

**Principal Residence or Rental Property** – SDAT determines if a residential property is owner-occupied and thus qualifies as a principal residence, making it eligible for: homestead credit, semi-annual payment, homeowner's tax credit (if applicable), and a one-time property tax credit (if applicable). For that reason, SDAT reviews accounts and obtains information from several sources. One source is a County rental license that each property owner must obtain prior to offering a residential property for rent. For information on how to obtain a rental license and for additional details on this program, visit the Department of Housing and Community Affairs at [www.montgomerycountymd.gov/dhca](http://www.montgomerycountymd.gov/dhca) and click "Licensing" or call 311.

#### OTHER CHARGES AND FEES

**Solid Waste Charge** - All ratepayers are billed directly for County supported solid waste and recycling services, facilities and programs. The solid waste charge is made up of components which vary based on the services provided. For non-residential property owners, the charge is based on the gross floor area and/or generator category, and for multi-family dwelling owners it is based on the number of units on file. For more information, visit the Department of Environmental Protection at [www.montgomerycountymd.gov/solidwaste](http://www.montgomerycountymd.gov/solidwaste) or call 311.

**Water Quality Protection Charge** - This charge funds many of the County's clean water initiatives mandated by the State including projects to restore eroded stream banks, upgrade stormwater ponds, control litter, clean storm drains, and install rain barrels, rain gardens and green roofs. A hardship exemption is available for homeowners and 501(c)(3) organizations, while property owners with stormwater controls may be eligible for a reduction. For more information, visit the Department of Environmental Protection at [www.montgomerycountymd.gov/WQPC](http://www.montgomerycountymd.gov/WQPC) or call 311.

**Bay Restoration Fund Fee** – The State of Maryland levies a fee on all properties in support of a dedicated Bay Restoration Fund (BRF) used to improve the water quality of the Chesapeake Bay. Since most property owners receive water and/or sewer service from their utility company, the majority of taxpayers pay this charge on their utility bill. Those who have a septic system and do not receive water service from a public utility are levied the fee on their property tax bill. For more information on the BRF, visit the Maryland Department of the Environment at [www.mde.maryland.gov/brf](http://www.mde.maryland.gov/brf) or call 410-537-3119. A financial hardship exemption for eligible homeowners is available. If you are levied the BRF on your tax bill and wish to determine if you meet the eligibility criteria, please visit us at <http://www6.montgomerycountymd.gov/content/finance/data/taxes/BayRestorationForm.pdf> or call 311.



For information Call 311 (240-777-0311 if outside the calling area) or Visit our Website at: [www.montgomerycountymd.gov/finance](http://www.montgomerycountymd.gov/finance) TTY: 240-773-3556 (Hearing Impaired Only)



Montgomery County, Maryland  
Department of Finance

# Tax Facts Information About Your County Real Property Tax Bill

Tax Period:  
July 1, 2013 through  
June 30, 2014

For information about County programs and services, call 311 or go to [www.montgomerycountymd.gov/311](http://www.montgomerycountymd.gov/311)



#### Dear Montgomery County Taxpayer:

The Fiscal Year 2014 operating budget for the fiscal year beginning July 1 continues our work to put the County's fiscal house in order. The budget strategically restores some of the most critical and important services cut over the past six years as the County faced unprecedented budget challenges. During that period we initiated a host of extraordinary measures to address structural budget gaps in order to resolve \$2.7 billion in budget shortfalls. Over the past four years, wage freezes, furloughs, layoffs and changes in health and retirement benefits for County employees have saved over a billion dollars, with continuing savings in the tens of millions in each year going forward.

The approved Fiscal Year 2014 budget balances the backlog of resident needs with the County's new economic reality - holding the line on property taxes at the County Charter level at the rate of inflation. The budget also includes a tax credit of \$692 for all owner-occupied residences.

To assist homeowners with their tax burden, the Homeowners' Property Tax Credit Program is available to reduce taxes for those living on limited or fixed incomes. In addition to a State tax credit, households earning less than \$64,000 may be eligible for the County Supplemental tax credit, which, combined with a special property tax credit for eligible senior residents, averaged \$823 last year and benefited 5,200 County residents.

