

## Council Agenda Report

Date: May 9, 2016  
Prepared by: Ginger Heatwole, Finance Director  
Submitted by: Sandra Tripp-Jones, City Manager *STJ*

**SUBJECT:** Fiscal Year 2017 Real and Personal Property Tax Rates

**Recommendation:** That Council:

- A. Hold a public hearing on whether to maintain the current Real Property Tax rate of .7989 per \$100 of assessed property value rather than lowering the rate to .7945 thus maintaining a “constant yield” in property tax revenues;
- B. Approve maintenance of the current real property tax rate rather than a lower “constant yield” rate; and
- C. Adopt a Resolution of the Commissioners of the Cambridge, Maryland, to adopt and approve the Tax Rates for FY 2017, Effective July 1, 2016 to June 30, 2017.

### Discussion:

Each year the City is required to adopt a tax rate resolution for both real and personal property.

The City has been advised by the State that assessed real property tax *revenues* for FY 2017 will increase by \$32,511 based on the current real property tax rate. This is not based on reassessments but on expansion of the assessable property base itself.

By State law, if the City wishes to capture that increased revenue, the City must hold a public hearing to take comment on whether to leave the existing real property tax rate in place for FY 2017 or to actually lower the rate to what is called the “constant yield rate” resulting in a net no increase in total real property tax revenues.

### Specifically:

1. For the tax year beginning July 1, 2016, the estimated real property assessable base will increase by .5%, from \$730,040,961 to \$734,110,470.
2. If the City of Cambridge, Maryland maintains the current tax rate of \$.7989 per \$100 of assessment, real property tax *revenues* will increase by .5 % resulting in \$32,511 of new real property tax revenues. Retaining the current rate will not increase the property tax bill of existing property owners, unless the property is reassessed in value, which reassessments by the State are not scheduled until 2018. Again, increased *revenues* in FY 2017 would result from the increase in assessable properties.

3. In order to fully offset the effect of increasing real property *revenues*, the real property tax rate would be reduced to \$.7945, the “constant yield” tax rate.
4. City Staff is recommending no change in the real property tax rate to fully offset increasing assessments. Staff recommends that the Council adopt a real property tax rate of \$.7989 per \$100 of assessment – the current rate. This tax rate is .5% higher than the “constant yield” tax rate and will generate \$32,511 in additional property tax revenues.

Regarding the Personal Property tax rate, Staff is recommending no change and that rate continue at: 1.69 per \$100. Revenues from this tax are generating \$915,000 per year.

**Fiscal Impact:**

If the City of Cambridge, Maryland maintains the current tax rate of \$.7989 per \$100 of assessment, real property tax revenues will increase by .5 % resulting in \$32,511 of new real property tax revenues.

**RESOLUTION NO. 16-007**

**A RESOLUTION OF THE COMMISSIONERS OF CAMBRIDGE, MARYLAND, TO ADOPT AND APPROVE THE TAX RATES FOR FY2017, EFFECTIVE JULY 1, 2016 TO JUNE 30, 2017.**

**WHEREAS**, the Commissioners of Cambridge desire to establish the tax rates and tax levy for real and personal property within the City of Cambridge for the fiscal year commencing on July 1, 2016 and ending on June 30, 2017; and

**WHEREAS**, the Commissioners of Cambridge desire to maintain the current tax rates and tax levy on real property, as codified in Section 6-308 of the Tax-Property Article, Annotated Code of Maryland.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF CAMBRIDGE**, that the tax levy be, and the same be hereby set, at \$0.7989 per \$100.00 of assessed valuation of real property for the fiscal year commencing July 1, 2016; and

**BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF CAMBRIDGE** that the tax levy be, and the same be hereby set at \$1.69 per \$100.00 of assessed valuation for all personal property for the fiscal year commencing July 1, 2016; and

**BE IT FURTHER RESOLVED BY THE COMMISSIONERS OF CAMBRIDGE** that all tax rates and levies adopted by this Resolution shall remain in effect unless changed at a future date by the Commissioners of Cambridge; and

**BE IT FURTHER RESOLVE BY THE COMMISSIONERS OF CAMBRIDGE** that this Resolution shall take effect upon its final passage.

ATTEST:

THE COMMISSIONERS OF CAMBRIDGE

\_\_\_\_\_  
Sandra Tripp-Jones, City Manager

By: \_\_\_\_\_(Seal)  
Donald Sydnor, Acting Mayor

Adopted this \_\_\_\_ day of MAY, 2016.