

**Chairman's Speech regarding the
Proposed Prince George's County
Fiscal Year 2018
Constant Yield Tax Rate**

In accordance with the provisions of Section 6-308, Tax-Property Article, Annotated Code of Maryland, tonight's public hearing seeks public comments regarding the Council's consideration of a proposed real property tax rate increase above the State-certified Constant Yield Tax Rate for the unincorporated areas of the County and for County municipalities.

The Fiscal Year 2018 Constant Yield Tax Rates and Proposed Real Property Tax Rates are set forth in Table 1, which is the third attachment to this statement. Copies of this statement and the corresponding attachments are available for your convenience in the back of the hearing room. Also included in the attachments to this statement is correspondence forwarded today to the City of Glenarden to advise that the County has received the corrected certificate concerning the calculations of a proposed County tax rate for the City, and as part of tonight's public hearing on the proposed FY 2018 budget, Table 1 is the corrected chart that includes the updated information for the City of Glenarden. Accordingly, and as expressly authorized by Section 6-308 of the State Tax-Property Article of the Maryland Annotated Code, the County intends to impose a tax of Eighty-Nine and Twenty One-Hundredths of One Cent (\$0.8920) for the City, a proposed rate that is based on the corrected information.

The Council is considering a real property tax rate of One Dollar (\$1.00) per \$100 of assessed valuation in unincorporated

areas, and from Eighty-Two and Forty Hundredths of One Cent (\$0.8240) to Ninety-Nine and Forty Hundredths of One Cent (\$0.9940) in incorporated areas, as reflected within the proposed County Operating and Expense budget submitted by the County Executive for Fiscal Year 2018.

The proposed One Dollar (\$1.00) real property tax rate for unincorporated areas of the County is Two and Twenty Hundredths of One Cent (\$0.0220) more than the Constant Yield Rate of Ninety-Seven and Eighty One Hundredths of One Cent (\$0.9780). This is the result of changing assessments in the County. The Real Property Tax Rates for all municipalities in the County also increase in Fiscal Year 2018, and the mean average rate of increase is Four and Twenty-Two Hundredths of Once Cent (\$0.0422) above their respective Constant Yield Tax Rates.

For FY 2018, the County is continuing a municipal tax differential as required by State law, and the principal reasons for exceeding the Constant Yield Tax Rate in the incorporated areas are:

1. According to State law, the County is required to recognize, through a lesser County tax rate, those governmental services which municipal governments perform in lieu of similar County government services.

2. To meet the funding levels of programs set forth in the Proposed FY 2018 Budget requires an increase above the Constant Yield Rate.

The County Council will consider and adopt the Fiscal Year 2018 Resolution establishing the tax levies for Real and Personal Property Taxes for Fiscal Year 2018 on Tuesday, June 20, 2017, beginning at 2:00 p.m. in the Council Hearing Room, County Administration Building, 14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772.



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Derrick Leon Davis

Council Member, District 6

MAY 2 2017

The Honorable Dennis Smith
Mayor, City of Glenarden
James R. Cousins, Jr., Municipal Center
8600 Glenarden Parkway
Glenarden, Maryland 20706

The Honorable Maxine Phifer
President, Glenarden City Council
James R. Cousins, Jr., Municipal Center
8600 Glenarden Parkway
Glenarden, Maryland 20706

**RE: Constant Yield Tax Rate – City of Glenarden
Prince George's County FY 2018 Proposed Tax Rate**

Dear Mayor Smith and Councilwoman Phifer:

On behalf of the Prince George's County Council, I am writing to acknowledge a potential clerical error related to the proposed FY 2018 City of Glenarden Constant Yield Tax Rate which, as you know, is incorporated within the rate of taxes imposed upon real property in Prince George's County which is set annually by the Council, as required by law.

It has recently come to our attention that an inadvertent math error in the amount of the assessable base, upon which the County's proposed FY 2018 Constant Yield Tax Rate for the City was derived, resulted in an erroneously low proposed Constant Yield Tax Rate for the City. In turn, the County included the erroneous information for the City within its annual legal notice for FY 2018. Moreover, although the State Department of Assessments and Taxation approved the County's FY 2018 Constant Yield Tax Rate advertisement prior to its appearance within the April 20, 2017, edition of Washington Post, we were unable to address the calculation error for the City of Glenarden prior to publication. However, after discussion consultation with the State Department of Assessments and Taxation, and in accordance with requirements of State law, the County may still impose the corrected Constant Yield rate for the City of Glenarden at the time of setting the annual tax levy for FY 2018.

