City Tax Overview

Suzanne Ludlow
City Manager
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: $12,013,248 (53%)
- Personal Property: 374,000
- RR and Public Utilities: 235,500
- Intergovernmental Revenue: 6,389,455 (28%)
- Income Tax: 3,400,000 (15%)
- Admission and Amusement: 134,000
- Hotel/Motel: 115,000
- Bank Share (never varies): 5,643
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 ?

Suzanne Ludlow
City Manager
SuzanneL@takomaparkmd.gov
301-891-7229