

WRITTEN TESTIMONY FOR MONTGOMERY COUNTY COUNCIL MEETING
TUESDAY, JANUARY 23, 2024, 1:30 – 2:30PM

Re: Bill 45-23, Property Tax Credit - Individuals 65 and Above,
Retired Military Service Members, and Disabled Military Service Members

Dear Councilmembers,

Thank you for the opportunity to share my thoughts on the 45-23 Bill. This is a very welcome development for the vulnerable senior citizen community living on fixed incomes, which is being crushed by high food and medicine inflation coupled with rapidly growing home maintenance costs. The recent hike in property taxes in Montgomery County was a final blow and quickly became a 2024 election issue.

Unfortunately, the existing property tax credit program for seniors is very selective and elite. Very few seniors are eligible for this program given the 40-year home ownership criteria, which is truly unique among neighboring counties. According to the presented OLO study, only one neighboring county has a 30-year home ownership requirement, with the rest having 10 years or less. Strangely enough, the current program actually favors seniors with a lot of equity in their houses and excludes the most equity-disadvantaged homeowners who bought their houses during the 2005-2008 housing bubble peak (see Figure). The OLO study did not address or even discuss this disadvantage.

The proposed 30-year home ownership criteria would not fix this problem, since the cut-off date will be in the mid-1990s, well before the housing bubble peak. A suggestion can be made to democratize the property tax credit for seniors by reducing the home ownership qualification to 10-15 years. Given financial constraints, the tax credit can be applied as a two-tier system (10% credit for 15 years and 20% for 30 years of ownership) or just simply 10% for all above the 15-year ownership threshold.

But the simplest solution would be to **exempt senior citizens in Montgomery County from property tax hikes**. In my view, this would be the best, fair, equitable, and democratic approach.

Cordially,

Andrei Gakh

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