

An Examination of Property Tax Credits, Exemptions, and Deferrals

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OLO Report 2026-4

EXECUTIVE SUMMARY

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This Office of Legislative Oversight (OLO) report responds to the County Council’s request to conduct a comprehensive review of Montgomery County’s tax credits, exemptions, and deferrals. This report reviews the County’s primary public source of information on tax expenditure programs, systematically codes County property tax credit programs to enable consistent comparison across programs, analyzes the fiscal magnitude and historical trends of these programs, and provides high-level comparative analysis to assess patterns in program design, beneficiary focus, policy objectives, and the concentration of tax credit activity. The report concludes with key findings, recommendations, and discussion items for Council consideration.

Overview of County Tax Expenditure Programs and Report Scope

Montgomery County uses three primary mechanisms to reduce tax liabilities: tax credits, tax exemptions, and tax deferrals. Tax credits directly reduce the final tax bill; tax exemptions lower the taxable base on which taxes are calculated; and tax deferrals allow taxpayers to postpone payment to a future year which lowers the real economic cost of taxes due to the time value of money. Together, these mechanisms function as **tax expenditures**—policies that operate like targeted spending programs delivered through the tax system.

The primary public source of information on County tax expenditures is the Department of Finance’s annual Tax Expenditure Reports. These reports focus primarily on property tax credits and provide detailed, program-level information for each credit program, including statutory authority and fiscal impact data reported by levy year. The fiscal impact data consist of two core variables—the total nominal dollar amount of credits granted and the total number of participating property tax accounts (recipients).

These reports present data on property tax exemptions and deferrals in aggregate, with only limited program-specific information provided in a few cases. Moreover, the reports are limited to property taxes and exclude tax expenditures associated with the County’s other revenue sources, such as the income tax, recordation tax, and development impact taxes. As a result, publicly available information offers a credit-centered and property-tax-focused view of County tax expenditure programs rather than a comprehensive accounting across the full tax system.

Because the Tax Expenditure Reports provide detailed, program-level data primarily for property tax credits—and only aggregate information for exemptions and deferrals—the analyses in this report focus on property tax credit programs, where consistent program-level comparison is possible.

Limits of Available Data on County Tax Expenditure Programs

There are two core limitations with available data on County tax expenditure programs:

- 1. The County does not maintain a comprehensive system for tracking tax expenditures across all tax categories.** The Department of Finance's annual Tax Expenditure Reports—the County's primary public source of information on this topic—provide program-level data for property tax credits. Although the Report is designed to cover only property-tax-based programs, the County does not produce parallel reports for tax expenditure programs applied to income, recordation, transfer, or other taxes. The absence of equivalent reporting across tax types prevents the County from attaining a comprehensive picture of total tax expenditure spending.
- 2. Available data limit the County's ability to assess Racial Equity and Social Justice (RESJ) outcomes.** Neither SDAT nor the Department of Finance are required to collect information on the race or ethnicity of applicants of County property tax credits, exemptions, or deferrals. Without participant-level data, it is difficult to evaluate whether property tax expenditure programs advance or undermine the Council's RESJ goals.

Concentration of Property Tax Credit Programs

OLO's analysis shows that County property tax credits are concentrated among a small set of beneficiary types and programs and within a narrow range of policy objectives.

Concentration by Beneficiary

Property tax credit spending in the County is highly concentrated by beneficiary type. Based on OLO's coding of property tax credit programs by primary beneficiary—residents, businesses, or nonprofit organizations—credit activity in levy year (LY) 2024 was distributed as follows:

- **Resident programs provided \$151.86 million, accounting for 89 percent of all property tax credit dollars**, and reached 226,702 households, with an average benefit of approximately \$670 per recipient. When PILOT exemptions are included, resident programs represented 76 percent of property tax credit and PILOT exemption dollars.
- **Business programs providing \$17.20 million, accounting for 10 percent of total credits**, to 114 recipients, with an average benefit of approximately \$150,868 per business.
- **Nonprofit and mixed-beneficiary programs together accounted for about one percent of all property tax credit dollars in LY24 (\$2.26 million)**, distributed across 749 recipients.

Concentration within Individual Programs

Property tax credit spending in the County is also highly concentrated within a small number of programs. In levy year 2024, three resident programs accounted for more than 85 percent of all property tax credit dollars Countywide, driven largely by a single program.

- **The Local Income Tax Offset Tax Credit (ITOC) alone provided \$133.4 million, representing 78 percent of all property tax credit dollars** and 41 percent of all property tax expenditures.

Concentration is also evident among business and nonprofit programs.

- Four business credits—the Brownfields Credit, Energy & Environmental Design Credit, New Jobs Credit, and Energy Efficient Buildings Credits—accounted for nearly all business-related credit spending in LY24.
- Among nonprofit and mixed-beneficiary programs, the Historic Preservation Tax Credit dominated activity, accounting for more than 60 percent of credit dollars and 92 percent of recipients in this category.
- Across the full portfolio, most programs operate at very small scales: 20 of the County's 29 property tax credit programs each accounted for less than one percent of total credit dollars in LY24.

Concentration by Policy Area

Finally, property tax credit spending in the County is highly concentrated in terms of the policy objectives they aim to promote.

Nearly all resident credit programs aim to promote affordable housing.

- Housing & Affordability accounts for 85 percent of all primary-area credit dollars—\$145.5 million of the \$171.3 million total—driven almost entirely by resident programs.

Business credit programs mostly seek to encourage investment, business growth, and job creation, while also promoting conservation, energy efficiency, and green building.

- The largest concentration of business-oriented credits focuses on Economic Development and Environment & Sustainability, which account for 10 percent of all primary-area credit dollars—\$14.2 million for Environment & Sustainability and \$3.0 million for Economic Development.

Nonprofit and mixed-beneficiary programs primarily support nonprofit, cultural, or faith-based organizations providing community services.

- All four nonprofit/mixed programs fall under Civic & Community Institutions or Environment & Sustainability, with no nonprofit programs in other major policy areas.

Several policy areas—namely Disability Access & Inclusion, Agriculture & Land Use, Education & Childcare, and Public Health & Safety—include one or more programs but together account for less than one percent of primary-area credit dollars.

Programs with No or Limited Uptake

Several property tax credit programs have experienced little to no participation over long periods.

Never Used	Burtonsville Enterprise Zone Property Tax Credit — No recorded credit activity since program creation, spanning 11 levy years
Long Dormant	Home Computer Telecommuting Incentive Tax Credit — No uptake for 18 years; last used in levy year (LY) 2007
Recently Dormant	<p>Property Tax Credit for Fire Sprinkler Systems — Inactive for last five years; last uptake in LY2019</p> <p>Property Tax Credit for Publicly Sponsored Business Incubators — Inactive for six years; last used in LY2018</p> <p>Property Tax Credit for Renewable Energy Devices — Inactive for three years; last participation in LY2021</p> <p>Enterprise Zone Tax Credit — No uptake in LY2024; last used in LY2023</p>

Recommendation and Discussion Items

Based on the findings of this report, OLO recommends the following:

- **Require comprehensive tracking and reporting of County tax expenditures:** The Council should direct the Executive Branch to develop a unified and systematic approach to tracking and reporting tax expenditure programs across all County tax categories. Comprehensive reporting is necessary to support effective legislative oversight, to assess the full fiscal impact of the County’s tax expenditure portfolio, and to determine whether tax expenditures reflect Council priorities.

Additionally, OLO recommends the following discussion items for Council consideration:

- Councilmembers may wish to consider requiring County agencies to add voluntary demographic questions to applications for tax expenditure programs in order to support analysis of whether tax expenditure programs align with the Council’s RESJ goals.

- Councilmembers may want to review programs that have extended periods of no or limited uptake to determine whether they continue to serve a meaningful policy purpose or whether they should be modified or discontinued.
- Councilmembers may wish to consider whether a more comprehensive distributional analysis—examining which programs primarily benefit higher- or lower-income households and larger or smaller businesses—would help assess whether tax expenditures advance current County policy priorities.

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Introduction

Local governments frequently use tax expenditures as policy tools to advance economic, social, and community objectives by reducing tax liabilities for selected households, businesses, and organizations. In Montgomery County, these tax expenditures take three primary forms: tax credits, which directly reduce the final tax bill; tax exemptions, which reduce the taxable base; and tax deferrals, which postpone tax payments to a future year. Understanding how the County uses these tools is important for effective legislative oversight, as it allows the Council to assess whether tax expenditure programs align with current policy priorities and whether program design and participation levels suggest that these tools are well suited to advancing those priorities.

The County Council directed the Office of Legislative Oversight (OLO) to conduct a comprehensive review of Montgomery County's tax credits, exemptions, and deferrals. Specifically, OLO was asked to examine how these tax expenditures are used, who benefits from them, and how their fiscal impacts have evolved over time. The Council also requested analysis of program take-up rates and, where feasible, whether individual tax expenditure programs advance their intended policy objectives.

