

Introduced by: Councilmember Clarke

Prepared by: Department of Legislative Reference

Date: September 12, 2018

Referred to: TAXATION, FINANCE & ECONOMIC DEVELOPMENT Committee

*Henry, Young, Miller, J/Ch, Burnett, Dorsey, Finkler, Stokes*

Also referred for recommendation and report to municipal agencies listed on reverse.

CITY COUNCIL 18-0104R

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning

**Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry, Now and in the Future**

FOR the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor’s Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

*Millard, Robert (H), Dorsey, Paul J. Jones, Sherrill, Margaret Clark, James, Edmund Reese, Leo Brea*

**\*\*The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

**Agencies**

Department of Public Works	Baltimore City Public School System
Department of Real Estate	Baltimore Development Corporation
Department of Recreation and Parks	City Solicitor
Department of Transportation	Comptroller's Office
Fire Department	Department of Audits
Health Department	Department of Finance
Mayor's Office of Employment Development	Department of General Services
Mayor's Office of Human Services	Department of Housing and Community Development
Mayor's Office of Information Technology	Department of Human Resources
Office of the Mayor	Department of Planning
Police Department	Other: <i>Visit Baltimore</i>
Other: _____	Other: _____
Other: _____	Other: _____
Environmental Control Board	Board of Estimates
Fire & Police Employees' Retirement System	Board of Ethics
Labor Commissioner	Board of Municipal and Zoning Appeals
Parking Authority Board	Comm. for Historical and Architectural Preservation
Planning Commission	Commission on Sustainability
Wage Commission	Employees' Retirement System
Other: _____	Other: _____
Other: _____	Other: _____
Other: _____	Other: _____

**Boards and Commissions**

Board of Estimates	Other: _____
Board of Ethics	Other: _____
Board of Municipal and Zoning Appeals	Other: _____
Comm. for Historical and Architectural Preservation	Other: _____
Commission on Sustainability	Other: _____
Employees' Retirement System	Other: _____
Other: _____	Other: _____
Other: _____	Other: _____
Other: _____	Other: _____
Environmental Control Board	Other: _____
Fire & Police Employees' Retirement System	Other: _____
Labor Commissioner	Other: _____
Parking Authority Board	Other: _____
Planning Commission	Other: _____
Wage Commission	Other: _____
Other: _____	Other: _____
Other: _____	Other: _____
Other: _____	Other: _____



**CITY OF BALTIMORE  
COUNCIL BILL 18-0104R  
(Resolution)**

---

Introduced by: Councilmembers Clarke, Henry, President Young, Councilmembers Middleton,  
Scott, Burnett, Cohen, Bullock, Sneed, Reisinger, Dorsey, Pinkett, Stokes  
Introduced and read first time: September 17, 2018  
Assigned to: Taxation, Finance and Economic Development Committee

---

Committee Report: Favorable  
Adopted: November 19, 2018

---

**A COUNCIL RESOLUTION CONCERNING**

**1 Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry,  
2 Now and in the Future**

3 FOR the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of  
4 the Baltimore Development Corporation; the Director of the Baltimore City Department of  
5 Finance; the Director of the Mayor’s Office of Employment Development; representatives of  
6 the Baltimore tourism industry; and representatives of the Baltimore labor community to  
7 appear before the City Council to discuss the subsidies that the City of Baltimore has  
8 provided to the hospitality and tourism industry as well as best methods for ensuring that any  
9 future subsidies to the hospitality and tourism industry are conditioned upon the recipients  
10 commitment to create quality jobs.

11 WHEREAS, tourism and hospitality are vital contributors to the Baltimore City economy.

12 WHEREAS, total transient occupancy tax paid to the City in 2016 was \$34,147,258.

13 WHEREAS, the Baltimore market has 25 hotels with 3,121 rooms in its development pipeline,  
14 according to Smith Travel Research.

15 WHEREAS, Baltimore City has a financial interest in continued development of hotels and  
16 has pursued this interest by subsidizing development, including the use of Payment in Lieu of  
17 Taxes (PILOT) and Tax Increment Financing (TIF) agreements.

18 WHEREAS, in particular, Baltimore City subsidized the development of the Baltimore  
19 Marriott Waterfront by providing a loan of \$5 million at 2 percent simple interest over 25 years;  
20 and a \$5 million grant, funded by general obligations bonds.

21 WHEREAS, in addition to loans, Baltimore City has subsidized the development of the  
22 Baltimore Marriott Waterfront by signing a PILOT Agreement, under which the hotel is exempt  
23 from municipal real property taxes and instead pays the City \$1 a year. Under this PILOT  
24 particular agreement, Baltimore City has foregone an estimated \$47.6 million in tax revenue.

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

**Council Bill 18-0104R**

1       **WHEREAS**, many hotel workers, including employees at the Baltimore Marriott Waterfront  
2 hotel, are employed by third party temporary or outsourcing companies. As a result, these  
3 workers have faced declining wages and hours and have reported difficulty in accessing  
4 affordable healthcare for themselves and their families.

5       **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE**, that the  
6 Council invites the President and CEO of Visit Baltimore; the President and CEO of the  
7 Baltimore Development Corporation; the Director of the Baltimore City Department of Finance;  
8 the Director of the Mayor's Office of Employment Development; representatives of the Baltimore  
9 tourism industry; and representatives of the Baltimore labor community to appear before the City  
10 Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and  
11 tourism industry as well as best methods for ensuring that any future subsidies to the hospitality  
12 and tourism industry are conditioned upon the recipients commitment to create quality jobs.

13       **AND BE IT FURTHER RESOLVED**, That a copy of this Resolution be sent to the President and  
14 CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the  
15 Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of  
16 Employment Development, the Mayor, and the Mayor's Legislative Liaison to the Baltimore City  
17 Council.

# BALTIMORE CITY COUNCIL

## TAXATION, FINANCE AND ECONOMIC DEVELOPMENT

### VOTING RECORD

DATE: November 1, 2018

BILL#: 18-0104R

BILL TITLE: Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry Now and in the Future

MOTION BY: Pinkett                      SECONDED BY: Stokes


- FAVORABLE                       FAVORABLE WITH AMENDMENTS  
 UNFAVORABLE                       WITHOUT RECOMMENDATION

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, Sharon, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pinkett, Leon, Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costello, Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reisinger, Edward	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stokes, Robert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TOTALS</b>	<b>4</b>	<b>0</b>		

CHAIRPERSON: Sharon Middleton

COMMITTEE STAFF: Samuel Johnson, Initials: SA



<b>FROM</b>	NAME & TITLE	Robert Cenname, Chief <i>CS</i>	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill 18-0104R – Subsidies to Baltimore City's Hospitality and Tourism Industry - Now and in the Future		

DATE:

**TO**

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

November 1, 2018

Attention: Ms. Natawna Austin

We are herein reporting on CCB 18-0104R, which calls for representatives from multiple City agencies and quasi-agencies to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry. Additionally, a purpose of the hearing is to ensure that any future subsidies to the industry are conditioned upon the recipients' commitment to create quality jobs.

**Background and Analysis**

The City has historically allocated resources for the development and sustainability of its hospitality and tourism industry. City direct subsidies to this industry have come in the form of allocation and designation of its Hotel tax revenues, partial absorption of the Convention Center operational cost, creation of Tax Increment Financing (TIF) districts and development of projects through PILOT agreements.

The following section details the major direct contributions the City has historically made to support by the hospitality and tourism industry:

- **Hotel Tax: Convention Center Bond Fund** - The Convention Center Bond Fund was established in Fiscal 1995 to budget for hotel tax revenue. This revenue was dedicated to support the debt service incurred to finance one-third of the \$151.0 million cost expansion of the Baltimore Convention Center. The fully expanded and renovated Convention Center facility reopened in April 1997. The City charges a 9.5% tax on a hotel's gross revenue. Any revenues in excess of the above referenced debt service payment are transferred to the General Fund.

The following table shows that as of Fiscal 2018 the City has paid \$94.9 million in debt service for the renovation of the Convention Center. The Fiscal 2019 Budget of \$4.6 million represents the last amortization payment for debt issued for this renovation:



Convention Center Facility	
Fiscal Year	Debt Service
1998-2018*	\$94,893,657
2019 Budget	\$4,562,625
<b>Total</b>	<b>\$99,456,282</b>

\*Preliminary unaudited totals

- **Hotel Tax: Visit Baltimore** - Pursuant to Article II, section 40(e) of the Baltimore City Charter, the City is required to budget an amount equal to at least 40% of the revenue derived from the Hotel Tax to Visit Baltimore, whose primary responsibility is to promote tourism in the City. General Fund appropriations for Visit Baltimore began in Fiscal 1997.

