Montgomery County, Maryland Department of Finance

Tax Facts
Information About Your County Real Property Tax Bill

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/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 on file. For more information, visit the Department of Environmental Protection at www.montgomerycountymd.gov 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 50(1)(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/wqpc/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 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 https://index.maryland.gov/programs/water/bayrestorationfund/pag es/index.aspx or call 410-976-3000. 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 https://www.montgomerycountymd.gov/Finance/Resources/Files/BayRestorationForm.pdf or call 311.

For more information about County programs and services, call 311 or go to www.montgomerycountymd.gov/SalesAndTaxes.

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Montgomery County, Maryland Department of Finance

Dear Montgomery County Taxpayer,
The Fiscal Year 2023 operating budget for the period beginning July 1 reflects our work to prudently manage the County’s fiscal bottom line while protecting public health, strengthening our schools, protecting our families and property, investing in the jobs of the future, and growing the County’s tax base.

Check out more details on the budget at https://apps.montgomerycountymd.gov/BASISOPERATINGComm onIndex.aspx

Property tax revenues are estimated to increase 2.7 percent in the FY23 approved operating budget with no increase in the effective property tax rate. The average County homeowner will see only a $12.00 monthly increase, which is caused by rising assessments. The budget also includes a tax credit of $602 for all owner-occupied, principal residences.

There are multiple programs to assist homeowners with their tax obligations, including:
- **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 $50,000 (Section 9-104 of the Tax Property Article of the Maryland Code) may be eligible for this Credit Program. This credit, which is included with a special property tax credit for eligible senior residents (65 years or older), averaged $1,167 last year and benefitted over 4,079 County residents.
- **Eligible Individual and Military Retiree Property Tax Credit** – Another tax credit for eligible seniors is the Eligible Individual and Military Retiree Property Tax Credit. This credit is for residents at least 65 years of age who are either retirees from the Armed Forces (or certain uniformed services), who are surviving spouses of deceased retirees from those Armed Services, or who have owned and lived in their owner-occupied homes for at least 40 years.
- **Renter’s Credit Program** – The County also has a new Renter’s Credit Program for all residents who qualify.

More information on any of these programs or assistance, please contact MC311 or call 311.

MC311 supports all revenues, all residents, and all schools, generating revenues that will benefit many other residents within our County as well as the state, county, and federal governments. MC311’s primary goal is to ensure that all residents of Montgomery County have the opportunity to live, work, and thrive in a community that is safe, healthy, and equitable for all.

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)

For more information about County programs and services, call 311 or go to www.montgomerycountymd.gov/SalesAndTaxes.

Marc Elrich
County Executive

Gabe Albonico
County Council President

For information about County programs and services, call 311 or go to www.montgomerycountymd.gov/SalesAndTaxes.

SERVICES PROVIDED BY TAX REVENUES
County Property Tax – The General County tax is levied on all properties located in Montgomery County as a property tax. County property taxes are used to pay the cost of 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 specifically 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; 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 Metrorail Tax funds M-NCPPC local park facilities and parks programs and the Regional Tax funds M-NCPPC planning and conservation programs, three taxes fund recreation facilities and programs, provide additional service in urban districts, and provide infrastructure in development districts (see below). When a property owner 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 vary from one municipality to the next, 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 8001 (Kingsview Village Center), 8004 (Waterfront at North Bethesda), or other 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 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 the 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 http://www.montgomerycountymd.gov/finance/taxes/rates.html or call 311.

**Charter Limit** - Section 348 of the County Charter requires that

"Unless approved by an affirmative vote of all current Councilmembers, the Council shall not levy an ad valorem weighted tax rate on real property to finance the budgets that exceed the ad valorem weighted tax rate on real property approved for the previous year. The weighted real property tax rate is calculated by the sum of each real property tax rate adjusted to the proportion of each tax rate’s taxable assessment to the total taxable assessment."

