2023 Tax Facts

Dear Montgomery County Taxpayer:

The Fiscal Year 2024 operating budget for the period beginning July 1 reflects our work to prudently manage the County’s fiscal bottom line while strengthening our schools, protecting public health, improving public safety, investing in the jobs of the future, and growing the County’s tax base.

Check out more details on the budget at https://go.montgomerycountymd.gov/BSAS/OPERATING/CommEnd/index.aspx

Property tax revenues are estimated to increase in the FY24 approved operating budget due to rising property values and a 4.7 cent increase in the property tax rate. This rate increase is dedicated solely to funding our public schools. The average County homeowner will see a $9 monthly increase caused by rising assessments, and a $21 monthly increase caused by the 4.7 cent increase in the property tax rate. The budget also includes a tax credit of $402 for all owner-occupied, principal residences that had a Homestead Tax Credit application on file with the State Department of Assessments and Taxation on or before May 1, 2023.

There are multiple programs to assist homeowners with their tax obligations including the following:

- **Homeowners’ Property Tax Credit Program—This program is available to reduce taxes for those living on limited or fixed incomes.**
- **County Supplemental Tax Credit—In addition to a State tax credit, households earning less than $60,000 (Section 9-106c) of the Tax Property Article of the Maryland Code) may be eligible for the County Supplemental tax credit, which, combined with a special property tax credit for senior citizens, equals the full cash value of the property tax bill for those earning under $60,000.**
- **Elderly Individual and Military Retiree Property Tax Credit—Another tax credit for eligible seniors is the Elderly Individual and Military Retiree Property Tax Credit, which is for residents at least 65 years of age who are either retired military personnel (excluding reservists and National Guard members), or are surviving spouses of deceased retirees from the Armed Services (or certain uniformed services), who are surviving spouses of deceased retirees from those Armed Services, or have earned and lived in their owner-occupied home for at least 40 years.

For more information on any of these programs, please contact MC@311.com or call 311.

We encourage everyone living on limited or fixed incomes to apply for the Homeowners’ Property Tax Credit. The State of Maryland will determine eligibility for residents. To apply, or for more information, go to the site or call 1-800-944-7403 or go to the site or call 1-800-944-7403.

Montgomery County is one of the few places to live, raise a family, earn a living, and grow a business. In order to work together to make an outstanding county even better by investing in schools, public safety, job growth, and help for the vulnerable among us, while staying within our means. As always, we welcome your comments and feedback.

Sincerely,

Marc Elrich
County Executive

Evan Glass
County Council President

For Information Call 311 (240-777-0311 if Outside the calling area) or Visit our Website at: www.montgomerycountymd.gov/finance

TTY: 711 (Hearing Impaired Only)

SERVICES PROVIDED BY TAX REVENUES

County Property Tax – The General County tax is levied on all property located in the County. 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 programs and projects. The following taxes are paid on all properties in support of a dedicated Bay Restoration Fund (BRF) used to improve the water quality of the Chesapeake Bay.

- The Transtax, 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). Five 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, three taxes fund recreation facilities and programs, provide additional service in urban districts, and provide infrastructure in development districts (see below). 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 Municipal Property Tax - This tax is levied by the State of Maryland for the payment of principal and interest on State bonds.

Development Districts and Special Taxing Districts - If you own real property in tax classes R001 (Kingstown Village Center), R004 (West Germantown), or R005 (White Flint), additional charges may apply on your 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 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 Kingstown Village Center and West Germantown Development Districts special assessments on undeveloped (not assessed at full value) real property 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

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/DHA/housing/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. For more information, visit the Department of Environmental Protection at www.montgomerycountymd.gov/dep 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, call 311 or visit the Department of Environmental Protection at https://www.montgomerycountymd.gov/water/wsp/index.html

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 fee on their utility bill. The majority of taxpayers pay this fee on their utility bill. The fee is applied to the assessed value of the property. The fully phased-in assessed value equals the full cash value of the property. The property tax rate is increased by the BRF rate to cover the cost of the BRF. The BRF is used to improve the water quality of the Chesapeake Bay.

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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 http://www.montgomerycountymd.gov/finance/taxes/rates.html or call 311.

**Assessment Information** - All property in the County is subject to taxation, unless 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 the appeal process, visit SDAT at http://dat.maryland.gov 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/propertytax/credits.