The City and Visit Baltimore recently signed an agreement establishing that for Fiscal 2019 through Fiscal 2021, the City is committed to a subsidy contribution not to exceed \$15 million from the calculated 40% of hotel tax revenues, and to receive a grant from Visit Baltimore of up to \$3 million when proceeds exceed this value. The agreement also establishes that after Fiscal 2022 the City's commitment is not to exceed \$14 million with a grant of up to \$3 million when the 40% calculation exceeds this value.

The following table shows that the City has subsidized Visit Baltimore by \$199.1 million between Fiscal 1997 and Fiscal 2018, and has appropriated \$13.9 million for Fiscal 2019 Budget:

Visit Baltimore	
Fiscal Year	Operating Deficit
1997-2018*	\$199,141,093
2019 Budget	\$13,970,440
<b>Total</b>	<b>\$213,111,533</b>

\*Preliminary unaudited totals

- **Convention Center Operations Subsidy** – The Convention Center was created by City ordinance to specifically promote the City's hospitality industry by providing space and support services for meetings, trade shows, conventions and other functions conducted by local and national organizations. Proceeds from the Convention Center operations are considered General fund revenues, used to calculate the operating deficit, which is partially subsidized by the City.

Section 10-640(f) of the Economic Development Article of the State law requires the State of Maryland to pay for two-thirds of the operating deficit and the City is responsible for the final third. In the most recent legislative session, this law was extended through December 31, 2029.

The City has historically contributed with an annual average of \$2.6 million to cover the Convention Center operating deficit. The cumulative cost between Fiscal 1997 and Fiscal 2017 is about \$30 million, and the Fiscal 2019 Budget is \$2.7 million:



Convention Center Facility	
Fiscal Year	Operating Deficit
2011-2018*	\$20,442,844
2019 Budget	\$2,662,746
<b>Total</b>	<b>\$23,105,590</b>

\*Preliminary unaudited totals

- **Tax Increment Finance (TIF) Projects**

Tax Increment Financing (TIF) Bonds are special obligations of the City secured by the incremental increase in property taxes resulting from development projects. The City has designated property tax revenues for the development of three TIF districts that included the construction of major hotels: Harbor Point, East Baltimore Development Initiative (EBDI) and the Convention Center Hotel.

**Harbor Point**

Harbor Point is a 27-acre mixed-used development site located on the waterfront west of Fells Point and just south and east of the growing Harbor East neighborhood. According to the current plan, the Development will be completed in three phases and is expected to reach full build out by 2023. With each phase, there will be constructed certain public and other infrastructure improvements that are expected to be financed by bond proceeds. When completed, the Development is expected to include 1.6 million square feet of office space, over 900,000 square feet of residential space, 220,000 square feet of retail space, and 20,000 square feet of hotel/condominiums with approximately 3,300 structured parking spaces and 9.5 acres of open space, plazas and parks. As June 30, 2018, the outstanding principal balance is \$75,125,333.

Issuance Date	Amount Issued	Debt Service Paid through FY18
12/5/2016	\$38,590,000	\$3,819,307
7/28/2016	\$36,720,333	\$1,135,753
<b>Total</b>	<b>\$75,310,333</b>	<b>\$4,955,060</b>

**East Baltimore Development Initiative (EBDI)**

EBDI is an 88-acre mixed-used development site located in the East Baltimore section of the City in close proximity to the Johns Hopkins medical complex. Development completed to date includes approximately 457 mixed income rental and for-sale housing units, approximately 687,000 square feet of life science technology space, approximately 29,000 square feet of retail, a 5.5 acre community park green space, approximately 1,450 parking spaces, a seven-acre Pre K-eight grade public school and Early Childhood campus, and 572 bed student housing building, a Marriott Residence Inn hotel and 49 townhomes. As June 30, 2018, the outstanding principal balance is \$81,300,000.

Issuance Date	Amount Issued	Debt Service Paid through FY18
5/22/2008	\$39,705,000	\$18,406,393
5/22/2008	\$15,000,000	\$1,859,349
2/19/2009	\$23,595,000	\$1,459,044
<b>Total</b>	<b>\$78,300,000</b>	<b>\$21,724,786</b>

**Convention Center Hotel**

The Convention Center Hotel consists of approximately 883,000 gross square feet, including 757 hotel guest rooms, a full service restaurant, lobby bar, a convenience/sundries store, approximately 56,554 gross square feet of meeting space, including a ballroom of approximately 24,000 gross square feet. It also includes a parking garage of approximately 570 parking spaces.

The construction of the Convention Center Hotel was funded with Revenue Bonds issued by the City in 2006. The repayment of debt for these bonds is anticipated to be paid from the revenues generated by the Hotel. Property Tax revenues generated by the Hotel above the base level, as part of a Tax Increment Financing (TIF) District, will be dedicated to the repayment of the debt costs. In addition, the Hotel Tax revenues generated only by the Convention Center Hotel are also dedicated to the debt payment.

From Fiscal 2013 through Fiscal 2018, the City has dedicated \$45.8 million in Real, Personal and Site-specific hotel tax revenues for the payment of the Convention Center Hotel TIF debt service, and the Fiscal 2019 Budget from these three sources is estimated at \$7.2 million.

Convention Center Hotel				
Fiscal Year	Real Property	Personal Property	Hotel tax	Total
2013-2018*	\$23,407,580	\$1,930,000	\$20,487,204	\$45,824,784
2019 Budget	\$3,812,231	\$367,000	\$3,059,000	\$7,238,231
<b>Total</b>	<b>\$27,219,811</b>	<b>\$2,297,000</b>	<b>\$23,546,204</b>	<b>\$53,063,015</b>

\*Preliminary unaudited totals. Data prior FY 2013 is not included in this table.

As June 30, 2018, the outstanding principal balance of the Convention Center Hotel debt is \$268,755,000.

Issuance Date	Amount Issued	Debt Service Paid
		through FY18
2/8/2006	\$300,940,000	\$205,470,955

- **PILOT Projects**

**Inner Harbor East Hotel, LLC and Inner Harbor East Garage, LLC**

The City entered into a Development Agreement with Inner Harbor East Hotel, LLC (IHEH) on July 23, 1997 to construct a 750 room, four star quality hotel with related amenities and a 600- space parking garage at Inner Harbor East on a parcel bound by Fleet Street, President Street, Aliceanna Street and East Falls Avenue. On June 10, 1998, the City approved the Amended and Restated Development Agreement in order to incorporate certain changes in the design, financing and ownership of the project, including the separation of the project into two development entities, IHEH for the hotel and Inner Harbor East Garage, LLC (IHEG) for the parking garage.

The PILOT agreement by and between the Mayor and City Council and IHEH and IHEG approving a PILOT for a 750-room hotel and a 600-space parking garage at Inner Harbor East as authorized by City Council ordinances 98-253 and 98-254, approved and effective on April 23, 1998. The PILOT commenced on July 1, 2002. It has a term of 25 years and will end on June 30, 2027. The Hotel Developer shall pay to the City upon the PILOT commencement Date and on or before September 30 thereafter, in lieu of the ordinary municipal portion of real property taxes that are

exempted by Section 2.01 of PILOT agreement, a payment in lieu of taxes in an amount equal to One Dollar (\$1.00) for each July – June 30 (or other) tax year during the PILOT term.

The Hotel Developer was billed in 2004 at \$1.00 per year for 25 years. The PILOT is paid in full. The Hotel Developer is responsible for paying state taxes.

**Conclusion**

City Council Bill 18-0104R is a resolution calling for a hearing to discuss the City's subsidies to the hospitality and tourism industries. Through both direct and indirect sources, the City has invested significantly in these industries over the past twenty years.

cc: Henry Raymond  
Kyron Banks







**MEMORANDUM**

**TO:** Honorable President and Members of the City Council  
Attention: Natawna Austin, Executive Secretary

**FROM:** William H. Cole, President and CEO  
Baltimore Development Corporation

**DATE:** October 24, 2018

**SUBJECT:** City Council Bill No. 18-0104R  
Informational Hearing - Subsidies to Baltimore City's Hospitality and Tourism Industry, Now and in the Future

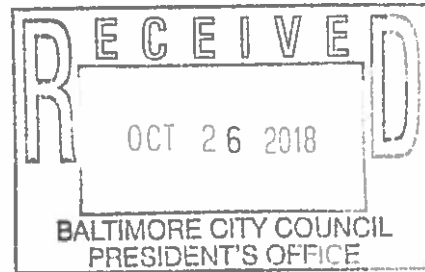
---

The Baltimore Development Corporation (BDC) has been asked to comment on City Council Bill No. 18-0104R for the purpose of inviting representatives from certain City agencies, the tourism industry, and the labor community for an informational hearing to discuss subsidies to Baltimore City Hospitality and Tourism Industry now and in the Future.

Over the years, a number of PILOTs and TIFs were provided to assist in the development of hotels in Baltimore City, as the industry demanded. Currently, it appears that there are enough hotels in the City—both existing and under construction—to accommodate conventions and tourism well into the future. We do not anticipate needing any subsidy to support hotels.

