

## PROPERTY TAX LIMITATION FISCAL YEAR 2004

At the 1978 general election, the voters of the County adopted an amendment to Section 817, Article VIII, of the Prince George's County Charter limiting future collections of real property taxes. The amendment, which became effective in December, 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for "Tax Reform Initiative by Marylanders"). The amendment forbade the County Council to "levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in FY 1979," or \$143.9 million. At the 1984 general election, an amendment to TRIM was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate of \$2.40 for each \$100 of assessed value. The County passed legislation capping taxable assessment growth in FY94 and future years for owner occupied residences at the lesser of the change in the Consumer Price Index (CPI) or 5% of the prior year's taxable assessment. For FY2004 the cap is set at 1%. This limitation is a charter mandated computation passed by the voters in November, 1994, and is permitted by the Tax Property Article, Section 9-105 of the Annotated Code of Maryland.

In 2000, Maryland Senate Bill 626 provided that beginning in tax year 2001, property tax rates shall be applied to 100%, instead of 40%, of the value of real property, and that the real property tax rate be adjusted to make the impact revenue neutral. The bill also stipulated that any limit on a local real property tax rate in a local law or charter provision shall be constructed to mean a rate equal to 40% times the rate stated in the local law or charter provision. As a result, nominal real property rate of the County was adjusted to \$0.96/\$100 of assessed value in FY2002. There is no County taxing authority assigned to debt payments for pre-TRIM bonds in FY2004 because the debt is scheduled to retire by then.

### Yield Calculation

	FY2004 Tax Base	FY2004 Tax Yield
REAL PROPERTY BASE JULY 1, 2003 <sup>1</sup>	\$41,241,293,662	
Add: New Construction Annualized for Cyclical Base Adjustments & Net of Assessment Cap	<u>206,000,000</u>	
<b>TOTAL REAL PROPERTY BASE FY2004</b>	<b>\$41,447,293,662</b>	
Nominal Real Property Tax Rate/\$100	\$0.96	
<b>REAL PROPERTY YIELD</b>		<b>\$397,894,019</b>
TOTAL PERSONAL PROPERTY BASE FY2004	\$2,967,272,810	
Nominal Personal Property Tax Rate/\$100	\$2.40	
<b>PERSONAL PROPERTY TAX YIELD</b>		<b><u>\$71,214,547</u></b>
<b>TOTAL PROPERTY TAX YIELD (Unadjusted)</b>		<b>\$469,108,566</b>
Less: Collection Allowance (1.0%)		(4,691,086)
Municipal Tax Differential Adjustments		(10,456,744) <u>(1,242,036)</u>
<b>TOTAL GENERAL FUND PROPERTY TAX YIELD</b>		<b><u>\$452,718,700</u></b>
Pre-TRIM Taxing Authority to Debt Service Fund		0
Pre-TRIM debt service real property tax rate <sup>2</sup>	<u>\$0.000</u>	
Pre-TRIM debt service personal property tax rate <sup>2</sup>	<u>\$0.000</u>	
Total County Real Property Nominal Tax Rate/\$100	\$0.96	
Total County Personal Property Nominal Tax Rate/\$100	\$2.40	

<sup>1</sup> Estimates based on reports from the State Department of Assessments and Taxation (as of February, 2003). Adjustments for abatements/credits and 1% cap on assessments included.

<sup>2</sup> The pre-TRIM debt service property tax rates are rounded to a tenth of a cent.