

Contact: Collections Division
410-361-9690

CITY OF BALTIMORE ENERGY TAX

RULES AND REGULATIONS

ADOPTED UNDER THE AUTHORITY OF SUBTITLE 25, OF ARTICLE 28
Of the Baltimore City Code as last amended by Ordinance 04-728
Approved June 23, 2004

Operators shall retain in their files at their principal business or if not located in Baltimore City some other convenient location within the City of Baltimore, duplicate copies of monthly tax payment forms along with records and information in support of all monthly payments. All such supporting information shall be retained by the operator for the same period as is required for Federal Tax purposes.

Monthly payment forms shall be filed for each account. The monthly payment forms shall be completed in their entirety and filed on or before the 25th day of each month.

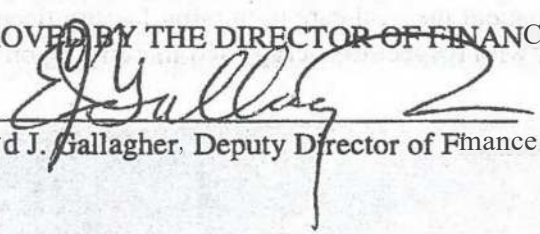
On or before February 1st of each year, each person, firm or corporation that delivers energy shall certify to the Director of Finance the aggregate amount of revenues and units sold by class of customer for the preceding calendar year, on the forms and in the manner required by the Director.

The monthly tax returns as well as the annual certification of revenues and units sold shall be signed by the owner, officer, partner, or authorized representative of the operating entity as to the correctness and accuracy of the return.

Any person, who violates any provision of this subtitle or of a Rule and Regulation adopted under this subtitle or who makes any false statement or improper return is guilty of a misdemeanor and, on conviction, is subject to a fine of not more than \$1,000.00 or to imprisonment for not more than 12 months or to both fine and imprisonment for each offense.

These regulations have been approved this 13th day of the month of July, 2004 and submitted to the Department of Legislative Reference pursuant to the provision of Section 25-21 (b) of Ordinance No. 04-728.

APPROVED BY THE DIRECTOR OF FINANCE:


Edward J. Gallagher, Deputy Director of Finance

7/13/04
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CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



DEPARTMENT OF FINANCE

BUREAU OF TREASURY MANAGEMENT
Room 7, Abel Wolman Municipal Building
200 Holliday Street
Baltimore, Maryland 21202

FACT SHEET FOR ENERGY TAX ON FUEL OIL AND LPG

On June 23, 2004 the City of Baltimore enacted a law expanding its local energy tax. The provisions of the law are as follows.

ENERGY DESCRIPTION

"Energy" means artificial or natural gas, electricity, coal, fuel oil, liquefied petroleum gas (LPG), or steam delivered for consumption in Baltimore City.

TAX IMPOSED

The law imposes a tax on energy delivered for use in Baltimore City to all users in the City except for governmental entities.

CERTIFICATION OF REVENUES AND UNITS

On or before February 1st of each year, each person that delivers energy shall certify to the City's Director of Finance, on the form entitled "Certification of Revenues and Units:"

- 1) the aggregate units of energy supplied and delivered to all classes of users during the prior calendar year, whether subject to or exempt from the tax;
- 2) the aggregate revenues derived from the sale, distribution, or delivery of that energy; and
- 3) a breakdown of these aggregated units and revenues by class of user.

CLASSES OF USERS

The law distinguishes among four classes of users:

- 1) **Residential** -- residential energy users subject to residential schedules on file with the Public Service Commission of Maryland;
- 2) **Manufacturing** -- direct users of energy in manufacturing, assembling, processing or refining operations that are exempt from the Maryland State Retail Sales and Use Tax;
- 3) **Nonprofit Organizations** -- any nonprofit hospital, religious, charitable, or educational institution or organization, or any in-patient medical care or nursing facility licensed by the State or City Health Departments, with respect to energy used in carrying on the work

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of the nonprofit institution or organization or the in-patient medical care or nursing facility;

- 4) **All Other Users** -- Users not otherwise classified above including commercial for-profit users.

EXEMPTIONS

The following deliveries of energy in the City are exempt from the tax:

- 1) Deliveries to Federal, State and local government entities;
- 2) Deliveries to non-profit organizations **through June 30, 2005**; beginning July 1, 2005 deliveries to non-profit organizations will be taxed;
- 3) Delivery of fuels used or consumed to propel any boats, motor vehicles, railroad vehicles, or aircraft;
- 4) Imports and Exports of energy not for consumption in the City of Baltimore;
- 5) Delivery of energy purchased for resale; and
- 6) Delivery of energy purchased for conversion into another form of energy subject to the energy tax.