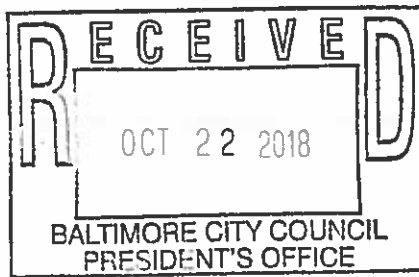
BDC concurs that a discussion on this topic would be beneficial.

cc: Kyron Banks



*Comments*





October 19, 2018

**TO:** Baltimore City Council  
**FROM:** Al Hutchinson, President and CEO, Visit Baltimore  
**RE:** **COUNCIL RESOLUTION 18-0104R-** Informational Hearing, Subsidies to Baltimore City's Hospitality and Tourism Industry

---

Honorable Council President Young, Chairwoman Middleton and members of the Baltimore City Council:

As stated in Resolution 18-0104R, Visit Baltimore appreciates the Council's recognition that "tourism and hospitality are vital contributors to the Baltimore City economy." As the City's destination marketing organization, Visit Baltimore's job is to drive this economic and quality of life engine through destination promotion and sales efforts that inspire and influence the decisions of individual travelers as well as meetings and convention groups.

Our FY2018 numbers demonstrate how we are fulfilling that core mission: our sales team booked 373 unique pieces of business, driving much needed traffic to our Convention Center and hospitality partners; our services team, together with those hospitality partners, welcomed more than 397,000 attendees from business that convened in Baltimore, including events such as the NAACP; and, our marketing and PR teams' collective efforts helped raise Baltimore's profile as "The Coolest City on the East Coast" as well as attract 26.2 million domestic visitors. According to third party research, we know that those visitors left a quantifiable mark on Baltimore – spending \$5.7 billion in direct sales, in turn, generating \$717 million in local City and State taxes as well as saving each Baltimore area household \$685 in personal income tax contributions<sup>1</sup>. This activity supported 85,678 jobs, including more than 10,200+ directly held jobs in the lodging sector. We also know that overnight visitors staying in our hotels contribute most of this impact – 70% to be exact.

Visit Baltimore's operations depend on those high-impact, overnight visitors thanks to our baseline funding, realized through a 40% allocation of all hotel occupancy taxes collected in the City annually. As such, we appreciate the City's investment in our industry through development subsidies such as that provided to the Marriott Waterfront – a valuable partner.

That said, Visit Baltimore has not traditionally been engaged in the early planning or financing deals of hotel projects – often learning of new product far along in the development pipeline. We would encourage the City and partner agencies to engage our organization earlier in the process, as ultimately, those hotels all look to Visit Baltimore to drive the demand and in turn revenues from the leisure, group and convention markets. By being profitable, hotels can hire and retain more workers. That is important because just as tourism jobs comprise roughly 6% of Baltimore's total private employment, tourism jobs are also unique and needed for our community: most employees earn middle-class wages or higher; and, tourism jobs provide a viable path of upward mobility. According to the Bureau of Labor Statistics and

---

<sup>1</sup> Tourism Economics, Economic Impact of Tourism in Baltimore, CY2017

Comments





Oxford Economics, Americans whose first job was in the travel industry obtained an average career salary of \$81,900, higher than those who began working in most other industries.

And just as it is important for the City to invest in new tourism developments such as hotels, it is also important that the City invest in the destination promotion and sales needed to influence demand and drive enough traffic to sustain that product. For example and discounting any growth in alternative lodging options such as those offered in the Short-Term Rental community, we have had a roughly 38.1% increase in hotel supply in the ten-year period spanning 2007-2017<sup>2</sup>; however, our total available exhibition and meeting space at the Baltimore Convention Center has remained flat, and, our destination has suffered from negative perception issues. As such, many of our hotel partners are struggling.

For these reasons, Visit Baltimore together with our hotel community are looking to change the course of our destination from being historically and increasingly under-capitalized by forming a Tourism Improvement District that will generate supplemental and protected funds to attract more overnight visitation. **Just as we believe it is important to have holistic conversations such as those related to Council Bill 18-0104R, we believe it is important for the City to support those projects such as the Tourism Improvement District and a renovation/expansion of the Baltimore Convention Center to be able to ensure our existing hotel partners – and all of those in the pipeline – are positioned for success and in turn may position their employees for similar success.**

Visit Baltimore appreciates the opportunity to respond to Council Bill 18-0104R and encourages continued and more inclusive dialogue among all stakeholder groups – the City, agencies and private sector partners - around subsidies and investments in the City's hospitality and tourism industry.

Submitted respectfully,



Al Hutchinson  
President & CEO

---

<sup>2</sup> Smith Travel Research



# City of Baltimore

City Council  
City Hall, Room 408  
100 North Holliday Street  
Baltimore, Maryland  
21202

## Meeting Minutes - Final

### Taxation, Finance and Economic Development Committee

---

Thursday, November 1, 2018

2:05 PM

Du Burns Council Chamber, 4th floor, City Hall

---

18-0104R

#### CALL TO ORDER

#### INTRODUCTIONS

#### ATTENDANCE

- Present** 4 - Member Sharon Green Middleton, Member Leon F. Pinkett III, Member Eric T. Costello, and Member Robert Stokes Sr.
- Absent** 1 - Member Edward Reisinger

#### ITEMS SCHEDULED FOR PUBLIC HEARING

##### 18-0104R

##### **Informational Hearing - Subsidies to Baltimore City's Hospitality and Tourism Industry, Now and in the Future**

For the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

**Sponsors:** Mary Pat Clarke, Bill Henry, President Young, Sharon Green Middleton, Brandon M. Scott, Kristerfer Burnett, Zeke Cohen, John T. Bullock, Shannon Sneed, Edward Reisinger, Ryan Dorsey, Leon F. Pinkett, III, Robert Stokes, Sr.

**A motion was made by member Pinkett, seconded by member Stokes, that Resolution 18-0104 be recommended favorably. The motion carried by the following vote:**

**Yes:** 4 - Member Middleton, Member Pinkett III, Member Costello, and Member Stokes Sr.

**Absent:** 1 - Member Reisinger

#### ADJOURNMENT

**THIS MEETING IS OPEN TO THE PUBLIC**





**HEARING NOTES**

**City Council Resolution: 18-0104**

**Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry Now and in the Future**

**Committee:** Taxation, Finance and Economic Development  
**Chaired By:** Councilmember Sharon Green-Middleton

**Hearing Date:** November 1, 2018  
**Time (Beginning):** 2:10 p.m.  
**Time (Ending):** 3:30 p.m.  
**Location:** Clarence “Du” Burns Chambers  
**Total Attendance:** Approximately 45 – 50  
**Committee Members in Attendance:**  
Sharon Green Middleton  
Leon Pinkett  
Eric Costello  
Robert Stokes

<b>Bill Synopsis in the file?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Attendance sheet in the file?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Agency reports read?</b> .....	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Hearing televised or audio-digitally recorded?</b> .....	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Certification of advertising/posting notices in the file?</b> .....	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
<b>Evidence of notification to property owners?</b> .....	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> N/A
<b>Final vote taken at this hearing?</b> .....	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> N/A
<b>Motioned by:</b> .....	<b>Councilmember Pinkett</b>		
<b>Seconded by:</b> .....	<b>Councilmember Stokes</b>		
<b>Final Vote:</b> .....	<b>Favorable</b>		

**Major Speakers**

*(This is not an attendance record.)*

- Allison Livingston, Visit Baltimore
- Matthew Kachura, Baltimore Development Corporation
- Caroline Sturgis, Dept. of Finance
- Tracey Lingo, Staff Director, UNITE HERE Local 7

---

## Major Issues Discussed

1. Councilwoman Middleton read the bill into the record and introduced committee members.
2. Councilwoman Mary Pat Clarke provided an opening statement about the need to have well-paying jobs for local residents.
3. Carline Sturgis, Finance – Read agency report into the record.
4. Matthew Kachura, BDC – Read agency report into the record.
5. Allison Livingston, Visit Baltimore – Read agency report into the record.

## Public Testimony

1. Tracey Lingo:
  - UNITE HERE Local 7 represents approximately 2,000 hospitality workers in Maryland.
  - She stated that over the past 30 years wages in the hospitality industry have been stagnant and that 30% of the Baltimore Marriott Waterfront employees are temporary workers.
  - She highlighted that since the subsidy was property to the developer to build the Baltimore Marriott Waterfront the city has lost out on approximately \$47 million in property taxes and other lost revenue.
  - If unionized UNITE HERE Local 7 would offer a contract on behalf of the Marriott employees to increase wages from \$9.25 to \$14 on the front end and from \$27 to \$31 on the back end.
  - Ms. Lingo then introduced members of the panel.
2. Members of the panel:
  - Greg Leroy – Read testimony into the record. A copy can be found in the bill file.
  - Amy Smithson and Chuck Altvater - Read testimony into the record. A copy can be found in the bill file.
  - Vikas Mohite - Read testimony into the record. A copy can be found in the bill file.
  - Andre Elkridge - Read testimony into the record. A copy can be found in the bill file.
  - Alex Dame - Read testimony into the record. A copy can be found in the bill file.
  - Michael Caballes - Read testimony into the record. A copy can be found in the bill file.
  - Jose Ramirez - Read testimony into the record. A copy can be found in the bill file.
3. Councilman Costello provided information on the process for how TIF's and PILOT's are structured and how they work.
4. Councilman Burnett asked if any other workers had been retaliated against since deciding to organize the union.
  - Tracey Lingo responded and said that there were approximately 3 to 5 cases currently.
5. Approximately 11 people testified at this hearing.
6. There were approximately 45 – 50 people in attendance at this hearing.
7. A motion was made by Pinkett and seconded by Stokes and the committee voted 4-0 in approval of the bill.