To this end, this OLO report:

- **Reviews the County's primary public source of information on tax expenditures**, describing its scope, limitations, and the types of tax expenditures it covers.
- **Systematically codes each County property tax credit, exemption, and deferral program on 15 variables** to enable consistent comparison across programs, including coding for beneficiary type (residents, businesses, nonprofit organizations, or mixed beneficiaries), policy objectives, and key structural features.
- **Identifies policy objectives and policy areas as a preliminary analytical step** to support future evaluations of program effectiveness.
- **Analyzes the fiscal magnitude and historical trends of property tax expenditure programs**, using inflation-adjusted dollars to examine changes over time for programs targeting residents, businesses, nonprofit organizations, and mixed beneficiaries.
- **Provides high-level comparative analysis across programs** using coded variables to assess patterns in program design, beneficiary focus, policy objectives, and concentration of tax credit activity.

This report is organized as follows:

- **Chapter 1 – Overview of County Tax Expenditures and Reporting Scope** defines the County’s three main types of tax expenditures—credits, exemptions, and deferrals—and describes how each reduces tax liability. It then overviews the primary public source of information on tax expenditures, the Department of Finance’s annual Tax Expenditure Report.
- **Chapter 2 – Methodology** describes the methods OLO used to analyze the County’s property tax credit programs, which are the focus of the study. It explains how OLO compiled, coded, and analyzed program-level data on 15 variables to enable consistent comparison across programs and how fiscal trends were assessed. The chapter concludes with a description of the Racial Equity and Social Justice (RESJ) lens applied in this analysis.
- **Chapter 3 – Tax Credits for Residents** examines the County’s property tax credit programs for residents. It begins with a high-level overview of resident programs, including their role in the County’s overall tax credit portfolio. The chapter then provides detailed profiles of each program and presents analyses of each program’s fiscal magnitude and inflation-adjusted trends over time.
- **Chapter 4 – Tax Credits for Businesses** examines the County’s property tax credit programs for business entities. It begins with a high-level overview of business programs and then provides program-level profiles and analyzes inflation-adjusted fiscal trends over time.
- **Chapter 5 – Tax Credits for Nonprofit Organizations and Mixed Beneficiaries** examines the County’s property tax credit programs for nonprofit organizations and mixed-beneficiary programs. It begins with a high-level overview of these programs then presents program-level descriptions and analyzes inflation-adjusted fiscal trends over time.
- **Chapter 6 – Tax Exemptions and Deferrals** reviews the County’s property tax exemption and deferral programs. It describes the major exemption categories reported in the Tax Expenditure Report, including payments in lieu of taxes (PILOTs), and presents available fiscal information to illustrate the relative magnitude of exemption-related tax expenditures. The chapter also summarizes the County’s two residential property tax deferral programs.
- **Chapter 7 – Findings, Recommendations, and Discussion Items** synthesizes the report’s key findings on the County’s property tax credit system, including limitations in Countywide tax expenditure reporting and data availability. It highlights patterns in how credits are distributed across programs and policy areas and concludes with a recommendation and discussion items for Council consideration.

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Chapter 1. Overview of County Tax Expenditures and Reporting Scope

Taxes are required payments of money to the government (federal, state, and local) established by law.¹ “Tax expenditures” refer to government laws and programs that reduce the required amount of money an individual or entity must pay to the government in taxes.

The County offers three main types of tax expenditures—tax credits, tax exemptions, and tax deferrals—which respectively reduce tax burdens by lowering the final tax bill, reducing the taxable base, or postponing payment to a future year. This chapter provides definitions and sources needed to understand the County’s tax expenditure landscape.

Specifically, this chapter undertakes the following tasks:

- Provides background information on tax expenditures and different types of tax expenditures; and
- Describes Montgomery County’s tax expenditures and data reported in the County’s annual Tax Expenditure Report.

The Tax Expenditure Report provides detailed descriptions and fiscal data for tax expenditures related to County property taxes. The County does not publish similar reports on tax expenditures related to other sources of County tax revenue.

Understanding Tax Expenditures

“Tax expenditures” refer to government laws and policies that reduce the amount of taxes a person, business, or other entity owes. While tax expenditures are often described as ways to let taxpayers “keep what they earned,” they function like targeted government spending programs and are classified as “tax expenditures” because they reduce the amount of tax revenue that a government would otherwise collect without them. The Congressional Research Service explains that tax expenditure programs are effectively government “spending programs channeled through the tax system.”² Like direct spending programs, tax expenditures are “a way for government to intervene in the economy” and “must be financed through higher taxes or reduced spending elsewhere.”³

¹ [“Taxes: Understanding the basics,”](#) U.S. Consumer Finance Protection Bureau (2022).

² [“Tax Expenditures: Compendium of Background Material on Individual Provisions”](#) (Congressional Research Services, December 2006); Grant A Driessen, [“Spending and Tax Expenditures: Distinctions and Major Programs”](#) (Congressional Research Services, July 9, 2019).

³ [“Why Are Tax Expenditures Controversial?,”](#) Tax Policy Center Briefing Book, accessed June 13, 2025.

Types of Tax Expenditures

Tax expenditures can take different forms. Three common ones are tax credits, tax deferrals, and tax exemptions.

A **tax credit** directly reduces the amount of tax owed. It is applied after the tax has been calculated and offers a dollar-for-dollar reduction in the final tax bill (i.e., “final tax liability”): a \$10,000 credit reduces the final tax bill by \$10,000.

A **tax exemption** (or deduction) indirectly reduces taxes by lowering the amount subject to taxation, such as taxable income in the case of income taxes or assessed value in the case of property taxes. The value of a tax exemption depends on the applicable tax rate: a \$10,000 exemption reduces the final tax bill by an amount equal to \$10,000 multiplied by that rate. For example, with a 10% tax rate, the exemption would lower the tax owed by \$1,000. The next table illustrates application of a tax exemption.

Table 1.1. Application of a Tax Exemption

	No Tax Exemption	\$10,000 Tax Exemption
Original Taxable Amount	\$50,000	\$50,000
<u>Subtract Exemption</u>	<u>– \$0</u>	<u>– \$10,000</u>
= Taxable Amount	\$50,000	\$40,000
Tax Rate	10%	10%
Taxable Amount	<u>x \$50,000</u>	<u>x \$40,000</u>
Tax Due	\$5,000	\$4,000

A **tax deferral** allows a taxpayer to postpone payment of taxes to a future date.

While the full tax amount is still owed, the *real* cost of the payment may be lower because of the “time value of money”—that is, the idea that a dollar today (present value) is worth more than a dollar in the future (future value). The difference between the present value and future value of a dollar is due to two factors:

- (1) Opportunity cost – because money can be invested to earn interest, there is a cost to not investing.

(2) Inflation – because of the “overall general upward price movement of goods and services in an economy,”⁴ the purchasing power of money erodes over time.

A **discount rate** reflects the opportunity cost of money and the effect of inflation, and it is used to calculate the **present value** of future payments. For example, suppose a taxpayer can defer a \$10,000 tax payment for 10 years, and the discount rate is 5% per year. In today’s dollars, the value of that future payment is estimated at \$6,139. This means the real economic cost of the tax payment is about \$6,139 if it is paid in 10 years, instead of \$10,000 if it were paid immediately. The difference—\$3,861—represents the benefit of tax deferral due to potential investment earnings and inflation over the deferral period.⁵

Table 1.2. Comparison of Tax Credits, Exemptions, and Deferrals

Type of Tax Expenditure	Mechanism	Effect on Tax Liability	Value of \$10,000 Example
Tax Credit	Direct reduction in final tax bill	Dollar-for-dollar reduction in tax owed	Reduces tax liability by \$10,000
Tax Exemption / Deduction	Reduces taxable base (e.g., income or property value)	Reduction in tax depends on the applicable tax rate	At a 10% tax rate, reduces tax liability by \$1,000
Tax Deferral	Postpones tax payment to a future date	Nominal amount still owed, but real cost is lower due to time value of money	At 5% discount rate over 10 years, present value is \$6,139, saving \$3,861 in today's dollars

Montgomery County Taxes and Tax Expenditures

Montgomery County Government has twelve tax sources, which generated \$4.8 billion in tax revenue in the FY25 approved budget. The bulk of the County’s tax revenues come from two sources—the County property tax and the County income tax. As shown in **Table 1.3**, in the FY25 approved budget, revenue from property tax and income tax accounted for 89.84 percent of all tax revenue: \$2.29 billion (47.35%) in property tax revenue, \$2.05 billion (42.49%) in income tax revenue, and \$0.49 billion (10.16%) from the remaining 10 tax sources combined.

The Department of Finance’s **Tax Expenditure Reports** are the primary source of publicly available information on tax expenditures in the County. These reports, available on the Department’s website for fiscal years 2017 through 2025, list reductions to the County’s

⁴ U.S. Department of Labor, “[Inflation and Consumer Spending](#),” DOL, accessed October 4, 2024; Diego Mendez-Carbajo, “[Adjusting for Inflation](#),” Federal Reserve Bank of St. Louis, January 2023.

⁵ Richard Brealey et al., *Principles of Corporate Finance*, 10th ed. (McGraw-Hill/Irwin, 2011); Catherine Cote, “[Time Value of Money \(TVM\): A Primer](#),” *Harvard Business School Online*, June 16, 2022.

property tax revenue from tax credits, exemptions, and deferrals.⁶ The County does not publish similar reports on tax expenditures related to the County’s other eleven tax sources.

The data in the next table show that the County’s total FY25 tax revenue was effectively reduced by \$327 million due to tax expenditures for property taxes. This represents 14 percent of all property tax collections and seven percent of all approved tax revenues for that year.⁷

Approved revenue figures reflect the County’s expected tax collections after accounting for authorized tax credits, exemptions, and other tax expenditures. Tax expenditure amounts shown in this table represent forgone revenues and are presented for analytical context.

