

For Internal Use Only



BALTIMORE CITY COUNCIL FINANCE AND PERFORMANCE COMMITTEE

Mission Statement

The Committee on Finance and Performance (FP) is responsible for matters concerning fiscal oversight throughout the year. FP will improve the Council's understanding of the City's budget and to understand how agencies are performing and delivering city services, in addition to reviewing their spending throughout the year. FP will hold regular hearings on financial information, including, revenue, budgets, and audits. The committee's areas of jurisdiction include:

- Fiscal Oversight
- Budget Process
- Agency Performance
- Quarterly Budget Hearings
- Agency Performance Hearings
- Audit Oversight
- Revenue Certification

**The Honorable John T. Bullock
Chairman**

PUBLIC HEARING

**THURSDAY, SEPTEMBER 21, 2023
3:00 PM**

COUNCIL CHAMBERS

Mayor and City Council Resolution #23-0414

Property Tax Credit Reform – Work Group

CITY COUNCIL COMMITTEES

ECONOMIC AND COMMUNITY DEVELOPMENT (ECD)

Sharon Green Middleton, Chair
John Bullock – Vice Chair
Mark Conway
Ryan Dorsey
Antonio Glover
Odette Ramos
Robert Stokes
Staff: Anthony Leva (410-396-1091)

WAYS AND MEANS (W&M)

Eric Costello, Chair
Kristerfer Burnett
Ryan Dorsey
Danielle McCray
Sharon Green Middleton
Isaac “Yitzy” Schleifer
Robert Stokes
Staff: Marguerite Currin (443-984-3485)

PUBLIC SAFETY AND GOVERNMENT OPERATIONS (SGO)

Mark Conway – Chair
Kristerfer Burnett
Zeke Cohen
Erick Costello
Antonio Glover
Phylicia Porter
Odette Ramos
Staff: Anthony Leva (410-396-1091)

Finance and Performance (FP)

John Bullock, Chair
Eric Costello, Vice Chair
Isaac “Yitzy” Schleifer
Danielle McCray
Phylicia Porter
Staff: Marguerite Currin (443-984-3485)

EDUCATION, WORKFORCE, AND YOUTH (EWY)

Robert Stokes – Chair
John Bullock
Zeke Cohen
Antonio Glover
Sharon Green Middleton
Phylicia Porter
James Torrence
Staff: Deontre Hayes (410-396-1260)

HEALTH, ENVIRONMENT, AND TECHNOLOGY (HET)

Danielle McCray – Chair
John Bullock
Mark Conway
Ryan Dorsey
Phylicia Porter
James Torrence
Isaac “Yitzy” Schleifer
Staff: Deontre Hayes (410-396-1260)

RULES AND LEGISLATIVE OVERSIGHT (OVERSIGHT)

Isaac “Yitzy” Schleifer, Chair
Kristerfer Burnett
Mark Conway
Eric Costello
Sharon Green Middleton
Odette Ramos
James Torrence
Staff: Richard Krummerich (410-396-1266)

LEGISLATIVE INVESTIGATIONS (LI)

Eric Costello, Chair
Sharon Green Middleton, Vice Chair
Isaac “Yitzy” Schleifer
Robert Stokes
Danielle McCray
Staff: Marguerite Currin (443-984-3485)



BILL SYNOPSIS

Committee: Finance and Performance

Mayor and City Council Resolution: 23-0414

Property Tax Credit Reform – Work Group

Sponsor: Councilmember Bullock, et al

Introduced: August 21, 2023

Purpose:

For the purpose of forming an inter-departmental work group, including broad representation from stakeholders outside Baltimore City government, to study and make recommendations for reforms to the City's property tax credit system.

Effective: On the 30th day after the date it is enacted.

Agency Reports

Law Department	None as of this writing
Department of Finance	None as of this writing
Department of Planning	None as of this writing
Baltimore Development Corporation	None as of this writing
City Administrator	None as of this writing
Office of Equity and Civil Rights	None as of this writing

Analysis

Current Law

Baltimore City Charter, Article 2, Subtitle 39 – **Property Taxes** - outlines the rules, regulations and mandates for property taxes.

Baltimore City Code, Article 28 – **Taxes – Subtitle 10 – Credits** - outlines the rules, regulations and mandates regarding tax credits.

State Law – Subsection 1-101 of the **Tax-Property Article** of the Annotated Code of Maryland.

State Law - **Maryland Tax Credit Programs** are under the jurisdiction of the Maryland Department of Assessments and Taxation.

