

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 425

(Senators Della and Jones)

Education, Health, and Environmental Affairs

Environmental Matters

Baltimore City - Downtown Commercial District - Boundaries

This bill expands the special taxing district area of the Downtown Commercial District Management Authority in Baltimore City. The bill also requires the Downtown Commercial District Management Authority to provide notice of any public hearing on the proposed boundary alterations.

The bill is effective on July 1, 2003.

Fiscal Summary

State Effect: None.

Local Effect: The Downtown Commercial District Management Authority's revenues could increase by approximately \$291,100 annually due to taxes levied on properties in the expanded district area. The authority's expenditures would also increase to provide additional services in the expanded district area and to provide notice of public hearings.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The Mayor and City Council of Baltimore City have the authority to establish a Downtown Commercial District Management Authority to promote or market the district, provide supplementary security and maintenance services, and provide amenities in public areas. The Baltimore City charter defines the district as the area generally around the Inner Harbor. The authority has the power to levy taxes or charges

on all properties within the district except residential properties with fewer than four dwelling units.

Background: The Downtown Commercial District Management Authority was established as a special taxing district by Chapter 604 of 1992. The Downtown Partnership of Baltimore, Inc. runs programs on behalf of the authority, including marketing and promotion, clean and safe teams, and safety escorts.

The area to be added to the Downtown Commercial District has approximately 80 commercial properties. The assessable base of the properties eligible to be taxed is approximately \$210.7 million.

According to newspaper accounts, many commercial tenants in the area to be added by the bill relocated from the existing special taxing district. Additionally, more development in the form of three hotels and an office tower is planned for the area added by the bill.

There are two other special taxing districts in Baltimore City located in the Midtown area and Charles Village.

Local Fiscal Effect: This bill would expand the area of the Downtown Commercial District to include the area east of the Inner Harbor towards the redeveloped areas of Fells Point. According to the city, commercial properties in the newly added area would be assessed a tax surcharge of approximately 13.82 cents per \$100 of assessed value. Baltimore City currently has a real property tax of \$2.328. Accordingly, the city's property tax rate for properties in the special taxing district would increase from \$2.328 to approximately \$2.466 per \$100 of assessed value. A tax surcharge of 13.82 cents per \$100 of assessed value would generate approximately \$291,130 in revenue. The actual tax rate imposed may vary depending upon the magnitude of the services provided in the expanded area of the special taxing district and the actual assessable base amount. Any additional revenue generated from the tax surcharge in the expanded area would be used to provide services in the expanded area.

Downtown Commercial District Management Authority expenditures would increase to identify commercial property owners in the proposed area to be included in the district and expenditures would increase to notify all commercial property owners in the existing and proposed areas of the district of public hearings. Any increase is expected to be minimal and absorbable with existing resources.

Small Business Effect: Small businesses in the area added to the Downtown Commercial District Management Authority would pay additional taxes. It is assumed that any additional taxes paid by small businesses would be offset by additional services

received that are provided by the Downtown Partnership. Also, existing small businesses will benefit indirectly if the bill increases foot traffic and economic activity.

Additional Information

Prior Introductions: None.

Cross File: HB 767 (Delegate Hammen, *et al.*) – Environmental Matters.

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

Fiscal Note History: First Reader - February 27, 2003
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