



City of Baltimore

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

Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Councilmember Henry

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Request for State Action - Higher Vacant Property Tax Rate

FOR the purpose of calling on the General Assembly and Governor to enact enabling legislation which would allow the Mayor and City Council to develop a program that would allow vacant properties to be taxed at a higher rate more in line with the true costs they inflict on their host communities.

Recitals

Baltimore's longstanding vacant property problem is well known. Unfortunately, there is no such thing as a magic wand that we can wave to make this problem disappear. Over the years many approaches have been tried with varying, but limited, degrees of success.

However, there is a simple action that could be taken at the State level that would help immensely, and that, at least, would take away some of the existing immunity from having to pay for the true costs vacant properties inflict on our community that these properties' owners currently enjoy.

It is well established that one of the reasons vacant properties are a problem is the fact that they drain a far higher amount from the City's coffers than they contribute in property taxes. Raising the property tax rate on decrepit vacant properties would be an easy way to address this imbalance.

Vacant, deteriorating, buildings often have little to no property value, meaning they pay little to no property tax. And the worse shape a property is in, the lower its value, and the cheaper its tax bill. Unfortunately, in this instance, the properties' values serve as a particularly poor proxy for their drain on the City's resources.

Vacants cost the City far more than occupied buildings by providing havens for vermin, bases for crime, and unattended kindling for fires. They lower property values for, and sometimes even damage the structural integrity of, surrounding properties, thus further eroding the City's tax base. They contribute to a disproportionate share of

emergency service calls and community requests for cleaning, maintenance, and inspections. And, unlike their property values, their drain on City resources increases as their conditions deteriorate.

Under Maryland's existing property tax laws, no accounting for these costs can be imposed on vacant properties. The most decrepit vacant properties continue to use the most public resources while contributing the least in taxes, turning them into huge financial liabilities for the City.

Despite the damage they cause to their host neighborhoods and the City's finances, vacants are often not financial liabilities for their owners. The minimal property taxes owners of vacant properties are required to pay means that it may make perfect financial sense for speculative absentee property owners to simply hold and ignore these properties, allowing them to deteriorate and further lower their tax bill, in the hopes that someday neighborhood changes will increase the value of the property.

Even worse, the fact that making improvements to worthless vacant properties would raise their taxable value works as financial disincentive for speculators to make the first move in developing their properties. If they invest but the neighborhood as a whole does not improve they may be left with higher taxes but no opportunity to profit. Instead, they are incentivized to continue to act as parasites, sitting back and hoping that someone else - the City, responsible developers, neighborhood residents - will make the investments of time, money, and effort needed to overcome the blight that the vacants help to spread and increase property values to the point that the vacant property owners can cash in their own "investment" by selling the properties.

A properly constructed higher property tax rate on vacant and decrepit buildings could significantly ameliorate both of these aspects of the vacant property problem. Allowing the City to take in more revenue from vacants would partly offset their huge drain on City resources, and would create a much more equitable distribution of the City's tax burden between responsible residents and speculative property owners. It would also create an incentive for property owners to get off the sidelines and move their properties into productive uses to avoid the higher vacant property tax rate. On its own, this change may not solve all of the problems that vacant structures present us with, but it would certainly be a huge step towards that goal.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Council calls on the General Assembly and Governor to enact enabling legislation which would allow the Mayor and City Council to develop a program that would allow vacant properties to be taxed at a higher rate more in line with the true costs they inflict on their host communities.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Governor, the Honorable Chairs and Members of the Baltimore City House and Senate Delegations to the Maryland General Assembly, the President of the Maryland Senate, the Maryland House Speaker, the Mayor, and the Mayor's Legislative Liaison to the City Council.

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