County Administration Building – Upper Marlboro, Maryland 20772

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Chairwoman Phifer
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Section 6-308 of the Tax-Property Article, Annotated Code of Maryland imposes strict public notice and hearing requirements with which the County must conform in order to set a County real property tax rate that exceeds the constant yield tax rate for a municipality. Derived from an assessable base of \$561,867,843 for Glenarden, the County proposed—and the State approved—a proposed County real property rate of \$0.8920 for the City, a rate that exceeds the constant yield tax rate of \$0.8591 by 3.8%.

However, after submitting the approved legal notice to a County newspaper of general circulation, we have been advised that the correct figure for the City's FY 2018 assessable base is actually \$401,619,275, an increase of 3.1% over the City's assessable base for the prior fiscal year and which, based on this revised figure for the assessable base, results in a constant yield tax rate of \$0.8581 for the City, resulting in a revised County FY2018 constant yield tax rate proposal of \$0.8920 for the City of Glenarden, based on the corrected data and calculations referenced above.

As you are likely aware, two (2) public hearings scheduled on the proposed FY 2018 County Expense and Operating Budget, which include discussion of the proposed Constant Yield Tax Rate for the upcoming fiscal year, have already been advertised and cannot now be changed. Moreover, there is insufficient time to comply with the prescriptions of Section 6-308, Tax-Property Article for timely re-advertisement of the corrected data and resultant amended County FY 2018 Constant Yield Tax Rate for the City of Glenarden.

Given the pressing time constraints before the impending public hearings, the Council's legal counsel has consulted with counsel to the State Department of Assessments and Taxation regarding this matter to ascertain whether the County may invoke the exception set forth in Section 6-308(j) of the Tax-Property Article—which provides a good faith exception for a county to set a rate higher than the constant yield tax rate despite an error—and authorized the County to set a constant yield tax rate for the City of Glenarden that is based on the corrected assessable base figure and resultant proposed FY 2018 County Constant Yield Tax Rate, without regard to the previously advertised rate that appeared in the April 20, 2017, edition of The Washington Post, a County newspaper of general circulation.


Based on the exception set forth in State law, above, the State Department of Assessments concurred with the view of our legal counsel that the *raison d'être* for enactment of the exemption in State law is to address, and is lawfully invoked to remedy, an inadvertent oversight in calculating and imposing the proposed FY 2018 Constant Yield Tax Rate for the City of Glenarden.

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Accordingly, please find attached a revised State of Maryland Department of Assessments and Taxation 2017 Constant Yield Tax Rate Certification sheet depicting the relevant City of Glenarden constant yield tax rate information, as well as a corrected Prince George's County Proposed FY 2018 legal advertisement which plainly depicts the corrected, updated information for the City, and for which the Council will seek public input at its scheduled public hearings on the proposed FY 2018 budget in anticipation of imposing a tax upon real property in Prince George's County in June 2017.

I sincerely appreciate your bringing this matter to our attention. Please feel free to contact my office should you have further questions in this regard.

Very truly yours,



Derrick Leon Davis
Council Chairman

Enclosures as indicated

C: Jeffrey G. Comen, Assistant Attorney General, SDAT
Vincent M. Guida, Jr., Assistant Attorney General, SDAT
Amber Hendricks, Acting County Director of Management and Budget
Robert J. Williams, Jr., Council Administrator
William M. Hunt, Deputy Council Administrator
Redis C. Floyd, Clerk of the Council

2017 Constant Yield Tax Rate Certification

Taxing authority: Prince George's County
in Glenarden

1	1-Jul-2016	Gross assessable real property base	\$	418,745,345
2	1-Jul-2016	Homestead Tax Credit	-	29,321,538
3	1-Jul-2016	Net assessable real property base		389,423,807
4	1-Jul-2016	Actual local tax rate (per \$100)	x	0.8850
5	1-Jul-2016	Potential revenue	\$	3,446,401
6	1-Jul-2017	Estimated assessable base	\$	467,027,032
7	1-Jan-2017	Half year new construction	-	24,635,520
8	1-Jul-2017	Estimated full year new construction*	-	2,600,000
9	1-Jul-2017	Estimated abatements and deletions**	-	38,172,237
10	1-Jul-2017	Net assessable real property base	\$	401,619,275

