


MEMORANDUM

May 10, 2012

TO: Government Operations and Fiscal Policy Committee

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: Property tax options for FY13

PURPOSE

The Committee must recommend the amount of the income tax offset credit and the amount of property tax that should be raised to fund the FY13 budget. The Executive recommends setting property tax revenue at the FY12 level (\$1.462 billion)—\$26.0 million below the so-called Charter limit.¹ The Executive also recommends setting the income tax offset credit at the FY12 level of \$692. Taken together, the weighted tax rate would increase 4.5 cents, from \$0.946 to \$0.991.

STAFF RECOMMENDATION

- 1) **Concur with Executive's recommended rate and credit for property tax revenue at \$1.462 billion.**
- 2) **If the Committee supports a higher level of property tax revenue, Staff recommends increasing the rate rather than reducing the credit.**

BACKGROUND

The property tax rate

Property tax revenue is calculated by multiplying the taxable value of all taxable property by the weighted tax rate, and then subtracting the total amount of the income tax offset credit. The value of the County's assessable base fell 3.6% two years ago and 2.9% last year. A declining assessable base means

¹ Charter §305 limits growth in real property tax revenue to the rate of inflation, excluding new construction, development districts, and other minor exceptions. Nine affirmative votes are required to exceed the Charter limit.

that some combination of rate increases and reduced credits will be necessary to raise the same amount of revenue.

The income tax offset credit

Under County Code §52-11B, the Council is authorized to set, by resolution, the rate or amount of a property tax credit to offset a portion of the income tax revenue resulting from a County income tax rate that is higher than 2.6% (the County income tax rate is currently 3.2%). The credit applies only to owner-occupied principal residences. See §52-11B(c), below.

(c) The County Council must set the amount or rate of the credit under this Section annually by resolution, adopted no later than the date the Council sets the property tax rates. A public hearing must be held, with at least 15 days' notice, before the Council adopts a resolution under this Section. The amount or rate of the credit must, in the Council's judgment, offset some or all of the income tax revenue resulting from a County income tax rate higher than 2.6%. The Council must set the amount of the credit at zero for any tax year in which the rate of the County income tax does not exceed 2.6%.

On March 15, 2012, the Executive transmitted the resolution on © 2-3, recommending that the Council set the amount of the property tax credit under §52-11B at \$692 for each eligible taxpayer (equal to the FY12 credit).

EXECUTIVE'S PROPOSED PROPERTY TAX RATE AND CREDIT

Based on the Executive's request, a property with a taxable value of \$250,000 in FY13 will pay \$113 more than a property with that same taxable value in FY12. This is not the same as saying that the property tax bill for any property with a taxable value of \$250,000 in FY12 will, under the Executive's request, increase by \$113 in FY13. Because of falling assessments, many properties will have a lower taxable value in FY13 than in FY12.

The table below illustrates property tax burden in FY12 and FY13 at four different taxable assessment levels.

	FY12 Status Quo	CE's Recommended Budget	Change (FY12 to FY13)
<i>Rate</i>	\$0.946	\$0.991	
<i>Credit</i>	\$692	\$692	
Tax @ value of \$250,000	\$1,673	\$1,786	\$113
Tax @ value of \$500,000	\$4,038	\$4,263	\$225
Tax @ value of \$750,000	\$6,403	\$6,741	\$338
Tax @ value of \$1,000,000	\$8,768	\$9,218	\$450

REDUCING THE INCOME TAX OFFSET CREDIT

If the Council chooses to set property tax revenue at the level recommended by the Executive, the Council could choose to increase the rate and maintain the FY12 income tax offset credit (\$692).

Alternatively, the Council could choose to reduce the income tax offset credit to \$404 and maintain the current rate.

Note that assessments declined last year (see © 10-15); consequently, property tax revenue in FY13 will decline unless the rate is increased or the credit is reduced. The table below compares two FY13 options that raise the same amount of property tax revenue.

	Rates (weighted)	ITOC	Revenue (billions)
Current	\$0.946	\$692	\$1.462
FY13 CE Recommended	\$0.991	\$692	\$1.462
FY13 Reduced ITOC	\$0.946	\$404	\$1.462

- Under the Executive's recommended budget, the weighted property tax rate would increase by 4.5 cents, while the income tax offset credit would remain at the FY12 level.
- Alternatively, the Council could reach the same amount of property tax revenue by keeping the weighted property tax rate the same and reducing the credit from \$692 to \$404.

A higher credit is more progressive because the tax credit is not "ad valorem" – based on the value of the property. However, if the credit is too high, then many homeowners will end up paying very little in property tax relative to the County's cost of providing services. The reduced credit option, on the other hand, is regressive when compared to the Executive's recommended rate and credit.

Note that in the table below, the tax at taxable values of \$250,000 and \$500,000 is lower in the Executive's Recommended Budget Scenario (rate of \$0.991 and credit at \$692) than in the alternative (in which the rate remains at the current FY12 rate of \$0.946 and the credit is reduced from \$692 to \$404). However, the alternative with the reduced credit compares favorably to the rate and credit combination in the Executive's recommended budget scenario for residential properties with taxable values at \$750,000 and \$1,000,000.

	FY12 Status Quo	CE's Recommended Budget	Same Revenue, Reduced ITOC
<i>Rate</i>	<i>\$0.946</i>	<i>\$0.991</i>	<i>\$0.946</i>
<i>Credit</i>	<i>\$692</i>	<i>\$692</i>	<i>\$404</i>
Tax @ value of \$250,000	\$1,673	\$1,786	\$1,961
Tax @ value of \$500,000	\$4,038	\$4,263	\$4,326
Tax @ value of \$750,000	\$6,403	\$6,741	\$6,691
Tax @ value of \$1,000,000	\$8,768	\$9,218	\$9,056

According to Finance, the higher rate and level credit proposed by the Executive is better for residential properties with taxable values below \$600,000, whereas an alternative that raises the same amount of property tax revenue by reducing the credit and maintaining the rate is better for residential properties with taxable values at or above \$600,000.

In May 2011, the Committee (and subsequently the Council) discussed at length the policy tradeoffs implicated in the decision to increase revenue by increasing the rate or by reducing the credit. Attached to this memorandum are memos from Councilmember Andrews and Councilmember Riemer expressing their views (see © 7-9). These memos, written one year ago, remain relevant.

SETTING PROPERTY TAX REVENUE AT THE CHARTER LIMIT

The Executive recommends property tax revenue at \$26.0 million below the Charter limit. The Council could set property tax revenue above the level recommended by the Executive in order to raise more revenue overall, or to reduce revenue from another source. For example, if the Council's anticipated expenditures were equal to the Executive's recommended expenditures, the Council could choose to set property tax revenue at the Charter limit and reduce fuel/energy taxes by \$26.0 million

The Charter limit is based on year-over-year change in real property tax revenue. A significant factor in deciding whether property tax revenue should be set at or below the Charter limit is that setting real property tax revenue below the Charter limit will reduce the amount of revenue which can be raised from real property tax beyond FY13. In contrast, the fuel/energy tax rate can be set by resolution each year, depending upon fiscal need or the external costs of fuel/energy consumption.

The table below illustrates the range of options if the Council chooses to raise real property taxes to the Charter limit (the current rate is \$0.946 and the current ITOC is \$692). All three options generate property tax revenue at the level of \$1.488 billion—the actual Charter limit and weighted property tax rate will be higher under option #2 and option #3.

	Rates (weighted)	ITOC	Revenue (billions)
FY13 @ Charter limit Option #1	\$0.946	\$297	\$1.488 billion
FY13 @ Charter limit Option #2	\$1.007	\$692	\$1.488 billion
FY13 @ Charter limit Option #3	\$0.991	\$586	\$1.488 billion

- Under Option #1, the Council keeps the rate the same and decreases the income tax offset credit by \$395.
- Under Option #2, the Council increases the rate by 6.1 cents and keeps the credit at \$692.
- Under Option #3, the Council increases the rate by 4.5 cents and decreases the credit by \$106.