---

## Further Study

Was further study requested?

Yes  No

If yes, describe. N/A

---

**Committee Vote:**

S. Middleton: ..... **Yea**  
L. Pinkett: ..... **Yea**  
E. Costello: ..... **Yea**  
E. Reisinger: ..... **Absent**  
R. Stokes: ..... **Yea**

---

Samuel Johnson , Committee Staff  
(410) 396-1091  
cc: Bill File  
OCS Chrono File

Date: November 1, 2018





# CITY OF BALTIMORE

## CITY COUNCIL HEARING ATTENDANCE RECORD

Committee: Taxation, Finance and Economic Development

Chairperson: Sha

Date: November 1, 2018

Time: 2:05 p.m.

Place: Clarence "Du" Burns Council Cha

Subject: Informational Hearing – Subsidies to Baltimore City's Hospitality and Tourism Industry Now and in the Futu

PLEASE PRINT

IF YOU WANT TO TESTIFY PLEASE CHECK HERE

FIRST NAME	LAST NAME	ST. #	ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS
John	Doe	100	North Charles Street	21202	Johndoenbmore@yahoo.com
<del>Charles</del>	<del>Althacker</del>	<del>8723</del>	<del>8723 Blairwood Rd</del>	<del>21236</del>	<del>Charlesalthacker@yahoo.com</del>
<del>Angela</del>	<del>Smithson</del>	<del>8725</del>	<del>Blairwood Rd</del>	<del>21236</del>	<del>Fernousamous1989@gmail</del>
<del>John</del>	<del>East-MIT</del>	<del>3506</del>	<del>Pedderdale Rd</del>	<del>21215</del>	<del>none</del>
<del>Michael</del>	<del>GABALIS</del>	<del>511</del>	<del>ALBEMARLE</del>	<del>21202</del>	<del>witce-coballic@yahoo.</del>
<del>Michael</del>	<del>Byrant</del>	<del>208</del>	<del>N. Carey</del>	<del>21223</del>	<del>Byrant, Seraph @ gmail.com</del>
<del>Bruce Holtman</del>	<del>HOLTMAN SR</del>	<del>1001</del>	<del>UNION AVE</del>	<del>21211</del>	<del>BRUCEHATSE@aol.com</del>
<del>ROBERT</del>	<del>JACOBSON</del>	<del>2418</del>	<del>SYLVANIE RD.</del>	<del>21209</del>	<del>bobboj@aol.com</del>
<del>Charles E</del>	<del>Gaines</del>	<del>1617</del>	<del>Shadyside Rd</del>	<del>21218</del>	<del>62earnestgaines810@g</del>
<del>Scott</del>	<del>KLINGEN</del>	<del>6083</del>	<del>14 JORDAN WAY</del>	<del>21212</del>	<del>scotklng@earthlink.</del>
<del>Ang</del>	<del>Leben</del>	<del>4116</del>	<del>P Star NW rd</del>	<del>20036</del>	<del>goodpobst@spidefish.</del>

(\* NOTE IF YOU ARE COMPENSATED OR INCUR EXPENSES IN CONNECTION WITH THIS BILL, YOU MAY BE REQUIRED BY LAW TO REGISTER WITH THE BOARD OF ETHICS. REGISTRATION IS A SIMPLE PROCESS. FOR INFORMATION AND FORMS, CALL OR WRITE: BALTIMORE CITY BOARD OF ETHICS, LEGISLATIVE REFERENCE, 626 CITY HALL, BALTIMORE, MD 21202. TEL: 410-396-4730. FAX: 410-396-8483.





# CITY OF BALTIMORE

## CITY COUNCIL HEARING ATTENDANCE RECORD

Committee: Taxation, Finance and Economic Development

Chairperson: She

Date: November 1, 2018

Time: 2:05 p.m.

Place: Clarence "Du" Burns Council Cha

Subject: Informational Hearing – Subsidies to Baltimore City's Hospitality and Tourism Industry Now and in the Futu

**PLEASE PRINT**

**IF YOU WANT TO TESTIFY PLEASE CHECK HERE**

FIRST NAME	LAST NAME	ST. #	ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS	
John	Doe	100	North Charles Street	21202	Johndoenbmore@yahoo.com	
<del>Alex</del>	<del>SAHLE</del>	1101	N. CALVERT ST #708	21202	alexclamey18@yahoo	
Steven	SPIVEY	4240	FALLSTAFF ROAD	21215	sspivey854@gmail.c	
Robert <del>MATTHEWS</del>	MATTHEWS	1	1916 E 29th St	21218		
Joe	DIANA		8514 CHESTNUT OAK RD	21234	JOSEPHDIANA@GMAIL.CO	
Novella	Gardner		3809 Elmley Ave	21213		
GLORIA	Burrell		4802 Norwood Rd	21212		
Bruce	Curtis		2214 Brookfield Ave.	21217		
James	Outman		3535 Horton Ave	21225		
① Jermaine	Jones		Metro. Baltimore	AFL-CIO	21229	Jjones@mbaflcio.org

(\*) NOTE: IF YOU ARE COMPENSATED OR INCUR EXPENSES IN CONNECTION WITH THIS BILL, YOU MAY BE REQUIRED BY LAW TO REGISTER WITH THE CITY BOARD OF ETHICS. REGISTRATION IS A SIMPLE PROCESS. FOR INFORMATION AND FORMS, CALL OR WRITE: BALTIMORE CITY BOARD OF ETHICS, LEGISLATIVE REFERENCE, 626 CITY HALL, BALTIMORE, MD 21202. TEL: 410-396-4730; FAX: 410-396-8483.



# CITY OF BALTIMORE

## CITY COUNCIL HEARING ATTENDANCE RECORD

Committee: Taxation, Finance and Economic Development

Chairperson: Sha

Date: November 1, 2018

Time: 2:05 p.m.

Place: Clarence "Du" Burns Council Cha

Subject: Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry Now and in the Futu

PLEASE PRINT

**IF YOU WANT TO TESTIFY PLEASE CHECK HERE**

FIRST NAME	LAST NAME	ST. #	ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS
John	Doe	100	North Charles Street	21202	Johndoenbmore@yahoo.com
<del>Key</del>	<del>Fields</del>	<del>PO</del>	<del>33014 Burns Bldg</del>	<del>3701</del>	<del>Johndoenbmore@yahoo.com</del>
<del>VPAs</del>	<del>MOLITE</del>		341 S. Consling St.		NIKAS@WRITE69.COM
METW	DERMIN		7074 Dockets W	21015	Chefmetw@yahoo.com
Alesia	Spelle				

(\*) NOTE: IF YOU ARE COMPENSATED OR INCUR EXPENSES IN CONNECTION WITH THIS BILL, YOU MAY BE REQUIRED BY LAW TO REGI BOARD. REGISTRATION IS A SIMPLE PROCESS. FOR INFORMATION AND FORMS, CALL OR WRITE: BALTIMORE CITY BOARD OF ETHICS, LEGISLATIVE REFERENCE, 626 CITY HALL, BALTIMORE, MD 21202. TEL: 410-396-4730. FAX: 410-396-8483.









My name is Tracy Lingo. I am the Staff Director for UNITE HERE Local 7. We represent over 2,000 hotel, casino and food service workers throughout Maryland. We represent workers at four Union hotels in Baltimore, the Hyatt Regency, the Hilton Baltimore, the Radisson and the Crowne Plaza, the Horseshoe Casino and the Baltimore Convention Center. The majority of our members live and work in Baltimore.

Over the past 30 years Baltimore City has subsidized hotel development in Baltimore in the hopes of replacing the family supporting jobs lost as steel, auto and other industrial jobs left Baltimore. Supporters of these subsidies tell us that these tax breaks will encourage economic development in Baltimore. However, as you will hear today, after 30 years of providing subsidies to downtown hotel development, the evidence shows that subsidies have not created the kind of family supporting jobs that our city needs.

