

Beware the “Welcome Wagon from Hell”

By Councilmember Howard Denis

The Washington Times, March 11, 2002

What would you think if you bought a new house, expecting to pay a given amount in property taxes – only to have the County reassess your house on the spot and send you an additional, hefty bill?

If this sounds like the “Welcome Wagon from Hell” to you, you’re right. But that’s just what Montgomery County visits on too many new homeowners.

You see, Montgomery County is the only county in the state that challenges property tax assessments in the middle of a three-year cycle in order to jack up the County’s property tax rate.

The time for this practice to end is now. That’s why I’ve introduced a bill in the County Council to prohibit out-of-cycle assessments. And similar legislation has been introduced in Annapolis co-sponsored by nearly all our County’s Senators.

This practice is unfair to homeowners and is tax gouging. As a result of the County’s actions, many new homeowners have been forced to pay sharply higher tax bills, sometimes even after they have paid a portion of their property taxes. Great disparities in property tax assessments are also created in many neighborhoods by this action.

This practice is also opposed by State officials who see it as contrary to the intent of State law that established the triennial assessment process. I know what the intent was because I was in the State Senate at the time. The office of Attorney General Joe Curran has written that the County is not attempting to remedy “erroneous” assessments. Instead the Attorney General’s office states that the County instead is systematically attempting to trigger mid-cycle reassessments of recently sold properties based on appreciation -- ***even though the existing value was correctly assessed at the beginning of the triennial cycle***. As such, the Attorney General calls the County’s practice “inappropriate under the triennial assessment process” and “contrary to law”.

In 2000, the County filed approximately 800 appeals of residential property tax assessments. The vast majority of these were mid-cycle. This year the County has filed nearly 1,100 appeals. Based on a policy “internal” to the Department of Finance, appeals are filed when a home sells at more than \$150,000 of the initial assessment value. This appeal is not based on whether or not the assessed value is correct.

County officials have acknowledged their cutoff number is arbitrary. The Finance Department could just as easily lower the threshold for appeals to homes purchased at \$50,000 above the assessed value. Finance could also appeal the taxes of those who have made improvements to their homes during that triennial cycle. This is not an appropriate way for the County to operate.

Changes in property taxes should be more accurately based on the initial assessment and phased in -- instead of hitting homeowners all at once. If the State only reassessed every five or ten years, then you could see out-of-cycle assessments as more reasonable. But when the reassessing comes as often as every three years? It's like Woody Guthrie once wrote: "Some rob you with a gun and others with a fountain pen."

It's time for Montgomery County to put down this particular fountain pen in the name of fairness.

I am very concerned about the impact this practice has on working families. Many families I have spoken to are often two-income families with children who stretched financially to buy a home during a "seller's market". Let's not penalize them for placing their faith in the fairness of Montgomery County property tax policy.

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Howard Denis is a member of the Montgomery County Council