**Assessment Information** - All property in the County is subject to taxation, except with which is specifically exempt. Each property is assessed by the County’s Assessors. Assessments are conducted by the Department of Finance 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 https://data.maryland.gov or call 240-314-4510.

**Tax Credit Information** - The County offers many tax credits and exemptions against the real property tax if you may be eligible. To learn more, visit us at 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 residences, except for the Town of Kensington which has a 5% limit. This is known as the Maryland Property Tax Credit. It is not applicable for the first year that 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. If you wish to learn more about the program, visit SDAT at http://data.maryland.gov/realproperty/Pages/Maryland-Homestead-TaxCredit.aspx 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 year. Homeowners are not required to disclose for the homestead credit in the first 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 https://www2.montgomerycountymd.gov/estimatetaxes/default.aspx or call 240-777-3636.

**Homeowners Property Tax Credit - Maryland**
Homeowners Property Tax Credit and Montgomery County supplement State tax credits by an additional percentage of 0.5% on the first $300,000. These 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 October 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 tax credits are combined. The program assesses $300,000 to compute the credit, and (2) require net worth not to exceed $200,000 excluding the value of the primary residence and investment assets. For more information or to obtain an application, visit SDAT at https://data.maryland.gov/realproperty/Pages/Homeowners%27 Property-Tax-Credit-Program.aspx or call 800-944-7403.

**Senior Property Tax Credit** - The County offers a property tax credit for senior citizens over 65 based on current annual income or up to $200,000, but must notify their elderly parents by May 1st of their intent to pay annually. Taxpayers will receive a tax bill that will permit those who do not qualify for the tax credit to obtain credit at the 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 and click on “Reviews & Bulletins” under the link for “Taxes.”

**Elderly Individual/Military Retiree Tax Credit**
The County offers a property tax credit for property owners aged 65 and over who either (1) own and live in their home for the last 40 consecutive years, OR (2) are retired from one of the United States’ armed forces including military reserves, the National Guard, and the unformed corps of the Defense of the Uniformed Corps of the National Oceanic and Atmospheric Administration. For information on this tax credit, please call 311 (240-777-0311).

**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 or any detached single-family or attached dwelling unit, or multifamily 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 and click on “Taxes” then “Individual Tax Credits” or call 311.

**TAX PAYMENT INFORMATION**

When Taxes are Due - Payments for annual bills and the first installation of semi-annual bills must be received (postmark is not sufficient) on or before September 30th, and become delinquent on October 1st. The second semi-annual installment of semi-annual bills 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 tax bill, after all credits are applied. The 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 lien sale will also occur if the original amount on the tax bill was paid, but penalties and interests remain unpaid. 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 choose to pay their tax bills on an annual basis must notify their lender by May 1st of their intent to pay annually. Taxpayers will receive a tax bill that will permit those who do not qualify for the tax credit to obtain credit at the 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 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 at the Montgomery County website. Log in to your account, select “Payments,” then click on the “Make Payment” button, select “Property Tax," enter your account number and verify your account. Payments may be sent via check, debit card, or credit card on the County’s website at https://apps.montgomerycountymd.gov/realproperty/realpropertytaxas.

2. Pay by telephone using an electronic check, debit card, or credit card (American Express, Discover, MasterCard, and VISA) by calling 240-777-0989.

3. Pay by mail with a check payable to Montgomery County, Maryland. Include coupon and mail to Montgomery County, MD, P.O. Box 2345, Rockville, MD 20842-2345.

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 Fee:** Payments by credit or debit card 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. Payments made by electronic check through our website are free of charge.

**On-line Banking** - Customers using on-line 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.

**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 making payments to the County. Lenders are encouraged 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 Supplemental levies for newly constructed properties and additions. 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, call 311, 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 https://data.maryland.gov/ or by calling 240-314-4510. Please note that the change of address process does not relieve the taxpayer of the obligation to pay the property tax bill.

**Primary 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, or homebuyer’s tax credit (if applicable).