Where we do see economic development that reaches all of Baltimore's neighborhoods is where workers have been able to improve the quality of their wages and benefits, either through bargaining a union contract or through legislative means, like Baltimore's historic Living Wage law, which affected workers working for business with contracts with the City. At the Horseshoe Casino, before the Union wages for non tipped workers ranged \$9.25- \$27.00. Within their first union contract those same workers' wages will go up to between \$14.65-\$31.39. These workers then go home to their neighborhoods and can spend money in local business. Young workers who were living with their parents, can rent houses of their own. Workers who couldn't afford to take their families out for dinner or to a movie suddenly can. This in turn means that more local business can thrive and the overall tax base will increase, funding needed services like school and rec centers instead of taking needed money away from these services as subsidies do.

Today we will hear from Greg LeRoy from Good Jobs First, an expert in how subsidies without requirements for meaningful and accountable job growth fail to create equitable economic development. Then we will hear firsthand from workers at the Baltimore Waterfront Marriott, a hotel that was subsidized by a PILOT that

we estimate cost the city \$47.6 million in forgone property taxes, about the quality of jobs created by that subsidy.

You will hear from workers at the Baltimore Waterfront Marriott that they often have to work two and three jobs to survive. They face cuts in hours, even when work exists for them to do, even while Marriott employs temporary or guest workers. This can result in even long term, supposedly full time workers, losing access to health insurance. A full 37% of the hourly workers who regularly work at the Marriott work for temp agencies.

Marriott, as the largest hotel corporation in the world, has enough to make sure that one job is enough for its workers to live and raise their families in the city where they work and it has enough not to shortchange Baltimore. WE hope that in the future the City Council takes steps to ensure that any company that receives a tax subsidy does so only if we have concrete and accountable assurance that it will create quality, full time jobs.

## Andre Elkridge City Council Statement

My name is Andre Elkridge and I've worked at the Baltimore Marriott Waterfront for going on 3 years. I work as an event services houseman, setting up for banquet events.

I started working at the hotel through the VA, it's a temporary staffing agency for veterans. I had to put in so many hours in order to get picked up to work directly for Marriott. It took me about a year working as a temp before I got picked up by the hotel.

It used to be the hotel would only get one person from the VA at a time in my department. But now, since we started organizing with the union, they started just getting a whole bunch of temps. They stopped hiring people directly. Right now, there are 15 Housemen, 7 of them are temps.

I don't like it, because we weren't doing that before. The whole time I've been there, I've never called out and I've only been late once by about 15 minutes.

When I was a temp, I worked all the holidays but I didn't have any holiday pay. I couldn't get health insurance, I only had health insurance because I'm a veteran. I couldn't use the hotel's 401(k), I couldn't come to company meetings.

Even now that I work directly for Marriott, I've had times when there is a holiday that they give us only four days of work, so we only get 32 hours of pay plus the 8 hours holiday pay so we can't any overtime.

The first two years that I worked for Marriott, I did get raises, but after that my manager told me that my wage is capped at \$13.34 and that I won't receive yearly raises anymore.

If I wasn't getting my retirement money from my other job, and if I didn't have my wife to help me out, I wouldn't even be making it. My wife has to buy my son's clothes because I don't make enough after I pay my bills.

I worked for the city of Baltimore for 19 years, so I get pension money from that job, which was a union job. If I didn't have a union at that job, I don't know what I'd be doing now.

My other son works at the Marriott too, and he's struggling. He wants to leave the job but he decided to stay and hang around hoping things will get better. If Marriott were to provide better jobs, we could be living a lot better and wouldn't be struggling. They do not treat us like family.

Marriott does not take care of the people down there. You can't live off of that job.



**Amy:** Hello my name is Amy Stinson I've worked at the Marriott Waterfront for seven years as a room service server and now as a banquet server.

**Chuck:** My name is Chuck Altvater, I've worked at the Marriott Waterfront for three and a half years as banquet server.

To be a full time banquet sever at the Marriott Waterfront you are required to have 24/7 availability. I don't request off accessibility, I don't request to leave early, but still last winter there were 13 days in a row in which I didn't get a single shift.

This is a problem for us because in order to keep our health insurance Marriott requires that we have to average 30 hours per week every quarter. If you drop below this average for one quarter, you get a warning that you will lose health insurance. If you go another quarter below the limit you are dropped.

The Company is required to give J1 guest workers 30 hours per week by their visas. It is also cheaper for them to have J1 workers work because they keep the J1's share of the gratuity and also don't pay for health insurance for them.

In the slow season I've seen the Company give J1 workers special cleaning projects to get their 30 hours. In the whole time I've worked there the Company has never given me an opportunity to do special cleaning projects to keep my average hours up.

In February of this year both my wife and I lost our insurance when Amy dropped below the average of 30 hours.

**Amy:** Two years ago I suffered three miscarriages, one of them at work. When I miscarried at work, I was in the middle of a shift. I told my manager Jose what was happening. He asked me if I wanted to go or if I wanted stay. At this point I was bleeding so heavily I knew I needed to go to the hospital and had to have my mother who was also working the event drive me.

I'm pregnant again now, but since the beginning of my pregnancy have had to worry about how to get prenatal care since Marriott dropped us from our insurance.

Last spring, in an effort to keep our health insurance, I used up all my PTO to try to make up for the fact that I wasn't being offered any hours. Even after that the

Human Resources said that my average was short by one hour and dropped our coverage.

**Chuck:** After we started organizing for a fair process to win the union, the Company met with us in small groups about our concerns. When we brought up the issues around scheduling and hours our manager, Jalal, told us that we were not “tenacious” enough about getting hours. He said that we should go to all the other Marriott’s in town, build a relationship with the managers there and see if they had hours for us.

Those hotels normally don’t have as much business as the Waterfront and typically they are slow at the same times that we are. Even if they did have hours for some of us, it wouldn’t be a solution for all of the servers who have lost health insurance.

Thank you for holding this hearing about what responsibilities companies that receive subsidies should have to Baltimore. As a full time employee who is not being given the opportunity to work full time hours, I feel that Marriott, as the largest hotel corporation in the world, has the responsibility to provide full time jobs for our community.

Vikas Mohite City Council Statement Revised 10/31/18

Hello,

My name is Vikas Mohite, I've worked at the Marriott Waterfront Baltimore for five years. I work as a Banquet server. I also worked for 5 years at the JW Marriott in Pune, India.

I started working at the hotel as a J1, which is a cultural exchange program where the hotel brings workers to do what is supposed to be a training program at the hotel, but in reality they make us work as regular employees. We are brought here on a temporary 1-year visa.

Even though J1s do the same work as the other banquet servers, we do not get any of the gratuities. The hotel typically charges customers a 25% gratuity for banquet events and pays out 12.75% to the banquet servers. The pool the servers' share and divided it out based on how many hours each banquet server works.

The hours myself and the other J1s worked would be included in the gratuity pool, but we would not get any of the gratuity. The hotel would keep my share of the gratuity and pay me only \$14.06 per hour.

When I was a J1, the hotel did not offer me any kind of health insurance or accommodations. It is very difficult to settle after coming from a different country, when you don't have any family or friends here. While I was a J1, I got a tooth infection. I had no health or dental insurance. I had to pay \$700 out of pocket.

I am no longer a J1 worker. I got married and now I work at the hotel as a local worker. I have a two-year-old daughter.

I am now enrolled in the Marriott's health insurance, and my daughter is enrolled on my plan. I have to work an average of 30 hours per week to keep my benefits. During the slow periods of the year, like in December and January, sometimes I only get one shift during the whole week. When the hotel is busy, I pick up every possible shift I can. I've worked weeks of 80 hours and 90 hours just to keep my average up so I can keep health insurance for my daughter and me.

To support my family, I have to work more than one job. I drive for Uber Eats and several other food delivery apps because the hotel has not been providing me with enough hours.

Between working at the hotel and doing food delivery, I often work over 100 hours a week. Whenever I'm not working at the hotel, I am delivering food. If I'm not scheduled to work at the hotel, my days start at 7am in the morning. I go to the gym, then I drive

around doing food delivery from 9am to 11pm. Then I come home and do it all over again.

I can't get another normal job because I have to have open availability to keep my spot as a full time banquet server at the Marriott. If I don't have open availability, the Marriott will bump me down to a Part Time banquet server.

We are asking for support from City Council to make sure hotel workers in our city survive with just one job, and to make sure immigrant workers and local workers are treated fairly.

Alex Dame City Council Hearing Revised 10/31/18, 6:30pm

My name is Alex Dame, I've worked at the Marriott Waterfront for 8 years as a banquet server.

This spring I lost the health insurance I had through Marriott. I am a full time worker, but I've not been given the 30 hours per week needed to maintain health benefits. As Amy and Chuck mentioned earlier, I've watched as the Marriott gave J1 workers hours in banquets and other departments, while not giving hours to long term local workers, while at the same time exploiting J1 workers by paying them a flat hourly rate and no gratuity.