Background

Most tax credits for Baltimore City are outlined in Article 28 – Taxes, of the Baltimore City Code. However, policies pertaining to tax credits are also mentioned in other city laws such as:

- Article 13, Urban and Housing Renewals - Subtitle 4 – Registration of Non-Owner-Occupied Dwellings, Room Houses, and Vacant Structures
- Article 15, Licensing and Regulation - Subtitle 48 – Short-term Residential Rentals
- Article 26, Subtitle 12 – Alley and Footway Assessment Credits
- International Building Code Subtitle 3601, Chapter 36 – “Visit ability” Requirements for Publicly Assisted Dwellings

The City’s Finance Department for many of the tax credits, evaluates the efficacy of the credits established and reports annually to the Board of Estimates, Mayor and City Council the results and findings of the evaluations, including the steps taken and proposed to be taken to promote and otherwise further the use of the tax credits.¹

On Thursday, September 21, 2023, pertinent representatives will come before the committee to discuss the creation of a work group who mission will be to study and make recommendations for reforming the City’s property tax credit system.

Per the primary sponsor of the Resolution, “this is an opportune time to look into this issue; a deeper dive into equity and property tax credit reform.”²

Chairman of the Work Group: To be the Honorable John T. Bullock, Council District 9
Vice Chair of the Work Group: To be the Honorable Eric T. Costello, Council District 11

Additional Information

Fiscal Note: None

Information Source(s): City Code, City Charter, State Law, Council Bill 23-0414, see footnotes below, and all agency reports received as of this writing.

Analysis by: *Marguerite M. Currin*
Analysis Date: September 18, 2023

Direct Inquiries to: (443) 984-3485

¹ Baltimore City Code, Article 28 - Taxes

² The Honorable John T. Bullock, Council District 9

Resolution 23-0414

AGENCY REPORTS

None as of this writing

**CITY OF BALTIMORE
COUNCIL BILL 23-0414
(First Reader)**

Introduced by: Councilmember Bullock, President Mosby, Councilmembers Ramos, Porter,
Cohen, Torrence, Conway, Middleton, Stokes, Costello, Burnett

Introduced and read first time: August 21, 2023

Assigned to: Finance and Performance Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of
Planning, Baltimore Development Corporation, City Administrator, Office of Equity and Civil
Rights

A RESOLUTION ENTITLED

1 A RESOLUTION OF THE MAYOR AND CITY COUNCIL concerning

2 **Property Tax Credit Reform – Work Group**

3 FOR the purpose of forming an inter-departmental work group, including broad representation
4 from stakeholders outside Baltimore City government, to study and make recommendations
5 for reforms to the City’s property tax credit system.

6 **Recitals**

7 Baltimore City currently offers a myriad of property tax credits to encourage real estate
8 development of all kinds within the City’s geographic boundaries. Over time, it is unclear that
9 the available property tax credits are the most efficient way to use City resources to encourage
10 equitable, quality development. The Department of Finance, Bureau of the Budget and
11 Management Research (“BBMR”) conducted its own study of the City’s tax credits which it
12 published in August 2022. BBMR found that from Fiscal Year 2010 to Fiscal Year 2021, the
13 cost of the City’s development tax credit programs grew rapidly from \$13.6 million to
14 \$62.6 million. On a percentage basis, the tax credits grew from only 1.7% of gross property tax
15 revenue to 6.8%. The key driver was the growing cost of the Brownfield, High Performance, and
16 Enterprise Zone Tax Credits. That report concluded that even modest reforms to the City’s tax
17 credits would yield savings for the City’s budget which could be leveraged for residential
18 property owners and generally for City residents.

19 **SECTION 1. BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That
20 there will be formed an inter-departmental workgroup staffed by the City Council President’s
21 Office. The Chair of the Finance and Performance Committee shall serve as the chair of this
22 workgroup and the vice-chair shall be the Chair of the Ways and Means Committee. The
23 workgroup shall solicit input from stakeholders outside of Baltimore City government as well.
24 The workgroup will produce its own recommended policy changes for each of the existing tax
25 credits available for property development in Baltimore City.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 23-0414

1 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the inter-departmental representation shall
2 include but not be limited to representatives from the Office of Equity and Civil Rights, the
3 Department of Finance, the Department of Planning, the Baltimore Development Corporation,
4 and the City Administrator's Office.

5 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the chair of the workgroup shall present
6 regular updates to the City Council as to their progress.

7 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this resolution takes effect on the 30th day
8 after the date it is enacted.