We encourage everyone who believes they may qualify to apply for the Homeowners' Tax Credit. Eligibility for residents will be determined by the State of Maryland when they apply. Call 1-800-944-7403 or go on the web to <http://www.dat.state.md.us/>, click on Forms and Applications, scroll to the bottom and click on Homeowners' Tax Credit Application.

As we continue to deal with the impact of the deep recession that has affected jurisdictions nationwide, we have made every effort to protect core services and "safety net" programs. The budget continues our three-year plan to add 120 sworn officers and 23 civilians to the Police Department and doubles the number of School Resource Officers assigned to County high schools. For more details on the budget, go to <http://www.montgomerycountymd.gov>.

As always, we welcome your comments and feedback.

Sincerely,

  
Isiah Leggett  
County Executive

  
Nancy Navarro  
County Council President

#### SERVICES PROVIDED BY TAX REVENUES

**County Property Tax** – The General County tax is levied on all property in the County and funds, in part, such basic services as police protection, elementary and secondary education, the community college, transportation, health and social services, and libraries. There are additional County taxes that are levied either Countywide or in specially defined areas of the County to fund projects and programs. The following taxes are Countywide (all taxpayers pay these taxes): the Transit Tax, which funds public transportation services including the Ride On bus system, the Fire District Tax, which funds fire and rescue services, and the Advance Land Acquisition Tax, which funds land acquisitions by the Maryland-National Capital Park and Planning Commission (M-NCPPC). Seven additional taxes are levied only in specially defined areas: the Metropolitan Tax funds M-NCPPC local park facilities and parks programs and the Regional Tax funds M-NCPPC planning and administrative programs; five additional taxes fund recreation facilities and programs, storm drainage improvements, parking lot districts, urban districts, and noise abatement districts. Whether a taxpayer pays one of these special area taxes depends on where the property is located. To determine which Special Area taxes apply, please refer to the Tax Rate Schedule, as described below.

**State Property Tax** - This tax is levied by the State of Maryland for the payment of principal and interest on State bonds.

**Municipal District Property Tax** - This tax is levied by each municipal area within the County. Although the services provided by tax revenues differ for each municipality, they are used generally for street and sidewalk maintenance, trash removal, tree care, sanitation, and police protection.

**Development Districts and Special Taxing Districts** - If you own real property in tax classes R061 (Kingsview Village Center), R064 (West Germantown), or R065 (White Flint), additional charges will appear on your real property tax bill. Through the creation of development districts and special taxing districts, the County finances certain infrastructure improvements by issuing bonds secured by taxes and assessments levied on property in the district. An ad valorem based special tax is levied on all real property located in the districts to generate revenues to pay the debt service on the special obligation bonds issued for each district. In the Kingsview Village Center and West Germantown Development Districts special assessments on undeveloped (not assessed at full value) residential property located in the districts will generate revenues to pay the debt service on the special obligation bonds issued for each district. Revenues collected from each development district and special taxing district are used exclusively for that district.

#### TAX RATES AND TAX CREDITS

**How the Tax Rate is Determined** - The real property tax rate, which is set each year by the County Council, is an ad valorem tax, meaning it is applied to the assessed value of the property. The fully phased-in assessed value equals the full cash value of the property. The real property tax is levied annually on all taxable land and improvements.

**Tax Rate Schedule** - For a detailed tax rate schedule for real and personal property taxes, visit the Department of Finance at [www.montgomerycountymd.gov/finance](http://www.montgomerycountymd.gov/finance) and click on "Tax Rates" under the link for "County Taxes" or call 311.

**Charter Limit** - Section 305 of the County Charter requires that "Unless approved by an affirmative vote of nine, not seven, Council members, the Council shall not levy an ad valorem tax on real property to finance the budgets that will produce total revenue that exceeds the total revenue produced by the tax on real property in the preceding fiscal year plus a percentage of the previous year's real property tax revenues that equals any increase in the Consumer Price Index as computed under this section. This limit does not apply to revenue from (1) newly constructed property, (2) newly rezoned property, (3) property that, because of a change in state law, is assessed differently than it was assessed in the previous tax year, (4) property that has undergone a change in use, and (5) any development district tax used to fund capital improvement projects."

Tax bills for levy year 2013 reflect target revenues at the Montgomery County Charter. The target revenue for levy year 2013 is achieved through a 1.8 cent rate increase for all property owners and a one-time property tax credit of \$692 for each principal residential property.