As the table below shows, option #1 is the most regressive option—properties with taxable values of \$250,000 and \$500,000 will pay more in taxes under this option than under either of the other two selected alternatives. Option #2 is the most progressive option—properties with taxable values of \$250,000 and \$500,000 pay less in taxes under this option than under either of the other two selected alternatives. Option #3 falls between the other two options, though it is closer to option #2: Option #3 is slightly more burdensome than option #2 for properties with taxable values of \$250,000 and \$500,000 and slightly less burdensome than option #2 for properties with taxable values of \$750,000 and \$1,000,000. For additional detail, see calculations prepared by Finance on © 1.

	FY12 Status Quo	CE's Recommended Budget	Charter Limit Option #1 (Decrease Credit)	Charter Limit Option #2 (Increase Rate)	Charter Limit Option #3 (CE Recommended Rate, Decrease Credit)
<i>Rate</i>	<i>\$0.946</i>	<i>\$0.991</i>	<i>\$0.946</i>	<i>\$1.007</i>	<i>\$0.991</i>
<i>Credit</i>	<i>\$692</i>	<i>\$692</i>	<i>\$297</i>	<i>\$692</i>	<i>\$586</i>
Tax @ value of \$250,000	\$1,673	\$1,786	\$2,068	\$1,826	\$1,892
Tax @ value of \$500,000	\$4,038	\$4,263	\$4,433	\$4,343	\$4,369
Tax @ value of \$750,000	\$6,403	\$6,741	\$6,798	\$6,861	\$6,847
Tax @ value of \$1,000,000	\$8,768	\$9,218	\$9,163	\$9,378	\$9,324

Five additional considerations:

- The Committee should consider the effect that changing either the rate or the credit has on commercial and residential tax burdens. Increases in the weighted property tax rate affect all properties (residential and commercial). In contrast, reducing the income tax offset credit increases the share of property tax revenue that is raised from residential uses because commercial property owners do not receive an income tax offset credit.
- The Committee should remember that up to 11,747 residential properties increased in value during the most recent assessments (see © 15). A rate increase, which is necessary because assessments overall declined, would amplify the effect of a higher assessment for those properties that increased in taxable value over the past year. Councilmember Ervin requested more information regarding where assessed values increased. The County does not yet have this information. A map showing the three reassessment areas is attached at © 17 and can be found at <http://www.dat.state.md.us/sdatweb/16geo.html>.
- In addition, the Committee should consider that if the property tax rate is increased or the credit is reduced in order to reduce the fuel/energy tax, the net tax increase for property owners will be less than the table above would indicate.²
- The Committee should note that property tax revenue at the Charter limit is slightly higher in scenarios in which the rate is higher. This is true because rate increases on personal property (set at 2.5 times the real property tax rate) and real property tax revenue from new construction will also be higher.
- Of course, the Committee could also recommend that the Council set property tax revenue above the Charter limit. However, to do so would require the affirmative votes of nine Councilmembers.

² In FY12, the average fuel/energy tax was \$247 per household. A \$26.0 million reduction in fuel/energy tax revenue from the projected revenue of \$245.2 million would result in \$219.2 million in fuel/energy tax revenue (approximately 89.4% of the un-reduced revenue). Applying this same ratio would result in a reduction of fuel/energy tax from \$247 per household to \$221 per household.

Attachments:

- ©1 Finance Department calculations
- © 2-3 Public hearing draft resolution to set the income tax offset credit
- © 4 Revenue summary
- © 5-6 Tax supported fiscal plan summary
- © 7 Memo from Councilmember Andrews to the Council (May 3, 2011)
- © 8-9 Memo from Councilmember Riemer to the Council (May 11, 2011)
- © 10-15 SDAT Group 3 reassessment figures
- © 16 Slide from Department of Finance economic update (December 2011)
- © 17 SDAT Reassessment areas
- © 18 FY13 property tax, all 3 groups, CE recommended rate and credit

FY2013					
	CE Budget	Reduce Credit	Charter Limit Option #1	Option #2	Option #3
Weighted Rate	\$0.991	\$0.946	\$0.946	\$1.007	\$0.991
Credit	\$692.00	\$404.00	\$297.00	\$692.00	\$586.00
Taxable Assessment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
--Revenues before credit	\$2,478	\$2,365	\$2,365	\$2,518	\$2,478
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$1,786	\$1,961	\$2,068	\$1,826	\$1,892
		\$176	\$283	\$40	\$106
		9.8%	15.8%	2.2%	5.9%
Taxable Assessment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
--Revenues before credit	\$4,955	\$4,730	\$4,730	\$5,035	\$4,955
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$4,263	\$4,326	\$4,433	\$4,343	\$4,369
		\$63	\$170	\$80	\$106
		1.5%	4.0%	1.9%	2.5%
Taxable Assessment	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
--Revenues before credit	\$5,946	\$5,676	\$5,676	\$6,042	\$5,946
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$5,254	\$5,272	\$5,379	\$5,350	\$5,360
		\$18	\$125	\$96	\$106
		0.3%	2.4%	1.8%	2.0%
Taxable Assessment	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
--Revenues before credit	\$6,442	\$6,149	\$6,149	\$6,546	\$6,442
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$5,750	\$5,745	\$5,852	\$5,854	\$5,856
		(\$5)	\$103	\$104	\$106
		-0.1%	1.8%	1.8%	1.8%
Taxable Assessment	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
--Revenues before credit	\$7,433	\$7,095	\$7,095	\$7,553	\$7,433
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$6,741	\$6,691	\$6,798	\$6,861	\$6,847
		(\$50)	\$58	\$120	\$106
		-0.7%	0.9%	1.8%	1.6%
Taxable Assessment	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
--Revenues before credit	\$9,910	\$9,460	\$9,460	\$10,070	\$9,910
--Credit	(\$692)	(\$404)	(\$297)	(\$692)	(\$586)
Property Tax	\$9,218	\$9,056	\$9,163	\$9,378	\$9,324
		(\$162)	(\$55)	\$160	\$106
		-1.8%	-0.6%	1.7%	1.1%

Resolution No.: _____
Introduced: March 27, 2012
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: Property Tax Credit for Income Tax Offset

Background

1. County Code Section 52-11B authorizes the County Council by resolution to set the rate or amount of the property tax credit to offset certain income tax revenues resulting from a County income tax rate higher than 2.6%.
2. The County Executive has recommended the amount of property tax credit under County Code Section 52-11B for the tax year beginning July 1, 2012 to be \$692 for each eligible taxpayer.
3. A public hearing was held on April 24, 2012.

Action

The County Council for Montgomery County, Maryland, approves the following action:

The amount of the property tax credit under County Code Section 52-11B for the tax year beginning July 1, 2012, is \$692 for each eligible taxpayer.

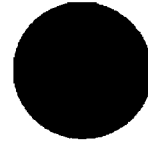
This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 15, 2012

TO: Roger Berliner, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Property Tax Credit for Income Tax Offset

The purpose of this memorandum is to transmit for introduction by the County Council a resolution to authorize the Property Tax Credit for Income Tax Offset that is included in my FY13 Recommended Operating Budget. If approved by the County Council, this will provide a \$692 property tax credit for each owner-occupied dwelling in the County. My recommended budget will keep property tax revenue level with FY12, and the \$692 credit maintains a progressive property tax structure in the County. I urge the Council to review and adopt this resolution as part of its deliberations on the FY13 Operating Budget.