**Homestead Property Tax Credit** - To assist homeowners who are ages 65 or older, the State of Maryland, Montgomery County, and municipalities limit the annual taxable assessment increase to 10% for principal residential properties, except Montgomery County, and municipalities limit the annual taxable assessment increase to 5% for principal residential properties. Homeowners who qualify for the Homestead Credit are not required to file an application with SDAT which administers this credit. If you purchase a home, and therefore the taxable assessment may be increased by the amount of the purchase, you may be eligible for the Homestead Credit. To apply for the Homestead Credit online, go to: http://dat.maryland.gov/realproperty/Pages/Maryland-Homestead-Tax-Credit.aspx or call 866-650-8783 (toll free).

**Senior Property Tax Credit** - The County offers a property tax credit for senior residents, based on 50% of the combined State and County Homestead Tax Credit. This credit is available to residential property owners who are at least 65 years of age. If you apply for the Homestead 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 Homestead Property Tax Credit to be considered. For specific questions about this program, call SDAT at 800-944-7403.

**Eligible Individual/Military Retiree Tax Credit** - This credit provides a property tax credit for property owners aged 65 and over who either (1) have owned and lived in their home for the last 40 consecutive years, OR (2) have retired from one of the United States’ armed forces, including military reserves, the National Guard, the uniformed corps of the Public Health Service and the uniformed corps of the National Oceanic and Atmospheric Administration. For information about this tax credit, call SDAT (240-777-0311).

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

1. Pay online using electronic check, debit card, or credit card on the County’s website: https://apps.montgomerycountymd.gov/realpropertytax/

2. Pay by telephone using an electronic check, debit card, or credit card (American Express, Discover, MasterCard, and VISA) by calling 240-777-8599. Convenience fees are charged if payment is made by credit or debit card.

3. Pay by mail with a check payable to the Montgomery County, Maryland. Include coupon and mail to Montgomery County, MD, P.O. Box 824845, Philadelphia, PA 19182-4845.

4. Pay in person at the Division of Treasury, 27 Courthouse Square, Suite 200, Rockville, MD. Payment options: cash, check, debit or credit card (American Express, Discover, MasterCard, and VISA). Money Orders are not accepted. Convenience fees are charged if payment is made by credit or debit card.

**Property Tax Disclosure** - If a property tax refund is requested, 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.

**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 https://dat.maryland.gov 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.

**Principal Residence or Rental Property** – SDAT determines if a property is owned and occupied by an individual as a principal residence, making it eligible for homestead credit, semi-annual payment, or homeowner’s tax credit (if applicable).

**Mortgage Information** - All taxpayers receive the original tax bill and are responsible for ensuring that their taxes are paid on time. The County tax bills displays in the Mortgage Information Box 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 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.

**Taxes Due** - Payments for annual bills and the first installment of semi-annual bills must be received (postmarked, not sufficient) on or before September 30th, and become 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 subject to all State laws during the subsequent calendar year. A tax lien sale will also occur if the original amount on the tax bill was paid, but penalties and interest remain unpaid. Accounts not 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 do that. Mortgages that are semi-annual or annual basis. Semi-annual bills include two payment coupons, while annual bills include one coupon. Payments are made every three months (quarterly, half-year, or one year) 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 and click on "Reviews & Bulletins" under the link for "Taxes.”

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

1. Pay online using electronic check, debit card, or credit card on the County’s website: https://apps.montgomerycountymd.gov/realpropertytax/

2. Pay by telephone using an electronic check, debit card, or credit card (American Express, Discover, MasterCard, and VISA) by calling 240-777-8599. Convenience fees are charged if payment is made by credit or debit card.

3. Pay by mail with a check payable to the Montgomery County, Maryland. Include coupon and mail to Montgomery County, MD, P.O. Box 824845, Philadelphia, PA 19132-4845.

4. Pay in person at the Division of Treasury, 27 Courthouse Square, Suite 200, Rockville, MD. Payment options: cash, check, debit or credit card (American Express, Discover, MasterCard, and VISA). Money Orders are not accepted. Convenience fees are charged if payment is made by credit or debit card.

**Convenience Fee** - Payments by credit or debit card, whether being made online, over the phone, or in person, are assessed a convenience fee of approximately 2.3% of the payment amount. This fee is levied by the payment processing company and cannot be waived by the County. The convenience fee is non-refundable if a property tax refund is requested. Payments made by electronic check through our website and telephone service are free of charge.

**Online Banking** - Customers using online banking services are advised to schedule their payments to be made a minimum of five business days in advance of the due date to ensure timely delivery and avoid late fees (as such payments may be delivered by U.S. mail and not sent 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.