Table 1.3. FY25 Approved Tax Revenues and Property Tax Expenditures, by Source

Tax Source	Approved Revenues	Share of Total Revenues	Tax Expenditures	Tax Expenditure as % of Revenues
Property Tax	\$2,285,558,724	47.35%	\$327,085,234	14.31%
County Income Tax	\$2,051,146,619	42.49%	—	—
Energy Tax	\$191,261,860	3.96%	—	—
Real Property Transfer Tax	\$94,722,310	1.96%	—	—
Recordation Tax	\$67,765,779	1.40%	—	—
Telephone Tax	\$55,808,865	1.16%	—	—
Water Quality Protection Charge	\$49,639,440	1.03%	—	—
Hotel/Motel Tax	\$23,098,383	0.48%	—	—
Admissions Tax	\$4,400,144	0.09%	—	—
Bag Tax	\$2,700,000	0.06%	—	—
E-Cigarette Tax	\$824,999	0.02%	—	—
MHI Transfer Tax	\$100,000	0.00%	—	—
Total	\$4,827,027,123	—	\$327,085,234	6.78%

Note: Shaded and italicized cells indicate the only tax source with available expenditure estimates. “—” indicates that data is not available for other sources.

⁶ Department of Finance, “[Tax Expenditure Reports](#).”

⁷ Montgomery County Open Budget, “[FY24 Approved Tax Revenues](#),” accessed May 28, 2025.

Table 1.4. Property Tax Expenditures as a Share of Total Property Tax Revenues in FY2025

Type	Amount of Tax Expenditures	Share of Total Tax Expenditures (%)	Tax Expenditures as % of Property Tax Revenues
Credits	\$171,325,455	52.4%	7.50%
Exemptions	\$155,759,779	47.6%	6.81%
Deferrals	\$0	0.0%	0.00%
Total	\$327,085,234	100%	14.31%

Table 1.4 summarizes the composition and amount of property tax expenditures in FY2025. Of the total \$327.1 million in property tax expenditures, credits accounted for the majority, totaling \$171.3 million (52.4%). Exemptions made up the remainder, totaling \$155.8 million (47.6%). No tax deferrals were issued in FY2025. Tax credits effectively reduced property tax revenues by 7.5 percent, while exemptions reduced revenues by 6.8 percent—14.3 percent of all collections.

Structure and Coverage of the Tax Expenditure Reports

Because the Tax Expenditure Reports serve as the County’s principal public record of tax expenditures, it is important to understand how the Department of Finance organizes and presents the various credits, deferrals, and exemptions included in their scope.

The Tax Expenditure Report groups the value of all exemptions in a given year with each tax credit and tax deferral program presented individually. For each program, the reports provide:

- A description of the program's purpose and mechanics;
- Legal authority – both Maryland Code and Montgomery County Code where applicable;
- The program’s effective date;
- Administrative contact information; and
- Fiscal impact data.

The fiscal impact data typically includes three variables:

- Levy year;
- Total nominal dollar amount of the benefit granted; and
- Total number of participating property tax accounts (i.e., recipients).

This standardized presentation facilitates comparison across programs and enables tracking trends over time in both total cost and program uptake.⁸

Tax Credit Programs: Most of the report is devoted to property tax credit programs, which account for the majority of tax expenditures. In total, 29 tax credit programs are identified, targeting individuals, businesses, and nonprofit organizations. The following tables summarize each program by beneficiary type.

- **Table 1.5** lists the 12 tax credit programs available to individual homeowners or residents;
- **Table 1.6** presents the 13 tax credit programs intended for business entities;
- **Table 1.7** details the two tax credit programs that apply to nonprofit organizations; and
- **Table 1.8** lists the two tax credit programs available to multiple beneficiaries.

Tax Deferral Programs: The County offers two tax deferral programs. **Table 1.9** summarizes each program. Data in the Tax Expenditure Reports shows that no tax deferrals have been issued since 2016. Accordingly, this report does not include an extensive discussion of these programs beyond the information in Table 1.9.

Tax Exemption Programs: Unlike tax credits and deferrals, most property tax exemptions are not presented as fully detailed programs in the Tax Expenditure Reports. Instead, the report includes a consolidated section, called *Property Tax Exemptions*, that lists dozens of exemption categories authorized under State and County law—such as for religious organizations, disabled veterans, cemeteries, conservation lands, and government-owned properties. However, while these exemptions are individually named, the report does not provide program-level descriptions, statutory citations, eligibility criteria, or disaggregated fiscal impact data. The total revenue impact of all listed exemptions is presented as a single aggregate figure.

There is, however, one exception: the *Payment in Lieu of Taxes (PILOT)* exemption is presented separately. The PILOT exemption supports affordable housing by allowing the County to negotiate reduced property tax obligations with rental property owners in exchange for providing housing to low-income residents. This exemption includes statutory references, administrative procedures, and fiscal impact data.

Summary Statistics: At the end of the report, a *Summary Statistics* section presents an aggregated view of the County's total property tax expenditures for the most recent levy year. It combines fiscal impact figures for all tax credits, deferrals, and exemptions into a single table, showing both the dollar value and relative share of each category. This summary provides a high-level comparison of how much revenue the County forgoes through each type of tax

⁸ Department of Finance, "[Tax Expenditure Report: Property Tax Credits, Tax Deferral, and Tax Exemptions \(FY24\)](#)" (Department of Finance, Montgomery County Government, October 2024).

expenditure mechanism. However, because exemptions are grouped into a single line item, the summary provides only a partial breakdown of the County’s tax expenditure portfolio.

Table 1.5. Tax Credit Programs for Individuals

Program Name	Program Description
Supplemental Homeowner’s Tax Credit	Provides a County-funded supplement to the State Homeowner’s Tax Credit to reduce property taxes for lower-income homeowners. It is available to homeowners who qualify for the State credit based on income and homeownership criteria.
Senior Tax Credit	A supplemental credit that reduces property taxes for older residents, aiming to support seniors aging in place. Available to homeowners aged 65 and older who qualify for either the State or County Homeowner’s Tax Credit.
Homestead Property Tax Credit	Limits annual increases in taxable assessments to stabilize property tax bills for homeowners. It is automatically applied to owner-occupied homes designated as the principal residence.
Property Tax Credit – Local Income Tax Offset	Offsets the impact of Montgomery County’s local income tax by reducing property tax bills directly. Automatically granted to properties that are classified as owner-occupied principal residences.
Property Tax Credit – Fire Sprinkler System	Encourages life safety improvements by offering a property tax credit for voluntary installation of fire sprinkler systems. Homeowners who install qualifying systems in single-family homes are eligible for the credit.
Tax Credit for Spouse of Fallen Law Enforcement Officer or Rescue Worker	Provides full property tax relief to surviving spouses of law enforcement officers or rescue workers who died in the line of duty. Eligibility requires that the surviving spouse reside in and retain ownership of the primary residence.
Property Tax Credit – Renewable Energy – Renewable Energy Devices	Reduces property taxes for homeowners who install solar, geothermal, or other qualifying renewable energy systems. Applies to owner-occupied residences where the eligible device is installed and operational.
Property Tax Credit – Renewable Energy – Energy Conservation Devices	Incentivizes installation of energy conservation devices such as insulation or high-efficiency HVAC in residential homes. Available to homeowners who make qualifying improvements that reduce household energy use.
Property Tax Credit – Accessibility Features	Supports individuals with disabilities by reducing property taxes for homes modified with permanent accessibility features. Eligibility is based on installation of qualifying items such as ramps or widened doorways in owner-occupied homes.
Property Tax Credit – Level I & Level II Accessibility Standards	Encourages broader accessibility by providing credits for construction that meets higher universal design standards. Available to homeowners implementing qualifying renovations or new construction that exceeds basic accessibility.
Property Tax Credit – Individuals 65 and above and Retired Military Service Members	Provides a fixed property tax credit to seniors and retired military personnel to promote housing stability. Applicants must be age 65+ or a retired service member and reside in the home for at least 40 years or be a military retiree.
Property Tax Credit for Public Safety Officers	Offers property tax relief to active County public safety officers, 911 call center staff, and correctional officers. Eligible individuals must both own and reside in the property located in Montgomery County.

