


BaltAC

FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 21-0067 – Baltimore City Residency Requirements-Prohibition Against Purposeful Evasion		

DATE:

TO

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

May 10, 2021

Position: Defer to Law and Ethics Board

The Department of Finance is herein reporting on City Council Bill 21-0067, Baltimore City Residency Requirements-Prohibition Against Purposeful Evasion, the purpose of which is to prohibit a re-organization or shift in staff reporting requirements in order to purposefully evade the Baltimore City residency requirements.

Background

Ordinance 18-111, City Officials-Residency Requirements, went into effect in April 2018 and established residency requirements for agency heads who report directly to the Mayor and any supervisory employee who reports directly to the Mayor or to an agency head. The requirements stipulate that an individual in any of these positions must be a resident and registered voter of Baltimore City for the duration of their term of office. Any employees holding these positions at the time the law passed and did not live in the City were exempt.

The proposed legislation aims to enforce the Ordinance in place and prohibit the reorganization or shifting of intraagency staff reporting assignments to purposefully evade the residency requirements. A violation will result in an Ethics Violation under City Code Article 8, Subtitle 9.

Fiscal Impact

The Department of Finance does not anticipate a cost for the City as a result of this legislation due to the fact that it is building on a current ordinance.

Other Considerations

In previous discussions about this and similar legislation, there are often comments or questions about lost revenue for the City, specifically property and income taxes. Property tax is collected on any property owned in the City and income tax is collected based on an individual's place of residency, not the place of work. The fiscal impact of any single non-exempt individual not following residency requirements would equate to, on average, \$4,300 in forgone income tax revenue and \$6,500 in forgone annual property tax revenue. Property tax revenue is contingent on the individual owning, not renting, property in the City.

While the residency requirement is currently law, it may be worth noting the impacts the law might have on the City's ability to hire strong candidates for these positions due to the requirement. There are a variety of personal reasons that a candidate may be unable or unwilling to move into the City and the residency requirement limits the pool of candidates for certain jobs. Challenges in hiring for these

positions may impact agency operations and increase recruitment and employment costs. In addition, as agencies consider what's best for efficiencies and effectiveness of services, they may consider re-organization as a tool to reach their goals.

Based on Finance's review of the proposed legislation and the enforcement actions the Board of Ethics is authorized to take under City Code Article 8, Subtitle 9, it is unclear how the authority of the Board will be applied to this legislation. In addition, with the establishment of the Chief Administrative Officer (CAO) position in January 2021, the CAO is now the reporting point of contact for many agency heads. The current law applies to positions reporting directly to the Mayor or any supervisory employee who reports directly to the Mayor or to an agency head.

Conclusion

The proposed legislation establishes an enforcement method for the current residency requirement law and is not anticipated to have a fiscal impact for the City. Finance is uncertain about the applicability of the enforcement authority of the Board of Ethics to this law.

For the reasons stated above, the Department of Finance defers to Law and the Board of Ethics on City Council Bill 21-0067.

cc: Henry Raymond
Natasha Mehu
Nina Themelis