

MIETRO

FRIDAY, MAY 20, 2005

Property Tax Details

- The property tax rate for 2006 drops from \$1.05 per \$100 of assessed value to \$1.01.
- It means that the owner of a \$400,000 home will still pay more property tax: \$4,084, a \$104 increase from this year.
- Homeowners will receive an automatic \$116 credit on 2006 property tax bills.
- Homeowners making less than \$58,000 a year are eligible for additional tax credits.

Montgomery Sticks to Tax Cap

Even With Council's Rate Trim and Credit, Bills to Rise

By TIM CRAIG
Washington Post Staff Writer

The Montgomery County Council voted yesterday to abide by a voter-imposed limit on taxes for the first time in three years, agreeing to trim 4 cents off the property tax rate while giving every homeowner a \$116 tax credit.

The setting of the tax rate follows weeks of debate over the 2006 budget and gives council members a clear idea of how much they can spend during the fiscal year that begins July 1. They are scheduled to discuss the spending side of the budget today and will take a final

vote next week.

Under the deal that all nine members agreed to, the owner of a \$400,000 house will still pay about \$104 more in property taxes next year.

But the county's property tax rate will drop to about \$1.01 per \$100 of assessed value, trimming away \$180 that owner would have to pay had the rate been unchanged.

There will also be an automatic \$116 credit on residents' 2006 property tax bills. Additional property tax credits will be offered to homeowners making less than

See TAX, B6, Col. 1

Montgomery Council Agrees to Trim Tax Rate

TAX, From B1

\$58,000, an idea pushed by County Executive Douglas M. Duncan (D).

"We have tried to craft a budget which is consistent with our goal of providing property tax fairness for all of our homeowners," said council President Tom Perez (D-Silver Spring).

Duncan, however, said the council's plan is full of "budget gimmicks and deferrals of expenses" that will only lead to harder decisions next year. Perez responded, "We are not doing anything Doug Duncan hasn't done in previous budgets."

Duncan's spokesman, David Weaver, said that Duncan "never knowingly deferred costs for things that we know are coming down the pike."

The council's budget, which triples the tax rate reduction Duncan proposed, is a response to homeowner frustration over record increases in property assessments.

The unrest persuaded the council to reduce Duncan's \$3.6 billion budget proposal, which will likely mean cuts in the rate of growth for social service, public safety and housing programs. Even so, the county's budget for next year will be at least \$150 million larger than this year's.

Yesterday, anti-tax activists, who usually feel shunned in Montgomery, claimed credit for helping to quell the council's appetite for spending. "How could I not be happy?" asked Marvin Weinman, president of the Montgomery County Taxpayers League.

But Duncan said the council's budget is "a setback to the progress" the county has made recently. "Progress depends on setting the course and sticking to it," he said in a statement.

To pay for the rate reduction, the council tentatively shaved

about \$31 million from Duncan's recommended budget. It also wants to transfer about \$18 million from the capital budget, which is largely funded by bonds.

To comply with the charter amendment, the council still must identify several million dollars in additional savings or revenue to finance the plan. It has ruled out increasing the energy tax.

The amendment, approved by the voters in 1990, limits the county to collecting property taxes equal to the previous year's total, plus inflation and the value of new construction.

Seven of nine council members can vote to override the limit, as they have done the past three years. Duncan recommended exceeding the cap this year by a record \$67 million.

So far, the council has cut funding for the arts, affordable housing, services for mentally ill children and a program for gang prevention.

It also trimmed about \$8 million from the school system's \$1.7 billion budget and voted to eliminate funding for a program that teaches parents how to properly install car seats. Plans to spend \$750,000 to build five synthetic-turf soccer fields were also scrapped.

The spending cuts — some of which could be restored today — were resisted by many community leaders worried about maintaining the county's strong safety net.

On Wednesday, about two dozen community leaders gathered at the Council Office Building in Rockville to denounce reductions to possible human service grants and programs.

"We are asking taxpayers to sacrifice a few extra dollars per day so the needy residents of Montgomery County can achieve a better life," said Hoan Dang, president of the Maryland Vietnamese Mutual Association.



Douglas M. Duncan said the deal puts off the tough decisions.