



Mayor & Council Meeting Date: April 3, 2017
 Agenda Item Type: Public Hearing
 Department: Finance
 Responsible Staff: Stacey Webster

Subject

Public Hearing - FY 2018 Constant Yield Tax Rate

Recommendation

Staff recommends that the Mayor and Council conduct the public hearing on the Constant Yield Tax Rate.

Discussion

The Constant Yield Tax Rate is defined as the property tax rate that would yield the same tax revenue as the previous year, excluding new construction. When assessments increase and the tax rate remains unchanged, property tax revenue increases. Conversely, when assessments decrease and the tax rate remains unchanged, property tax revenue decreases.

The Constant Yield Tax Rate is the rate that would offset the change in tax revenue that results from the change in assessed value. For FY 2018, the Constant Yield Tax Rate was calculated by the State to be \$0.2894 per \$100 of assessed value, or 0.9 percent lower than the City's real property tax rate of \$0.292. Since the Constant Yield Tax Rate is lower than the proposed City's real property tax rate, the City is required to advertise the Constant Yield Tax Rate and hold a public hearing by State law.

Public Notification and Engagement

The Constant Yield Tax Rate public hearing was advertised in the Washington Post on March 16, 2017, (Attachment A) in accordance with State law.

Attachments

Attachment 13.a: CYTR Notice (PDF)

Rob DiSpirito, City Manager

3/29/2017

THE CITY OF ROCKVILLE'S NOTICE OF A PROPOSED REAL PROPERTY TAX INCREASE

The Mayor and Council of Rockville, Maryland proposes to increase real property taxes.

1. For the tax year beginning July 1, 2017, the estimated real property assessable base will increase by 0.9% from \$12,655,986,876 to \$12,768,261,970.
2. If the City of Rockville maintains the current tax rate of \$0.292 per \$100 of assessment, real property tax revenues will increase by 0.9% resulting in \$327,843 of new real property tax revenues.
3. In order to fully offset the effect of increasing assessments, the real property rate should be reduced to \$0.2894, the constant yield tax rate.
4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.292 per \$100 of assessment. This tax rate is 0.9% higher than the constant yield tax rate and will generate \$327,843 in additional property tax revenues.

A Public Hearing on the proposed real property tax rate increase will be held at 7:00 p.m. on Monday, April 3, 2017 at the Mayor and Council Chambers, Rockville City Hall, 111 Maryland Ave, Rockville, Maryland.

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

Persons with questions regarding the hearing may call 240-314-8280 for further information.

THE MAYOR AND COUNCIL OF ROCKVILLE