IL:ae

Attachment

c: Timothy L. Firestine, Chief Administrative Officer
Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance
Kathleen Boucher, Assistant Chief Administrative Officer

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
(\$ Millions)

A KEY REVENUE CATEGORIES	B App. FY12	C Estimate FY12	D % Chg. FY12-13	E %Chg FY12-13	F Projected FY13	G % Chg. FY13-14	H Projected FY14	I % Chg. FY14-15	J Projected FY15	K % Chg. FY15-16	L Projected FY16	M % Chg. FY16-17	N Projected FY17	O % Chg. FY17-18	P Projected FY18
TAXES	5-26-11		Rec/Bud	Rec/Est											
1 Property Tax (less PDs)	1,462.2	1,437.0	0.0%	1.8%	1,462.2	3.0%	1,505.8	3.1%	1,553.2	3.5%	1,608.2	3.5%	1,664.5	3.1%	1,715.4
2 Income Tax	1,117.2	1,227.1	11.2%	1.3%	1,242.9	2.9%	1,278.9	6.7%	1,364.4	4.7%	1,428.8	3.6%	1,480.0	4.2%	1,541.5
3 Transfer Tax	83.3	74.2	-3.2%	8.7%	80.7	9.2%	88.1	5.8%	93.2	6.9%	99.6	7.3%	106.9	5.7%	113.0
4 Recordation Tax	51.9	45.3	-4.9%	8.7%	49.3	6.4%	52.4	5.3%	55.2	8.3%	59.8	7.6%	64.4	5.4%	67.8
4a Recordation Tax Premium	8.3	4.3	-100.0%	-100.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
4b Recordation Tax CIP	0.0	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
5 Energy Tax	251.2	243.1	-2.4%	0.9%	245.2	1.3%	248.5	2.4%	254.4	1.8%	259.0	0.9%	261.3	0.6%	262.7
6 Telephone Tax	51.5	47.5	-5.4%	2.6%	48.7	1.4%	49.4	1.7%	50.2	1.7%	51.1	1.8%	52.0	1.9%	53.0
7 Hotel/Motel Tax	20.0	18.6	-4.6%	2.4%	19.1	2.7%	19.6	2.0%	20.0	1.3%	20.2	1.6%	20.5	1.6%	20.9
8 Admissions Tax	2.6	2.4	-3.1%	3.6%	2.5	3.8%	2.6	3.8%	2.7	3.6%	2.8	3.6%	2.9	3.6%	3.0
9 Total Local Taxes	3,048.3	3,099.6	3.4%	1.6%	3,150.6	3.0%	3,245.2	4.6%	3,393.3	4.0%	3,529.5	3.5%	3,652.4	3.4%	3,777.2
INTERGOVERNMENTAL AID															
10 Highway User	1.8	1.8	86.7%	85.1%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3
11 Police Protection	8.2	8.7	5.9%	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7
12 Libraries	5.5	5.8	-3.5%	-8.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3
13 Health Services Case Formula	3.6	3.6	0.0%	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6
14 Mass Transit	22.8	22.8	0.0%	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8
15 Public Schools	559.8	559.5	5.1%	5.1%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3
16 Community Colleges	29.8	29.8	1.4%	1.4%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2
17 Direct Reimbursements	14.3	0.0	-100.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
18 Other	11.2	30.2	172.3%	1.4%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6
19 Subtotal State Aid	657.1	662.2	5.5%	4.6%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9
20 Federal Aid	8.0	0.0	-100.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
21 Total Intergovernmental Aid	665.0	662.2	4.2%	4.6%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9
FEES AND FINES															
22 Licenses & Permits	11.8	11.9	-4.6%	-5.1%	11.3	1.5%	11.4	1.5%	11.6	1.5%	11.8	1.5%	11.9	1.5%	12.1
23 Charges for Services	49.2	52.4	6.9%	0.2%	52.6	2.3%	53.8	2.3%	55.0	2.1%	56.2	2.1%	57.4	2.1%	58.6
24 Fines & Forfeitures	19.8	19.3	16.4%	19.8%	23.1	1.6%	23.4	1.6%	23.8	1.6%	24.2	1.6%	24.6	1.6%	25.0
25 Montgomery College Tuition	82.0	83.2	6.2%	4.7%	87.1	2.3%	89.1	2.3%	91.1	2.1%	93.1	2.1%	95.1	2.1%	97.1
26 Total Fees and Fines	162.8	166.7	6.9%	4.3%	173.9	2.2%	177.7	2.1%	181.5	2.0%	185.2	2.0%	188.9	2.0%	192.8
MISCELLANEOUS															
27 Investment Income	1.6	0.2	-70.3%	122.8%	0.5	33.6%	0.6	94.0%	1.2	134.2%	2.9	55.8%	4.5	26.3%	5.7
28 Other Miscellaneous	14.4	10.0	-35.0%	-6.3%	9.4	2.9%	9.6	2.9%	9.9	2.7%	10.2	2.7%	10.5	2.7%	10.7
29 Total Miscellaneous	16.0	10.2	-38.5%	-3.6%	9.9	4.4%	10.3	8.5%	11.2	17.2%	13.1	14.4%	15.0	9.8%	16.4
30 TOTAL REVENUES	3,892.1	3,938.7	3.5%	2.2%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
31 \$ Change from prior Budget	112.9				135.1		98.9		152.7		141.8		128.5		130.1
Calculation for Adjusted Governmental Revenues															
32 Total Tax Supported Revenues	3,892.1	3,938.7	3.5%	2.2%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
33 Capital Projects Fund	45.6	60.3	43.7%	8.5%	65.5	52.1%	99.6	2.3%	101.9	-11.8%	89.9	1.1%	90.8	-11.0%	80.8
34 Grants	108.9	108.9	-1.7%	-1.7%	107.0	2.9%	110.1	2.9%	113.3	2.7%	116.3	2.7%	119.4	2.7%	122.6
35 MCO Adjusted Revenues*	4,046.6	4,108.0	3.8%	2.2%	4,199.7	3.2%	4,335.9	3.6%	4,494.0	3.0%	4,626.8	2.9%	4,759.4	2.6%	4,882.7

