

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

House Bill 1001  
Ways and Means

(Delegates Conaway and Anderson)

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**Baltimore City - Tax Credit - Use of City Recycling Bins**

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This bill authorizes Baltimore City to grant a property tax credit for property if the occupant uses official Baltimore City recycling bins for recycling. Baltimore City is authorized to provide for eligibility for the credit, the amount and duration of the credit, regulations and procedures for the application and uniform processing of requests for the credit, and any other provision necessary.

The bill takes effect June 1, 2010, and applies to taxable years beginning after June 30, 2010.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore City property tax revenues may decrease by a significant amount beginning in FY 2011. The amount of the decrease depends on the number of properties using official recycling bins and the amount of the property tax credit granted. Under one set of assumptions property tax revenues may decrease by \$743,400; under another set of assumptions, property tax revenues may decrease by \$77.9 million. City expenditures are not affected.

**Small Business Effect:** Potential meaningful to the extent small businesses qualify for the property tax credit.

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**Analysis**

**Current Law:** Baltimore City is authorized to grant several different property tax credits, including for: (1) property leased, occupied, and used by the Baltimore Association for Retarded Citizens; (2) real property owned by the South Baltimore Little

League; (3) personal property owned by the Northwest Family Sports Center; (4) specified vacant dwellings; (5) specified newly constructed dwellings; and (6) specified newly constructed market-rate housing projects.

**Background:** Official Baltimore City recycling bins (yellow in color) are available in two sizes – 18 gallons (\$5) and 25 gallons (\$12, or \$15 with a lid) – and may be purchased through the Baltimore City Department of Public Works at several locations throughout the city. City residents do not need to use an official city bin to recycle and may use any type of container as long as it is clearly marked “recycling.” City residents and small businesses located in residential neighborhoods may participate in the City’s Single Stream recycling program and PLUS ONE curbside collection for trash and recyclables. Larger businesses and those that are not located in a residential neighborhood are encouraged to use private recycling services.

**Local Fiscal Effect:** Baltimore City property tax revenues may decrease by a significant amount beginning in fiscal 2011 to the extent the tax credit is granted. The amount of the decrease depends on the number of properties where an official city recycling bin is being used and the amount of the tax credit granted. Baltimore City estimates that approximately 43,000 bins are in use by residents and some small businesses.

Based on fiscal 2010 assessment data, there are 198,252 improved residential accounts that could potentially be eligible for the property tax credit proposed by the bill. *For illustrative purposes only*, if 25% of the properties in each property class use a city recycling bin and the city granted a 50% property tax credit, city property tax revenues could decrease by \$77.9 million, as shown in **Exhibit 1**. If however, the city granted a \$15 tax credit to cover the cost of a recycling bin and 25% of the properties in each class use a recycling bin, city revenues could decrease by \$743,400.

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**Exhibit 1**  
**Potential Effect of HB 1001 on Baltimore City Property Tax Revenue**

	<b>Accounts</b>	<b>Assessment</b>	<b>Average Assessment</b>	<b>Tax</b>	<b>Potential Revenue Effect</b>
Residential	185,041	\$23,510,917,852	\$127,058	\$2,882	(\$66,653,452)
Condominiums	11,311	2,115,085,551	186,994	4,241	(5,996,268)
Residential Commercial	21	3,269,120	155,672	3,531	(9,268)
Apartments	1,877	1,849,414,459	985,303	22,347	(5,243,090)
Commercial Residential	2	135,332	67,666	1,535	(384)
<b>Total</b>	<b>198,252</b>	<b>\$27,478,822,314</b>	<b>\$138,606</b>	<b>\$3,144</b>	<b>(\$77,902,461)</b>

Source: State Department of Assessments and Taxation; Department of Legislative Services

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 8, 2010

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