

Introduced by: Councilmember Dyballa

First Reading: April 18, 2018

Second Reading: April 25, 2018

Effective Date: April 25, 2018

**CITY OF TAKOMA PARK, MARYLAND**

**ORDINANCE NO. 2018-14**

**REQUESTING REMOVAL OF ASSESSMENT OF INVENTORY  
AS PART OF THE PERSONAL PROPERTY TAX ASSESSMENT  
IN THE CITY OF TAKOMA PARK, EFFECTIVE FOR TAX YEAR 2020**

WHEREAS, Takoma Park has traditionally taxed inventory, as well as equipment and furnishings, as a component of the Personal Property Tax on businesses located within the City of Takoma Park; and

WHEREAS, the Council Priority to advance Community Development for an Improved and Equitable Quality of Life includes support for local businesses; and

WHEREAS, after research and discussion over several years, the City Council has decided to cease taxing inventory since most surrounding jurisdictions do not tax inventory, putting Takoma Park at a competitive disadvantage in attracting businesses to locate within the City, and due to problems with the taxing process itself in the State of Maryland; and

WHEREAS, removing the inventory component of the Personal Property Tax reduces the amount of Personal Property Tax revenue to be received by the City by approximately 75%, or by about \$320,000 in the current year; and

WHEREAS, due to the need to determine alternate revenue sources or budget savings, the City Council wishes to wait until Tax Year 2020 for the elimination of the inventory component of the Personal Property Tax to become effective; and

WHEREAS, the City of Takoma Park must notify the Maryland State Department of Assessment and Taxation of its decision to change the elements of the Personal Property Tax to be assessed on businesses within the City well in advance of the tax year in which it is to be effective.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The Council directs the City Manager to notify the Maryland State Department of Assessment and Taxation that, effective beginning Tax Year 2020, the inventory component of the Personal Property Tax is to be eliminated for businesses within the City of Takoma Park.

SECTION 2. By early January 2019, the Council will specify a definition of commercial real property that may receive a different tax rate during the FY 2020 budget process.

SECTION 3. The Council will consider how to address the funding gap due to removal of the inventory portion of the personal property tax; including but not limited to assessing (1) the commercial tax rate and (2) the impact current development projects might have on future tax revenue.

SECTION 4. This Ordinance shall become effective upon adoption.

Adopted this 25th day of April, 2018 by roll-call vote as follows:

AYE: Kovar, Dyballa, Kostiuk, Seamens, Smith, Searcy

NAY: None

ABSTAIN: None

ABSENT: Stewart