County Executive's Recommended FY13-18 Public Services Program

Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY12	Estimate FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18
Total Revenues	5-26-11		Rec/Bud	3-15-12										
1 Property Tax (less PDs)	1,462.2	1,437.0	0.0%	1,462.2	3.0%	1,505.8	3.1%	1,553.2	3.5%	1,608.2	3.5%	1,664.5	3.1%	1,715.4
2 Income Tax	1,117.2	1,227.1	11.2%	1,242.9	2.9%	1,278.9	6.7%	1,364.4	4.7%	1,428.8	3.6%	1,480.0	4.2%	1,541.5
3 Transfer/Recordation Tax	143.5	123.9	-9.5%	129.9	8.1%	140.5	5.6%	148.4	7.4%	159.4	7.4%	171.2	5.6%	180.8
4 Investment Income	1.6	0.2	-70.3%	0.5	33.6%	0.6	94.0%	1.2	134.2%	2.9	55.8%	4.5	26.3%	5.7
5 Other Taxes	325.3	311.6	-3.0%	315.5	1.4%	320.1	2.3%	327.3	1.8%	333.1	1.1%	336.7	0.8%	339.6
6 Other Revenues	842.2	838.9	4.0%	876.2	0.5%	880.3	0.5%	884.3	0.4%	888.3	0.5%	892.3	0.5%	896.4
7 Total Revenues	3,892.1	3,938.7	3.5%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
8														
9 Net Transfers In (Out)	41.3	35.9	-27.6%	29.9	2.9%	30.7	2.8%	31.6	2.6%	32.5	2.7%	33.3	2.7%	34.2
10 Total Revenues and Transfers Available	3,933.4	3,974.6	3.1%	4,057.1	2.5%	4,156.9	3.7%	4,310.5	3.3%	4,453.1	2.9%	4,582.5	2.9%	4,713.5
11														
12 Non-Operating Budget Use of Revenues														
13 Debt Service	296.2	279.0	2.5%	303.5	6.8%	324.3	9.6%	355.3	5.4%	374.6	4.1%	389.8	0.0%	389.8
14 PAYGO	31.0	31.0	-4.8%	29.5	0.0%	29.5	0.0%	29.5	0.0%	29.5	0.0%	29.5	0.0%	29.5
15 CIP Current Revenue	-35.0	35.0	52.8%	53.5	51.4%	81.0	-26.5%	59.5	-2.7%	58.0	-1.8%	56.9	16.2%	66.1
16 Change in Montgomery College Reserves	(9.0)	(4.0)	46.4%	(4.8)	102.3%	0.1	1.4%	0.1	-4.6%	0.1	2.1%	0.1	2.1%	0.1
17 Change in MNCPPC Reserves	(1.5)	(2.5)	37.1%	(1.0)	99.9%	(0.0)	9543.7%	0.1	14.1%	0.1	0.4%	0.1	35.5%	0.2
18 Change in MCPS Reserves	(17.0)	7.4	0.0%	(17.0)	22.1%	(13.3)	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0
19 Change in MCG Special Fund Reserves	22.8	1.4	-24.3%	17.3	-100.0%	0.0	532.7%	0.0	18.5%	0.0	-9.7%	0.0	-10.8%	0.0
20 Contribution to General Fund Undesignated Reserves	66.4	90.6	-122.8%	(15.1)	106.1%	0.9	527.6%	5.8	18.5%	6.8	-9.7%	6.2	-10.8%	5.5
21 Contribution to Revenue Stabilization Reserves	20.4	45.1	3.0%	21.0	3.3%	21.7	4.1%	22.6	3.7%	23.5	3.6%	24.3	3.1%	25.1
22 Retiree Health Insurance Pre-Funding	49.6	49.6	123.1%	110.7	28.9%	142.8	20.4%	171.9	0.0%	171.9	0.0%	171.9	0.0%	171.9
23 Set Aside for other uses (supplemental appropriations)	0.2	10.2	-67.2%	0.1	30441.4%	20.1	0.0%	20.1	0.0%	20.1	0.0%	20.1	0.0%	20.1
24 Total Other Uses of Resources	494.3	542.9	0.7%	497.8	22.0%	607.2	9.5%	665.0	2.9%	684.6	2.1%	698.9	1.3%	708.3
25 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	3,439.1	3,431.7	3.5%	3,559.3	-0.3%	3,549.7	2.7%	3,645.5	3.4%	3,768.6	3.1%	3,883.6	3.1%	4,005.2
26														
27 Agency Uses														
28														
29 Montgomery County Public Schools (MCPS)	1,950.9	1,926.8	2.6%	2,001.6	-0.3%	1,996.2	2.7%	2,050.1	3.4%	2,119.3	3.1%	2,184.0	3.1%	2,252.4
30 Montgomery College (MC)	218.0	214.6	0.2%	218.4	-0.3%	217.8	2.7%	223.7	3.4%	231.2	3.1%	238.3	3.1%	245.7
31 MNCPPC (w/o Debt Service)	94.3	94.3	4.7%	98.8	-0.3%	98.6	2.7%	101.2	3.4%	104.6	3.1%	107.8	3.1%	111.2
32 MCG	1,175.8	1,196.0	5.5%	1,240.5	-0.3%	1,237.1	2.7%	1,270.5	3.4%	1,313.4	3.1%	1,353.5	3.1%	1,395.9
33 Agency Uses	3,439.1	3,431.7	3.5%	3,559.3	-0.3%	3,549.7	2.7%	3,645.5	3.4%	3,768.6	3.1%	3,883.6	3.1%	4,005.2
34 Total Uses	3,933.4	3,974.6	3.1%	4,057.1	2.5%	4,156.9	3.7%	4,310.5	3.3%	4,453.1	2.9%	4,582.5	2.9%	4,713.5
35 (Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

Assumptions:

1. Property tax revenue is \$21.5 million below the Charter Limit and kept the same as the FY12 approved budget. Assumes \$692 income tax offset credit.
2. May 2010 Energy Tax increase is retained.
3. Reserve contributions at the policy level and consistent with legal requirements.
4. PAYGO, Debt Service, and Current Revenue updated to reflect the FY13 recommended CIP and current revenue amendments.
5. Retiree health insurance pre-funding is increased up to full funding by FY15, and then kept level beyond FY15. FY13 is year 6 of 8-year funding schedule.

County Executive's Recommended FY13-18 Public Services Program

Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY12	Est FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18
Beginning Reserves														
Unrestricted General Fund	66.9	64.0	131.2%	154.7	-9.8%	139.5	0.7%	140.4	4.1%	146.2	4.7%	153.0	4.0%	159.1
Revenue Stabilization Fund	94.5	94.5	47.7%	139.6	15.1%	160.6	13.5%	182.4	12.4%	205.0	11.5%	228.5	10.6%	252.9
Total Reserves	161.4	158.6	82.3%	294.2	2.0%	300.2	7.6%	322.8	8.8%	351.2	8.6%	381.5	8.0%	412.0
Additions to Reserves														
Unrestricted General Fund	66.4	90.6	-122.8%	-15.1	106.1%	0.9	527.6%	5.8	18.5%	6.8	-9.7%	6.2	-10.8%	5.5
Revenue Stabilization Fund	20.0	45.1	5.4%	21.0	3.3%	21.7	4.1%	22.6	3.7%	23.5	3.6%	24.3	3.1%	25.1
Total Change in Reserves	86.4	135.7	-93.2%	5.9	283.5%	22.7	25.3%	28.4	6.7%	30.3	0.6%	30.5	0.3%	30.6
Ending Reserves														
Unrestricted General Fund	133.3	154.7	4.6%	139.5	0.7%	140.4	4.1%	146.2	4.7%	153.0	4.0%	159.1	3.4%	164.6
Revenue Stabilization Fund	114.5	139.6	40.3%	160.6	13.5%	182.4	12.4%	205.0	11.5%	228.5	10.6%	252.9	9.9%	278.0
Total Reserves	247.8	294.2	21.1%	300.2	7.6%	322.8	8.8%	351.2	8.6%	381.5	8.0%	412.0	7.4%	442.6
Reserves as a % of Adjusted Governmental Revenues	6.1%	7.2%		7.1%		7.4%		7.8%		8.2%		8.7%		9.1%
Other Reserves														
Montgomery College	7.0	11.2	-7.6%	6.4	1.7%	6.5	1.7%	6.6	1.6%	6.7	1.6%	6.9	1.6%	7.0
M-NCPPC	3.7	4.8	3.3%	3.9	0.0%	3.9	3.2%	4.0	3.6%	4.1	3.5%	4.3	4.5%	4.5
MCPS	0.0	30.3	n/a	13.3	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	2.6	(16.5)	-67.6%	0.8	0.7%	0.8	4.1%	0.9	4.7%	0.9	4.0%	0.9	3.4%	1.0
MCG + Agency Reserves as a % of Adjusted Govt Revenues	6.5%	7.9%		7.7%		7.7%		8.1%		8.5%		8.9%		9.3%
Retiree Health Insurance Pre-Funding														
Montgomery County Public Schools (MCPS)	20.0	20.0		61.9		80.3		101.6		100.9		99.7		99.7
Montgomery College (MC)	1.0	1.0		1.9		2.4		3.1		3.0		2.8		2.8
MNCPPC	2.6	2.6		3.4		6.3		7.7		7.4		7.2		7.2
MCG	26.1	26.1		43.6		33.8		39.5		60.6		62.2		62.2
Subtotal Retiree Health Insurance Pre-Funding	49.6	49.6		110.7		142.8		171.9		171.9		171.9		171.9
Adjusted Governmental Revenues														
Total Tax Supported Revenues	3,892.1	3,938.7	3.5%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
Capital Projects Fund	45.6	60.3	43.7%	65.5	52.1%	99.6	2.3%	101.9	-11.8%	89.9	1.1%	90.8	-11.0%	80.8
Grants	108.9	108.9	-1.7%	107.0	2.9%	110.1	2.9%	113.3	2.7%	116.3	2.7%	119.4	2.7%	122.6
Total Adjusted Governmental Revenues	4,046.6	4,108.0	3.8%	4,199.7	3.2%	4,335.9	3.6%	4,494.0	3.0%	4,626.8	2.9%	4,759.4	2.6%	4,882.7

May 3, 2011

MEMORANDUM

TO: Councilmembers

FROM: Councilmember Phil Andrews



SUBJECT: The County Executive's Proposal to Raise the Property Tax Rate

Although County Executive Leggett has proposed staying within the Charter Limit in his budget, he has recommended raising the property tax rate by approximately 4.5%. A far better alternative is available: Keep property tax rates the same and reduce the FY 12 income tax offset credit from \$692 to \$395. The Council would thereby provide homeowners with a substantial tax credit without raising the property tax rate.

While the County Council has increased many taxes in recent years, the Council has not raised the property tax rate for many years. There are several good reasons why the Council should reject the CE's proposal to increase the property tax rate.

