

Public Hearing

Agenda Item #	1
Meeting Date	April 27, 2016
Prepared By	Suzanne R. Ludlow City Manager

Discussion Item	Constant Yield Tax Rate (Proposed Real Property Tax Increase)
Background	<p>Pursuant to State of Maryland law, the constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the constant yield tax rate decreases. When a taxing authority plans to impose a tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing.</p> <p>The real property tax rate must be set at the constant yield tax rate hearing, or at a later time if announced at the time of the hearing. The tax rate is adopted as part of the overall budget. An ordinance setting the tax rate is scheduled for adoption at the same time as the budget ordinance is adopted.</p> <p>Notice of the public hearing on the proposed real property tax increase was published, as required by State law, in a newspaper of general circulation. The notice was published in the April 14, 2016 edition of <i>The Montgomery Sentinel</i>. It was also published in the April edition of the <i>Takoma Park Newsletter</i>.</p>
Policy	The City Council provides notice and holds a public hearing as required by State law.
Fiscal Impact	<p>The Fiscal Year 2016 property tax rate was \$0.585 per \$100 of assessed real property. The City Manager's proposed budget for Fiscal Year 2017 assumes a continuation of this rate.</p> <p>This rate is 6% higher than the constant yield tax rate of \$0.5518 per \$100 of assessed real property and will generate \$697,644 in additional real property tax revenues.</p>
Attachments	Official notice of public hearing and proposed property tax increase
Recommendation	Conduct public hearing on the proposed tax rate.
Special Consideration	

**CITY OF TAKOMA PARK NOTICE
OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The City Council of the City of Takoma Park proposes to increase real property taxes.

1. For the tax year beginning July 1, 2016, the estimated real property assessable base will increase by 6.0%, from \$1,980,734,983 to \$2,099,990,347.

2. If the City of Takoma Park maintains the current tax rate of \$0.585 per \$100 of assessment, real property tax revenues will increase by 6.0% resulting in \$697,644 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.5518, the constant yield tax rate.

4. The City of Takoma Park is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Takoma Park proposes to adopt a real property tax rate of \$0.585 per \$100 of assessment. This tax rate is 6.0% higher than the constant yield tax rate and will generate \$697,644 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 7:30 p.m. on April 27, 2016 at the Takoma Park Community Center Auditorium, 7500 Maple Avenue, Takoma Park, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-891-7267 for further information.