Written Testimony in Response to Montgomery County. Bill 45-23, Property Tax Credit – Individuals 65 and Above - Submitted by Joe Isaacs, [redacted]

I am a retired, 73-year-old resident who has lived in the county about 25 years – but only 7 years in my current home since downsizing in 2016. I am the President of Mill Creek Village, a volunteer-led nonprofit community services organization serving seniors' efforts to age in place and all neighbors in the Mill Creek Towne subdivision of Derwood Our mission is to promote a caring, informed and socially connected community. We provide, free of charge, rides to appointments, grocery shopping, friendly home visits and check-in calls and tech support for our older neighbors and host multiple intergenerational events to foster mutual respect across the ages.

Mill Creek Towne was built in the mid-1960's and has remained a middle-class community since. It is a wonderful place to live, raise a family, and age-in-place. Some residents have lived in their homes for 30 to more than 50 years and numerous other seniors have moved here more recently (within the past 15 years) because a sizable number of the home models are smaller and more accessible than newer homes. So, I am acutely aware of the sentiments of seniors, whose incomes have greatly diminished in retirement, regarding their tax burdens and the higher cost of living here.

I often hear from our older clients that that the State of Maryland and our county are not supportive of retirees and, though I completely appreciate their views, it saddens me greatly to hear it. Several older couples in our neighborhood have moved within the past five years, explaining they sought out more senior-friendly and affordable states like Pennsylvania, Florida, Delaware, Virgina and even Colorado. This phenomenon is certainly not exclusive to our community in Maryland. My primary care practitioner for 25 years and a long-time county resident is in his Rockville practice only three days per week because he now commutes from Hanover, PA, where he ultimately plans to fully retire and live more affordably.

Indeed, in 2023 research conducted by the personal finance website "Wallet Hub," examined the best places to retire among the 50 states based on 47 different indices including affordability, health-related measures, and overall quality of life. Maryland was rated 42nd best state to retire (or put another way, the ninth worst state). Many of the metrics used for this research echo the complaints we hear at Village about the quality of medical long-term care, the cost of eating a meal out or going to the grocery store, and tax fairness post school-age children and more limited physical capacity to enjoy amenities like parks, recreation and even libraries. Additionally, the State of Maryland partially taxes their Social Security payments, fully taxes their pension and other retirement saving program distributions, and subjects them and their children to inheritance and estate taxes.

Having said all this, however, I very much appreciate the intent of Bill 45-23 to improve upon a less than stellar record of supporting seniors in terms of their financial peace of mind. However, it does not go far enough. Even for those who are a bit better off because they were able to save for retirement, those dollars are often tied to the whims of the stock market which can be extremely volatile. Additionally, according to the BLS Consumer Price Index, the average inflation rate of the dollar was minus 19.5 percent per year from 2020 to 2024. In other words, what $100,000 could pay for in 2020 would require $116,229 today!

Moreover, a 2023 Yahoo!Finance survey of Americans found that about 37% of retirees say they have no retirement savings at all, up from 30% in 2022, and only about 12% said have at least the recommended $555,000 in savings. Even that target amount (10 times the 2023 median U.S. income) is suspect today in the face of multiple health, environmental and financial crises that have occurred across the country.

In anticipation of what the future holds for retirees, I hope you will also consider as you assess this legislation the following current trends:

(1) fewer and fewer employers are offering retirement savings plans (now only about 50%) or health care coverage;

(2) retirees are increasingly dependent on Social Security Income to make ends meet and that source is constantly being falsely attacked in Congress as the cause of deficits rather than addressed rationally to ensure that this vital program will continue to fulfill its enacted promise; and

(3) nearly 75% of retirees in the U.S. are carrying significant debt beyond their mortgages. Paying for this debt with their retirement fund decreases their standard of living. This in turn can lead to diminished health with the potential for catastrophic illness and injury. As you are likely aware, treatment costs for such outcomes are the leading cause of bankruptcy among Americans.

In the face of these factors and the diminishing the value of our incomes in retirement, I ask the Council to consider increasing by 25 percent the proposed annual income levels upon which the tax credit is based. That would result in the following:

- if the annual income of the applicant is equal to or less than $112,500, 20 percent of the County property tax imposed on the dwelling;

- if the annual income of the applicant is equal to or less than $93,750, 35 percent of the County property tax imposed on the dwelling; and

- if the annual income of the applicant is equal to or less than $62,500, 50 percent of the County property tax imposed on the dwelling.

My wife and I down-sized our home seven years ago to live more affordably in the county we proudly call home since moving here from Chicago in 1999. Under this proposed legislation, despite paying county property taxes for 25 years, we would not be eligible for tax credits because we did not live in our current home for those years.

To add insult to injury, after the county raised the property tax rate last year by 4.7% (despite a reported funding surplus), my wife and I recently received notice of a whopping 30+% increase in our property value assessment (a $210,000 increase). While the COVID epidemic created a seller's market in 2020 and 2021, we have seen property sale prices decrease in our neighborhood since. A home our size recently sold for only $60,000 more than we purchased ours for in 2016 and another comparable home in the neighborhood is on the market now for only $53,000 more than our home was purchased for. Is it any wonder, retirees feel we are being treated unfairly!

Therefore, I ask consideration under this legislation for recognition of seniors who have paid county property taxes for at least 25 years regardless of whether it has been in the same dwelling. The applicant will have demonstrated a commitment to the county and a desire to remain a county resident in good standing. It also does not alter the fact that they will still need to invest in their current homes to make them conducive to elder safety and well-being as they age.

The legislation should read: "If you have reached the age of 65, currently own a home in the county, and have owned homes in the county and paid property taxes in good standing for at least 25 years, the homeowner is eligible to apply for the proposed tax credit."

Thank you putting forth this proposed bill , as well as for this opportunity to provide testimony in support of a revised and justifiably more favorable version of this legislation.