

Work Session

Agenda Item #	5
Meeting Date	March 9, 2016
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Discussion Item	Briefing on City Tax Revenue Sources (Taxes 101)
Background	<p>The City Council will be considering the Fiscal Year 2017 Budget during April and May. This briefing on City tax revenue sources will provide some background information in advance of the Council’s budget work sessions.</p> <p>Revenue for the City of Takoma Park’s General Fund came from three main sources in FY 2016:</p> <ul style="list-style-type: none"> • Real Property Tax – 51% (\$11,371,340) • Income Tax – 12% (\$2,700,000) • Intergovernmental (largely from State and County taxes) – 26% (\$5,746,852) <p>The remaining 11% of revenue for the General Fund came from fees for services (particularly recreation classes and inspection fees), personal property taxes, utility fees, and State Highway User Revenue. Revenue for funds other than the General Fund came from stormwater management fees, speed camera fines, and grants.</p> <p><u>Assessments and Property Taxes:</u> Takoma Park property owners recently received new assessments of their properties prepared by the State Department of Assessment and Taxation. The average property assessment increased by about 25%. The City recently received information from the same agency showing that the assessable base available for taxing purposes for FY 17 only increased by 6%. Many residents are interested in knowing how the assessments of their properties may affect what they pay in property tax. This briefing will describe how these interrelate.</p> <p><u>Income Tax:</u> Of the Maryland State income tax that goes to Montgomery County from Takoma Park residents, 17% is sent to the City of Takoma Park, pursuant to State law. The amount the City receives in income tax revenue is somewhat difficult to predict each year.</p> <p><u>Intergovernmental Revenue:</u> This revenue source includes tax duplication payments from Montgomery County, State aid for police services (State Police Aid), some miscellaneous State tax revenue, and cable franchise fees.</p>
Policy	Fiscally Sustainable Government
Fiscal Impact	N/A
Attachments	None
Recommendation	Receive briefing
Special Consideration	