Although I have chronic health conditions that need attention, I haven't been able to go to the doctor since I lost my health insurance. I've been postponing surgery for a condition that often causes me pain because I can't afford to pay for it without insurance. For this and other reasons I joined the organizing committee with UNITE HERE Local 7 this summer.

I have been a leader in our fight for a fair process. I was there when we made our initial demand for a fair process to the General Manager. I have been on all the picket lines we've had, was featured in a Baltimore Sun story about our struggle and have traveled to visit pension funds invested in the hotel. I've encouraged my coworkers to stand with the union and acted as a spokesperson bringing up our issues in department meetings.

Marriott says that they respect our right to organize, but since we began organizing Marriott has not been neutral. My coworkers were told to stop leafletting customers about our fight, although this is our legal right.

Three weeks ago I was suspended and then fired.

On Wednesday September 26, my manager told me I did not punch out when I left work the night before and asked me to fill out missing punch form. I don't remember having missed a punch, so it came was a surprise to me. I wasn't sure exactly when I had left so I estimated my end time as 8pm on our missing punch form, and left the form for the manager to sign.

The next week, I was suspended and later fired for "falsifying company records". One of my managers told me he checked the camera, and said "we have you punching out at 7:40pm."

I filled out the form to the best of my recollection. I have never been fired from a job my whole life, and I have never been disciplined for any performance issues at the hotel. I have only been late once in my 8 years of service.

It is insulting that Marriott is suspending me for a simple mistake, which could have been easily been fixed by using the information they had to correct the time on my form. UNITE HERE Local 7 has filed a charge with the National Labor Relations Board alleging that my firing was an unfair labor practice intended to discourage my coworkers from exercising their right to organize a union.

My coworkers and I have a message for Marriott. We will not be intimidated and we will not back down. After what Baltimore has invested in the Marriott Waterfront, we all deserve better.

Michael Statement to City Hall, Updated 5pm on 10/31/18

Hello,

My Name is Michael Castillo Caballes. I have been working at the Marriott Waterfront in Baltimore for a little over a year in various positions – currently I work at the front desk.

I am what is known as a J1 trainee – you may have heard of the program before. It is supposed to offer work and training opportunities for people like me to come to the US, get training while we work, and return home with new skills.

I am from the Philippines. In order to get to Baltimore I was lucky because I saved money and took out loans from family and friends. Even so, I went into debt in order to have the opportunity to work at the Marriott.

Many of us struggle to get by. I flew in to the US, and I had very little time to find housing and get together enough money to be secure when I arrived here.

I am still paying down the money I borrowed in order to travel here to work at Marriott. Rent is expensive and rising in Baltimore, so paying all my bills can become difficult if anything comes up – my roommate recently moved out meaning I've had to find someone new. I live in Little Italy, and I pay \$825 myself in rent each month.

This is my second term as a J1 – after my first year I hoped that Marriott would sponsor me so I could stay in the country and continue working, but I was told they won't sponsor J1s. Now I am on my second J1 program.

My official J1 placement plan says I will be scheduled for 32-40 hours a week, so I am often called in to work before local workers, which I do not mind because it does mean I get hours. But, I know some local workers want more hours and they aren't always allotted fairly.

Both local workers and J1s agree things are not fair. That's part of the reason we are organizing to get a fair process.

Thank you.





Jose Mangu City Council Hearing Updated 10/31/18, 6:30pm

Hello,

My name is Jose Ramirez, I have been working at the Baltimore Waterfront hotel for 11 years, and I have worked for Marriott for 20 years. I work in Event Services, cleaning the public areas around the banquet rooms. Before I worked at the Baltimore property, I worked for the Marriott in San Juan Puerto Rico.

I am 62 years old. I am having a very difficult time planning my retirement because of the low wages and being scheduled for too few hours. It is not fair, I have worked for Marriott for 20 years, but the company pays me the same as many new workers who just started. Many in my department and I are paid only \$13.34 an hour. Some weeks, we only have two or three days of work at the hotel.

I cannot survive on what I earn. To earn as many hours as possible each week, I have to use my vacation time to complete my hours. I have had to take out loans from my 401(k). I do not have a pension.

I have more money in my retirement plan from the Marriott in San Juan than from Baltimore, even though I've worked for the Baltimore hotel one and a half more years.

Every year since I transferred to this hotel, I have earned less and less on my W-2s. Every year, my bills increase, but not my salary.

I have also faced unfair questions about my citizenship while working at the hotel. Twice now, the hotel has suspended me without pay because they have questioned my legal status. I am a US citizen, and Human Resources has all my paperwork on file. But they have asked me to bring proof again.

My mother lives in Santo Domingo in the Dominican Republic, and it's been very hard to visit her because of my income and having to use my vacation time to complete my hours. I haven't visited her in almost 2 years.

I cannot do this work forever. I work in pain everyday. While I worked at the Marriott in Puerto Rico, I hurt my back while I was working in the laundry. I have a herniated disk in my spine and I have arthritis.

I was once proud to work for Marriott. But instead of fabricating proud employees, Marriott is fabricating impoverished workers.

Hola,

Mi nombre es José Ramírez, he trabajado en el hotel Baltimore Waterfront durante 11 años, y he trabajado para Marriott durante 20 años. Trabajo en Servicios de eventos, limpiando las áreas públicas alrededor de las salas de banquetes. Antes de trabajar en la propiedad de Baltimore, trabajé para el Marriott en San Juan Puerto Rico.

Tengo 62 años. Estoy teniendo un momento muy difícil para planificar mi jubilación debido a los bajos salarios y estoy programado para muy pocas horas. No es justo, he trabajado para Marriott durante 20 años, pero la compañía me paga lo mismo que muchos de los nuevos trabajadores que acaban de comenzar. Muchos en mi departamento y yo pagamos solo \$13.34 por hora. Algunas semanas, solo tenemos dos o tres días de trabajo en el hotel.

No puedo sobrevivir con lo que gano. Para ganar tantas horas como sea posible cada semana, tengo que usar mi tiempo de vacaciones para completar mis horas. Tuve que sacar préstamos de mi 401 (k). No tengo una pensión.

Tengo más dinero en mi plan de retiro del Marriott en San Juan que en Baltimore, aunque he trabajado para el hotel de Baltimore un año y medio más.

Cada año desde que me transferí a este hotel, he ganado cada vez menos en mis W-2. Cada año, mis cuentas aumentan, pero no mi salario.

También me he enfrentado a preguntas injustas sobre mi ciudadanía mientras trabajaba en el hotel. En dos ocasiones, el hotel me suspendió sin pago porque han cuestionado mi estado legal. Soy ciudadano de los EE. UU. Y Recursos Humanos tiene todos mis documentos archivados. Pero me han pedido que traiga pruebas de nuevo.

Mi madre vive en Santo Domingo en la República Dominicana, y ha sido muy difícil visitarla debido a mis ingresos y al uso de mis vacaciones para completar mis horas. No la he visitado en casi 2 años.

No puedo hacer este tipo de trabajo para siempre. Trabajo en dolor todos los días. Mientras trabajaba en el Marriott en Puerto Rico, me lastimé la espalda mientras trabajaba en la lavandería. Tengo un disco herniado en la columna vertebral y tengo artritis.

En vez de fabricar empleados orgulloso como yo mi sentia, lo que estan fabricando es mas empleados pobres en Baltimore.



1616 P Street, NW Suite 210  
Washington, DC 20036  
(202) 232-1616  
[www.goodjobsfirst.org](http://www.goodjobsfirst.org)

---

**Comments of Greg LeRoy  
Executive Director, Good Jobs First  
To the Baltimore City Council: Informational Hearing  
on Subsidies to Baltimore's Hospitality and Tourism Industry  
Baltimore ~ November 1, 2018**

Thank you for convening today's hearing. My name is Greg LeRoy and I'm the executive director of Good Jobs First, a 20-year old, non-profit, non-partisan research organization based in Washington DC. We last testified before your Taxation, Finance and Economic Development Committee in July 2016 about the Port Covington project.

Our mission is to help those who wish to improve the effectiveness of economic development incentive deals and programs. I have worked on this issue almost continuously since the late 1970s, and have written two books on incentives. I've contributed to numerous specialty publications, written or overseen more than 125 studies, and testified before various state and local legislative bodies. I have trained many hundreds of times, including for the International Economic Development Council, the Local Government Commission/New Partners for Smart Growth, the National League of Cities, the Council of Development Finance Agencies, and state-based associations of public officials.

The Marriott deal and Baltimore's two primary incentive programs used to support the hospitality industry here exemplify the very serious structural problems we have long noted in your city. Simply put: for all its decades of heavily subsidized waterfront redevelopment, Baltimore has failed as a city to revitalize itself because it has not intentionally tied those waterfront subsidies to any benefits in the neighborhoods. The City has failed to drive a smart bargain in exchange for its tax incentives and taxpayers have been poorly served by the loss of vital tax revenues and the creation of poverty-wage jobs with hidden taxpayer costs.

