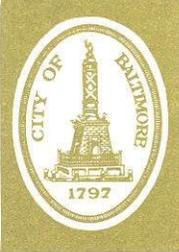


FROM	NAME & TITLE	Henry Raymond, Deputy Director <i>H RK</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (396-4676)		
	SUBJECT	City Council Bill 13-0298		

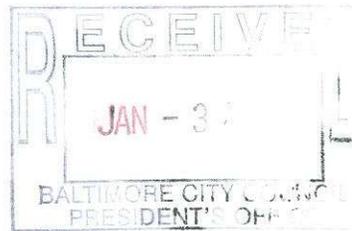
TO

The Honorable President and
 Members of the City Council
 C/O Karen Randle
 Room 409, City Hall

Attention: Karen Randle

DATE:

January 2, 2014



CCB 13-0298 – Excise Tax on Passenger-for-Hire Services - Temporary, Retroactive Repeal

Synopsis

City Council Bill 13-0298 is for the purpose of temporarily repealing the law providing for the imposition, administration, and collection of an excise tax on passenger-for-hire services; providing for a special, retroactive effective date; and providing for the automatic termination of this Ordinance on a date certain.

Analysis

The Public Passenger Vehicle Tax legislation is part of the Change to Grow: Ten Year Plan. The plan is dependent on this additional revenue source to eliminate blight, improve schools and reduce property taxes. One focus of the plan is to diversify the City’s revenue stream and create a more equitable contribution to the cost of City services.

In recent years, one of the major growing sectors of the City has been the hospitality and tourism industry centered on Baltimore’s world renowned Inner Harbor. Over the years, the City has invested substantial sums of funds to establish and maintain the Inner Harbor as a major tourist attraction. Currently, only the Hotel Tax recaptures the return on the investment in the hospitality industry. Implementation of the Public Passenger Vehicle Tax will further aid in recapturing the investment made by the City in the hospitality and tourism industry.

The Public Passenger Vehicle Tax is levied and imposed on every person who operates a passenger-for-hire service within, from, or to Baltimore City. The amount of the tax imposed is 25 cents for each passenger being transported, for a fee, on any 1 trip between points within Baltimore City; from a point within Baltimore City to a point outside of Baltimore City; or from a point outside Baltimore City to a point within Baltimore City.

The tax was first introduced in the Baltimore City Council on April 22, 2013. Following the notification rules of the Council, the bill was assigned to the Taxation, Finance and Economic Development Committee where it was heard in a public hearing. The bill was referred from

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committee and passed third reader on June 17, 2013. The Mayor signed the bill into law on June 18, 2013. Pending modifications to the collection system, operators were notified that the first tax would be collected on November 20, 2013 for the month of October.

Six months have passed between the time the bill was introduced and the first due date for tax payment. In November, the Finance Department met with representatives of the taxi and limousine industry. They stated that they were not opposed to the tax but were unable to pay the tax because they did not have systems in place. In response, the Finance Department offered in good faith, multiple options to let them make delayed and estimated payments of the tax. All offers were rejected.

Fiscal Impact

The Department of Finance estimates that passage of CCB13-0298 will result in a loss of approximately \$1.0M in revenues for the City for Fiscal 2014.

Recommendation

The Finance Department is opposed to CCB13-0298.

CC: Harry Black
William Voorhees
Angela Gibson

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