For the past two decades the Council has appropriately strived to reduce reliance on property tax revenues vis-à-vis other taxes, because property taxes are more regressive than many other taxes. During the middle of the last decade, the County received about the same amount of revenue from the local income tax as from property taxes, the first time this had occurred. This resulted, in part, from Council decisions in 2003 to increase the income tax rate to the legal maximum, and from decisions in 2004-06 to decrease the property tax rate. These decisions helped make the County's tax structure and tax burden more progressive.

About 24,000 households in the County face a 10% increase in the taxable value of their home for FY 12, even though the assessed value of almost all homes in Montgomery County decreased substantially in the past three years. These homeowners would likely find it particularly hard to understand a Council decision to increase the property tax rate. Moreover, all homeowners would reasonably view a Council decision to increase the property tax rate as a multi-year increase, since the Council has not increased property tax rates in nearly two decades and will not have reduced rates for five years after this year's budget. Apartment owners will pass along increased property taxes to renters, who in many cases already face large increases in rent because of the tight rental market.

In addition to these arguments against raising the property tax rate, less than three years ago, voters approved a ballot measure that makes it significantly harder for the Council to exceed the Charter Limit on property tax revenues. A Council decision to increase the property tax rate in the wake of that action by voters and during hard economic times would be ill-advised.

Memorandum

May 11, 2011

To: Council Colleagues
From: Council Member Riemer
Re: Property tax revenue proposals

Please find the attached spreadsheet demonstrating the comparative impact of two proposals to raise property tax revenues. Chuck Sherer's excellent analysis provides much or all of this information, but I will present it a little differently. The data sheet attached is not provided in the staff memo.

The "Regressive Option" assumes that the rate will be kept constant while the credit will be reduced from \$692 to \$407. The "Progressive Option" assumes that the rate will be increased from 0.904 to 0.946 while the credit will be kept at \$692. (The latter approach was proposed by the County Executive.) Each would raise nearly identical amounts of money but would distribute the tax burden differently.

Under the Regressive Option, residents whose homes are worth less than \$678,571 pay more than they would under the Progressive Option.

Data from GO Packet #1 on May 3 shows that 85% of owner-occupied principal residences have taxable values of less than \$700,000. That strongly suggests that **compared to the Progressive Option, the Regressive Option would raise taxes on over 80% of county owner-occupied households.**

Another important consideration, as I believe Council Member Elrich has observed, is that a rate increase will distribute the burden of the increase across commercial property owners, who will also pay more. On the other hand, keeping the rate constant and adjusting the credit constrains the burden of increased revenues solely to residential property owners.

One argument that has been put forward in favor of the regressive option is that rate increases are permanent while credit adjustments are not. That conclusion is not supported by experience. In every budget year, the council considers a new combination of the rate and the credit and sets each according its policy objectives at the time. In the ten fiscal years from 2002 – 2011, the property tax rate changed substantially three times. The rate and credit combination we pick this year will not determine what we pick next year. We should focus our consideration on the impact that we want to have this year.

Data on the impact of the two proposals by Council District and locality, though not surprising, may be of interest.

Property Tax Options

FY11: Rate=.904, Credit=692.

Regressive Option: Keep the rate constant, cut the offset credit. Rate=.904, Credit=407.

Progressive Option: Keep the offset credit constant, raise the rate. Rate=.946, Credit=692.

<u>Property Type</u>	<u>Property Value</u>	<u>FY12 Regressive Option Tax</u>	<u>FY12 Progressive Option Tax</u>	<u>Difference, Progressive vs. Regressive</u>	<u>% White, Non-Hispanic</u>
Single Family Homes, Median Sale Price (2009)					
District 1	800,000	6,825	6,876	51	72%
District 2	400,150	3,210	3,093	-117	54%
District 3	400,000	3,209	3,092	-117	50%
District 4	370,000	2,938	2,808	-130	46%
District 5	380,000	3,028	2,903	-125	46%
All County	460,000	3,751	3,660	-92	53%
All Owner-Occupied Housing Units, Median Value (2005-2009)					
Potomac	870,900	7,466	7,547	81	71%
Chevy Chase	842,300	7,207	7,276	69	85%
Darnestown	780,100	6,645	6,688	43	74%
Bethesda	778,700	6,632	6,675	42	81%
Cabin John	730,900	6,200	6,222	22	89%
Kensington	650,100	5,470	5,458	-12	86%
North Potomac	635,500	5,338	5,320	-18	55%
Clarksburg	552,500	4,588	4,535	-53	49%
Olney	546,000	4,529	4,473	-56	73%
Colesville	535,200	4,431	4,371	-60	44%
North Bethesda	499,500	4,108	4,033	-75	66%
Rockville	494,600	4,064	3,987	-77	58%
Takoma Park	493,900	4,058	3,980	-78	51%
Silver Spring	460,800	3,759	3,667	-91	39%
Burtonsville	426,800	3,451	3,346	-106	28%
Damascus	413,000	3,327	3,215	-112	75%
Gaithersburg	395,000	3,164	3,045	-119	45%
Wheaton-Glenmont	389,200	3,111	2,990	-122	30%
Montgomery Village	351,600	2,771	2,634	-137	42%
Germantown	333,800	2,609	2,464	-145	41%
Break-Even Point Between the Two Options	678,571	5,727	5,727	0	

All households Below \$678,571 will get a lower tax under the Progressive Option.

More than 80% of all county households are valued at less than \$678,571.

So the Regressive Option raises taxes on more than 80% of MoCo households.

Notes:

Data on single family home median sale prices in 2009 from Planning Department.

Data on owner-occupied housing unit median values in 2005-2009 from Census Bureau.

Data on demographics by council district from Planning Department.

Data on demographics by place from Census Bureau, 2005-2009 American Community Survey.



State of Maryland

DEPARTMENT OF ASSESSMENTS AND TAXATION

Office of the Director

MARTIN O'MALLEY
Governor

ROBERT E. YOUNG
Director

December 27, 2011

Assessment Notices Reflect Change in Market Since 2008

Assessment notices mailed today to 737,423 property owners across the State reflect another large decrease in real estate values for residential properties in Maryland. This group of properties was last valued in 2008. Over the past three years, residential property values in this group have experienced a decline in value with 91% of them decreasing. On average, the residential values in this group being reassessed decreased by 17%. Commercial property values showed a decrease in 18 of the 24 subdivisions but an overall average increase of 1% statewide.

Within the notices mailed, residential property owners being reassessed this year will receive a Homestead Tax Credit Eligibility Application if they have not already applied. The purpose of the application is to certify a homeowner's principal residence and to ensure the property owner's continued eligibility for this credit.

Eligible residential property owners receive a Homestead Tax Credit that limits the assessment to which local tax rates are applied. This taxable assessment, as reduced by the Homestead Credit, is listed on page 3 of the notice in boxes 1, 2, and 3. This reduced taxable assessment lessens the impact of past rising property values and assessments for homeowner occupied properties that experienced increases in prior years. The Homestead Tax Credit is a State law which mandates that all taxable assessment increases for homeowner occupied properties cannot increase by more than 10 percent per year and by a lesser percentage if chosen by the county government. See chart R-1 for individual County Homestead percentages.

In Maryland, properties are reassessed by law once every three years. Properties are required to be assessed at their current market value so that all property owners pay only their fair share of local property taxes. The properties being reassessed were last valued for the 2009 tax year. The new assessments are based upon the examination of 48,008 sales which have occurred in the reassessment area over the past three years. Any increase in property values is "phased-in" equally over the next three years. Any decrease is fully implemented in the first tax year and remains at the reduced assessment for the full three year cycle.

Residential property values decreased across the state. More than 90% of the residential properties were reduced in this reassessment area.

The assessment only partially determines a property owner's tax bill. Ultimately, next July's tax bill will be calculated with the tax rates which local governments will set in the spring. As part of the budgetary process, the property tax rates are established by the revenue requirements of each local government. Local governments may offset assessment increases by lowering their tax rates to the "constant yield" tax rate level. The constant yield tax rate provides local governments with a stable level of property taxes from one year to the next.

