

Council sets lower property tax limits

by Douglas Tallman

Staff Writer

A divided County Council on Tuesday approved a set of budgetary guidelines that would hold property tax collections to the charter limit, effectively reducing the tax rate by about a nickel.

Even with the move, county spending is expected to increase by about \$109.5 million.

Supporters called the decision a realization of how skyrocketing assessments are affecting average homeowners.

"The defeat of Question A was not a blank check for government spending," said Councilwoman Nancy M. Floreen (D-At large) of Garrett Park, referring to last month's ballot initiative that would have handcuffed the council's ability to collect taxes.

An early step in developing the fiscal 2006 budget, the 5-4 vote establishes broad outlines for tax rates and spending.

The guidelines set property tax collections at about \$1.1 billion, a 3 percent increase over the current year. The tax rate would be about \$1 per \$100 assessed value.

Income, energy and other levies would supplement the county treasury to support \$2.95 billion in county programs, an increase of \$109.5 million, or 4 percent.

"What I've seen in the last two years is where we start, that becomes the floor," said Councilman Michael J. Knapp (D-Dist. 2) of Germantown, who is halfway through his first term. "I want to make sure we set the floor low enough that we can identify priorities and make choices in our budgets."

Under the county charter, property tax collections can increase through new development and at the rate of inflation on existing properties. Budgets that collect more in taxes must pass the council with a seven-of-nine majority.

The council had been headed for such a vote for the fiscal 2006 spending plan. Earlier in the day, it had approved the recommendation of its Management and Fiscal Policy Committee, which would have exceeded the charter limit by about \$32.35 million. That figure represented the halfway point of the charter limit, and kept tax rates constant.

A majority of the fiscal commit-

tee had wanted to reduce taxes after three straight years of exceeding the charter limit in the budget.

When Floreen tried to hold property taxes to the charter limit, the motion failed on a 4-4 vote. Knapp was absent.

Knapp arrived later in the session and asked that the vote be reconsidered. His vote sided with Floreen, forming a majority that included Michael L. Subin (D-At large) of Gaithersburg, Marilyn J. Praisner (D-Dist. 4) of Calverton and Philip M. Andrews (D-Dist. 3) of Gaithersburg.

On a 6-3 vote, the council rejected a proposal by Howard A. Denis (R-Dist. 1) of Chevy Chase to leave the property tax untouched. Denis said the council should "maintain policy" at this stage of the budget process.

If the council kept the property tax rate at \$1.05 per \$100 assess value, property tax receipts would reach \$1.17 billion, or a 10 percent increase over the current year's budget.

Only two other council members, Council President Thomas E. Perez (D-Dist. 5) of Takoma Park and Steven A. Silverman (D-At large) of Silver Spring, agreed.

"This isn't about needs. This is about affordability. And this county can afford this," Silverman said.

Over the next six months, the council will cement the spending plans for about \$3 billion in government enterprises for a financial year that begins July 1. It still can exceed its spending and taxing guidelines.

In its three previous budgets, the council has exceeded the charter limit by an average of \$25 million a year.

The fiscal 2003 spending plan exceeded the charter limit by \$8.3 million. The following year, the figure was \$30.1 million and this year, it was \$36.5 million.

In fiscal 2005, the council also cut the tax rate a penny, to a fraction of a cent more than \$1.05 per \$100 of assessed value.

State law limits property assessments — from which property taxes are calculated — to 10 percent annual increases. Because of the county's hot housing market, many properties are bumping against that 10 percent limit.

Andrews called Tuesday's vote a necessary direction for the council.

"If we don't, we'll have 10 percent property tax increases year after year. The tax bill will double in seven years. It's not reasonable. It's not sustainable," Andrews said.