



PUBLIC HEARING ON FY24 CONSTANT YIELD TAX RATE

State law requires the City Council to advertise and hold a public hearing if it plans to maintain the City's current real property tax rate, which in FY 2024 will be greater than the state-set Constant Yield Tax Rate (CYTR).

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DESCRIPTION/ISSUE

Each year, the State of Maryland sets a property tax rate for the City of Annapolis, in which property tax revenue would remain the same should property values increase. It's called the Constant Yield Tax Rate.

If property values rise, City property tax income increases unless the City adopts the state's Constant Yield Tax Rate.

The state considers that a tax increase if the City chooses not to accept the CYTR and requires the City to advertise a public hearing titled "Notice of a Proposed Property Tax Increase."

Despite that verbiage, the Constant Yield Tax Rate is NOT an increase in the property tax rate. It is an increase in the income the City receives from real property taxes because property values have increased.

SUMMARY

The City of Annapolis City Council proposes *not to adopt* the state Constant Yield Tax Rate in Fiscal Year 2024.

City of Annapolis Explanation:

If Annapolis property values increase as projected, the current tax rate of \$0.7380 per \$100 of assessment, real property tax revenues will increase by 1.7% resulting in \$914,334 of new real property tax revenues.

The state set the CYTR for Annapolis at \$0.7260 to keep FY24 revenues the same as FY23.

In FY24 budget discussions, the City Council will consider whether to maintain the current rate resulting in the City's property tax income increasing from \$7,494,549,860 to \$7,618,443,294.

The proposal *does not* include a Real Property Tax increase. The FY24 rate would remain the same as FY23, \$0.7380 per \$100 of assessment.



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Legal Notice published May 2, 2023, in the Capital Gazette newspaper
to meet State of Maryland requirements

City of Annapolis Notice of a Proposed Real Property Tax Increase

The City Council of the City of Annapolis proposes to increase real property taxes.

1. For the tax year beginning July 1, 2023, the estimated real property assessable base will increase by 1.7% from \$7,494,549,860 to \$7,618,443,294.
2. If the City of Annapolis maintains the current tax rate of \$0.7380 per \$100 of assessment, real property tax revenues will increase by 1.7% resulting in \$914,334 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 \$0.7260, the constant yield tax rate.
4. The City of Annapolis is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Annapolis proposes to adopt a real property tax rate of \$0.7380 per \$100 of assessment. This tax rate is 1.7% higher than the constant yield tax rate and will generate \$914,334 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, May 22, 2023, at 160 Duke of Gloucester Street, 2nd Floor, Annapolis, Maryland 21401, during the City Council Meeting hosted by the City of Annapolis. The hearing is open to the public, and public testimony is encouraged. Persons with questions regarding this hearing may call 410-263-7952 for further information.