For further information, contact the State Department of Assessments and Taxation at 410-767-1184. Extensive reassessment data and information is available from the Department's website at www.dat.state.md.us.

Table R-1

July 1, 2012 County Established Assessment Caps

Jurisdiction	July 1, 2012 County Assessment Cap*
Allegany	7%
Anne Arundel	2%
Baltimore City	4%
Baltimore	4%
Calvert	10%
Caroline	5%
Carroll	5%
Cecil	8%
Charles	7%
Dorchester	5%
Frederick	5%
Garrett	5%
Harford	5%
Howard	5%
Kent	5%
Montgomery	10%
Prince George's	4%
Queen Anne's	5%
St. Mary's	5%
Somerset	10%
Talbot	0%
Washington	5%
Wicomico	5%
Worcester	3%

*Annual assessment cap applies only to owner-occupied properties.

State Department of Assessments and Taxation
December 2011

Table R-2

Triennial Change in Full Cash Value (Residential & Commerical)

January 1, 2000 through January 1, 2012

	2000 Gr. 3	2001 Gr. 1	2002 Gr. 2	2003 Gr. 3	2004 Gr. 1	2005 Gr. 2	2006 Gr. 3	2007 Gr. 1	2008 Gr. 2	2009 Gr. 3	2010 Gr. 1	2011 Gr. 2	2012 Gr.3
Allegany	4.2%	5.8%	6.2%	9.3%	10.6%	10.6%	21.4%	43.3%	34.5%	16.8%	0.4%	-4.5%	-5.3%
Anne Arundel	8.7%	14.8%	20.4%	37.0%	49.0%	47.6%	65.9%	55.4%	34.9%	-0.3%	-17.9%	-16.6%	-12.6%
Baltimore City	7.3%	10.3%	6.1%	23.0%	18.5%	21.6%	45.6%	58.5%	75.0%	20.9%	-2.6%	-8.7%	-6.8%
Baltimore	4.1%	6.2%	12.1%	11.2%	19.3%	38.1%	53.4%	64.8%	32.6%	13.3%	-13.2%	-13.6%	-14.5%
Calvert	6.0%	8.6%	14.3%	17.6%	29.7%	50.4%	71.7%	69.7%	38.3%	3.1%	-15.1%	-20.7%	-16.1%
Caroline	5.3%	8.5%	12.1%	13.3%	25.0%	38.9%	49.7%	73.6%	40.6%	13.4%	-15.6%	-18.8%	-18.9%
Carroll	6.0%	7.9%	11.7%	15.8%	35.9%	42.2%	54.0%	56.9%	37.4%	5.1%	-19.2%	-19.6%	-15.4%
Cecil	6.7%	9.2%	13.4%	17.4%	20.5%	33.1%	56.7%	54.0%	33.3%	2.5%	-11.0%	-20.0%	-15.4%
Charles	3.7%	6.6%	11.3%	17.9%	27.5%	47.2%	70.2%	62.6%	41.4%	-4.6%	-19.8%	-26.6%	-15.2%
Dorchester	16.8%	8.9%	15.8%	12.3%	19.4%	32.5%	60.8%	58.5%	34.5%	6.8%	-9.9%	-21.4%	-10.8%
Frederick	5.0%	8.8%	13.0%	18.1%	33.5%	56.0%	60.9%	52.2%	27.4%	-4.7%	-22.0%	-24.1%	-18.8%
Garrett	7.6%	8.2%	19.4%	22.2%	11.1%	39.2%	47.6%	38.3%	29.0%	8.5%	0.0%	-2.4%	-14.7%
Harford	4.2%	9.6%	12.8%	14.4%	25.5%	37.6%	48.2%	55.5%	38.6%	9.0%	-14.3%	-15.3%	-5.8%
Howard	6.6%	10.4%	20.1%	29.0%	39.3%	48.5%	58.7%	50.3%	24.2%	-2.3%	-19.8%	-18.8%	-8.7%
Kent	4.0%	17.7%	17.4%	20.7%	30.6%	46.5%	36.8%	65.2%	37.3%	13.5%	-10.3%	-12.5%	-9.0%
Montgomery	6.4%	13.5%	21.8%	36.3%	51.8%	65.0%	63.3%	43.4%	16.2%	-10.6%	-17.0%	-14.5%	-8.6%
Prince George's	1.9%	4.8%	13.8%	16.4%	32.8%	40.1%	60.6%	79.5%	51.6%	14.6%	-18.4%	-28.7%	-24.8%
Queen Anne's	8.7%	16.8%	18.3%	38.6%	40.9%	48.3%	58.7%	50.1%	36.8%	7.2%	-12.4%	-18.6%	-13.7%
St. Mary's	4.3%	6.5%	8.5%	9.7%	19.1%	37.2%	57.2%	84.3%	49.0%	8.2%	-15.5%	-16.0%	-9.6%
Somerset	4.8%	5.8%	6.9%	17.0%	17.1%	49.5%	65.0%	79.6%	45.5%	4.4%	-10.6%	-18.5%	-20.6%
Talbot	11.5%	14.8%	33.6%	34.9%	31.3%	47.9%	53.5%	54.8%	42.7%	13.6%	-9.0%	-15.0%	-15.3%
Washington	6.8%	6.7%	7.1%	11.1%	21.4%	32.4%	58.6%	64.7%	40.2%	3.0%	-18.4%	-18.3%	-9.0%
Wicomico	6.4%	5.2%	6.8%	12.7%	16.9%	21.3%	40.2%	53.2%	40.6%	5.1%	-15.6%	-20.1%	-20.2%
Worcester	6.2%	17.4%	18.0%	70.6%	55.5%	26.7%	78.9%	54.1%	33.3%	-12.7%	-20.0%	-14.9%	-17.4%
State Average	5.7%	10.1%	15.9%	26.4%	36.0%	46.6%	60.2%	56.1%	33.2%	0.8%	-16.1%	-17.9%	-13.0%

State Department of Assessments and Taxation
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TABLE R-3
Group 3 Total Full Cash Value Change (Residential & Commerical)
 January 1, 2009 Base Full Cash Values Compared To
 January 1, 2012 Reassessment Full Cash Values

	Date of Finality		Percent Change
	January 1, 2009	January 1, 2012	
Allegany	1,111,922,370	1,052,983,000	-5.3%
Anne Arundel	28,457,065,371	24,882,341,200	-12.6%
Baltimore City	12,510,710,400	11,663,456,000	-6.8%
Baltimore	24,946,232,360	21,333,399,900	-14.5%
Calvert	4,873,638,005	4,089,311,300	-16.1%
Caroline	778,678,970	631,644,900	-18.9%
Carroll	5,960,253,000	5,044,944,800	-15.4%
Cecil	3,918,245,290	3,315,736,700	-15.4%
Charles	6,386,114,920	5,417,734,200	-15.2%
Dorchester	977,954,850	872,103,200	-10.8%
Frederick	7,606,009,330	6,175,742,000	-18.8%
Garrett	1,553,838,410	1,324,672,100	-14.7%
Harford	10,007,658,820	9,431,723,700	-5.8%
Howard	14,594,274,610	13,322,019,300	-8.7%
Kent	1,046,510,050	952,126,600	-9.0%
Montgomery	59,281,988,886	54,184,537,800	-8.6%
Prince George's	27,302,181,637	20,526,289,900	-24.8%
Queen Anne's	3,812,884,100	3,291,054,200	-13.7%
St. Mary's	4,699,773,410	4,246,744,800	-9.6%
Somerset	767,423,350	609,639,900	-20.6%
Talbot	2,771,516,870	2,348,545,100	-15.3%
Washington	4,089,454,330	3,720,476,600	-9.0%
Wicomico	2,317,986,930	1,850,247,200	-20.2%
Worcester	9,668,778,820	7,981,901,900	-17.4%
TOTAL	239,441,095,089	208,269,376,300	-13.0%

State Department of Assessments and Taxation
 December 2011

Table R-4

Residential and Commercial Full Cash Value Change**Value and Percent Change for Reassessment Group 3**

January 1, 2009 Base Full Cash Values Compared To January 1, 2012 Reassessment Full Cash Values