**Assessment Information** - All property in the County is subject to taxation, except that which is specifically exempt. Each property is assessed every three years by the State Department of Assessments and Taxation (SDAT) and certified to the County for tax billing purposes. For more details about your assessment and appeal process, visit SDAT at [www.dat.state.md.us](http://www.dat.state.md.us) or call 240-314-4510.

**Tax Credit Information** - The County offers many tax credits and exemptions against the real property tax for which you may be eligible. To learn more, visit us at [www.montgomerycountymd.gov/propertytaxcredits](http://www.montgomerycountymd.gov/propertytaxcredits).

**Homestead Property Tax Credit** - To assist homeowners who are affected by large assessment increases, the State of Maryland, Montgomery County, and municipalities limit the annual taxable assessment increase to 10% for principal residential properties, except for the Town of Kensington which has a 5% limit. This limit, called the Homestead Credit, is not applicable the first year following the purchase of a home, and therefore the taxable assessment may be higher than it was for the previous owner. Property owners are required to file an application with SDAT which administers this credit. The filing deadline has been extended to December 30, 2013. If you wish to learn more about the program, visit SDAT at [www.dat.state.md.us/sdatweb/homestead.html](http://www.dat.state.md.us/sdatweb/homestead.html) or call 866-650-8783 (toll free).

**Property Tax Disclosure** - Montgomery County requires that residential property owners who sell their home must estimate and disclose to the prospective buyer the property tax for the subsequent levy year. Since the buyer will not be eligible for the homestead credit in the first year following purchase of the new home, the difference between the current year's and next year's tax can be significant. This disclosure requirement assists the consumer when purchasing a home in the County. To obtain more information and review the online tax calculator, visit the Office of Consumer Protection at [www.montgomerycountymd.gov/apps/OCP/Tax](http://www.montgomerycountymd.gov/apps/OCP/Tax) or call 240-777-3636.

**Homeowners Property Tax Credit** - Maryland Homeowners Property Tax Credit and Montgomery County supplement are administered by SDAT. These tax credits are granted to eligible homeowners of all ages, with the exception that taxpayers age 70 and older may file three years retroactively. Applications must be filed by September 1st. The program provides tax credits for homeowners who qualify on the basis of their household income compared to their tax bill. State and County programs use (1) a maximum property assessment of \$300,000 to compute the credit, and (2) require net worth not to exceed \$200,000 excluding the value of the primary residence and qualified retirement assets. For more information or to obtain an application, visit SDAT at [www.dat.state.md.us/sdatweb/htc.htm](http://www.dat.state.md.us/sdatweb/htc.htm) or call 800-944-7403.

**Senior Property Tax Credit** - The County offers a property tax credit for senior residents, based on 25% of the combined State and County Homeowners Tax Credit. This credit is available to residential property owners when one of the owners is at least 70 years of age. If you applied for the Homeowners Tax Credit, SDAT has the age information to determine eligibility and there is no need to apply for this credit separately. However, you must apply for the Homeowners Property Tax Credit to be considered. For specific questions about this program, call SDAT at 800-944-7403.

**Fire Sprinkler System Tax Credit** - The County offers a one-time real property tax credit of up to 50% of the General County real property tax to partially offset the cost of installing an approved complete automatic sprinkler system used for fire protection in any detached single-family or attached dwelling unit, or multi-family building in which a fire sprinkler system was not legally required to be installed. For more information or to obtain an application form, visit us at [www.montgomerycountymd.gov/finance](http://www.montgomerycountymd.gov/finance) and click on "County Taxes" then "Individual Tax Credits" or call 311.

## TAX PAYMENT INFORMATION

**When Taxes are Due** - Payments for annual bills and the first installment of semi-annual bills **must be received** (postmark is not sufficient) on or before September 30th, and becomes delinquent on October 1st. The second semi-annual installment payment must be received on or before December 31st, and becomes delinquent January 1st. Delinquent taxes are subject to interest and penalties at the rate of 1-2/3% per month until paid in full and are calculated on the net amount of the bill, after any credits are applied. Delinquent taxes, including unpaid penalty and interest charges, are a lien on the property and are sold in accordance with all State laws during the subsequent calendar year. A tax lien sale will also occur if the taxpayer owes an amount equal to the interest and penalty, even if the amount of the original tax bill was paid. Accounts eligible for tax lien sale are listed for four consecutive weeks in a Montgomery County newspaper and are subject to a \$50 tax sale fee. Property tax accounts taken to tax sale are subject to redemption interest and may be subject to additional costs incurred by the certificate holder.

