

MEMORANDUM

April 21, 2010

TO: County Council  
FROM: *CHS*  
Charles H. Sherer, Legislative Analyst  
SUBJECT: Public Hearing on the Constant Yield Tax Rate for FY11

**Introduction** The constant yield tax rate for FY11 is \$0.6811 per hundred dollars of assessed value, as calculated by the State. On April 6, 2010, the Council set the tax rate for the public hearing at \$0.717 **Since this rate exceeds the constant yield tax rate, the Council is required to hold a public hearing to give the public a chance to comment.**

**Background** The Council sets 42 property tax rates (21 on real property and 21 on personal property), including 16 in the Parking Districts. The concept of the constant yield tax rate (CYTR) applies to only one of these 42 rates, which is to the real property tax rate for the General Fund (which accounts for two-thirds of total property taxes in all funds for real and personal property). The constant yield tax rate does **not** apply to real property in the other funds nor to personal property in any of the funds. The constant yield tax rate is the rate for next year that will produce the same tax revenue in the General Fund next year as is estimated to be collected this year on property which existed this year.

The State Department of Assessments and Taxation calculates this rate. As the State explains it, "...a tax rate ...is a tax increase if it is higher than the constant yield tax rate." When the Council sets the tax rates in May, if the Council sets a tax rate for the General Fund that is higher than the constant yield tax rate, then the Council must have previously taken two actions:

- a) informed the public of this possibility by advertisement; and
- b) held a public hearing to give the public a chance to comment (the public hearing must be held between 7 and 21 days after the advertisement, and will be on April 21).

END of memo. Resolution is on next page.

Resolution No:	<u>16-1301</u>
Introduced:	<u>April 6, 2010</u>
Adopted:	<u>April 6, 2010</u>

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: County Council

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SUBJECT: Setting a public hearing concerning the intention to consider increasing the FY11 property tax rate for the General Fund above the constant yield tax rate

Background

- (1) As required by Title 6-308 of the Property Tax Article of the Annotated Code of Maryland, the County Council must hold a public hearing concerning its intention to consider increasing the tax rate for the General Fund above the State-certified constant yield tax rate for FY11 of \$0.681 per \$100 of assessed valuation.
- (2) On March 15, 2010, the County Executive proposed an FY11 tax rate for the General Fund of \$0.697 per \$100 of assessed valuation. On April 6, 2010, the Council agreed to advertise a rate of \$0.717 and will publish the advertisement in a newspaper of general circulation in Montgomery County no fewer than seven days and no more than 21 days before the public hearing.

Action

On April 27, 2010, at 1:30 p.m., the Council will hold a public hearing regarding the Council's intention to consider increasing the tax rate for the General Fund above the constant yield tax rate. The Council will provide an opportunity for the public to comment regarding the tax rate which exceeds the constant yield tax rate. For the General Fund, the County Council will advertise \$0.717. This rate exceeds the constant yield tax rate of \$0.681 by 3.6¢.

This is a correct copy of Council action.

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Linda Lauer, Clerk of the Council