

**MEMORANDUM**

April 1, 2016

TO: County Council

FROM: Amanda Mihill, Legislative Attorney *AMH*  
Jacob Sesker, Senior Legislative Analyst *JS*

SUBJECT: **Introduction:** Expedited Bill 10-16, Taxation – Residential Real Property Tax Deferral – Senior Citizens

Expedited Bill 10-16, Taxation – Residential Real Property Tax Deferral – Senior Citizens, sponsored by Lead Sponsors Vice President Berliner and Councilmembers Katz and Riemer and Co-Sponsor Council President Floreen, is scheduled to be introduced on April 5, 2016. A public hearing is tentatively scheduled for April 26 at 1:30 p.m.

Expedited Bill 10-16 would provide for a residential real property tax deferral for residents at least 65 years old with a gross income of \$80,000.

This packet contains:	<u>Circle #</u>
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Expedited Bill No. 10-16  
Concerning: Taxation – Residential Real  
Property Tax Deferral – Senior  
Citizens  
Revised: 3/10/2016 Draft No. 1  
Introduced: April 5, 2016  
Expires: October 5, 2017  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsors: Vice President Berliner and Councilmembers Katz and Riemer  
Co-Sponsor: Council President Floreen

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**AN EXPEDITED ACT to:**

- (1) provide for a residential real property tax deferral for certain residents; and
- (2) generally amend the County taxation law.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-18F

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 52-18F is amended as follows:**

2   **52-18F. Residential real property tax deferral[-General].**

3           (a) *Definitions.* In this Section the following words have the meanings  
4           indicated:

5           *Dependent* means a dependent under Section 152 of the Internal Revenue  
6           Code.

7           [(1) “Director”] *Director* means the Director of the Department of  
8           Finance.

9           [(2) “Legal interest”] *Legal interest* has the meaning stated in Section  
10           9-104 of the Tax-Property Article of the Maryland Code.

11           [(3) “Owner”] *Owner* means an individual who has a legal interest in  
12           residential real property.

13           (b) *Authorization; Amount of Deferral.* An owner may defer payment of  
14           County property taxes due on residential real property occupied by the  
15           owner as the owner's principal residence if the owner meets the  
16           requirements of this Section. The amount of taxes that may be deferred  
17           for any one year is the amount that County taxes due exceeds the amount  
18           of County property taxes paid in the prior taxable year.

19           (c) *Program Eligibility.* An owner is eligible for a payment deferral under  
20           this Section if:

21           (1) (A) the gross income or combined gross income of all  
22           individuals who actually reside in the dwelling (except a  
23           dependent [under Section 152 of the Internal Revenue  
24           Code] or a person who pays reasonable fixed charges for  
25           rent or room and board), did not exceed \$120,000 for the  
26           calendar year that immediately precedes the taxable year for  
27           which the deferral is sought; and

1                    [(2)] (B) the owner, or at least one of the owners, has resided in the  
 2                    dwelling as that person's principal place of residence for 5  
 3                    consecutive years and continues to occupy the property for  
 4                    that purpose[.]; or

5                    (2)    (A)    the owner is at least 65 years old; and

6                    (B)    the gross income or combined gross income of all  
 7                    individuals who actually reside in the dwelling (except a  
 8                    dependent or a person who pays reasonable fixed charges  
 9                    for rent or room and board), did not exceed \$80,000 for the  
 10                    calendar year that immediately precedes the taxable year for  
 11                    which the deferral is sought.

12                    For purposes of income determination under paragraph [(1)] (c), and to  
 13                    the extent consistent with this Section, gross income or combined gross  
 14                    income must be calculated in accordance with Section 9-104 of the Tax-  
 15                    Property Article of the Maryland Code.

16                    \*       \*       \*

17                    (f)    *Interest.*

18                    (1)    [Interest] Except as provided in paragraph (2), interest accrues on  
 19                    the deferred taxes at a rate set annually by the Director that does  
 20                    not exceed the prime lending rate generally available on June 1 of  
 21                    the preceding fiscal year. The regulations adopted under  
 22                    subsection (q) must specify the source or sources that the Director  
 23                    must use to calculate the prime rate generally available on June 1  
 24                    of each year. The annual interest rate set by the Director applies  
 25                    to any tax deferred that year, regardless of the year when the tax  
 26                    was first deferred.

27                    (2)    Notwithstanding paragraph (1), for deferrals for owners eligible

under paragraph (c)(2), the interest accrues on the deferred taxes at a rate of 0.0% or another amount set by Council resolution.

\* \* \*

(h) *Limits on Deferrals.* The accumulation of deferred taxes and accrued interest must not exceed [50 percent] 50% of the full cash value of the property, as determined by the Supervisor of Assessments, or a lesser amount elected by the taxpayer and specified in the agreement required under subsection (l). When the maximum amounts have been reached, those amounts may continue to be deferred until any of the events specified in subsection (k) occur. An owner who receives a tax deferral under this Section must not also receive a tax deferral under Section 52-18C.

\* \* \*

**Sec. 2. Expedited Effective Date.**

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on July 1, 2016.

*Approved:*

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Nancy Floreen, President, County Council

Date

*Approved:*

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Isiah Leggett, County Executive

Date

*This is a correct copy of Council action.*

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Linda M. Lauer, Clerk of the Council

Date

## LEGISLATIVE REQUEST REPORT

Expedited Bill 10-16

*Taxation – Residential Real Property Tax Deferral – Senior Citizens*

**DESCRIPTION:** Expedited Bill 10-16 would provide for a residential real property tax deferral for residents at least 65 years old with a gross income of \$80,000.

**PROBLEM:** Some individuals desire relief from the burden of increased property taxes.

**GOALS AND OBJECTIVES:** To alleviate the tax burden for certain eligible residents.

**COORDINATION:** Department of Finance

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Amanda Mihill, 240-777-7815

**APPLICATION WITHIN MUNICIPALITIES:** To be researched.

**PENALTIES:** N/A