We first documented Baltimore's structural problems in a study we published in 2002, entitled *Subsidizing the Low Road*.<sup>1</sup> In it, we found that:

*...Baltimore's economic development efforts [have] a recurring history of high costs, low benefits, and a lack of safeguards to ensure that taxpayer investments really pay off in family-wage jobs and an enhanced tax base. Unlike most states and many big cities, Baltimore has no job quality standards, or laws requiring subsidized companies to pay a certain wage or to provide healthcare. The pattern is especially troubling today, as the city increasingly employs local tax expenditures—foregone future revenues—instead of federal or state dollars to finance development deals.*

The Baltimore Marriott Waterfront payment-in-lieu-of-taxes, or PILOT deal, has already cost the city \$47.6 million in lost revenue. We find it incredible that the city's program rules do not require Marriott to directly employ its staff in order to qualify for and to continue to receive this tax abatement (i.e., that the deal allows Marriott to outsource much of the hotel's staffing). If a company is subsidized to create jobs, it should be held directly accountable for the creation and retention of those jobs. That is, the same corporate entity that creates taxpayer costs should be required to generate the taxpayer benefits.

And those jobs should be good, full-time jobs. However, Baltimore's PILOT program fails to attach any job quality standards to the subsidized jobs. That is, it does not require that the jobs be full-time, provide healthcare benefits, paid safety and family leave, or retirement benefits. Nor does it provide a first-source local hiring provision to encourage that disadvantaged local workers get first crack at qualifying for the jobs.

This is especially critical for Baltimore. As of the latest Maryland Department of Legislative Services tabulation, Baltimore City accounted for almost two-thirds of all the economic development PILOTs in the entire state (205 out of 317) and that such properties had a total value as of 2014 of \$570,186,114.<sup>2</sup> (It also showed that Baltimore City suffers the state's highest share of property tax base off the rolls due to exemptions for public, religious, educational, etc. ownership—31.6 percent.)

We are also struck by the fact that the PILOT program has no online disclosure of the costs and benefits of such costly deals. Every state and many big cities and urban counties do disclose deal-specific costs (and often benefits) online. That helps ensure compliance: Everyone can see if a deal is succeeding, or if tax breaks should be clawed back because a company is failing to deliver on its end of the bargain.

Big cities such as New York, Chicago, Memphis and Austin, Texas stand out as the best we have found for deal-specific disclosure. (Our most recent “report card” study on this is *Show Us the Local Subsidies*<sup>3</sup> of March 2017.) Together with process reforms to enable greater civic engagement (see below), disclosure is a cornerstone reform that enables many forms of analysis critical to improving incentives.

Without job quality standards, if a company is allowed to pay poverty wages and few if any benefits, or to offer less than full-time hours, or if it is allowed to outsource to a low-road contractor, then we as taxpayers do not know the whole cost of the deal. Inevitably in low-wage service sectors such as hospitality, absent job quality standards or a union contract, many workers will need social safety-net assistance such as SNAP (i.e., food stamps), the Earned Income Tax Credit, Section 8 housing assistance, State Children’s Health Insurance Program aid, and/or Medicaid.

Indeed, in a survey of food and retail concessions workers at Baltimore-Washington International Thurgood Marshall Airport that we issued a report on in 2011 (*Behind the Counter at BWI: Engine of Development or Pocket of Poverty?*<sup>4</sup>), it was found that median pay was below \$16,000 per year. It was also found that one sixth of the workers received SNAP to be able to afford food. Almost two in five lacked health insurance and that among those with coverage, two in five were enrolled in Maryland Medicaid. Among those children with health care coverage, seven in eight depended on Maryland’s Children’s Health Insurance Program (CHIP).

Although Baltimore’s PILOT program has no cost-benefit disclosure, and its tax increment financing (TIF) program (which has also figured prominently in many waterfront redevelopment deals) has poor disclosure, we are able to describe at least some of the aggregate taxpayer costs of the two programs. This is especially true thanks to Governmental Accounting Standards Board (GASB) Statement No. 77 on Tax Abatement Disclosures.

As of FY 2017, PILOTs cost the City of Baltimore \$15.7 million in foregone revenue annually. As of FY 2017, TIF bond principal and debt pledges totaled \$19.4 million. Because of the enormous new TIF commitments the city has made, especially the \$660 million TIF for Sagamore Development at Port Covington (the third-largest private-sector TIF in U.S. history), we expect that figure to greatly increase. Here are major-cost TIF projects Baltimore paid on in FY 2016:

Belvedere Square: \$117,454	Mondawmin Mall: \$837,834
Clipper Mill: \$585,812	North Locust Point: \$205,612
EBDI Phase 2: \$5,625,218	Strathdale Manor: \$480,105
Harbor Point: \$1,396,518	Unallocated: \$1,685,000
Harborview: \$628,540	Total: \$11,562,093

Here are examples of major subsidy obligations Baltimore has incurred:

<b>Project</b>	<b>Cost to Date or Projected Cost</b>	<b>Type of Subsidy</b>
Port Covington/ Sagamore Development	\$660 million	TIF
Harbor Point	\$107 million	TIF
Baltimore Marriott Waterfront	\$47.6 million	PILOT
Under Armour	\$30 million	TIF

Finally, in our 2002 report, we noted how secretive the Baltimore Development Corporation had operated since its incorporation way back during the Schaefer mayoral administration. Under that original state charter, the BDC was legally exempted from the state's open records law. While we are pleased that the BDC's open records exemption has since been lifted, it is still evident to us, especially from discussions with journalists, that the Corporation still fails to encourage public participation in its work.

If the city hopes to improve programs like PILOT and TIF so that they create good jobs and generate a better return on taxpayers' investment, it will also need to embrace meaningful economic development *process reforms*, and by that, we mean intentional measures far beyond open records of past transactions. We mean up-front civic engagement. Prospective deals need to be disclosed 60 or more days in advance of their formal consideration, and all relevant application materials need to be part of that advance disclosure. Taxpayers must have the right to sign up for email alerts about each new proposed deal and about the hearings at which they will be considered. Those hearings should occur in the evening so that working people can attend them, and major projects should be the subject of additional outreach and community input while they are even in preliminary negotiations.

Baltimore can stay on the low road and continue to suffer tax-revenue losses and even greater hidden taxpayer costs driven by poverty-wage jobs. Or it can adopt best practices from other cities and urban counties, bring residents into the process, drive a smarter bargain, and achieve more broadly-shared prosperity.

Thank you for the opportunity to testify. I welcome your questions.

<sup>1</sup> <https://www.goodjobsfirst.org/sites/default/files/docs/pdf/balt.pdf>

<sup>2</sup> <http://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Property-Tax-Exemptions-and-PILOT-in-Maryland.pdf>

<sup>3</sup> <https://www.goodjobsfirst.org/showusthelocalsubsidies2>

<sup>4</sup> <https://www.goodjobsfirst.org/sites/default/files/docs/pdf/bwireport.pdf>

# City of Baltimore

City Council  
City Hall, Room 408  
100 North Holliday Street  
Baltimore, Maryland  
21202

## Meeting Agenda - Final

### Taxation, Finance and Economic Development Committee

---

Thursday, November 1, 2018

2:05 PM

Du Burns Council Chamber, 4th floor, City Hall

---

18-0104R

#### CALL TO ORDER

#### INTRODUCTIONS

#### ATTENDANCE

#### ITEMS SCHEDULED FOR PUBLIC HEARING

##### 18-0104R

Informational Hearing - Subsidies to Baltimore City's Hospitality and Tourism Industry, Now and in the Future  
For the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

##### Sponsors:

Mary Pat Clarke, Bill Henry, President Young, Sharon Green Middleton, Brandon M. Scott, Kristerfer Burnett, Zeke Cohen, John T. Bullock, Shannon Sneed, Edward Reisinger, Ryan Dorsey, Leon F. Pinkett, III, Robert Stokes, Sr.

##### Attachments:

[18-0104R-1st Reader](#)

[Visit Baltimore 18-0104R](#)

[BDC 18-0104R](#)

#### ADJOURNMENT

**THIS MEETING IS OPEN TO THE PUBLIC**







**BILL SYNOPSIS**

**Committee: Taxation, Finance and Economic Development**

**Bill 18-0104R**

*Sponsor: Councilmember Clarke*

*Introduced: September 17, 2018*

**Purpose:**

For the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

**Effective:** None

**Hearing Date/Time/Location:** November 1, 2018 / 2:05 p.m. / Clarence "Du" Burns Chamber

**Agency Reports**

City Solicitor	
Department of Planning	
Baltimore Development Corporation	Comments
Department of Housing and Community Development	
Department of Finance	
Visit Baltimore	Comments

## Analysis

### Background

In 1998, the City of Baltimore and hotel developer H&S Properties reached an agreement where the city provided them with a \$5 million loan at 2% percent interest over a 25 year period. They also received a \$5 million grant, and a substantial break in property taxes having to only pay \$1 a year over a 25 year period through a payment in lieu of taxes (PILOT) subsidy. The idea to provide Harbor East Marriott and other developers with tax breaks and other subsidies to complete projects here in the city was to spur economic development and create local jobs.

