

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 885

(Senators Jones and McFadden)

Budget and Taxation

Economic Matters and Ways and Means

Baltimore City Charter - East Baltimore Community Benefits District

This bill authorizes Baltimore City to establish, by ordinance, the East Baltimore Community Benefits District and the East Baltimore Community Benefits District Authority to provide specified services to the businesses and residents of the proposed district. The bill specifies the means by which the East Baltimore Community Benefits District is to be created.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Additional local expenditures for supplemental public services within the community benefit district will be financed through revenues generated from the district. The bill will not have a direct fiscal impact on Baltimore City finances.

Small Business Effect: Potential meaningful. Small business in the proposed district may be subject to higher taxes and fees; however, they may also benefit from increased services.

Analysis

Bill Summary: In addition to establishing the East Baltimore Community Benefits District, the bill establishes the East Baltimore Community Benefits District Authority to: (1) promote and market the district; (2) provide supplemental security and maintenance services; (3) provide amenities in public areas; (4) provide park and recreational

programs and functions; and (5) provide other services and functions as requested by the district authority approved by an ordinance of the Mayor and the Baltimore City Council.

The ordinance establishing the district must: (1) specify the method for establishing and modifying the district boundaries; (2) specify the powers and functions that may be exercised and conducted by the district authority; (3) specify the amount of taxes or charges that may be imposed on properties in the district; (4) specify the duration of the district authority; (5) provide for the imposition and collection of the taxes or charges and for disbursement of the revenue to the district authority; (6) determine what classes and subclasses of property in the district that are subject to or exempt from taxes or charges; (7) specify the method for determining the taxes or charges to be imposed on classes and subclasses of property; and (8) determine the organization and method of initial appointment of officers and board members of the district authority.

The district's financial plan, including its annual budget, tax rates, and schedule of charges must be approved by the Baltimore City Board of Estimates. The district authority has the power to: (1) conduct the functions which are assigned to it by Baltimore City; (2) acquire, hold, and use property necessary to achieve its purposes; (3) enter into contracts; (4) sue and be sued; (5) borrow and accept grants for purposes consistent with the purposes of the district authority; (6) employ and discharge personnel to carry out its public purposes; (7) propose in its annual budget the taxes or charges on property within the district; (8) adopt, amend, and modify bylaws, which must be approved by the Baltimore City Board of Estimates; (9) establish and elect officers and provide for their terms and duties; (10) contract for and purchase goods and services; and (11) do all things necessary or convenient to carry out its powers.

The bill specifies that an ordinance enacted establishing the East Baltimore Community Benefits District can only take effect if it is approved by 58% of the aggregate votes cast in a special election by the affected voters.

Current Law: The General Assembly has granted Baltimore City and 11 counties (Anne Arundel, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George's, St. Mary's, Washington, and Wicomico) broad authority to create special taxing districts and to levy *ad valorem* taxes and issue bonds and other obligations for purposes of financing infrastructure improvements. The types of infrastructure improvements authorized include storm drainage systems, water and sewer systems, roads, sidewalks, lighting, parking, park and recreational facilities, libraries, schools, transit facilities, and solid waste facilities.

Background: Baltimore City currently has four community benefits districts that provide various services, such as street lighting or additional security services, to

residents and businesses in the district. **Exhibit 1** shows each district and the tax rate charged. Tax rates are charged as a percentage of each property's taxable assessment.

Exhibit 1
Baltimore City Community Benefits Districts

<u>District</u>	<u>Tax Rate</u>
Downtown Management Partnership	0.1439%
Charles Village District	0.1200%
Midtown District	0.1320%
Waterfront District	0.1700%

Local Fiscal Effect: The bill authorizes Baltimore City to create a community benefit district serving East Baltimore. The district may impose property taxes to finance its operation and delivery of public services. The additional revenues generated by the community benefit district cannot be determined at this time; however, it may be significant.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Baltimore City, Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2009
mcp/hlb

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