RATES

For the City's fiscal year 2005 (July 1, 2004 through June 30, 2005), the energy tax rates for fuel oil and LPG are as follows:

Type of User:	Rate per Unit for Fuel Oil:	Rate per Unit for LPG:
Residential	\$0.028887/gal	\$0.030940/gal
Manufacturing	\$0.017722/gal	\$0.023660/gal
Non-Profit Organization	No tax imposed until July 1, 2005	No tax imposed until July 1, 2005
All Other/Commercial	\$0.080038/gal	\$0.097680/gal

ANNUAL ADJUSTMENT TO RATES

For fiscal year 2006 and each subsequent fiscal year, these tax rates shall be adjusted by the percentage change in the Washington-Baltimore Consumer Price Index, as reported by the United States Department of Labor, comparing December of the preceding calendar year to the December of the next preceding calendar year. The annually adjusted rates will be included in the proposed operating budget submitted by the Director of Finance to the Board of Estimates. After the adoption of the operating budget, the Director of Finance will certify to each vendor the tax rates for the upcoming fiscal year as included in the adopted budget.

REFUNDS

Refund applications may be made in accordance with the law and upon forms and according to procedures established by the Bureau of Treasury Management for the following types of

refunds. Forms and instructions for these refunds may be obtained from the Miscellaneous Tax/License Unit at 410-361-9690.

1. **Uncollectible Accounts:** When a vendor has declared an account uncollectible, the vendor may apply for a refund provided (1) the vendor has submitted a written policy governing the determination of worthless accounts and (2) keeps and makes available to the City records regarding the worthless accounts.
2. **Tax Paid Erroneously:** Claims must be filed within 3 years of payment and must be accompanied by a proper ground for refund.
3. **Residential Uses:** Annually by April 1 of each year any person that has paid a tax on deliveries to residential users or mixed uses including residential uses may apply for a refund of any tax paid at a rate higher than the rate applicable to residential users. For instance, a mixed use retail and residential property where the tax has been at a rate higher than the residential rate may apply for a refund of the difference between the two rates for that portion of the taxes paid in excess of the applicable tax rate reasonably allocable to residential users only.

PAYMENT REMITTANCE, DUE DATES, AND PENALTIES

As required by law, each vendor shall collect and remit the tax along with their monthly payment form to the Director of Finance on or before the 25th day of each month, covering the taxes billed for the preceding calendar month. Payments should be sent to City of Baltimore, Collections Division, Miscellaneous Tax/License Unit, 200 North Holliday Street, Baltimore, Maryland 21202. Any tax return received late will be subject to interest at the rate of 1% per month or any fraction of a month and a penalty of 10% of the tax due. Each vendor is individually liable for the taxes required to be remitted.

RECORDS RETENTION

Each vendor must keep all pertinent records and documents for the same period that is required for federal tax purposes. Each vendor must make these records available, at all times, during business hours, for inspection and audit by authorized representatives of the City of Baltimore.

Make payments payable to Director of Finance

Send payment with the monthly payment form to:

**City of Baltimore
Collections Division
Miscellaneous Tax/License Unit
200 North Holliday Street
Baltimore, Maryland 21202**

FUEL OIL & LP GAS

RULES AND REGULATIONS

ADOPTED UNDER THE AUTHORITY OF SECTION 21 OF ARTICLE 28
Of the Baltimore City Code (1983 Replacement Volume)

A group of preaddressed tax forms has been forwarded to you by the Collection Division several months prior to the due date of each report. These forms should be used in filing your return each month. If any specific month preaddressed form is lost, you can use one of the extra forms (blank month) provided. If all preaddressed forms are lost, you should request another group immediately. Do not use a self-prepared report or use a City Tax-id number assigned to a prior owner.

Keep in your files at your principal place of business or some other convenient location, duplicate copies of your return. Records and information in support of all returns, credits, exemptions, etc., should be maintained for a period of at least 4 years from date of tax return. Such records should be available and open to inspection of Director of Finance or authorized representative.

Avoid penalties and interest by filing correct returns on time, and by paying correct tax due with return. The law provides a penalty of 10% and interest at the rate of 1% per month for late filing of returns. Penalties are also imposed by law for wilful failure to collect, pay, keep records, file returns or false statements.

Some transactions are exempt by law, such as sales to nonprofit hospitals, schools, churches, etc. These sales exempt from taxes should be supported by approved exemption letters retained in your records. Any questionable transactions should be referred in writing to the Director of Finance. All exemption accounts will be approved by the Collection Division.

Tax should be billed as a separate item on vendors invoice to customer.

The tax, interest and penalty imposed under this subtitle shall be a lien upon the property of any person or other legal entity liable to pay the tax or penalty to the City.

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