

City Tax Overview

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City Manager



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Tax Revenue Received by City

- Real Property
- Personal Property
- Railroad and Public Utilities
- Admission and Amusement
- Income Tax
- Bank Share
- Hotel/Motel
- Intergovernmental Revenue (from taxes paid to others & HUR)



Tax Revenue with Rates Controlled by Council

- Real Property \$0.5348 per \$100 assessed value
- Personal Property \$1.55 per \$100 assessed value
- Railroad and Public Utilities \$1.57 per \$100 assessed value



Amount Projected to Receive in FY 18



Real Property Tax

- Is calculated on the adjusted State property value assessment of each taxable property
- Property assessments are done every three years; next will be in February 2019 for FY 2020
- The amount a homeowner actually pays is often less than base valuation
 - No increase larger than 10% for existing owner-occupied residential properties
 - Credits often apply that reduce the amount the property owner pays



Total Real Property Tax – \$1.6597

- Besides tax of \$0.5348 (32.2%) by City of Takoma Park:
 - Montgomery County tax of \$0.7484 (45.1%)
 - State tax of \$0.1120
 - Transit tax of \$0.0580
 - Fire district tax of \$0.1089
 - MNCPPC taxes of \$0.0736 (land acquisition tax of \$0.0010, metropolitan tax of \$0.0554, and regional tax of \$0.0172)
 - Recreation tax of \$0.0240



Personal Property Tax

- Applies to commercial properties
- Consists of base amount (equipment and furnishings) and inventory
- Many jurisdictions do not tax, or do not fully tax, the inventory component, but Takoma Park does and it taxes it at 100%
- Process for paying the tax is confusing and SDAT keeps poor records
- There is interest in reducing or eliminating the inventory tax (is a recommendation of Economic Development Strategic Plan); any change needs to be done before the FY 2019 budget is approved



Railroad and Public Utilities Tax

- Assessed on property owned by these types of private companies



Income Tax

- Level is set by County Council
- Amount Takoma Park receives is 17% of the amount that would otherwise go to Montgomery County from Takoma Park payers of Maryland State income tax
- Comptroller's Office did a poor job of keeping records so a major adjustment was done two years ago (from which Takoma Park benefited); but, slight hit by Wynne Decision



Other Taxes

- Admission and Amusement Tax – Before 2014, was negligible; since Chuck E. Cheese moved into Takoma Park, has averaged \$130,000 per year
- Hotel/Motel Tax – averages \$100,000



Intergovernmental Revenue

- Represents >25% of the City's revenue
- Includes tax duplication payments from Montgomery County as well as State aid for police services
 - In past, Montgomery County has cut these funds when their income tax revenues fell
- Highway User Revenue
 - Just under \$100,000 formula amount
 - About \$200,000 "one-time grant" amount



Other Issues

- Uncertain as to impact from Federal tax law changes
 - Impact may not hit until FY 2020
 - Will be interesting to see what Constant Yield number is next month and in February 2019 after reassessment
- Stormwater fee is not a tax, but will be collected by Montgomery County on property tax bills in future



Questions ?

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