

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

April 20, 2009

CALL TO PODIUM:

Harold Belton

RESPONSIBLE STAFF:

Harold Belton, Director Finance and Administration

AGENDA ITEM:

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input type="checkbox"/>	Work Session Discussion Item
<input checked="" type="checkbox"/>	Other: Notification of Public Hearing

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	04/20/09
Advertised	04/15/09
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:
Notification of a Public Hearing to Establish a Constant Yield Tax Rate for the City of Gaithersburg for Tax Year Beginning July 1, 2009 (Fiscal Year 2010)

SUPPORTING BACKGROUND:
In order to comply with state law, a public hearing is required if the tax rate proposed for the fiscal year exceeds the Constant Yield Tax Rate.
In accordance with state law, as the City's assessable tax base increases, causing the amount of revenue from year to year to increase, the City must hold a public hearing to inform citizens of that increase. As projected by the State Department of Assessments and Taxation, the City's assessable base will increase by 2.8 percent in FY 2010. As the City's assessments increase, the tax rate needed to generate the amount of revenue for the prior year decreases. This Constant Yield Tax Rate would ensure that the City's tax revenue would remain flat from FY 2009 to 2010.
In order to make real property tax bills simpler and easier to understand, the General Assembly, under Chapter 80 of the Acts of 2000, has required that property tax rates on real property be based on a full (100%) cash value assessment.
The City of Gaithersburg is proposing a tax rate of \$.212 which will exceed the \$.206 Constant Yield Tax Rate, therefore requiring a public hearing.

DESIRED OUTCOME:
Announce that the Public Hearing for the Constant Yield Tax will be held May 4, 2009.

**CITY OF GAITHERSBURG NOTICE
OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The Mayor and City Council of the City of Gaithersburg proposes to increase real property taxes.

1. For the tax year beginning July 1, 2009, the estimated real property assessable base will increase by 2.8%, from \$8,774,074,503 to \$9,020,656,897.

2. If the City of Gaithersburg maintains the current tax rate of \$0.212 per \$100 of assessment, real property tax revenues will increase by 2.8%, resulting in \$522,755 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.206, the constant yield tax rate.

4. The City of Gaithersburg is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Gaithersburg proposes to adopt a real property tax rate of \$0.212 per \$100 of assessment. This tax rate is 2.9% higher than the constant yield tax rate and will generate \$522,755 in additional property tax revenues.

A public hearing on the proposed real property tax increase will be held at 7:30 p.m., on May 4, 2009, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland 20877.

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

Persons with questions regarding this hearing may call 301-258-6310 for further information.