11	1-Jul-2016	Potential revenue	\$	3,446,401
12	1-Jul-2017	Net assessable real property base	÷	401,619,275
13	1-Jul-2017	Constant yield tax rate	\$	0.8581

Certified by



Acting Director

* Includes one-quarter year new construction where applicable.

**Actual + estimated as of July 1, 2017, including Homestead Tax Credit.

**PRINCE GEORGE'S COUNTY
NOTICE OF A PROPOSED REAL
PROPERTY TAX INCREASE****

The County Council of Prince George's County proposes to increase real property taxes for those properties located in unincorporated areas and municipalities (Box 1).

1. For the tax year beginning July 1, 2017, the estimated real property assessable base will increase by 2.2% (Box 2) from \$54,543,980,555 (Box 3) to \$55,771,039,904, (Box 4) for those properties located in unincorporated areas.
2. If Prince George's County maintains the current tax rate of \$1.0000 (Box 5) per \$100 of assessment, real property tax revenues will increase by 2.2% (Box 6) resulting in \$12,270,593 (Box 7) 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 \$0.9780 (Box 8), the constant yield tax rate.
4. The County is considering not reducing its real property tax rate enough to fully offset increasing assessments. The County proposes to adopt a real property tax rate of \$1.0000 (Box 9) per \$100 of assessment. This tax rate is 2.2% (Box 10) higher than the constant yield tax rate and will generate \$12,269,629 (Box 11) in additional property tax revenues.

****As Revised 04/26/17 with corrected data for City of Glenarden.**

Box 1, Area Within Prince George's County	Box 2, Percentage Change In Base	Box 3, Previous Assessable Base	Box 4, New Assessable Base	Box 5, Current Tax Rate	Box 6, Percentage Change in Revenue
Unincorporated Area	Increase 2.2%	54,543,980,555	55,771,039,904	1.0000	Increase 2.2%
Berwyn Heights	Increase 4.3%	256,403,108	267,518,408	0.8730	Increase 4.3%
Bladensburg	Increase 4.6%	410,266,928	429,021,730	0.8900	Increase 4.6%
Bowie	Increase 2.5%	6,100,785,838	6,251,294,470	0.8680	Increase 2.5%
Brentwood	Increase 5.9%	197,763,003	209,506,251	0.9280	Increase 5.9%
Capitol Heights	Increase 4.2%	252,783,207	263,402,409	0.8820	Increase 4.2%
Cheverly	Increase 4.4%	519,465,891	542,486,350	0.8810	Increase 4.4%
College Park	Increase 5.2%	2,399,119,332	2,524,751,454	0.9700	Increase 5.2%
Colmar Manor	Increase 6.0%	80,978,600	85,827,716	0.9060	Increase 6.0%
Cottage City	Increase 6.3%	83,836,830	89,144,260	0.8940	Increase 6.3%
District Heights	Increase 5.0%	321,105,304	337,023,883	0.8770	Increase 5.0%
Eagle Harbor	Increase 7.5%	6,892,265	7,406,740	0.9930	Increase 7.5%
Edmonston	Increase 3.4%	143,276,371	148,136,938	0.8970	Increase 3.4%
Fairmount Heights	Increase 4.6%	90,941,982	95,102,806	0.9440	Increase 4.6%
Forest Heights	Increase 4.7%	157,828,846	165,184,282	0.9120	Increase 4.7%
Glenarden	Increase 3.1%	389,423,807	401,619,275	0.8850	Increase 3.1%
Greenbelt	Increase 3.0%	1,825,798,435	1,880,651,116	0.8590	Increase 3.0%
Hyattsville	Increase 2.7%	1,722,566,804	1,768,962,381	0.8640	Increase 2.7%
Landover Hills	Increase 6.1%	131,022,793	139,056,922	0.8890	Increase 6.1%
Laurel	Increase 3.1%	2,585,534,879	2,666,182,928	0.8340	Increase 3.1%
Morningside	Increase 5.4%	83,458,129	87,943,595	0.9250	Increase 5.4%
Mount Rainier	Increase 8.4%	364,801,112	395,578,709	0.8660	Increase 8.4%
New Carrollton	Increase 3.4%	668,072,729	690,608,306	0.8820	Increase 3.4%
North Brentwood	Increase 7.9%	43,216,351	46,616,272	0.9960	Increase 7.9%
Riverdale Park	Increase 5.5%	577,085,119	608,816,588	0.8640	Increase 5.5%
Seat Pleasant	Increase 4.8%	261,816,284	274,422,396	0.8760	Increase 4.8%
University Park	Increase 2.8%	299,282,039	307,612,764	0.8750	Increase 2.8%
Upper Marlboro	Increase 3.0%	81,567,028	84,046,680	0.9210	Increase 3.0%

