



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 Stokes

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Privatized Tax Collection

FOR the purpose of calling on the City's Department of Finance to explore privatizing tax calculations and collections in order to put a end to the chronic and costly tax errors plaguing Baltimore.

Recitals

Late last month news broke that calculation errors in yet another tax program had cost the City hundreds of thousands of dollars in lost revenue. These errors, involving the Enterprise Zone Tax Credit, come on top of other recently disclosed tax errors that have cost Baltimore millions in foregone taxes.

Media investigations have now revealed government calculation mistakes in at least three unrelated tax programs. In addition to the \$700,000 in errors in the Enterprise Zone Tax Credit calculations, costly flaws have been found in the administration of the Homestead Tax Credit and in credits for historic renovations. These widespread problems must give rise to serious doubts about government's ability to properly administer tax credit programs.

In fact, the cost and scale of errors in tax credits makes exploring the idea of farming out tax collection and calculations to private entities an attractive option. If privatization could eliminate, or even materially reduce, expensive tax errors then any fees charged by the outside contractors would be more than justified by the increased revenue stream.

Ultimately, the unwarranted tax breaks given out to some properties due to flawed calculations result in additional burdens for all of Baltimore's tax-payers who must pick up the slack with higher payments of their own or endure degraded City services. Any steps that could reduce this burden on Baltimore's citizens, including privatized tax calculations and collections, deserve to be seriously considered.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Council calls on the City's Department of Finance to explore privatizing tax calculations and collections in order to put a end to the chronic and costly tax errors plaguing Baltimore.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Mayor, the Director of Finance, and the Mayor's Legislative Liaison to the City Council.

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ccres/PrivateTax/tw