



MEMORANDUM

DATE: September 11, 2023
TO: Finance and Performance Committee
FROM: Colin Tarbert, President and CEO
POSITION: Favorable
SUBJECT: City Council Bill No. 23-0414 - Property Tax Credit Reform – Work Group

INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill No. 23-0414 introduced by President Mosby and Councilmembers Bullock, Ramos, Porter, Cohen, Torrence, Conway, Middleton, Stokes Sr., Costello and Burnett.

PURPOSE

This bill would establish an inter-departmental work group to study and make recommendations for reforms to the City's property tax credit system. The work group would also include representation from external stakeholders.

BRIEF HISTORY

Baltimore City has real property, personal property, and utility tax rates that are more than twice as high as the next highest-taxing jurisdictions in Maryland. This has created a competitive imbalance between the City and other Maryland jurisdictions that has persisted for decades, and which the City has largely attempted to level through the strategic use of tax credits designed to incentivize and stimulate development and business investment that may not be financially feasible, and would not otherwise occur, in the absence of tax credits. Baltimore Together, the City's Comprehensive Economic Development Strategy (CEDS), acknowledges the competitive imbalance created by Baltimore City's tax rates and the need to evaluate ways to level this imbalance. The goals of the proposed work group align with Baltimore Together, which includes, among other things, a specific recommendation on this topic: in lieu of restructuring the property tax rate, Baltimore Together proposes evaluating the effectiveness of current business development incentives, including property tax credits.

FISCAL IMPACT

No impact to BDC.

AGENCY POSITION

The Baltimore Development Corporation respectfully submits a **favorable** response to City Council Bill No. 23-0414. If you have any questions, please contact Kim Clark at 410-837-9305 or KClark@baltimoredevelopment.com.

cc: Nina Themelis, Mayor's Office of Government Relations

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