	Box 7, Revenue Change	Box 8, Constant Yield Tax Rate	Box 9, Proposed County Tax Rate	Box 10, Percentage Greater Than Constant Yield Rate	Box 11, Revenue Increase
Unincorporated Area	Gain of \$12,270,593	0.9780	1.0000	2.2%	\$12,269,629
Berwyn Heights	Gain of \$97,037	0.8367	0.8780	4.9%	\$110,485
Bladensburg	Gain of \$166,918	0.8511	0.8820	3.6%	\$132,568
Bowie	Gain of \$1,306,415	0.8471	0.8600	1.5%	\$806,417
Brentwood	Gain of \$108,977	0.8760	0.9360	6.8%	\$125,704
Capitol Heights	Gain of \$93,661	0.8464	0.8960	5.9%	\$130,648
Cheverly	Gain of \$202,810	0.8436	0.8710	3.2%	\$148,641
College Park	Gain of \$1,218,632	0.9217	0.9680	5.0%	\$1,168,960
Colmar Manor	Gain of \$43,933	0.8548	0.9070	6.1%	\$44,802
Cottage City	Gain of \$47,448	0.8408	0.9020	7.3%	\$54,556
District Heights	Gain of \$139,606	0.8356	0.8750	4.7%	\$132,787
Eagle Harbor	Gain of \$5,109	0.9240	0.9940	7.6%	\$5,185
Edmonston	Gain of \$43,599	0.8676	0.9120	5.1%	\$65,773
Fairmount Heights	Gain of \$39,278	0.9027	0.9400	4.1%	\$35,473
Forest Heights	Gain of \$67,082	0.8714	0.9270	6.4%	\$91,842
Glenarden	Gain of \$107,930	0.8581	0.8920	4.0%	\$136,149
Greenbelt	Gain of \$471,185	0.8339	0.8540	2.4%	\$378,011
Hyattsville	Gain of \$400,858	0.8413	0.8610	2.3%	\$348,486
Landover Hills	Gain of \$71,423	0.8376	0.8990	7.3%	\$85,381
Laurel	Gain of \$672,605	0.8088	0.8240	1.9%	\$405,260
Morningside	Gain of \$41,491	0.8778	0.9400	7.1%	\$54,701
Mount Rainier	Gain of \$266,534	0.7986	0.8640	8.2%	\$258,708
New Carrollton	Gain of \$198,764	0.8532	0.8880	4.1%	\$240,332
North Brentwood	Gain of \$33,863	0.9234	0.9950	7.8%	\$33,377
Riverdale Park	Gain of \$274,160	0.8190	0.8700	6.2%	\$310,496
Seat Pleasant	Gain of \$110,430	0.8358	0.8780	5.0%	\$115,806
University Park	Gain of \$72,894	0.8513	0.8730	2.5%	\$66,752
Upper Marlboro	Gain of \$22,838	0.8938	0.9260	3.6%	\$27,063

A public hearing on the proposed real property tax rates will be held at 7:00 p.m. on Tuesday, May 2, 2017, and at 7:00 p.m. on Monday, May 8, 2017, at the County Administration Building, Council Hearing Room, 14741 Governor Oden Bowie Dr., Upper Marlboro, MD 20772.

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

Persons with questions regarding this hearing or with special needs may call (301) 952-3600 for further information.