Group 3 Jurisdiction	Residential				Commercial			
	Base	Reassessment	Difference	% Change	Base	Reassessment	Difference	% Change
Allegany	789,594,270	742,471,800	(47,122,470)	-6.0%	322,328,100	310,511,200	(11,816,900)	-3.7%
Anne Arundel	24,032,809,401	20,541,998,900	(3,490,810,501)	-14.5%	4,424,255,970	4,340,342,300	(83,913,670)	-1.9%
Baltimore City	8,637,359,600	7,793,122,000	(844,237,600)	-9.8%	3,873,350,800	3,870,472,000	(2,878,800)	-0.1%
Baltimore	19,868,170,200	16,100,200,800	(3,767,969,400)	-19.0%	5,078,062,160	5,233,199,100	155,136,940	3.1%
Calvert	4,252,033,805	3,468,071,600	(783,962,205)	-18.4%	621,604,200	621,239,700	(364,500)	-0.1%
Caroline	633,861,190	490,595,100	(143,266,090)	-22.6%	144,817,780	141,049,800	(3,767,980)	-2.6%
Carroll	4,696,520,000	3,899,568,400	(796,951,600)	-17.0%	1,263,733,000	1,145,376,400	(118,356,600)	-9.4%
Cecil	3,191,098,890	2,642,396,600	(548,702,290)	-17.2%	727,146,400	673,340,100	(53,806,300)	-7.4%
Charles	5,719,393,020	4,770,104,700	(949,288,320)	-16.6%	666,721,900	647,629,500	(19,092,400)	-2.9%
Dorchester	847,732,450	748,094,900	(99,637,550)	-11.8%	130,222,400	124,008,300	(6,214,100)	-4.8%
Frederick	6,082,431,030	4,734,779,200	(1,347,651,830)	-22.2%	1,523,578,300	1,440,962,800	(82,615,500)	-5.4%
Garrett	1,387,393,710	1,175,902,000	(211,491,710)	-15.2%	166,444,700	148,770,100	(17,674,600)	-10.6%
Harford	7,697,551,720	6,909,219,000	(788,332,720)	-10.2%	2,310,107,100	2,522,504,700	212,397,600	9.2%
Howard	11,260,204,510	9,884,724,100	(1,375,480,410)	-12.2%	3,334,070,100	3,437,295,200	103,225,100	3.1%
Kent	757,977,050	672,458,600	(85,518,450)	-11.3%	288,533,000	279,668,000	(8,865,000)	-3.1%
Montgomery	42,731,366,816	37,312,057,700	(5,419,309,116)	-12.7%	16,550,622,070	16,872,480,100	321,858,030	1.9%
Prince George's	19,358,811,337	12,296,695,700	(7,062,115,637)	-36.5%	7,943,370,300	8,229,594,200	286,223,900	3.6%
Queen Anne's	3,366,280,000	2,862,690,600	(503,589,400)	-15.0%	446,604,100	428,363,600	(18,240,500)	-4.1%
St. Mary's	3,685,093,700	3,251,287,500	(433,806,200)	-11.8%	1,014,679,710	995,457,300	(19,222,410)	-1.9%
Somerset	613,245,450	466,136,600	(147,108,850)	-24.0%	154,177,900	143,503,300	(10,674,600)	-6.9%
Talbot	2,676,080,470	2,265,910,700	(410,169,770)	-15.3%	95,436,400	82,634,400	(12,802,000)	-13.4%
Washington	2,750,931,530	2,290,582,100	(460,349,430)	-16.7%	1,338,522,800	1,429,894,500	91,371,700	6.8%
Wicomico	1,903,513,530	1,467,535,300	(435,978,230)	-22.9%	414,473,400	382,711,900	(31,761,500)	-7.7%
Worcester	8,735,144,820	7,143,798,300	(1,591,346,520)	-18.2%	933,634,000	838,103,600	(95,530,400)	-10.2%
TOTAL	185,674,598,499	153,930,402,200	(31,744,196,299)	-17.1%	53,766,496,590	54,339,112,100	572,615,510	1.1%

