

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 417 (Senator Sfikas)

Budget and Taxation

**Baltimore City Charter Amendment - Public Subsidies for Hotels and Lodging
Establishments**

This bill amends the Baltimore City Charter to prohibit the Mayor and City Council from providing a direct or indirect public subsidy of \$5 million or more for the construction of one or more hotels or lodging establishments at the Inner Harbor East site or the Baltimore City lot site unless approved by a referendum of the voters of Baltimore City for each hotel or lodging establishment. Public subsidy is defined to include an appropriation, tax benefit, or any other form of financial assistance.

This bill is effective June 1, 1998.

Fiscal Summary

State Effect: Potential foregone revenues if a referendum is not approved. Expenditures would not be affected.

Local Effect: Assuming there would be other issues on the ballot, a referendum could be placed on a ballot with little or no increase in Baltimore City expenditures. If a referendum is not approved, city expenditures would decrease (or revenues would increase in the case of a tax credit) and any increased revenues could be foregone.

Small Business Effect: Potential meaningful effect on small businesses.

Fiscal Analysis

State Effect: If a proposed public subsidy of more than \$5 million for the construction of a hotel or lodging establishment were not approved by a referendum of the voters of Baltimore City, and as a result, the project was either scaled down or not undertaken, it is possible that some increased State tax revenues expected from the development of the new establishment would be foregone.

Local Effect: If a proposed public subsidy were not approved by a referendum of the voters, Baltimore City expenditures would decrease by the amount of the proposed subsidy (or revenues would increase in the case of a tax credit). If, as a result of disapproval of the subsidy, the project was either scaled down or not undertaken, it is possible that some increased tax revenues expected from the development of the new establishment would be foregone.

Small Business Effect: If a proposed subsidy were not approved by referendum, small businesses in areas surrounding the site of a proposed hotel or lodging establishment could be affected. If, as a result of disapproval, the project was either scaled down or not undertaken, small businesses that would have complemented the proposed hotel or lodging establishment could be negatively affected, while small businesses that would have been in competition with the new establishment could benefit.

Information Source(s): Baltimore City, Department of Legislative Services

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Inc

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