Table 1.6. Tax Credit Programs for Businesses

Program Name	Program Description
Enterprise Zone Tax Credit	Encourages investment and job creation in designated enterprise zones by reducing property taxes on eligible commercial and industrial properties. Available to businesses that make qualifying real property improvements within an enterprise zone.
Burtonsville Enterprise Zone Property Tax Credit	Targets economic revitalization in the Burtonsville Enterprise Zone with a property tax credit for commercial real estate improvements. Businesses must invest in and occupy properties located within the zone boundaries.
Arts and Entertainment District Tax Credit	Supports creative sector growth by offering a tax credit for renovating buildings used by arts-related businesses. Eligible improvements must be located within officially designated arts and entertainment districts.
New Jobs Tax Credit	Incentivizes job creation by offering a credit to businesses that expand operations and meet thresholds for new full-time positions. To qualify, businesses must operate in specific sectors and create a minimum number of new jobs.
Brownfields Property Tax Credit	Provides property tax relief to encourage cleanup and redevelopment of environmentally contaminated sites. Eligible businesses must rehabilitate designated brownfield properties in Montgomery County.
Tax Credit for Day Care Provider	Reduces property taxes for businesses operating licensed childcare centers in eligible facilities. Providers must meet State licensing requirements and use the property primarily for childcare purposes.
Home Computer Telecommuting Incentive Tax Credit	Promotes flexible work policies by offering a credit to businesses that purchase home computers for employees working remotely. To qualify, the business must document eligible telecommuting equipment purchases.
Property Tax Credit – Energy and Environmental Design	Rewards sustainable construction practices by granting a credit for buildings that meet LEED or similar green building standards. Businesses must achieve qualifying certification to receive the credit.
Property Tax Credit – Publicly Sponsored Business Incubator	Supports early-stage companies by providing tax relief for properties leased by qualified incubators. Businesses must operate within a County-supported business incubator facility.
Urban Agriculture Tax Credit	Encourages agricultural use of urban land by offering a property tax credit for commercial farming operations. Eligible businesses must dedicate land within Montgomery County for food production.
Energy Efficient Buildings Property Tax Credit – Existing Buildings	Offers a credit for energy efficiency upgrades made to existing commercial buildings. To qualify, businesses must meet performance standards verified by third-party assessors.
Energy Efficient Buildings Property Tax Credit – Newly Constructed Buildings	Provides tax relief for new commercial buildings that meet high energy efficiency standards. The credit applies to structures that exceed baseline energy code requirements upon construction.
Montgomery College Germantown Campus RISE Zone Tax Credit	Promotes business growth and capital investment within the designated RISE Zone surrounding Montgomery College’s Germantown Campus by offering a real property tax credit equal to 75% of the increase in property tax assessment resulting from qualifying improvements. Eligible businesses that make a minimum qualifying capital investment on properties located within the RISE Zone may receive the credit for up to five years.

Table 1.7. Tax Credit Programs for Nonprofit Organizations

Program Name	Program Description
Tax Credit for Property Leased by Religious Organizations	Provides tax relief to landlords who lease property to tax-exempt religious organizations at reduced or nominal rent. To qualify, the leased property must be used for religious worship or related purposes, and the lease must reflect nonprofit usage.
Property Tax Credit – Nonprofit Swim Clubs	Offers a credit to nonprofit swim clubs that operate community-oriented recreational swimming facilities. Eligibility requires IRS nonprofit status and primary use of the property for swimming or aquatic recreation.

Table 1.8. Tax Credit Programs with Multiple Beneficiaries

Program Name	Program Description
Conservation Land Tax Credit (residents and nonprofits)	Encourages permanent preservation of open space by granting a property tax credit for land donated to or maintained by land conservation organizations. Eligible residents and nonprofit entities must maintain the land for conservation, parkland, or environmental protection.
Historic Preservation Tax Credit (residents, businesses, and nonprofits)	Encourages restoration and preservation of designated historic properties by providing a real property tax credit equal to 25% of qualified expenditures for approved exterior work. Eligible properties must be designated historic sites or located within designated historic districts on the County’s master plan. Credit approval requires application through the appropriate historic preservation commission, and unused credits may be carried forward for up to five years.

Table 1.9. Tax Deferral Programs

Program Name	Program Description
Residential Real Property Tax Deferral – General	Allows eligible homeowners to defer payment of a portion of their property tax to reduce current housing cost burdens. Available to homeowners with income under \$120,000 who have owned and occupied the property as their principal residence for at least five years.
Residential Real Property Tax Deferral – Senior Deferral	Provides enhanced tax deferral benefits for senior homeowners to support aging in place. Eligible residents must be at least 65 years old, have an income under \$80,000, and occupy the property as their principal residence.

Coverage of the Tax Expenditure Reports

While the Tax Expenditure Reports offer a detailed overview of tax expenditures related to property taxes, they do not include data on tax expenditures associated with the County's other eleven tax sources, including income, recordation, transfer, and development impact taxes. OLO confirmed that tax programs exist for County taxes other than the property tax, including the Working Families Income Supplement (WFIS), the Recordation Tax Exemption for principal residences, and Development Impact Tax Credits for school and transportation capacity. While the information below describes these examples, Department of Finance staff reported other types of tax programs exist.

Department of Finance staff, however, were not able to quantify the total number of tax programs related to taxes other than the County's property tax. Staff also confirmed that the County does not publish data on tax expenditures for these non-property tax revenues. Staff reported that only one employee in the department is responsible for tracking, monitoring, and reporting on program data.

Working Families Income Supplement (WFIS): The Working Families Income Supplement aims to support working households with low incomes by providing a supplement to the Maryland Earned Income Tax Credit (EITC). The State's Earned Income Tax Credit reduces the amount of state and local income taxes owed by workers who qualify. Because the program is refundable, individuals receive a refund if the credit exceeds the amount of taxes owed. For most filers, the credit is equal to 50% of the federal EITC amount claimed on the federal tax return. During tax season 2025, approximately 67 thousand County residents claimed state EITCs, receiving an average of \$1,149 in tax credit dollars.

The WFIS is a supplement to the state's EITC that aims to help working families in the County with low incomes. The State of Maryland administers the WFIS, meaning that Montgomery County provides funding for both County-related refunds and related administrative expenses. Eligibility for the WFIS is determined by receipt of the federal EITC or the Maryland refundable earned income credit. Residents who qualify receive a match of the state EIC for the applicable tax year, set by annual Council vote. Historically, the match was 100%, but the Council can authorize a lower rate; since FY24, the supplement has been set at 56% of the state EITC for eligible residents. In FY24, 52,200 residents received the credit, with an average credit of \$538.

While data for the program is not included in the County's Tax Expenditure Reports, OLO identified relevant information in Council budget worksession packets prepared for the Government Operations and Fiscal Policy Committee for the FY25 and FY26 operating budgets.⁹

⁹ Brooke Lierman, Comptroller of Maryland, [Tax Season 2025 Snapshot](#) (Office of the Comptroller of Maryland, 2025); Comptroller of Maryland, [The Earned Income Tax Credit and Child Tax Credits: A Tax Credit Fact Sheet](#)

Recordation Tax Exemption: A recordation tax is an excise tax imposed by certain states, including Maryland, as compensation for registering the purchase or sale of property as a public record. The tax applies to the principal amount of debt secured by a mortgage or deed of trust when a house or building is being purchased. When a mortgage is refinanced, the tax applies to the amount of principal debt that is greater than the principal remaining on the original debt. The County offers an exemption to its recordation tax to people buying a home they will live in as their primary residence for the first \$100,000 of the price paid for any residential property.¹⁰

Development Impact Tax Credits: Development impact taxes are fees that local governments charge developers to help cover infrastructure and public service needs related to population growth. The County collects development impact taxes for transportation and schools. The Transportation Development Impact Tax is assessed on both residential and commercial projects and is used to fund improvements to enhance local transportation capacity. The School Development Impact Tax is assessed on residential projects only and is used to fund improvements to enhance the capacity of the public school system.

The County offers development impact tax credits to property owners who agree to provide additional school or transportation capacity. For instance, if a developer pays for or constructs roads, bike paths, or transit-related projects that reduce traffic or add new transportation capacity, they can apply for a tax credit to lower or offset the impact tax they owe. A developer can also qualify for a school impact tax credit if they pay for, build, or contribute to school improvements—such as new classrooms, additions, or land dedicated for a school site—that create additional capacity in the public school system.¹¹

(2025); Montgomery County Government, [“Cashback: Earned Income and Other Tax Credits”](#); Mansi Gosalia, [FY26 Operating Budget - Working Families Income Supplement Non-Departmental Account](#) (Government Operations and Fiscal Policy Committee, Montgomery County Council, 2025); Montgomery County Code, [“Article XIV. Working Families Income Supplement”](#); Craig Howard and Essie McGuire, [FY25 Operating Budget - Working Families Income Supplement Non-Departmental Account](#) (Government Operations and Fiscal Policy Committee, Montgomery County Council, 2024).

¹⁰ [Maryland Tax – Property Code §§12-101 to 12 -118](#). Montgomery County Code, [“Sec. 52-16B. Recordation Tax”](#); Montgomery County Council, [Introduction Staff Report for Bill 17-23, Taxation – Recordation Tax – Amendments](#).

¹¹ Department of Permitting Services, [“Development Impact Taxes”](#); Montgomery County Code, [“Sec. 52-58. Credits”](#) and [“Sec. 52-47. Credits.”](#)

Chapter 2. Scope of Report & Methodology

In this chapter, OLO outlines methods used to examine the County's property tax programs. The chapter describes how OLO coded program-level data on 15 variables to enable consistent comparison across all property tax credit programs. It explains the schema developed to classify program features, the use of a custom large language model (LLM) to support program coding and verification, and methods for evaluating fiscal trends over time.

Specifically, this chapter undertakes the following tasks:

- Describes OLO's coding schema used to gather information on the programs;
- Describes OLO's methodology for identifying policy objectives and areas;
- Explains how OLO evaluates trends in the tax expenditure programs; and
- Describes data limitations that hinder a racial equity analysis related to County tax expenditure programs.

