

Public Hearing

MEMORANDUM

March 31, 2009

TO: County Council
FROM: ^{CHS} Charles H. Sherer, Legislative Analyst
SUBJECT: Public Hearing on the Constant Yield Tax Rate for FY10

Introduction The constant yield tax rate for FY10 is \$0.628 per hundred dollars of assessed value, as calculated by the State. On March 31, 2009, the Council set the tax rate for the public hearing at \$0.704. **Since this rate exceeds the constant yield tax rate, the Council is required to hold a public hearing.**

Background The Council sets 42 tax rates (21 for real property and 21 for personal property), including 16 in the Parking Districts. The constant yield tax rate applies **only** to real property in the General Fund (which accounts for roughly 68% 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 which 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:

Introduced:

Adopted:

March 31, 2009

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

SUBJECT: Setting a public hearing concerning the intention to consider increasing the FY10 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 FY10 of \$0.628 per \$100 of assessed valuation.
- (2) On March 16, 2009, the County Executive proposed an FY10 tax rate for the General Fund of \$0.684 per \$100 of assessed valuation. On March 31, 2009, the Council agreed to advertise a rate of \$0.704 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 21, 2009, 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 \$0.704. This rate exceeds the constant yield tax rate of \$0.628 by 7.6¢.

This is a correct copy of Council action.

Linda Lauer, Clerk of the Council