

**Finance Department  
Public Hearing  
On the  
Proposed Real Property Tax Rate Increase  
April 17, 2019**

**ATTENDANCE:**

Mayor:	Robert Ashby
Commissioners:	Michelle Linkey, Ray Ryan, Pete Reich, & Robert Taylor
Town Administrator:	Denise Breder
Asst. Town Admin:	Cathy McCardell
Finance Director:	Debbie Laubach
Police Chief:	Chief Allen Miller
Police Officer:	Officer Kennedy
Finance Clerk:	Shirley Miles (recording minutes)

**Public Attendance:** Debbie Myers, Tim Myers, Reginald Brown, Lance Keen, Pat Keen, Debra Thompson, Kerryanne Kedzierski, Jackie Weih, Tim Curtis & Patricia Caple.

Meeting called to order by Mayor Ashby at 6:30 p.m.

Introduction by the Mayor:

**Reasons for Tax Rate Increase**

- Tax Rate has not been raised in over 17 years. In fact, it had steadily been decreased.
- With the exception of Cecilton, the Town's rates, (even after the proposed increase) is the lowest in the County. Cecilton does not provide the amenities this Town does.
- As the Tax Rate has not been raised in so long, we have not kept up with inflation and have had to rely on Local Impact Funds to supplement our operating budget. This is an unsafe situation as Local Impact Funds are not guaranteed long term and could be (not necessary will be) renegotiated when our contract with the County expires. There is always the possibility that the State will repeal the law which created the Local Impact Fund itself.
- Reserves are being depleted as the Town internally pays for large Capital Projects. Several projects are on the "Board" but, awaiting internal funding which has not been available in the last several years. (ex. Otsego Street repaving, new Town Hall).
- As a result of inflation, the Town pays substantially more for services than several years ago.
- Our current budget shows a deficit of \$308,363. If we don't get a tax rate increase, this amount will have to come from our Reserves in order to balance the budget. Using reserves to pay for operating expenses is a fiscally poor policy.
- The Town is providing several amenities that may not be available elsewhere.
  1. Fully staffed and operational Police Department, ensuring quick response time to emergency.
  2. Growing Juvenile Outreach Program- Provides a safe, nurturing environment for the Town youths to learn responsibility and life skills. Besides helping to eliminate "latch key" situations for our youth, we also provide dinner during the week and lunch on Saturday for any child attending that needs one.
  3. Town Grant Program - The Town provides \$90,000-\$100,000 a year for grants to beautify our Town and improve our businesses.
  4. Beautiful Waterfront Community Park
  5. Launching ramps for boats
  6. Free fishing area.
  7. Street lighting paid by Town.
  8. Snow removal

Which of these would everyone be willing to sacrifice if our budget had to be cut?

- Trash pickup. Town currently provides full weekly trash and recycling pickup at no additional cost. (unlike the sticker system in Aberdeen) The discounted rate the trash company provides us is substantially less than the rate you would receive as an individual homeowner. (our rate \$ 24.86 vs. \$30.00/ mo plus activation fees. (\$360+ a year)
- Town provides yard waste and bulk pickup at no additional charge.
- Free Community events such as Lower Ferry Festival, Christmas tree lighting, movies in the park
- Help fund the Perryville Fire Department

#### Future Needs.

- Need to build back our reserves which would be used for major capital outlays such as improving or replacing infrastructure.
- Aging infrastructure...some water distribution pipes date back to the 20's and 30's. At some point in time, they will need to be replaced or at the very least the Town may have to do major repairs.
- Attract new businesses- i.e. expanding our economic development resources.
- MS4 (Storm Water Management) requirements- We are currently mandated to spend \$50,000/year and we haven't even gotten into the mitigation years, which could cost the Town hundreds of thousands of dollars.
- Expand our Water and Sewer lines to promote additional development in designated areas.

### VALIDATION OF TAX RATE INCREASE-FY2020

- Perryville's current rate (.3097/100) is substantially less than any other municipality in Cecil County with the exception of Cecilton. -see chart
- Perryville's tax rate has been continuously going down since 2002- at which point it was .376/100.
- Impact on the average homeowner would be negligible. (On a home with an assessed value \$200,000 the taxes would only increase by \$100/year. )
- However, total revenue increase to Town would be \$234,772.
- Since inception (Sept, 2010), our Town has brought in \$12,062,646 in revenue from Local Impact Taxes. Without this revenue, the Town would not have been able to improve or expand much of its infrastructure. In fact, many of the services we have been able to provide the Town over the last several years would have been non-existent or strongly curtailed. Revenues other than Local Impact Taxes would not have been enough to cover all expenditures incurred over the last several years.
- Our current Fund Balances (surplus of revenue over expenditures in prior years) could all be attributed to Local Impact. Without that revenue source, the Town would be in a deficit position.
- There is no guarantee that Local Impact Taxes will continue. The casino could leave or the County could renegotiate their share of the revenue when the contract comes up for renewal.
- The Town is currently undertaking several extremely expensive infrastructure projects. Between the construction of the Little League and the expansion of the sewer lines to Chesapeake Outlook, we will deplete our Reserve Funds by over \$3,500,000.
- The Town also will have to replace Town Hall in the next few years. The majority of the funds for that project will probably come from outside financing.
- The Town's budget for services directly impacting the welfare and standard of living of the residents has increased dramatically over the last few years. Our Outreach Program, Police services and Community Events benefit the residents in multiple ways.
- There is relief for property taxes for residents on a low fixed income. The State of Maryland has a Homeowners Property Tax Credit available. It is an income based property tax credit which would be applied to the State and County portion of the tax bill.

