



Takoma Park City Council Meeting – January 10, 2018 Agenda Item 8

Work Session

Overview of City Taxes

Recommended Council Action

Hear presentation on City taxes as background for upcoming Council priority and budget discussions.

Context with Key Issues

Approximately \$26 million in revenue is expected to be received during the current fiscal year directly or indirectly from taxes paid by Takoma Park residents. Of the various types of taxes, only real property, personal property and railroad and utility taxes have rates set by the City Council. Those three types of taxes are expected to bring in about \$12.6 million in the current fiscal year; the other tax rates are set by Montgomery County or the State of Maryland.

This work session will allow Councilmembers to learn more about the various types of taxes, how the taxes are computed, and the options that may be considered for the FY 2019 budget that will be discussed in April and May. There has been interest in reducing or eliminating the personal property tax, which taxes most commercial properties. Many businesses in Takoma Park must pay taxes on the inventory portion of the personal property tax. Since most Maryland jurisdictions do not tax inventory, businesses may choose to not locate within the Takoma Park city limits.

Impacts of the recent changes to Federal tax law are not yet understood, but are being researched and monitored.

Council Priority

Fiscally Sustainable Government

Environmental Impact of Action

None.

Fiscal Impact of Action

None.

Racial Equity Impact

None.

Attachments and Links

Presentation forthcoming