

<b>FROM</b>	<b>NAME &amp; TITLE</b>	Robert Cename. Budget Director <i>Robert Cename</i>	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	<b>AGENCY NAME &amp; ADDRESS</b>	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	<b>SUBJECT</b>	City Council Bill 21-0099 – Study and Report - Tax Sale Accounting		

DATE:

**TO**

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

August 16, 2021

The Department of Finance is herein reporting on City Council Bill 21-0099, Study and Report - Tax Sale Accounting, the purpose of which is to report on tax sale issues resulting from the City's accounting system.

The Department of Finance is committed to develop strategies to resolve challenges derived from the limitations of our existing billing, payment, and accounting systems. Consequently, the Department has identified a course of actions intended to address many of the concerns recognized by this legislation. Some of these actions can be achieved within existing resources, but other will require significant capital investments.

In the short-term, the Department of Finance in partnership with the Baltimore City Information Technology (BCIT), will implement corrections, adjustments and necessary upgrades to the mainframe, accounting, and tax sale systems. These are longstanding platforms that do not interact with each other, creating many operational and customer services deficiencies. In the long-term, the ultimate objective is the permanent replacement of the mainframe system along with upgrading capabilities of the tax sale and accounting system.

The Department of Finance and BCIT will explore opportunities to improve overall customer service to all City residents. The City will work towards the consolidation of systems to provide options where taxpayers are able to see all type of bills and liens in one place. The City will explore the use of technology to create Final Bill and Legal Notices (FBLN) with a scan line in order to facilitate the payments of individual and multiple bills under the same platform, minimizing errors and addressing overpayment, and refund issues more timely and efficiently. These technology upgrades will take time, but the planning and scoping have already begun as BCIT is expected to start implementation of a new Payment system December 2021 and will begin the replacement of tax/property systems by the third quarter of 2022 once Phase II of Workday Enterprise Resource Management (ERP) implementation is completed and stabilized. BCIT is gearing up now for these major technology platform upgrades including planning for technology, database, and system documentation assessments prior to the start of the tax/property systems upgrades in the third quarter of 2022. In the interim, BCIT will prioritize and fix current system issues as they arise.

The Department of Finance, more specifically the Bureau of Revenue Collections (BRC), is developing strategies for increasing the promotion of the Homeowners' Tax Credit (HTC) and other programs intended to assist City residents. This initiative will include the mailing of inserts with HTC and other assistance program information to tax payers, especially senior and low-income residents, three times a year: October, January and along with the Mayor's Tax Message in July. These inserts will include key information such as the eligibility criteria and details of the application process, but more importantly, they will serve as a reminder to tax payers about the availability of these programs and credits. Additionally, BRC will increase the display of HTC and other programs' information on its monitors located

in the hall of the Municipal Building and will add signs with their information in high visibility areas of the building. In addition to the HTC, the following is a list of Property tax resources available for Baltimore City residents that will be promoted:

- Supplemental Homeowner's Tax Credit
- Homestead Tax Credit
- Targeted Homeowner's Tax Credit
- Future Tax Saving Program
- Tax Sale Exemption Program
- Veterans Property Tax Exemption
- Partial Tax exemption for Blind Persons
- Exemption for Home Improvements for Health or Medical Conditions
- Department of Housing and Community Development (DHCD's) My Home, My Deed, My Legacy Program
- Department of Public Works' Discount Program
- Department of Public Works' BH2O Program
- DHCD's LIGHT Program

The City is also committed to proactively and progressively correct issues with properties misclassified resulting from the lack of systems that efficiently enable communications within City agencies and with the State. It is important to recognize that in recent years the City has discovered, corrected, and significantly reduced the errors in City records pertaining to homeowner indicators as the result of the implementation of the following two processes:

- Delivery of electronic transmittal of the property's homeowner indicator directly from the City Transfer and Recordation Office at BRC to the State Department of Assessments and Taxation (SDAT.)
- Enforcement of homeowner benefits such as the THTC to property owners who have been approved for the Homestead tax credit (ATC.) The City sent communication to all properties indicating only those owners with filed ATC application with SDAT will be recognized with owner-occupied indicator. This policy prompted many property owners to apply for the Homestead tax credit and update their homeowner indicator.

The Department of Finance, the Law Department, and the DHCD will continue working together to help customers to access external resources to update deeds. Currently, affidavit is not an option as SDAT approves Homeowner's and Homestead tax credits eligibility based on homeowner indicator.

Finally, the Department of Finance will carefully investigate and provide a plan to address issues with taxpayers not receiving City's official communications. However, the Department has performed a review of its property tax database and the addresses of properties receiving FLBN and it has been determined that there is no significant evidence of properties experiencing issues such as erroneous zip codes. Therefore, the Department considers that at this time, no plan of action is needed to address this particular concern. The Department will continue resolving identified issues on a case by case basis.

The Department of Finance will attend the hearing for this bill to respond to any fiscal inquiries and to address the provisions outlined in this bill.

cc: Henry Raymond  
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