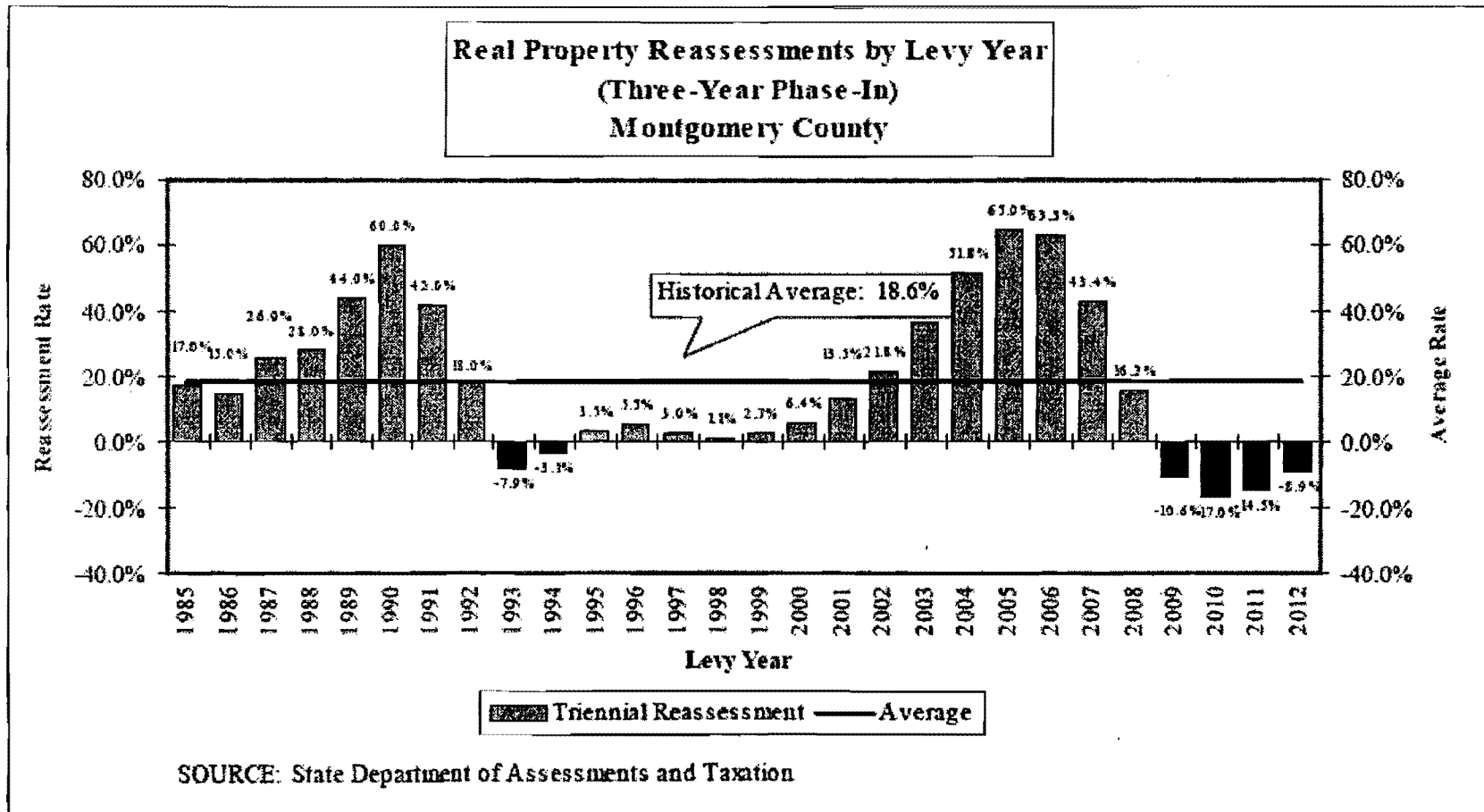
Decreases in Group 3 Full Cash Values

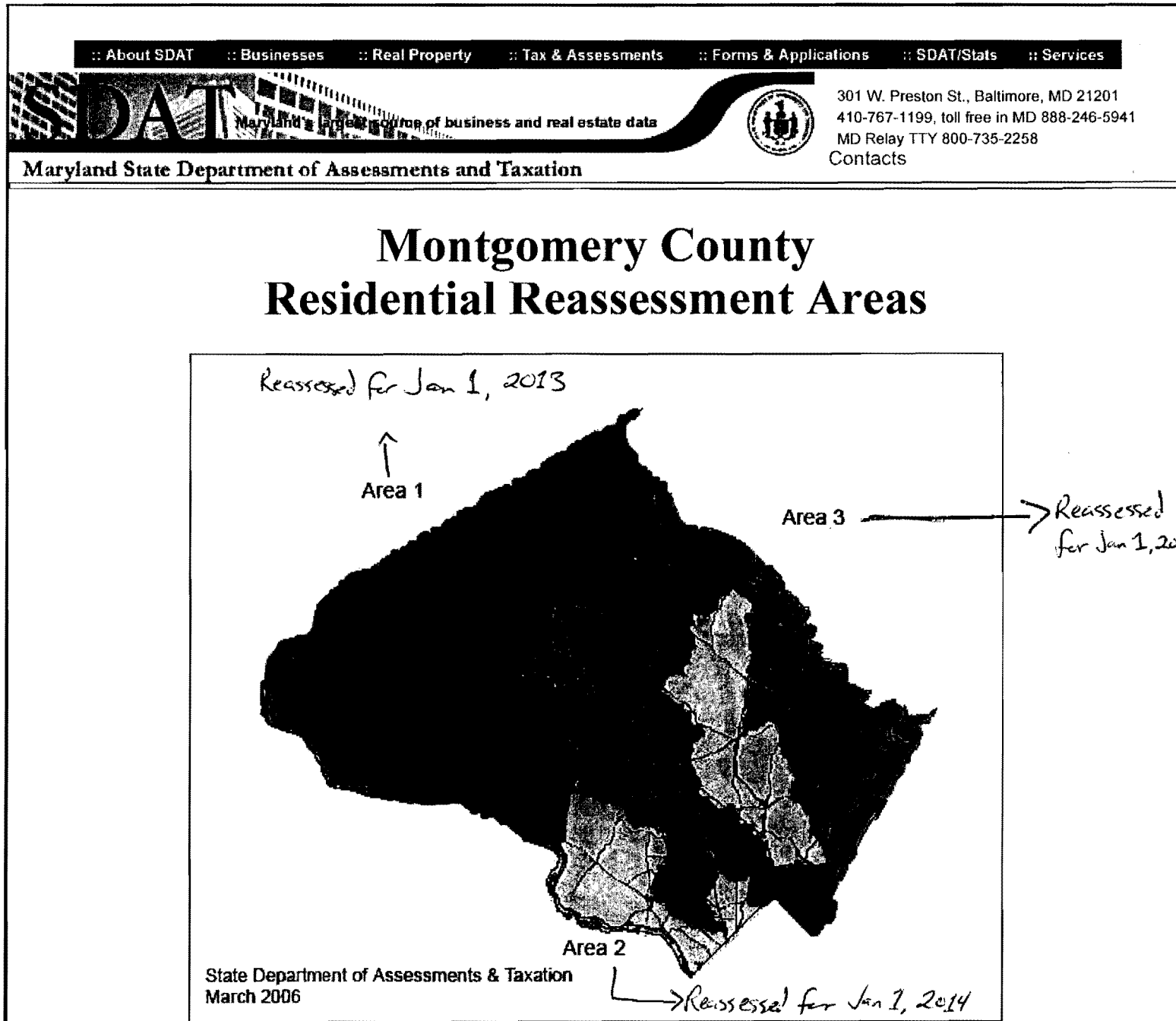
Compares the January 1, 2012 Reassessment Full Cash Values
to the Prior Valuation done January 1, 2009

County	Total Number of Residential Improved Properties	Number That Decreased in Value	Percentage That Decreased in Value	Total Number of All Properties	Number That Decreased in Value	Percentage That Decreased in Value
Allegany	9,134	7,358	80.56%	14,065	9,152	65.07%
Anne Arundel	54,084	51,230	94.72%	65,236	57,437	88.04%
Baltimore City	61,420	36,529	59.47%	74,302	40,710	54.79%
Baltimore County	86,524	85,303	98.59%	105,583	87,282	82.67%
Calvert	12,829	12,526	97.64%	17,858	16,909	94.69%
Caroline	3,095	3,064	99.00%	4,694	4,290	91.39%
Carroll	16,591	16,307	98.29%	20,808	19,233	92.43%
Cecil	11,592	11,421	98.52%	15,719	13,750	87.47%
Charles	15,856	15,735	99.24%	21,546	19,563	90.80%
Dorchester	3,059	2,834	92.64%	6,144	3,763	61.25%
Frederick	18,541	18,394	99.21%	24,204	22,721	93.87%
Garrett	5,106	4,767	93.36%	9,929	6,651	66.99%
Harford	31,666	21,015	66.36%	38,445	32,707	85.07%
Howard	31,252	29,528	94.48%	36,171	30,913	85.46%
Kent	2,553	2,514	98.47%	4,126	3,694	89.53%
Montgomery	111,399	99,652	89.46%	126,703	108,422	85.57%
Prince George's	75,282	74,874	99.46%	89,724	78,395	87.37%
Queen Anne's	7,251	6,936	95.66%	10,289	9,142	88.85%
St. Mary's	12,695	12,357	97.34%	17,238	15,344	89.01%
Somerset	3,812	3,781	99.19%	7,071	6,542	92.52%
Talbot	4,340	4,197	96.71%	5,730	4,873	85.04%
Washington	11,786	11,585	98.29%	16,912	13,970	82.60%
Wicomico	10,412	10,317	99.09%	16,222	14,043	86.57%
Worcester	30,906	26,729	86.48%	32,501	27,452	84.47%
Totals	631,185	568,953	90.14%	781,220	646,958	82.81%

Property Reassessments Declined Four Years in a Row

Reassessments for Group 3 declined 8.9 percent effective for FY13 (Levy Year 2012). This four-year decline is the first such decline in over twenty-eight years.





(17)

				-12.70%	
	FY12	FY 13 CE Group 1	FY13 CE Group 2	FY13 CE Group 3	FY 13 CE Average
Value	\$250,000.00	\$250,000.00	\$250,000.00	\$218,250.00	
Rate	\$0.946	\$0.991	\$0.991	\$0.991	
Per	\$100.00	\$100.00	\$100.00	\$100.00	
(Credit)	\$692.00	\$692.00	\$692.00	\$692.00	
Bill	\$1,673.00	\$1,785.50	\$1,785.50	\$1,470.86	\$1,680.62
Change		\$112.50	\$112.50	(\$202.14)	\$7.62
Value	\$500,000.00	\$500,000.00	\$500,000.00	\$436,500.00	
Rate	\$0.946	\$0.991	\$0.991	\$0.991	
Per	\$100.00	\$100.00	\$100.00	\$100.00	
(Credit)	\$692.00	\$692.00	\$692.00	\$692.00	
Bill	\$4,038.00	\$4,263.00	\$4,263.00	\$3,633.72	\$4,053.24
Change		\$225.00	\$225.00	(\$404.29)	\$15.24
Value	\$750,000.00	\$750,000.00	\$750,000.00	\$654,750.00	
Rate	\$0.946	\$0.991	\$0.991	\$0.991	
Per	\$100.00	\$100.00	\$100.00	\$100.00	
(Credit)	\$692.00	\$692.00	\$692.00	\$692.00	
Bill	\$6,403.00	\$6,740.50	\$6,740.50	\$5,796.57	\$6,425.86
Change		\$337.50	\$337.50	(\$606.43)	\$22.86
Value	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$873,000.00	
Rate	\$0.946	\$0.991	\$0.991	\$0.991	
Per	\$100.00	\$100.00	\$100.00	\$100.00	
(Credit)	\$692.00	\$692.00	\$692.00	\$692.00	
Bill	\$8,768.00	\$9,218.00	\$9,218.00	\$7,959.43	\$8,798.48
Change		\$450.00	\$450.00	(\$808.57)	\$30.48