

MEMORANDUM

April 22, 2016

TO: County Council

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

SUBJECT: **Public Hearing:** 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-Sponsors Council President Floreen and Councilmembers Rice, Navarro, Elrich, and Hucker was introduced on April 5, 2016. A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for May 4.

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

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

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

Boldface	<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

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:

Nancy Floreen, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

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