Consistent with the Tax Expenditure Report, this study is limited to tax credits applied against County property taxes. Tax expenditures applied against other County tax sources are outside the scope of this analysis. Tax credit programs are enumerated individually in the County's Tax Expenditure Report. For this reason, the analysis centers on property tax credit programs, which accounted for \$171.3 million (52.4 percent) of all property tax expenditures in FY2025.

Coding Tax Expenditure Programs

For this report, OLO coded County property tax programs on 15 variables for policy tracking and analysis. These variables enable comparison of programs across multiple dimensions to reveal policy-relevant insights about their purpose, design, and administration.

Program-level information was compiled and verified using the following sources:

- **Montgomery County Code provisions** – specifically [Chapter 52, Taxation, Article X \(Property Tax Credits\)](#), which establishes the legal authority, eligibility criteria, and administrative requirements for each property tax program
- **Corresponding Maryland Code provisions** – specifically [Title 9, Property Tax Credits and Property Tax Relief](#), of the Tax–Property Article, which provides the state enabling authority for local property tax credits, exemptions, and deferrals
- **Montgomery County Department of Finance's Tax Expenditure Report** – specifically the [Fiscal Year 2025 report](#) which provides annual fiscal and programmatic

information on each County-administered tax credit. This document, outlined in the previous chapter, offers detailed descriptions of program purpose, fiscal impact, and statutory authority

More specifically, the program-level data on County tax expenditures are grouped into three conceptual dimensions:

- **Policy Purpose & Design** – six variables were coded to identify each program’s objective and structural design
- **Eligibility & Access** – six variables describe who benefits from each property tax program and how applicants access them
- **Program Overview & Governance** – three variables describe the administrative and legal framework of each program

The following tables present the variable definitions used in the analysis, describe their function, and list the values or coding categories applied.

Policy Purpose & Design

Variable	Description / Definition	Values (with Definitions)
Policy Objective	Summarizes the stated or inferred policy intent, describing why the program exists and what public goal it seeks to achieve	Open text variable. Values are drawn directly from statutory purpose statements or inferred from program design (e.g., promote housing affordability, stimulate economic development, encourage environmental sustainability, or support aging-in-place)
Primary Policy Area	Identifies the main area of public policy the program addresses	<ul style="list-style-type: none"> • Housing & Affordability – Reduces property tax burdens or promotes stable housing • Economic Development – Encourages investment, business growth, or job creation • Environment & Sustainability – Promotes conservation, energy efficiency, or green building • Public Safety – Enhances fire prevention, safety, or emergency services • Aging & Seniors – Supports financial stability and housing for older residents • Disability Access & Inclusion – Improves accessibility or incentivizes ADA-compliant retrofits • Civic & Community Institutions – Supports nonprofit, cultural, or faith-based organizations providing community services • Education & Childcare – Expands access to early education or childcare facilities • Agriculture & Land Use – Promotes agricultural activity, conservation, or sustainable land use
Secondary Policy Area	Identifies any cross-cutting or secondary policy goal linked to the program’s objectives	Uses the same categorical values as <i>Primary Policy Area</i> but captures supporting benefits rather than the program’s primary purpose
Duration of Benefit	Describes the intended length of benefit for each recipient	<ul style="list-style-type: none"> • One Year – Credit applies for one fiscal year only • Multi-Year – Credit applies over a fixed number of years (e.g., 5, 10, or 13 years) • Continuous/Renewable – Benefit may be renewed annually contingent on reapplication • Permanent – Benefit applies indefinitely unless ownership or eligibility changes
Statutory Expiration	Indicates whether the program has an expiration or sunset clause	<ul style="list-style-type: none"> • Permanent – No expiration or sunset clause in statute • Temporary – Includes a fixed end date or sunset clause • Time-Limited Authorization – Authorized for a specific duration period subject to reauthorization
Geographic Focus	Describes the spatial scope of program eligibility	<ul style="list-style-type: none"> • Countywide – Applies to all eligible participants in the County • Countywide with Area-Based Enhancements – Available countywide but provides enhanced or additional benefits within certain designated areas • Targeted Area – Applies only in defined areas within the County

Eligibility & Access

Variable	Description / Definition	Values (with Definitions)
Beneficiary Type	Identifies the category of beneficiary eligible to receive the benefit	<ul style="list-style-type: none"> • Residents – Individuals or households who own or occupy residential property within the County • Businesses – Commercial entities or employers that own, lease, or operate taxable property in the County • Nonprofit Organizations – Charitable, faith-based, or community-serving organizations eligible under 501(c) or similar designations
Eligible Entity	Describes the category of residents/businesses/nonprofits who may qualify for the program	Open text variable. Identifies the type of property owner, organization, or applicant that is eligible to receive property tax credits or exemptions
Eligibility Criteria	Specifies the statutory or administrative requirements for participation	Open text variable. Criteria typically include income thresholds, age or veteran status, homeownership or occupancy requirements, or compliance with specific certification or licensing standards
Means-Tested	Indicates whether eligibility or benefit amount depends on the applicant’s financial means	<ul style="list-style-type: none"> • Yes – Eligibility or credit amount determined by income, net worth, property value, or similar financial criteria • No – Eligibility not linked to applicant’s income or assets
Application Method	Describes how applicants apply for the benefit	<ul style="list-style-type: none"> • State Application – Filed through a State-administered process • County Application – Filed directly with a County department or a local municipal/sub-County entity authorized to administer the credit (e.g., historic preservation commissions). May include subsequent transmittal to a County agency for verification or approval. • Automatic Enrollment – Applied automatically to eligible taxpayers without a separate application
Renewal Requirements	Explains whether and how participants must reapply to maintain eligibility	<ul style="list-style-type: none"> • Annual – Reapplication required each fiscal year • Multi-Year – Reapplication required at set intervals (e.g., every 2–5 years) • One-Time – Single application; remains valid unless ownership or eligibility changes

Program Overview & Governance

Variable	Description / Definition	Values (with Definitions)
Effective Year	Indicates the year in which the program was first established or became available to participants	Open text variable. Values reflect the calendar year identified in the Tax Expenditure Report
Administrator	Identifies the County or state agency responsible for managing the program, processing applications, or verifying eligibility	Open text variable. Values reflect the administering department or agency specified in statute or administrative documentation (e.g., Department of Finance, Department of Permitting Services, State Department of Assessments and Taxation, Office of Agriculture)
Enabling Authority	Lists the legal citations authorizing the program	<ul style="list-style-type: none">• Montgomery County Code• Maryland Code

To support the coding process, OLO developed a custom ChatGPT model designed specifically for this project. Social scientists have adopted large language models (LLMs) like ChatGPT within the established field of computational social science, which for years has used automated text analysis to code and interpret qualitative data. Recent studies have found that LLMs can reliably assist with text classification and qualitative coding when aided with human verification.¹²

The coding process for this project involved three steps:

1. **Model Design** – The custom ChatGPT was programmed with detailed instructions on the purpose of the analysis, the variable names and definitions, and explicit guidance on how to code each variable using pre-established categorical values. (To see the instructions, contact the author of this report.)
2. **Automated Coding and Justification** – The model was instructed to identify and code relevant statutes and to generate justifications with specific citations from County and state codes. This ensured that each coding decision was documented and traceable to a legal source for external verification.
3. **Manual Verification** – The author reviewed County and state codes and then assessed all model-generated codings and citations to verify their accuracy and consistency with statutory language. Where discrepancies occurred, author verification was the deciding factor for all coded values.

Methodology for Policy Objective and Policy Area Variables

The **Policy Objective**, **Primary Policy Area**, and **Secondary Policy Area** variables were developed through an inductive coding process based on sources identified above. Rather than imposing pre-existing definitions of policy objectives/areas, these variables and their values were developed and defined through an iterative content analysis of the County and state statutes, as well as the Tax Expenditure Report.

This process involved the following analytical steps:

- **Textual Extraction (Stated Intent)**. When a statutory document included an explicit purpose statement (e.g., “to promote affordable housing” or “to stimulate economic development”), that language was directly encoded as the program’s Policy Objective.

¹² Caleb Ziems et al., “[Can Large Language Models Transform Computational Social Science?](#),” *Computational Linguistics* 50, no. 1 (2024): 237–91; Robert H. Tai et al., “[An Examination of the Use of Large Language Models to Aid Analysis of Textual Data](#),” *International Journal of Qualitative Methods* 23 (May 2024); Michael S. Deiner et al., “[Large Language Models Can Enable Inductive Thematic Analysis of a Social Media Corpus in a Single Prompt: Human Validation Study](#),” *JMIR Infodemiology* 4, no. 1 (2024).

- **Contextual Inference (Inferred Intent).** When statutes did not provide explicit statements of purpose, the author inferred the Policy Objective from program design features and eligibility criteria. For example, a credit targeted to low-income seniors was coded as supporting “Aging & Seniors” with the objective of supporting aging in place, even if that specific language did not appear in the statute.
- **Iterative Category Development.** Using thematic coding, OLO identified recurring policy themes across programs to inductively arrive at Primary Policy Areas. The same categories were applied as Secondary Policy Areas to capture complementary objectives.

Evaluating Trends for Tax Expenditure Programs

Using data provided by the Department of Finance, this report analyzes fiscal trends across Montgomery County’s property tax expenditure programs. The department supplied OLO with a spreadsheet compiling fiscal impact data from the *Tax Expenditure Reports*, which included program-level information for all tax credit and deferral programs, as well as the Payment in Lieu of Taxes (PILOT) exemption. The dataset contained three primary variables:

- Levy year;
- Total nominal dollar amount of benefits granted; and
- Number of recipients.

