

# City of Takoma Park

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March 16, 2021

Montgomery County Council  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear President Huckler and Members of the Council,

On behalf of the Takoma Park City Council, attached please find a copy of Takoma Park [Resolution 2021-8](#), Demanding Fair Tax Duplication Payments.

The County Executive had been asked by the Montgomery County Chapter of the Maryland Municipal League to begin addressing municipal tax duplication by paying the full amount of tax duplication funds for road maintenance (“transportation”), then work to clarify the formula for park maintenance reimbursements, negotiate the formula for police services, and make changes to the County Code so that a regular process for updating formulas can be established. We believed that that approach was accepted by the County Executive.

The attached Resolution of the Takoma Park City Council was prepared before the County Executive’s Proposed Budget was announced. As you consider the County Executive’s proposed FY22 budget, please note that not even the full amount of the road maintenance money is included in the proposal for tax duplication payments this year, as shown in the attached chart provided to Montgomery County municipalities in February. The full amount of road maintenance reimbursement for Montgomery County municipalities under the agreed-upon formula would be \$10,933,731 and the separate amount for Takoma Park’s reimbursement for police and crossing guards would be \$3,027,122.

The City of Takoma Park asks the Council to include the full amount of road maintenance funds and the amounts for Takoma Park police and crossing guard services in the FY22 budget. We also ask that, for FY23, the County adopt Code language to establish a regular process for updating formulas and paying rebates and also finalize negotiations for fair payments for the other services including police tax duplication. Information on what is involved in these steps is available and we have been given the names of County staff who will work with us on the police rebate negotiations.

Montgomery County is receiving perhaps its largest amount of income tax revenue ever, and will be receiving funds through the American Recovery Plan Act of 2021. As a comparison, Takoma Park does not receive much in income tax revenue; income tax represents just 13.7% of our

annual General Fund revenue. While the City of Takoma Park will also be receiving funds from the American Recovery Plan Act, those funds cannot be used for the services for which tax duplication rebates are merited, such as road maintenance, park maintenance and police services.

The question for each member of the County Council is this: What County services do you know of that have had no increase in cost since 2012? The amounts received by Montgomery County municipalities for tax duplication rebates have been frozen since FY2012. While we appreciate any increase, the increase proposed for FY22 is small. Intergovernmental payments to the City of Takoma Park have traditionally made up 25% of the City's revenue. That percentage is dropping because of these frozen amounts, but the cost of providing services, paying staff and buying materials has only increased.

We ask the County Council to do the right thing and reimburse municipalities the full amount of the funds that were paid to the County for services only the municipality provides.

Thank you for your consideration of this request. As the final Resolved clause reads,

*BE IT FURTHER RESOLVED THAT the Council of Takoma Park calls on the County Executive and County Council to recognize the complementary work done by the County and municipalities in making our communities safe, attractive, and welcoming and to finally rectify this long-standing inequity.*

Sincerely,

Suzanne R. Ludlow  
City Manager

cc: Takoma Park City Council