Commercial Real Property Tax

Takoma Park City Council
December 5, 2018 Work Session
A total of 76 of 4,457 properties in Takoma Park have been self-identified as having a retail land use according to the MD State Department of Assessment and Taxation (SDAT).
Assessed Value of Commercial Properties

A total of 144 of 4,457 properties in Takoma Park have been self-identified as having a commercial land use according to the MD State Department of Assessment and Taxation (SDAT).
### Ranking of Real Property Taxes* Assessed by Select Communities in FY19

<table>
<thead>
<tr>
<th>Rank</th>
<th>Jurisdiction</th>
<th>County</th>
<th>Assessed Value</th>
<th>State Tax Rate</th>
<th>County Tax Rate</th>
<th>Local Tax Rate</th>
<th>State Tax</th>
<th>County Tax</th>
<th>Local Tax</th>
<th>Total Property Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mt. Rainier</td>
<td>Prince Georges</td>
<td>$500,000</td>
<td>0.1120</td>
<td>0.8200</td>
<td>0.8300</td>
<td>$560</td>
<td>$4,100</td>
<td>$4,150</td>
<td>$8,810</td>
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<td>Bladensburg</td>
<td>Prince Georges</td>
<td>$500,000</td>
<td>0.1120</td>
<td>0.8391</td>
<td>0.7400</td>
<td>$560</td>
<td>$4,196</td>
<td>$3,700</td>
<td>$8,456</td>
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<td>3</td>
<td>Takoma Park*</td>
<td>Montgomery</td>
<td>$500,000</td>
<td>0.1120</td>
<td>0.9927</td>
<td>0.5291</td>
<td>$560</td>
<td>$4,964</td>
<td>$2,646</td>
<td>$8,169</td>
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<td>4</td>
<td>Hyattsville</td>
<td>Prince Georges</td>
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<td>0.1120</td>
<td>0.8170</td>
<td>0.6300</td>
<td>$560</td>
<td>$4,085</td>
<td>$3,150</td>
<td>$7,795</td>
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<td>College Park</td>
<td>Prince Georges</td>
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<td>0.9250</td>
<td>0.3350</td>
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<td>$4,625</td>
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<td>$4,494</td>
<td>$1,460</td>
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<td>$1,310</td>
<td>$6,364</td>
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<td>$680</td>
<td>$6,204</td>
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<td>Silver Spring -- Downtown District</td>
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<td>1.0167</td>
<td>0.0000</td>
<td>$560</td>
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<td>$5,633</td>
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<td>0.0000</td>
<td>$560</td>
<td>$4,964</td>
<td>-</td>
<td>$5,524</td>
</tr>
</tbody>
</table>

* These numbers do not include fees for stormwater, solid waste, or other additional charges. Business and commercial property owners located within the boundaries of the Takoma Langley Crossroads CDA district pay an additional mandatory fee for services.
Commercial Property & Business Owner Outreach Efforts

• Informational meetings with Takoma Langley CDA and with OTBA members
• Email to business & property owners
• Fliers delivered to businesses not represented by a business association
• Direct mailing
Establishing a Real Property Tax Rate for Commercial Uses

Legal Requirements

Tax **MUST BE applied uniformly:**
- Classifications for different land uses can be established and used to tax properties at different rates.
- Tax must be based on the assessed value of the property.

Real property taxes **CAN NOT be based on:**
- Identity, residency or status of the property owner
- Type or ownership of the business tenant (franchises)
- Geographic location within the taxing jurisdiction.
Establishing a Commercial Tax Rate
Factors to Consider

- Need for state or county data to use as basis for categories
- Impact on City Council’s economic development goals
- Equity impact on minority owned or focused businesses
Establishing a Commercial Tax Rate

Next Steps

January 2019:
Council will revisit the topic to determine if the City is going to establish a definition for a different real property tax category.

Spring 2019:
Council will determine, as part of the budget process, the local real property tax rates.