OLO expanded and refined the dataset to allow for longitudinal and comparative analysis in three primary ways:

1. **Data Integration** – OLO merged the Department of Finance’s fiscal dataset with the program-level dataset described earlier in this chapter. This integration enabled each fiscal record to be linked to its corresponding program characteristics, such as policy purpose, beneficiary type, and enabling authority.
2. **Inflation Adjustment** – The Department of Finance reports fiscal impacts in nominal U.S. dollars, which are not adjusted for inflation (i.e., the “overall general upward price movement of goods and services in an economy”).¹³ Because inflation reduces the purchasing power of money over time, comparing nominal amounts across years can distort trend analysis.¹⁴ To ensure accurate, time-consistent comparisons, OLO converted nominal dollar values to real (inflation-adjusted) amounts using annual global inflation data published by the World Bank.¹⁵ All inflation-adjusted figures in this report are expressed in real terms to reflect a constant price level across years.

¹³ U.S. Department of Labor, “[Inflation and Consumer Spending](#),” DOL, accessed October 4, 2024.

¹⁴ Diego Mendez-Carbajo, “[Adjusting for Inflation](#),” Federal Reserve Bank of St. Louis, January 2023.

¹⁵ “[A Global Database of Inflation](#),” World Bank Group, April 23, 2024; Jongrim Ha et al., “[One-Stop Source: A Global Database of Inflation](#),” *Journal of International Money and Finance* 137 (October 2023).

3. **Derived Variables for Magnitude and Trend Analyses** – OLO created additional variables to assess each program’s magnitude and trend characteristics relative to the overall portfolio of County property tax expenditures.

Fiscal Magnitude Analysis: For each tax credit the fiscal magnitude analysis provides a snapshot of the program’s size and relative importance in the most recent levy year (LY24). The analysis relies on a common set of indicators that quantify the total dollar value of the benefit, the number of recipients, the average benefit per claimant, and the program’s share of overall County tax expenditure activity. These indicators allow programs to be compared on consistent terms across beneficiary types and tax expenditure categories.

Trend Analysis: To assess year-over-year changes, the author produced figures showing nominal and real dollar amounts, total recipients, and average benefit per recipient by levy year. OLO also calculated the *real average annual change* for each program. This indicator represents the mean annual increase or decrease in real program amounts over time. To illustrate, an average annual change of +\$1,000 would mean that, on average, a program’s total real amount increased by \$1,000 per year. In contrast, an average annual change of -\$1,000 would mean that a program’s total real amount, on average, decreased by \$1,000 per year.

The author also assessed whether the patterns observed over time reflect meaningful changes or could simply be due to normal year-to-year variation. In statistics, a trend is considered “statistically significant” when evidence suggests the change is unlikely to be the result of chance alone. To evaluate this, OLO tested the relationship between time and each fiscal indicator—real program amounts, number of recipients, and average benefits—using two standard methods: linear regression and the Mann-Kendall trend test. These methods help identify whether a program’s funding or participation has consistently increased or decreased over the period examined, and whether the observed pattern is strong enough to be interpreted as a real trend rather than random fluctuation.

Racial Equity and Social Justice

In 2019, the County Council established the Racial Equity and Social Justice Act. This law directs County departments and offices to apply a racial equity and social justice (RESJ) lens to their work. RESJ is a process that focuses on centering the needs, leadership, and power of Black, Indigenous, and other people of color (BIPOC). RESJ is also a goal of eliminating racial and social inequities. To apply a RESJ lens, OLO pays attention to race, ethnicity, and other social constructs when analyzing problems, looking for solutions, and defining success. We recognize this is necessary to fulfill our mission and advance RESJ in the County.¹⁶

¹⁶ [OLO Racial Equity and Social Justice \(RESJ\) Action Plan](#) (Office of Legislative Oversight, Montgomery County Council, 2023).

No Demographic Tracking of Property Tax Relief Recipients

One of the major ways that OLO applies a RESJ lens is by presenting data and highlighting key trends in the racial and ethnic composition of individuals and owners of private organizations who participate in County programs.¹⁷

The data on property tax expenditures is collected by the Maryland State Department of Assessment and Taxation (SDAT) and the Department of Finance. Neither SDAT nor the Department of Finance are required to collect demographic data on the recipients of tax programs. As a result, OLO is unable to highlight racial and ethnic breakdown of tax expenditure recipients.

RESJ Implications for Property Taxation and Tax Expenditures

Despite there being no demographic data on the recipients of property tax expenditures, several OLO publications—including the *Racial Equity and Social Justice Policy Handbook* and multiple RESJ Impact Statements—have documented how property taxation and tax-relief programs can reinforce racial and social inequities.¹⁸

Drawing on national studies and local data, these publications identified several key findings:

1. **Property tax expenditures disproportionately benefit White households because racial inequities in homeownership stem from historic and ongoing discrimination.** Decades of discriminatory policies in lending, real estate, zoning, and federal housing programs created long-standing gaps in homeownership and home equity between White households and BIPOC households. These inequities manifest themselves in the County in terms of homeownership, as White and Asian households remain far more likely to own homes than Black and Latinx households. Because property tax expenditures are available to homeowners, the benefits of these programs are concentrated among groups with higher homeownership rates.
2. **Renters—who are disproportionately Black and Latinx—receive limited benefits from property-tax-based tax-relief programs.** Black and Latinx households are more likely to rent than own in the County. Because most property tax credits are available only to homeowners, tax-relief programs provide little direct benefit to renters and exclude a large share of BIPOC residents from access to County tax-based support.

¹⁷ [Racial Equity and Social Justice \(RESJ\) Project Methodology Tool](#) (Office of Legislative Oversight, Montgomery County Council, 2023).

¹⁸ Elaine Bonner-Tompkins et al., [Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development](#), (Office of Legislative Oversight, Montgomery County Council, 2024); [Racial Equity and Social Justice \(RESJ\) Impact Statement: Expedited Bill 9-22 – Property Tax Credit - Elderly Individuals and Retired Military Services Members – Amendments](#) (Office of Legislative Oversight, Montgomery County Council, 2022); [Racial Equity and Social Justice \(RESJ\) Impact Statement: Bill 3-25 – Homeowners' Tax Credit – County Supplement – Amendments](#) (Office of Legislative Oversight, Montgomery County Council, 2025).

An important, but narrow, exception to the limited role of renters in County tax-relief policy is the Renters' Property Tax Relief Program. The program provides a County supplement to the State of Maryland's Renters' Tax Credit, which is based on the premise that renters indirectly pay property taxes through their rent and offers income-tested relief to a subset of renter households, including certain elderly, disabled, and low-income residents.

In 2024, 332 County households received the Renters' Tax Credit, with the County providing a supplemental credit equal to 50 percent of the State benefit. While this represents a relatively small share of renter households in the County, eligibility for the credit depends on multiple factors—including income, household composition, age or disability status, and whether a household receives housing subsidies—which limits the extent to which participation levels can be interpreted as a measure of unmet need or program reach. As noted in prior OLO analysis, many low-income renter households identified by U.S. Department of Housing and Urban Development estimates may be ineligible for the credit due to receipt of housing assistance.¹⁹

3. **Credits targeting seniors disproportionately benefit White residents because the senior population is less racially diverse than the County overall.** Many property tax credit programs primarily benefit older adults who are disproportionately White. Younger age cohorts are significantly more racially and ethnically diverse. As a result, senior-focused credits amplify existing racial disparities in credit uptake and distribution.
4. **Property tax credits often advantage owners of higher-value homes, which favors White households.** White households are more likely to own higher-value homes and live in neighborhoods with greater appraisal and market appreciation. Property-tax-relief programs that distribute benefits as a percentage of assessed value or as reductions proportional to property value deliver larger dollar benefits to those with more valuable homes, thereby reinforcing inequalities in housing wealth.
5. **Regressive property assessments can over-tax many Black and Latinx homeowners, while appraisal bias can suppress their ability to build equity. Together, these factors reinforce racial wealth gaps and reduce the effectiveness of property-tax-credit benefits for BIPOC homeowners.** Two structural inequities compound each other:
 - **Assessment regressivity** – Lower-value homes—disproportionately owned by BIPOC households—are systematically over-assessed, resulting in higher effective property tax rates relative to market value.

¹⁹ Chitra Kalyandurg and Aron Trombka, [A Geographic Analysis of Select County Programs](#), OLO Report 2024-17 (Montgomery County Office of Legislative Oversight, November 19, 2024).

- **Appraisal bias** – Private valuations undervalue homes in Black and Latinx neighborhoods, limiting equity growth and generational wealth.

As a result of these factors, BIPOC homeowners may pay more relative to the actual value of their homes while receiving smaller benefits from tax expenditures that reward higher property values and greater appreciation.

6. Expanding property tax expenditures reduces local government revenue, and the resulting service reductions may disproportionately harm BIPOC homeowners.

Property taxes generate the largest share of County revenue. Expansions in tax credits reduce available funding for public goods such as schools, transit, housing supports, safety-net services, and community infrastructure. Because BIPOC residents rely more heavily on publicly funded services, reductions in public revenue can exacerbate racial and social inequities.

