*** Warning:** This is an unofficial, introductory copy of the bill.
The official copy considered by the City Council is the first reader copy.

Introductory*

City of Baltimore
Council Bill R
(Resolution)

Introduced by: Councilmember Costello

A Resolution Entitled

A Council Resolution concerning
Informational Hearing - Anchor Institution's PILOT Agreement for Real Property Taxes
For the purpose of requesting a briefing on the efficacy of the 2016 PILOT agreement and the feasibility of, desirability of, and options for reopening and renegotiating the agreement.

Recitals

In 2016, the Mayor and City Council of Baltimore entered into an agreement with 15 medical and educational anchor institutions in which the anchor institutions would make annual payments in the aggregate of $6 million over Fiscal Years 2017-2026 ($60 million over the term of the agreement), as payments in lieu of taxes ("PILOT"). This PILOT was memorialized in a memorandum of understanding (MOU) negotiated with the City of Baltimore called the "Non-profit Assessment Agreement," which was subsequently adopted by the Board of Estimates. The 2016 PILOT replaced an earlier agreement reached in 2010, which expired in June 2016.

The institutions who are party to the PILOT include members of the Maryland Hospital Association and Maryland Independent College and University Association who have facilities located in Baltimore City. These institutions include Bon Secours, Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, Johns Hopkins University, Loyola University Maryland, Maryland Institute College of Art, MedStar Good Samaritan Hospital, MedStar Harbor Hospital, MedStar Union Memorial Hospital, Mercy Medical Center, Notre Dame of Maryland University, Sinai LifeBridge, St. Agnes Healthcare, University of Maryland Medical Center, and University of Maryland Medical Center Midtown. Estimates hold that these institutions collectively own property in the City of Baltimore valued at approximately $5.3 billion, which would yield approximately $120 million annually in real property taxes at the current rate of $2.248 per $100 of assessed real property.

The institutions who are party to the PILOT MOU also account for over 50% of the City of Baltimore's job growth since 2014 and contribute significantly to the City's economy through local purchasing, new capital construction, and community investment strategies. As a collective, these institutions include some of our Nation's most impactful and respected medical and educational institutions. In addition, these institutions all engage in significant community engagement efforts benefitting the citizenry of Baltimore City.

In 2016, the City of Baltimore's $15.9 billion in tax exempt properties accounted for nearly a third (30.9%) of its total real property base assessment of $51.6 billion. While the 2016 PILOT called for a significant increase over the payments required under its 2010 predecessor agreement, it is far lower than would be recouped in property taxes were the anchor institutions privately owned, taxable properties. Notwithstanding the PILOT and MOU, the member institutions do make payments to the City in the form of parking taxes, property taxes on non-exempt property, water bills, energy taxes, telecommunication taxes, and hotel taxes.

Since the negotiation of the 2016 PILOT, Baltimore City has seen the costs associated with service delivery rise faster than the growth of revenues. At the same time, the Commission on Innovation and Excellence in Education (" Kirwan Commission") has undertaken a thorough study of the policy and funding changes necessary at the state and local levels to ensure public school students in every Maryland jurisdiction-including Baltimore City-receive a world-class education. The Kirwan Commission has recently issued preliminary funding recommendations that call on Baltimore City to increase its local recurring annual contribution to public education by up to $330 million by Fiscal Year 2030.

In light of ongoing budgetary pressures and the expected future obligation to dramatically increase local funding support for the Baltimore City Public School System, the time has come to review the 2016 PILOT to determine whether it adequately and equitably meets the needs of City residents. However, this review must be holistic, and consider the consequences-foreseeable and unforeseeable-that might arise from attempting to reopen and renegotiate a ten-year contract in its third year.

Now, therefore, be it resolved by the City Council of Baltimore, That the City Council requests a briefing on the efficacy of the 2016 PILOT agreement and the feasibility of, desirability of, and options for reopening and renegotiating the agreement.

And be it further resolved, That a copy of this Resolution be sent to the Director of Finance, the City Solicitor, the President and CEO of the Baltimore Development Corporation ,the CEO of Bon Secours, the Director of Local Government Affairs to Johns Hopkins University and Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center, the Director of Government Affairs of Loyola University Maryland, the Executive Director of Corporate, Foundation, and Government Relations of Maryland Institute College of Art, the Vice President of Government Affairs of MedStar Good Samaritan Hospital and MedStar Harbor Hospital and MedStar Union Memorial Hospital, the Vice President of Marketing and External Affairs of Mercy Medical Center, the Chief of Staff & Associate Vice President for Planning and External Affairs of Notre Dame of Maryland University, the Vice President of Government Relations and Community Development of Sinai LifeBridge, the Executive Vice President and Chief General Counsel of St. Agnes Healthcare, the Senior Vice President of Government, Regulatory Affairs, and Community Health of University of Maryland Medical Center and Midtown Campus, and the Mayor's Legislative Liaison to the City Council.