

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1435 (Delegate Harrison, *et al.*)
Economic Matters and Ways and Means Education, Health, and Environmental Affairs

Baltimore City Charter - Community Benefits District - East Baltimore

This bill authorizes Baltimore City to establish, by ordinance, a community benefits district, and corresponding district authority in the East Baltimore section of Baltimore City to provide specified services to the businesses and residents of the proposed district. The bill specifies the means by which the district is to be created.

The bill takes effect June 1, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Additional local expenditures for supplemental public services within the community benefits 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 a community benefits district in East Baltimore, the bill establishes a district authority to: (1) administer programs and activities to be conducted by the district authority; (2) promote and market the district; (3) provide supplemental security and maintenance services; (4) provide amenities in public areas; (5) provide park and recreational programs and functions; and (6) provide other services and functions as approved by an ordinance of the Mayor and the Baltimore City Council.

The ordinance establishing the district must: (1) specify the name for the district and authority; (2) specify the method for establishing and modifying the district boundaries; (3) specify the powers and functions that may be exercised and conducted by the district authority; (4) authorize the imposition of district taxes as the primary means of support for the district and specify any tax limits; (5) specify the duration of the district and district authority, or the means by which the continuance of the district and district authority may be the subject of a further ordinance; (6) provide for the collection of district taxes and for the prompt disbursement of the revenue to the district authority; (7) determine whether classes and subclasses of property in the district may be established and the extent to which each class is subject to or exempt from district taxes; (8) specify the method for determining the taxes to be imposed on classes and subclasses of property, including the creation of tax credits to assist low-income families; (9) specify the extent to which the district authority may provide additional services for a fee either within or outside the district; and (10) 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 ordinance; (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; (7) propose in its annual budget the district taxes; (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 and obligations.

The bill specifies that an ordinance enacted establishing the district must (1) establish the process for the approval of the creation of the district and the authority; and (2) provide that until the approval process is conducted and approval is achieved under the process the district and the authority may not be created, and the ordinance may not become fully effective. The ordinance may provide criteria for the eligibility of voters for purposes of the election required by the ordinance and procedures for a required special election which may be administered by write-in ballots.

Current Law: The General Assembly has granted Baltimore City and 12 counties (Anne Arundel, Baltimore, 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 benefits 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 benefits district cannot be determined at this time; however, it may be significant.

Additional Information

Prior Introductions: None.

Cross File: SB 1022 (Senator McFadden) - Education, Health, and Environmental Affairs.

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

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ncs/hlb

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