Initial Evaluation of Distributional Equity in Property Tax Credit Programs

Although OLO lacks demographic data on individual credit recipients, prior OLO RESJ analyses emphasize the importance of assessing whether tax expenditure programs distribute benefits in ways that reinforce or mitigate existing inequities. Property tax credit programs that do not explicitly address disparities in homeownership, income, or property value can perpetuate inequities by privileging higher-value properties and historically advantaged homeowners.

To begin addressing this limitation, the author conducted an initial distributional assessment of property tax credits. As part of the program-coding process, the author used a custom large language model to generate preliminary classifications of each program as *progressive*, *regressive*, or *neutral* based on how benefits are structured relative to income or property value. All model-generated codes were reviewed to ensure consistency with statutory language and the variable definition.

This approach represents an early step toward systematically evaluating the distributional features of the County's property tax programs. However, preliminary findings are not yet ready for publication.

Distributional equity is a complex concept that depends not only on statutory design, but also on taxpayer characteristics and program administration. Evaluating alternative definitions of distributional equity and conducting additional cross-validation would be required to refine and verify these initial classifications before they could be reported as findings.

The preliminary definitions used in this coding process are presented below:

Variable	Description / Definition	Values (with Definitions)
Distribution Method	Indicates how the structure of a property tax credit or exemption program distributes financial benefits across property owners with varying property values or incomes.	<ul style="list-style-type: none"> • Regressive – Benefit structure favors higher-income or higher-value properties. For example, a 10% credit based on property value gives disproportionate benefit to higher-value homes. • Neutral – Benefit structure provides roughly equal benefit across property owners, regardless of income or property value. For example, a \$1,000 flat credit per property applies the same dollar value to all. • Progressive – Benefit structure favors lower-income or lower-value properties. For example, higher relief rates for lower-value properties or income-based credits can give disproportionate benefit to lower value-properties.

Chapter 3. Tax Credits for Residents

This chapter provides an overview of the County’s property tax credits for residents. All figures in this chapter are presented using levy year (LY), which is the tax year in which a property tax bill is issued.

This chapter undertakes the following tasks:

- Provides an overview of the resident tax credit programs; and
- Describes each individual tax credit program, focusing on their purpose, eligibility rules, administrative structure, fiscal magnitude, and historical trends.²⁰

Overview of Resident Tax Credit Programs

The County administers 29 property tax credit programs that serve a range of beneficiaries, including residents, businesses, nonprofit organizations, and mixed-beneficiary groups. Property tax programs for households play a central role in the County’s tax-expenditure system. As shown in **Table 3.1**, while programs targeting residents accounted for 12 of the 29 programs, in LY24 these programs provided \$151,862,438 out of the total \$171,325,455 in credits, which represented 89 percent of all credit dollars.

That same year, credits went to 226,702 recipients, which corresponds to an average of approximately \$670 per recipient. According to the 2024 U.S. Census Bureau American Community Survey (ACS), there were an estimated 253,394 owner-occupied housing units in the County as well as 389,161 total households.²¹ However, because the same household may receive multiple credits, the share of total households that received any credit cannot be determined from these numbers.

Figure 3.1 shows that historically the majority of tax credit dollars have gone to programs targeting residents compared to other beneficiary types.

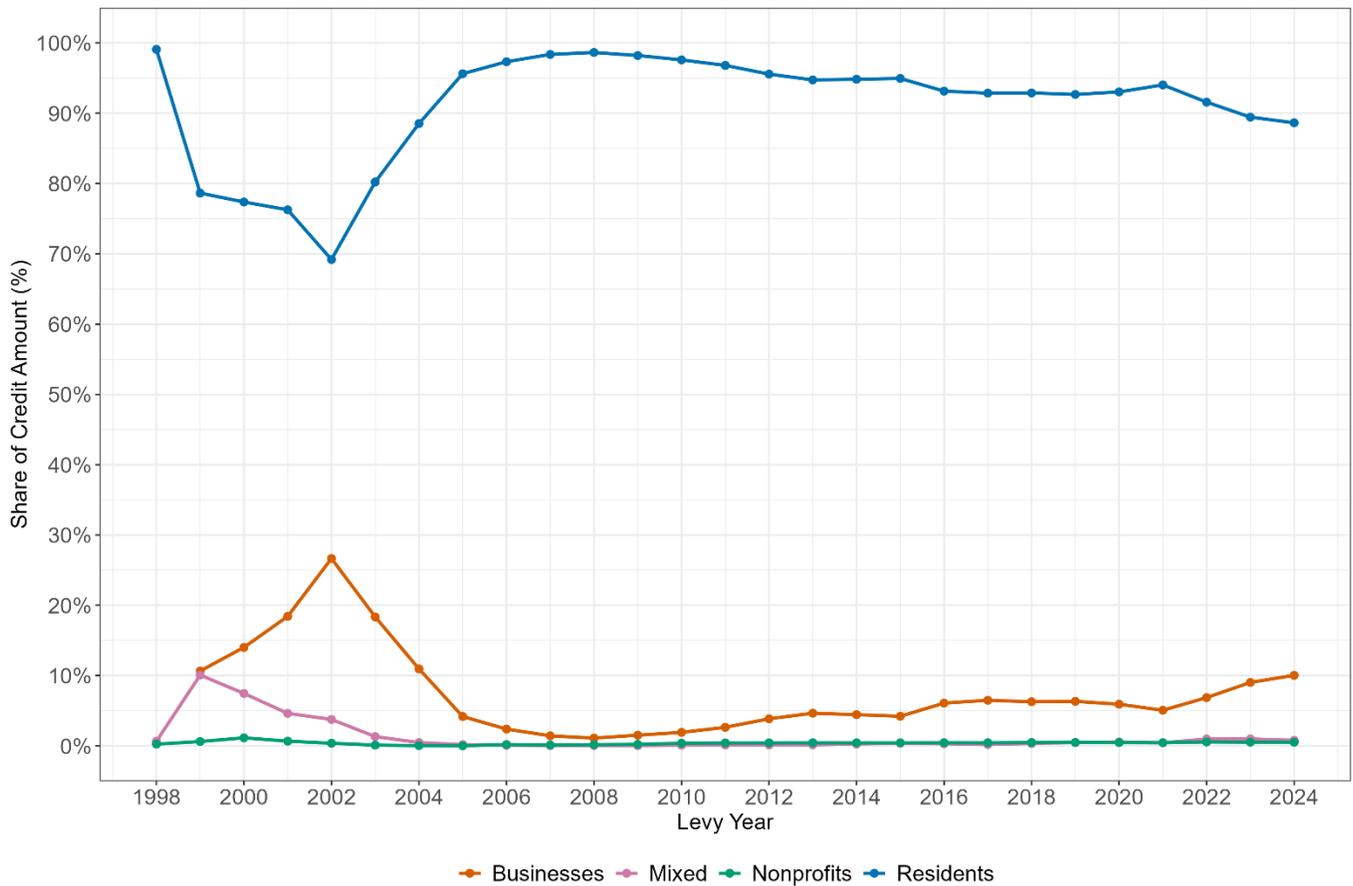
²⁰ The trend analysis for each program is conducted in inflation-adjusted dollars, using the earliest relevant year as the base year for real-dollar comparison. Where sufficient data exist, trends are summarized with average annual changes and an assessment of statistical significance. For newer or low-activity programs, changes are described narratively.

²¹ U.S. Census Bureau, *American Community Survey 1-Year Estimates*, [Table DP04: Selected Housing Characteristics](#), 2024; and Maryland Department of Planning, [American Community Survey: 2024 County Profile—Montgomery County](#), updated 2025.

Table 3.1. Tax Credit Programs by Beneficiary Type (LY24)

Beneficiary Type	# of Programs	% of Programs	Total Credit Amount (2024\$)	% of Credit Dollars	Total Recipients	Average Credit per Recipient (2024\$)
Residents	12	41.4%	\$151,862,438	88.6%	226,702	\$670
Businesses	13	44.8%	\$17,198,998	10.0%	114	\$150,868
Residents; Businesses	1	3.4%	\$1,369,341	0.8%	688	\$1,990
Nonprofit Organizations	2	6.9%	\$893,937	0.5%	58	\$15,413
Residents; Nonprofit Organizations	1	3.4%	\$741	0.0%	3	\$247
Total	29	100%	\$171,325,455	100%	227,565	

Figure 3.1. Share of Credit Amount by Beneficiary Type (2024 dollars)



Concentration of Credit Dollars and Recipients

As shown in **Table 3.2**, property tax credit spending in the County is overwhelmingly concentrated in a small number of programs, led by the local ITOC. In LY24, this program provided \$133.4 million in credit, accounting for 78 percent of all credit dollars issued Countywide. The next largest programs are the Homestead Property Tax Credit (HTC) and the Supplemental Homeowners Tax Credit, which provided \$6.29 million and \$5.78 million, respectively. Together, the top three resident programs accounted for approximately 85 percent of total credit dollars in LY24.

This concentration is also evident in the resident program portfolio. As shown in **Table 3.3**, the local ITOC dwarfed all other programs, representing 88 percent of all resident credit dollars.

Table 3.3 also shows that the distribution of recipients mirrors the concentration observed in total credit dollars. The local ITOC reached 192,258 households in LY24, the vast majority of resident credit claimants. The Homestead Property Tax Credit served the second-largest number of households with 23,197 recipients, followed by the Supplemental Homeowners Tax Credit with 4,188 recipients.

