



## Takoma Park City Council Meeting – April 25, 2018 Agenda Item 1

### **Public Hearing**

Public Hearing on a Proposed Real Property Tax Increase

### **Recommended Council Action**

Hear testimony on the real property tax rate.

### **Context with Key Issues**

Pursuant to State of Maryland law, the constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the constant yield tax rate decreases. When a taxing authority plans to impose a tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing.

The real property tax rate must be set at the constant yield tax rate hearing, or at a later time if announced at the time of the hearing. The tax rate is adopted as part of the overall budget. An ordinance setting the tax rate is scheduled for adoption at the same time as the budget ordinance is adopted.

Notice of the public hearing on the proposed real property tax increase was published, as required by State law, in a newspaper of general circulation. The notice was published in the April 18, 2018 edition of The Washington Post.

### **Council Priority**

A Livable Community for All  
Fiscally Sustainable Government  
Environmentally Sustainable Community  
Engaged, Responsive & Service-oriented Government  
Community Development for an Improved & Equitable Quality of Life

### **Environmental Impact of Action**

Real property tax revenues, in addition to the stormwater fee and grants, support substantial continued investment in improving the environment, including, but not limited to stormwater system improvements, general sustainability efforts, continued movement towards replacement of street lights with LED fixtures, continued efforts towards increasing tree canopy, continued work on library renovations to meet the highest green standards possible, and the construction of two major street projects that both advance environmental sustainability.

### **Fiscal Impact of Action**

The Fiscal Year 2018 property tax rate was \$0.5348 per \$100 of assessed real property. The City Manager's proposed budget for Fiscal Year 2019 includes a property tax rate of \$0.545 per \$100 of assessed real property.

This rate is 7.39% higher than the constant yield tax rate of \$0.5075 per \$100 of assessed real property and will generate \$896,578 in additional real property tax revenues.

### **Racial Equity Impact of Action**

This budget includes funds for staff to address racial equity through implementation of the housing and economic development strategic plan to expand access to affordable housing, assist small businesses, and increase the economic health of the City overall, all of which allow for programs that could assist people of color. Tax credits totaling \$150,000 help offset real property taxes of lower-income homeowners.

Part of the responsibility of the proposed new position in the Human Resources division is to help incorporate a racial equity framework in internal operations. The proposed new staff in the Police Department will help the department to better implement community policing and build a closer partnership between officers and residents of color in Takoma Park.

Staff will be expending considerable energy on major construction projects (Ethan Allen Gateway, Flower Avenue Green Street, and the Library Renovation and Expansion), each of which are located in wards with a majority of residents of color. In addition, continuing programs for young people in the Recreation Department, Police Department, and Library are geared towards assisting residents of color. Some of the sustainability programs of the Public Works Department are geared towards assisting residents with lower incomes with energy efficiency improvements.

### **Attachments and Links**

- Public Hearing Notice as published in *The Washington Post*
- [Proposed FY 2019 Budget](#)

**CITY OF TAKOMA PARK NOTICE  
OF A PROPOSED  
REAL PROPERTY TAX INCREASE**

The City Council of the City of Takoma Park proposes to increase real property taxes.

1. For the tax year beginning July 1, 2018, the estimated real property assessable base will increase by 5.38%, from \$2,269,258,527 to \$2,391,297,820.

2. If the City of Takoma Park maintains the current tax rate of \$0.5348 per \$100 of assessment, real property tax revenues will increase by 5.38% resulting in \$652,666 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.5075, the constant yield tax rate.

4. The City of Takoma Park is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Takoma Park proposes to adopt a real property tax rate of \$0.545 per \$100 of assessment. This tax rate is 7.39% higher than the constant yield tax rate and will generate \$896,578 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 6:30 pm on Wednesday, April 25 in the Takoma Park Community Center Auditorium, 7500 Maple Avenue, Takoma Park, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-891-7267 for further information.