deadline would improve efficiency.

However, the timing of the final submission deadline is critical. Development of the City's budget is a 10-month process that includes several sequential phases: calculating the Current Level of

Service (CLS) budget, issuing agency guidance, collecting and evaluating agency proposals, developing recommendations, executive decision-making, and preparing the budget document.

Advancing the final submission deadline by nearly one month—from approximately May 10 to April 15—would require shifting the start of the budget process into late July or early August of the prior fiscal year. This compression at the front end of the process may limit the City’s ability to incorporate updated revenue forecasts, policy priorities, and operational data, potentially affecting the quality and responsiveness of the proposed budget.

Position: Support, with amendments. An amendment should be added to maintain the final submission deadline at 45 days prior to the start of the fiscal year (approximately May 10). Additionally, amendments should be added to remove the remaining requirements around the Preliminary budget under Section 2 – Assistance from Finance Director and Planning Commission, and to remove the requirement to contemporaneously advertise the Ordinance in two newspapers.

Issue #2: Property Tax Rate Ordinance

Proposal: The current Charter requires the City Council to consider the Property Tax Rate ordinance only after the passage of the Ordinance of Estimates. The proposed amendment would allow for the Property Tax Rate ordinance to be considered and adopted independently of the Ordinance of Estimates.

Analysis: Under the current Charter framework, the sequencing requirement ensures that the City Council has the opportunity to adopt the budget prior to setting the property tax rate. This structure presumably preserves the Council’s ability to reduce expenditures in the Ordinance of Estimates and subsequently adopt a lower tax rate than initially proposed by the Department of Finance.

In practice, however, this sequencing has created administrative challenges. The timing of final action on the Property Tax Rate Ordinance occurs late in the budget process, which complicates coordination with the State Department of Assessments and Taxation (SDAT). SDAT typically requests that local jurisdictions certify their property tax rates by June 10 each year to allow sufficient time to prepare assessment data and issue tax bills by July 1, the start of the fiscal year.

Due to the current Charter requirement, the City has routinely needed to either request exceptions from SDAT or obtain informal Council concurrence on the tax rate prior to formal consideration of the ordinance. This workaround introduces unnecessary procedural complexity and potential risk to the timely issuance of tax bills.

Allowing the Property Tax Rate Ordinance to be considered independently would provide the City Council with the flexibility to certify the tax rate earlier in the process, ensuring compliance with State timelines while preserving the Council’s legislative authority over both the budget and the tax rate.

Position: Support

Issue #3: Contingent Fund

Proposal: The current Charter limits the Contingent Fund to a maximum of \$1 million within the Ordinance of Estimates. The proposed amendment would instead allow a “portion” of General Fund appropriations to be allocated to the Contingent Fund, providing the Department of Finance with greater flexibility to determine the appropriate funding level.

Analysis: Historically, the Contingent Fund has been budgeted at or near the \$1 million cap but has been used infrequently. Over time, the City has established a substantially larger “Rainy Day Fund,” with a balance of approximately \$200 million, to address significant, unanticipated fiscal emergencies. This approach is consistent with best practices among large jurisdictions, where formal reserve funds serve as the primary mechanism for managing fiscal risk.

As a result, the relatively small Contingent Fund has become less relevant for addressing largescale emergencies. However, it continues to serve a distinct administrative purpose. Because expenditures from the Contingent Fund require only notification to the Board of Estimate, rather than full City Council approval, it provides a more efficient mechanism for addressing smaller, time-sensitive funding needs that arise during the fiscal year.

Position: **Support**

Issue #4: Council Authority to Set Conditions on Appropriation

Proposal: The current Charter does not authorize the City Council to impose conditions on agency appropriations that must be satisfied prior to the release of funds. The proposed amendment would permit the Council to establish such conditions, requiring agencies to meet specified requirements before appropriated funds are made available.

Analysis: Allowing the City Council to condition the release of appropriations introduces the potential for delays in the delivery of City services. Agencies rely on timely access to appropriated funds to execute approved programs and operations. Conditioning those funds on additional requirements, particularly if not clearly defined or time-bound, could create administrative uncertainty and disrupt service delivery.

The current framework already provides the Council with multiple mechanisms to influence policy and ensure accountability. These include the authority to shape funding levels through the Ordinance of Estimates, enact legislation, adopt resolutions expressing policy intent, and request follow-up information or reporting during and after the budget process. Collectively, these tools allow the Council to exercise oversight without directly affecting the timing of fund availability.

Position: **Oppose**

Issue #5: Non-Lapsing Funds

Proposal: The current Charter requires a Charter amendment to establish a non-lapsing fund. The proposed amendment would lower this threshold by allowing non-lapsing funds to be created through City Council ordinance.

Analysis: The requirement for a Charter amendment to establish non-lapsing funds is a fundamental fiscal safeguard and a core structural control on the City's budget authority. It deliberately imposes a high procedural threshold to ensure that decisions to remove revenues from the annual budget process occur only with broad, durable, and clearly established legislative consensus.

While current law permits limited dedication of certain revenue streams, the Charter amendment requirement serves as a critical check against the gradual erosion of the annual budget process through the creation of off-budget or semi-permanent funding streams. Preserving this requirement is essential to maintaining budget integrity, protecting fiscal flexibility, and ensuring that all major resource allocation decisions remain transparent, centralized, and subject to full annual review.

Lowering this threshold to a simple ordinance would fundamentally weaken these controls. It would significantly lower the barrier to establishing non-lapsing funds and open the door to the incremental bypassing of the annual budget process. Over time, this would materially fragment the operating budget by locking increasing portions of general revenues into narrowly defined and potentially permanent purposes. Such a shift would directly undermine the City's ability to reprioritize resources, respond to changing conditions, or manage fiscal stress in a coherent and comprehensive manner.

This risk is especially serious given the City's already comparatively high tax burden. In that context, expanding the ability to further earmark revenues outside the annual appropriations process would compound structural rigidity in the budget, weaken Council and executive budgetary discretion, and materially impair the City's capacity to respond to evolving service demands, economic pressures, and affordability concerns.

Position: **Oppose**

Issue #6: Mayoral Veto of the Ordinance of Estimates and Supplementary Appropriations

Proposal: Under the current Charter, the Mayor must return a veto of the Ordinance of Estimates within three actual regular meetings of the City Council, the same timeline that applies to all legislation. There is no expedited process specific to the budget or individual appropriations. If the Mayor does not act within that period, the budget automatically becomes law. If vetoed, the City Council returns to the City Council for Action. This framework treats the budget like any other ordinance. The proposed language imposes a much tighter 2-day deadline for vetoes of the Ordinance of Estimates or individual appropriations.

Position: **Oppose.** The Mayor needs time to review the Budget for form and legal sufficiency and ensures that all the appropriations are in line with what was proposed, as well as what the Council amended.

Conclusion

Taken together, the proposed Charter amendment reflect a broader effort to modernize the City's budget process and improve administrative efficiency. However, not all proposed changes achieve this balance. Advancing the final budget submission deadline risks undermining the quality of the budget by compressing an already complex and data-dependent development process, while granting the City Council the authority to condition appropriations introduces the potential for

delays and uncertainty in service delivery for City residents. These changes could have unintended operational consequences that outweigh their intended benefits.

For the reasons stated above, the Department of Finance has split the analysis of 26-0172 Charter Amendment – Charter Committee Recommendations into six issues areas. The Department has taken a position on each of these issue areas for City Council Bill 26-0172.

cc: Michael Mocksten
Nina Themelis