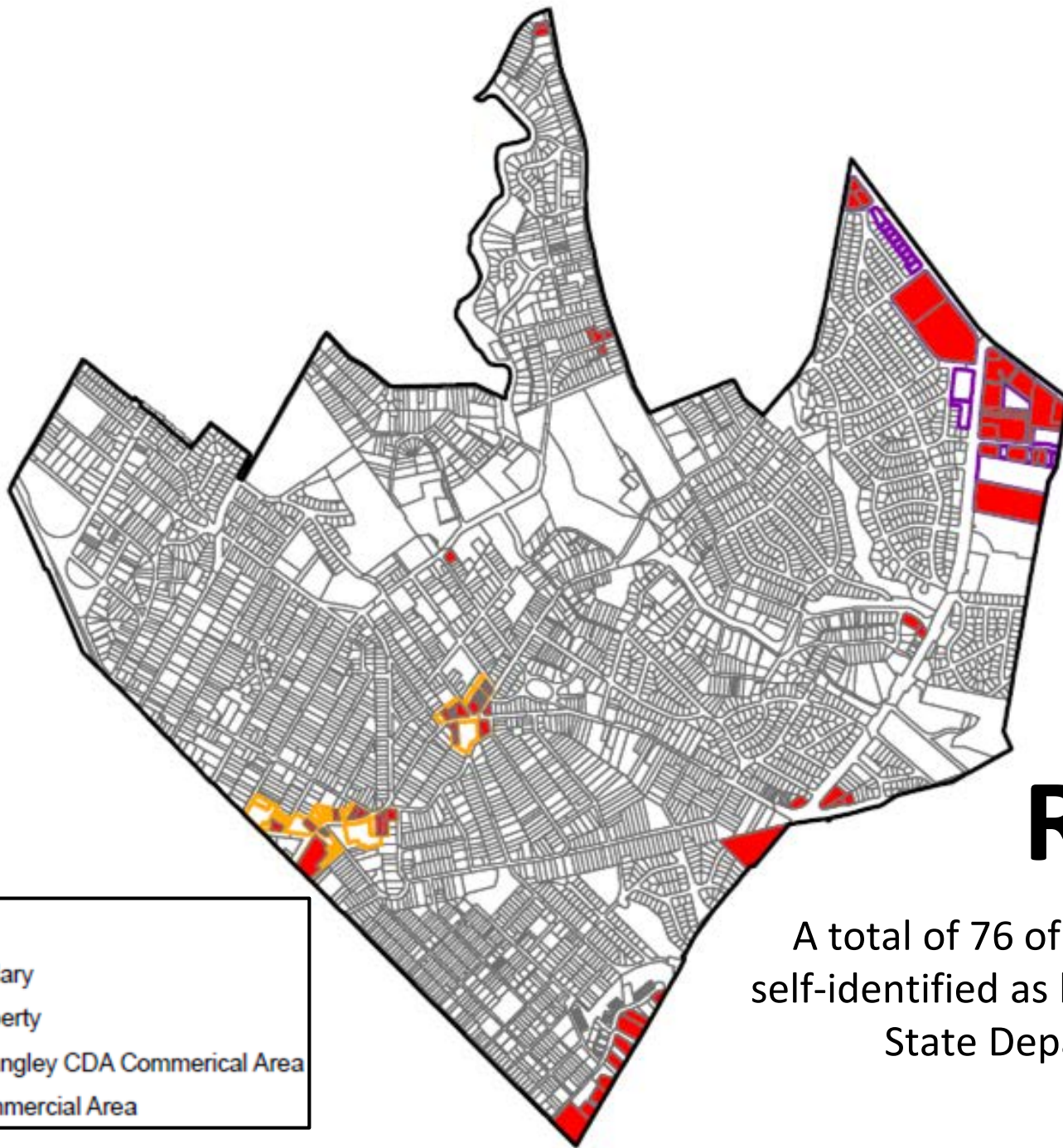




Photo by Sam Kittner

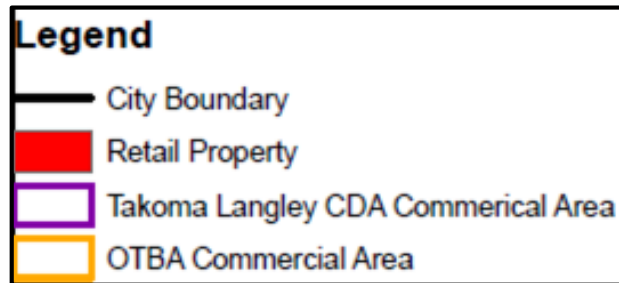
# Commercial Real Property Tax

Takoma Park City Council  
December 5, 2018 Work Session



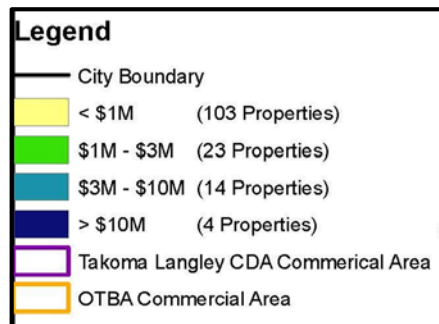
# Retail Properties

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

Rank	Jurisdiction	County	Assessed Value	State Tax Rate	County Tax Rate	Local Tax Rate	State Tax	County Tax	Local Tax	Total Property Tax
1	Mt. Rainier	Prince Georges	\$ 500,000	0.1120	0.8200	0.8300	\$ 560	\$ 4,100	\$ 4,150	\$ 8,810
2	Bladensburg	Prince Georges	\$ 500,000	0.1120	0.8391	0.7400	\$ 560	\$ 4,196	\$ 3,700	\$ 8,456
3	Takoma Park*	Montgomery	\$ 500,000	0.1120	0.9927	0.5291	\$ 560	\$ 4,964	\$ 2,646	\$ 8,169
4	Hyattsville	Prince Georges	\$ 500,000	0.1120	0.8170	0.6300	\$ 560	\$ 4,085	\$ 3,150	\$ 7,795
5	College Park	Prince Georges	\$ 500,000	0.1120	0.9250	0.3350	\$ 560	\$ 4,625	\$ 1,675	\$ 6,860
6	Rockville	Montgomery	\$ 500,000	0.1120	0.8987	0.2920	\$ 560	\$ 4,494	\$ 1,460	\$ 6,514
7	Gaithersburg	Montgomery	\$ 500,000	0.1120	0.8987	0.2620	\$ 560	\$ 4,494	\$ 1,310	\$ 6,364
8	Kensington	Montgomery	\$ 500,000	0.1120	0.9927	0.1360	\$ 560	\$ 4,964	\$ 680	\$ 6,204
9	Silver Spring -- Downtown District	Montgomery	\$ 500,000	0.1120	1.0167	0.0000	\$ 560	\$ 5,084	\$ -	\$ 5,644
10	Langley Park	Prince Georges	\$ 500,000	0.1120	1.0146	0.0000	\$ 560	\$ 5,073	\$ -	\$ 5,633
11	Bethesda	Montgomery	\$ 500,000	0.1120	1.0047	0.0000	\$ 560	\$ 5,024	\$ -	\$ 5,584
12	Silver Spring -- White Oak	Montgomery	\$ 500,000	0.1120	0.9927	0.0000	\$ 560	\$ 4,964	\$ -	\$ 5,524

\* 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.



Photo by Sam Kittner

## 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.



Photo by Sam Kittner

## 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.