Taxes on principal residential properties are paid on a semi-annual schedule unless a taxpayer chooses to make both payments on or before September 30th. Taxpayers who escrow their payments may elect to pay annually, but must notify their lenders by May 1st of their intent to pay annually. Taxpayers will receive a tax bill that will permit those who do not escrow their taxes to pay on either a semi-annual or annual basis. Semi-annual bills include two payment coupons, while annual bills include one coupon. Payments for partial year levies (three-quarter, half year, or one-quarter) for newly constructed properties are due 30 days after the bill is mailed.

Real property taxes on residential and commercial properties defined as "small business" are also eligible for semi-annual payment. For more information on the semi-annual program, please visit us at [www.montgomerycountymd.gov/finance](http://www.montgomerycountymd.gov/finance) and click on "Reviews & Bulletins" under the link for "County Taxes."

**How to Pay Taxes** - Taxpayers have four options for paying their property tax bill:

1. Pay by electronic check, debit card, or credit card on the County's website at [www.montgomerycountymd.gov/finance](http://www.montgomerycountymd.gov/finance)
2. Pay by telephone using a debit card or credit card (VISA, MasterCard, American Express, and Discover) by calling 888-255-0029.
3. Pay by mail with a check or money order payable to Montgomery County, Maryland. Include coupon and mail to Montgomery County, MD, Box 9418, Gaithersburg, MD 20898-9418.
4. Pay in person at the Division of Treasury, 255 Rockville Pike (Monroe Street entrance), Suite L-15, Rockville, MD. Payment options: cash, check, money order, Discover card.

**Convenience Fee:** Payments by credit or debit card are assessed a convenience fee of approximately 2.5% of the payment amount. **This fee is levied by the payment processing company and cannot be waived by the County.** Payments made by electronic check through our website are free of charge. Payments made in person using the Discover card are subject to the following fee schedule:

Payment Amount	Discover Card Fee
\$0.00 to \$505.00	\$ 5.00
\$505.01 to \$1,012.00	\$12.00
\$1,012.01 to \$2,024.00	\$24.00
\$2,024.01 to \$3,048.00	\$38.00
\$3,048.01 or more	\$48.00

**On-line Banking** - Customers using online banking services are advised to schedule payments a minimum of five business days in advance of the due date to ensure timely delivery and avoid late fees (as such payments are delivered by U.S. mail - not electronically). An alternative is the "Electronic Check" feature on the County's website which provides true electronic payment delivery, free of charge, and an assured delivery date.

**Mortgage Information** - All taxpayers receive the original tax bill and are responsible for ensuring that their taxes are paid on time. The County tax bill displays in the Mortgage Information Box the name of your mortgage lender if it participates in the County's electronic data retrieval and tax payment (mass-pay) program at the time the bill is prepared. Taxpayers are encouraged to review the lender information on their tax bills. The County makes individual billing information available to mass-pay participating lenders for their retrieval and use in making escrowed payments. Property owners may wish to contact their lender to ensure that their bill will be paid. If their lender does not have the correct billing information, the property owner should forward a copy of the tax bill to the lender. Disputes arising from non-payment or late payment of escrowed taxes must be resolved between the taxpayer and their lender.

Even though taxpayers may have established an escrow account with their mortgage lender, lenders do not pay partial year levies for newly constructed properties. Therefore, taxpayers must ensure that payment is made. We encourage you to verify that your taxes have been received by the County and whether you owe interest and penalty: you can check your account at the County's website, you can call Finance, or visit our office.

**Change of Address** - In Maryland, SDAT is the official custodian of all addresses relative to State and County taxes. If you wish to change your mailing address you must notify SDAT by visiting their website at [www.dat.state.md.us](http://www.dat.state.md.us) or by calling 240-314-4510. Please note that failure to change the mailing address does not relieve the taxpayer of the obligation to pay the property tax bill.