According to third party research compiled by Visit Baltimore, in fiscal year 2018 the hospitality and tourism community welcomed more than 397,000 guest to Baltimore City. Those individuals spent approximately \$5.7 billion in direct sales, which generated \$717 million in local City and State taxes. That activity supported 85,678 jobs, including an estimated 10,200+ jobs in the lodging sector.

Now, while corporate executives are seeing a return on their investments many local workers in the hospitality industry have made complaints that their wages have not gone up in years. They have stated that their employers cap the number of hours that they can work so they will remain in a part-time capacity, which doesn't allow them to earn a livable wage or receive health insurance or other benefits. Staff at the Harbor East Marriott Hotel have partnered with Unite Here Local 7, one of the largest hospitality labor unions in the State of Maryland to fight for better wages and benefits. If the group does unionize Unite Here would represent the interest of approximately 220 employees consisting of housekeepers, cooks, restaurant and banquet servers, and bartenders.

---

### Additional Information

**Fiscal Note:** Not Available

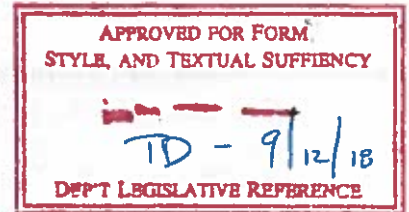
**Information Source(s):** Agency Reports, Baltimore Business Journal, Baltimore Sun

---

Analysis by: Samuel Johnson, Jr.  
Analysis Date: October 30, 2018

Direct Inquiries to: (410) 396-1091

**INTRODUCTORY\***  
**CITY OF BALTIMORE**  
**COUNCIL BILL \_\_\_\_\_ R**  
**(Resolution)**



Introduced by: Councilmember Clarke

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning

**Informational Hearing – Subsidies to Baltimore City’s Hospitality and Tourism Industry,  
Now and in the Future**

FOR the purpose of inviting the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor’s Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

WHEREAS, tourism and hospitality are vital contributors to the Baltimore City economy.

WHEREAS, total transient occupancy tax paid to the City in 2016 was \$34,147,258.

WHEREAS, the Baltimore market has 25 hotels with 3,121 rooms in its development pipeline, according to Smith Travel Research.

WHEREAS, Baltimore City has a financial interest in continued development of hotels and has pursued this interest by subsidizing development, including the use of Payment in Lieu of Taxes (PILOT) and Tax Increment Financing (TIF) agreements.

WHEREAS, in particular, Baltimore City subsidized the development of the Baltimore Marriott Waterfront by providing a loan of \$5 million at 2 percent simple interest over 25 years; and a \$5 million grant, funded by general obligations bonds.

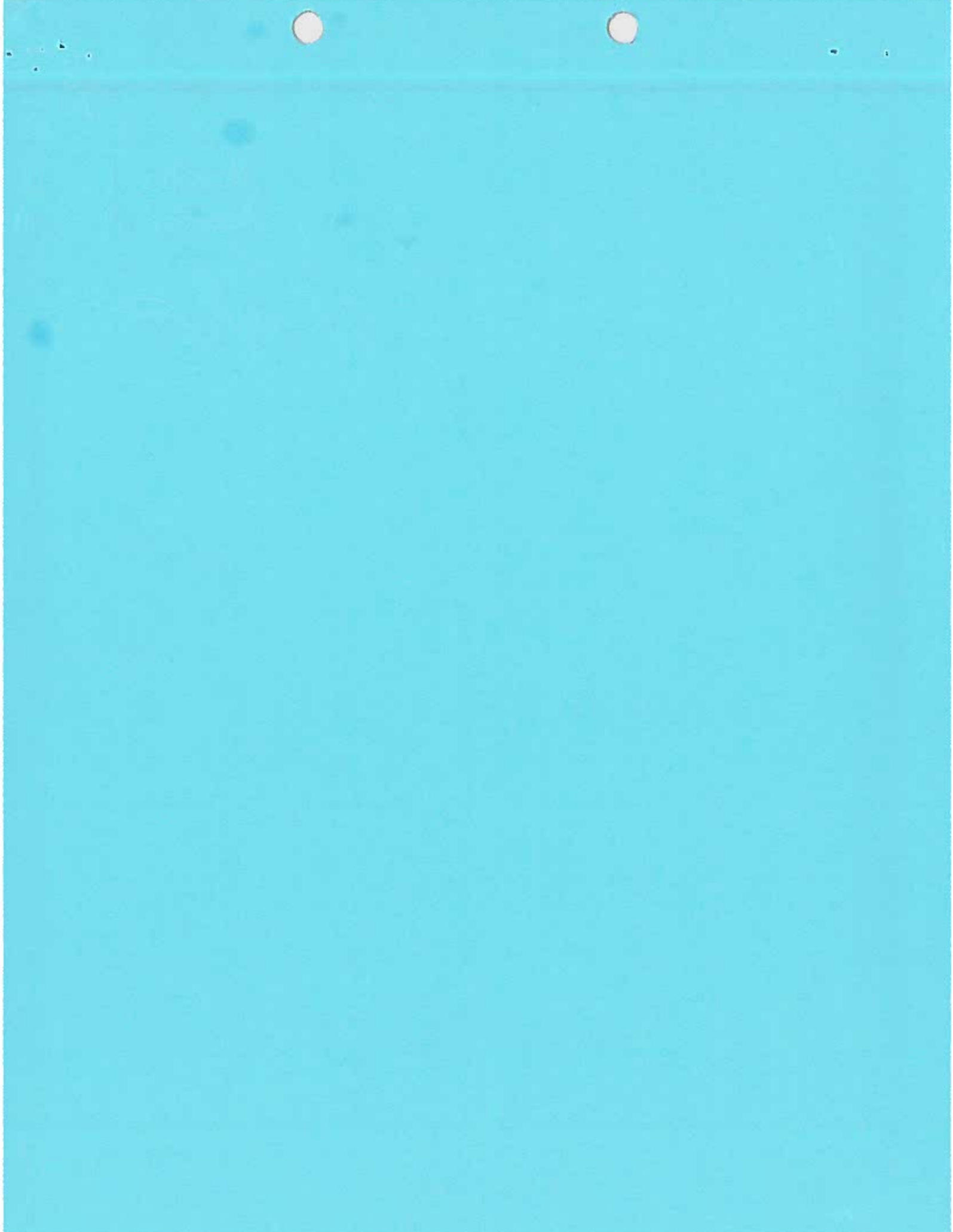
WHEREAS, in addition to loans, Baltimore City has subsidized the development of the Baltimore Marriott Waterfront by signing a PILOT Agreement, under which the hotel is exempt from municipal real property taxes and instead pays the City \$1 a year. Under this PILOT particular agreement, Baltimore City has foregone an estimated \$47.6 million in tax revenue.

WHEREAS, many hotel workers, including employees at the Baltimore Marriott Waterfront hotel, are employed by third party temporary or outsourcing companies. As a result, these workers have faced declining wages and hours and have reported difficulty in accessing affordable healthcare for themselves and their families.

\* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.  
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** that the Council invites the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of Employment Development; representatives of the Baltimore tourism industry; and representatives of the Baltimore labor community to appear before the City Council to discuss the subsidies that the City of Baltimore has provided to the hospitality and tourism industry as well as best methods for ensuring that any future subsidies to the hospitality and tourism industry are conditioned upon the recipients commitment to create quality jobs.

**AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the President and CEO of Visit Baltimore; the President and CEO of the Baltimore Development Corporation; the Director of the Baltimore City Department of Finance; the Director of the Mayor's Office of Employment Development, the Mayor, and the Mayor's Legislative Liaison to the Baltimore City Council.



ACTION BY THE CITY COUNCIL

SEP 17 2018 20

FIRST READING (INTRODUCTION) \_\_\_\_\_

PUBLIC HEARING HELD ON \_\_\_\_\_ November 1 20 18

COMMITTEE REPORT AS OF \_\_\_\_\_ November 19 20 18

FAVORABLE \_\_\_\_\_ UNFAVORABLE \_\_\_\_\_ FAVORABLE AS AMENDED \_\_\_\_\_ WITHOUT RECOMMENDATION

*Shun Miller*  
Chair

COMMITTEE MEMBERS:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMMITTEE MEMBERS:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

NOV 19 2018 20

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING \_\_\_\_\_ 20

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (ENROLLED) \_\_\_\_\_ 20

\_\_\_\_\_ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) \_\_\_\_\_ 20

WITHDRAWAL \_\_\_\_\_ 20

There being no objections to the request for withdrawal, it was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.

\_\_\_\_\_  
President

\_\_\_\_\_  
Chief Clerk