## IMPACT OF PROPOSED TAX RATE INCREASE (Public Handout)

### ***How much will my taxes be raised?***

Example using a home with an assessed value of \$100,000.

Tax under old rate of .3097 per \$100 of assessment.

$$.3097 \times (100000/100) = .3097 \times 1000 = \$309.70$$

Tax under proposed rate of .3597 per \$100 of assessment.

$$.3597 \times (100000/100) = .3597 \times 1000 = \$359.70$$

**Impact under proposed tax rate increase would be \$50/year per \$100,000 of assessment.**

\$200,000 assessment would be increased by \$100

\$250,000 assessment would be increased by \$125

You can quickly calculate your personal tax increase by substituting your assessment in the above formula.

### ***What is constant yield?***

The Constant Yield Rate is calculated by the Department for each taxing authority in Maryland. It represents the Real Property Tax Rate for the coming year that would generate the same amount of revenue that was generated during the current Tax Year. As assessments increase, the Constant Yield Tax Rate decreases. When a taxing authority plans to impose a Real Property Tax increase greater than the Constant Yield Tax Rate, it must advertise the tax increase and hold a public hearing. If the taxing authority plans to maintain its Real Property Tax Rate at the current level, but above Constant Yield Tax Rate, it must advertise and a hearing must be held. (an exception is when the total revenue difference between Constant Yield Rate and Current Tax Rate is less than \$25,000)

**Note: The Constant Yield Tax Rate is not a recommended rate from the State.** It is simply intended to be a baseline for comparative purposes. To continuously adopt the Constant Yield Rate would mean that one is ignoring the effects of inflation completely.

### Real Estate Tax Rates - Perryville

FY	Rate/\$100 of assessed value	(prior to assessment correction of 40%)
2000	0.940	
2001	0.940	
2002	0.376	
2003	0.376	
2004	0.376	
2005	0.376	
2006	0.362	
2007	0.362	
2008	0.362	
2009	0.362	
2010	0.353	
2011	0.353	
2012	0.3394	
2013	0.3144	
2014	0.3136	
2015	0.3130	
2016	0.3130	
2017	0.3097	
2018	0.3097	
2019	0.3097	

- Perryville's current rate (.3097/100) is substantially less than any other municipality in Cecil County with the exception of Cecilton. -see chart

2018-2019 COUNTY & MUNICIPALITY TAX RATE							Notes
County and Town	Town/Special Taxing District Tax Rate			County Tax Rate			
	Real	Personal	Utility	Real	Personal	Utility	
<b>Carroll County</b>				1.018	2.615	2.515	
Taneytown	0.37	0.5	0.8				
Sykesville	0.35	0.075	0.875				
Marchoan	0.216	2.44	0.48				
Wardman	0.56	1.1	1.4				
Langetown	0.22	0.55	0.56				
New Windsor	0.2515	0.4	0.4				
Eden Ridge	0.36	0.75	0.75				
Mount Airy	0.662	0.41	0.41				
<b>Cecil County</b>				1.0414	2.6035	2.6035	
Cecilton	0.2373	0.008	0.008				
Chapmansville	0.4888	1.16	1.16				
Elkton	0.0355	0.1	0.2				
North East	0.48	0	1.2				
Chesapeake	0.3934	0.0	0.0				
Templeton	0.45	0.3	0.9				
Port Deposit	0.546	0	2.2				
Perryville	0.3097	0.94	0.94				
<b>Charles County</b>				1.205*	3.0125**	3.0125**	* Includes 0.064 Fire Tax ** Includes 0.16 Fire Tax *** Includes Town Differential
Palmdale	0.3	0.8	0.5	1.186***	3.0125**	3.0125**	*** Includes Town Differential
La Plata	0.37	0.75	0.75	1.006***	3.0125**	3.0125**	*** Includes Town Differential
Port Tobacco	0.54	0.54	0.54	1.205	3.0125**	3.0125**	*** Includes Town Differential
<b>Dorchester County</b>				1.00	2.44	2.44	*** Includes Town Differential at Tax
Stowery	0.5529	0.8	0.8	1.00	2.44	2.44	
East New Market	0.709	1.6	1.6	1.00	2.44	2.44	
Crofton	0.5779	1.69	1.69	0.9267	2.44	2.44	
Marick	0.6218	1.49	1.49	0.9179	2.44	2.44	
Yemassee	0.58	1.08	1.08	1.00	2.44	2.44	
Greenbank	0.17	0.35	0.35	1.00	2.44	2.44	
Calverton	0.3091	0.65	0.65	1.00	2.44	2.44	
Brookview	0.30	0.58	0.58	1.00	2.44	2.44	
Finchville	0.17	0.42	0.42	1.00	2.44	2.44	
<b>Frederick County</b>				1.000	0	2.05	
Shawcross	0.42	0	2.05	1.000	0	2.05	
Shuttsville	0.19	0	0	1.000	0	2.05	
Smithsburg	0.35	0.0	0	1.000	0	2.05	
Fordney	0.7305	1.50	0	0.9613	0	2.65	

Revised 2/2/14

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**Public Input:** Several residents voiced opposition to tax rate increase, refer to recording of meeting. Discussion followed with the Mayor and the Board of Commissioners reasons for tax increase were then again highlighted.

**Adjourned Meeting:** 7:35 p.m.

Respectfully Submitted,

*Shirley Miles*  
Shirley Miles  
Finance Department