In contrast, several credits serve relatively small populations but provide higher per-recipient benefits. The Spouse of Fallen Law Enforcement Officer or Rescue Worker Tax Credit delivered the largest average benefit at \$5,080 per recipient, while the Public Safety Officers Credit and the Level I & II Accessibility Standards Credit provided average benefits of \$2,428 and \$2,000, respectively. These patterns highlight how resident programs vary significantly in design: some offer broad, lower-dollar support aimed at reducing general tax burdens, while others provide targeted but more substantial support to narrowly defined groups.

Several resident tax credit programs recorded no participation in LY24. The Property Tax Credit for Fire Sprinkler Systems and the Property Tax Credit for Renewable Energy Devices both reported zero recipients and zero credit dollars. These programs have exhibited irregular participation in prior years but have shown no activity in the most recent levy years.

Table 3.2. Ranked Programs by Total Credit Amount for All Programs (LY24)

Program	Beneficiary Type	Total Credit Amount (2024\$)	\$ of All Credit Dollars	Rank (Total Credit, 2024\$)
Local Income Tax Offset Tax Credit	Residents	\$133,379,066	77.9	1
Homestead Property Tax Credit	Residents	\$6,291,692	3.7	2
Supplemental Homeowners Tax Credit	Residents	\$5,783,050	3.4	3
Brownfields Property Tax Credit	Businesses	\$5,761,297	3.4	4
Property Tax Credit Energy & Environmental Design	Businesses	\$5,000,000	2.9	5
Property Tax Credit Elderly Individuals & Retired Military	Residents	\$3,168,046	1.8	6
New Jobs Tax Credit	Businesses	\$2,805,051	1.6	7
Energy Efficient Buildings Property Tax Credit - Newly Constructed Buildings	Businesses	\$2,622,843	1.5	8
Property Tax Credit for Public Safety Officers	Residents	\$1,782,259	1.0	9
Historic Preservation Tax Credit	Residents; Businesses	\$1,369,341	0.8	10
Senior Tax Credit	Residents	\$1,319,903	0.8	11
Property Tax Credit Nonprofit Swim Clubs	NPO	\$851,867	0.5	12
Energy Efficient Buildings Property Tax Credit - Existing Buildings	Businesses	\$813,110	0.5	13
Regional Institution Strategic Enterprise (RISE) Zone Tax Credit	Businesses	\$157,549	0.1	14
Property Tax Credit Level I & II Accessibility Standards	Residents	\$78,000	0.0	15
Tax Credit for Property Leased by Religious Organizations	NPO	\$42,070	0.0	16
Spouse of Fallen Law Enforcement Officer or Rescue Worker Tax Credit	Residents	\$30,477	0.0	17
Property Tax Credit Energy Conservation Devices	Residents	\$28,247	0.0	18
Urban Agriculture Tax Credit	Businesses	\$22,457	0.0	19
Tax Credit for Day Care Provider	Businesses	\$11,439	0.0	20
Arts & Entertainment District Tax Credit	Businesses	\$5,252	0.0	21
Property Tax Credit Accessibility Features	Residents	\$1,698	0.0	22
Conservation Land Tax Credit	Residents; NPO	\$741	0.0	23
Burtonsville Enterprise Zone Property Tax Credit	Businesses	\$0	0.0	24 (tied)
Enterprise Zone Tax Credit	Businesses	\$0	0.0	24 (tied)
Home Computer Telecommuting Incentive Tax Credit	Businesses	\$0	0.0	24 (tied)
Property Tax Credit Fire Sprinkler Systems	Residents	\$0	0.0	24 (tied)
Property Tax Credit Publicly Sponsored Business Incubator	Businesses	\$0	0.0	24 (tied)
Property Tax Credit Renewable Energy Devices	Residents	\$0	0.0	24 (tied)
Total		\$171,325,455	100%	

NPO = Nonprofit Organizations

Table 3.3. Ranked Residential Programs by Total Credit, Shares, and Credit Per Recipient (LY24)

Program	Total Credit (2024 Dollars)	Share of All Credit Dollars (%)	Share of Resident Credit Dollars (%)	Number of Recipients	Credit per Recipient (2024 Dollars)	Rank: Total Credit	Rank: Credit per Recipient
Local Income Tax Offset Property Tax Credit	\$133,379,066	77.9	87.8	192,258	\$694	1	7
Homestead Property Tax Credit	\$6,291,692	3.7	4.1	23,197	\$271	2	9
Supplemental Homeowners Tax Credit	\$5,783,050	3.4	3.8	4,188	\$1,381	3	5
Property Tax Credit Elderly Individuals & Retired Military	\$3,168,046	1.8	2.1	3,689	\$859	4	6
Property Tax Credit for Public Safety Officers	\$1,782,259	1.0	1.2	734	\$2,428	5	2
Senior Tax Credit	\$1,319,903	0.8	0.9	2,477	\$533	6	8
Property Tax Credit Level I & II Accessibility Standards	\$78,000	0.0	0.1	39	\$2,000	7	3
Spouse of Fallen Law Enforcement Officer or Rescue Worker Tax Credit	\$30,477	0.0	0.0	6	\$5,080	8	1
Property Tax Credit Energy Conservation Devices	\$28,247	0.0	0.0	113	\$250	9	10
Property Tax Credit Accessibility Features	\$1,698	0.0	0.0	1	\$1,698	10	4
Property Tax Credit Fire Sprinkler Systems	\$0	0.0	0.0	0	N/A	11 (tied)	11 (tied)
Property Tax Credit Renewable Energy Devices	\$0	0.0	0.0	0	N/A	11 (tied)	11 (tied)
Total	\$151,862,438	89%	100%	226,702			

Policy Objectives of Resident Tax Credit Programs

To systematically analyze policy objectives, OLO developed Policy Objective and Policy Area variables through an inductive coding process described in Chapter 2. OLO identified the following primary policy areas that apply to resident programs:

- **Housing & Affordability** – Reduces property tax burdens or promotes stable housing
- **Aging & Seniors** – Supports financial stability and housing for older residents
- **Public Safety** – Enhances fire prevention, safety, or emergency services
- **Environment & Sustainability** – Promotes conservation, energy efficiency, or green building
- **Disability Access & Inclusion** – Improves accessibility or incentivizes ADA-compliant retrofits

Additional areas—Economic Development, Education & Childcare, Civic & Community Institutions, and Agriculture & Land Use—arose in OLO’s coding but do not apply to resident programs

As shown in **Table 3.4**, the overwhelming share of credit dollars and recipients falls within programs whose primary purpose is Housing & Affordability. In LY24, the local ITOC, HTC, and Supplemental Homeowners programs accounted for 95.8 percent of all resident credit dollars and 96.9 percent of all recipients.

The remaining four percent of credit spending went to programs whose purposes were coded as Aging & Seniors, Public Safety, Disability Access & Inclusion, and Environment & Sustainability. These programs serve comparatively small numbers of households.

The distribution underscores that while resident tax credits address several policy objectives, property tax expenditures have been largely used as a tool to try to promote affordability for County homeowners.

Table 3.4. Resident Tax Credit Programs by Policy Area (LY24)

Policy Area	Programs	Total Credit Amount (2024\$)	Share of Resident Credit Dollars (%)	Total Recipients	Share of Resident Recipients (%)	Average Credit per Recipient (2024\$)
Housing & Affordability	<ul style="list-style-type: none"> • Homestead Property Tax Credit • Local Income Tax Offset Property Tax Credit • Supplemental Homeowners Tax Credit 	\$145,453,808	95.8%	219,643	96.9%	\$662
Aging & Seniors → Housing & Affordability	<ul style="list-style-type: none"> • Property Tax Credit Elderly Individuals & Retired Military • Senior Tax Credit 	\$4,487,949	3.0%	6,166	2.7%	\$728
Public Safety → Housing & Affordability	<ul style="list-style-type: none"> • Property Tax Credit Fire Sprinkler Systems • Property Tax Credit for Public Safety Officers • Spouse of Fallen Law Enforcement Officer or Rescue Worker Tax Credit 	\$1,812,736	1.2%	740	0.3%	\$2,450
Disability Access & Inclusion → Housing & Affordability	<ul style="list-style-type: none"> • Property Tax Credit Accessibility Features • Property Tax Credit Level I & II Accessibility Standards 	\$79,698	0.1%	40	0.0%	\$1,992
Environment & Sustainability → Housing & Affordability	<ul style="list-style-type: none"> • Property Tax Credit Energy Conservation Devices • Property Tax Credit Renewable Energy Devices 	\$28,247	0.0%	113	0.1%	\$250
Total		\$151,862,438	100%	226,702	100%	

Property Tax Credit – Local Income Tax Offset (ITOC)

Provides a County property tax credit for homeowners who occupy their dwelling as a principal residence, offsetting increases in County income tax revenues that result from an income tax rate above 2.6 percent. The credit reduces property tax burden on owner-occupied homes when higher local income tax revenues are generated.

Policy Purpose & Design

Policy Objective	Offset increases in County income tax revenues resulting from an income tax rate above 2.6% by reducing property taxes for owner-occupants
Primary Policy Area	Housing & Affordability
Secondary Policy Area	None
Duration of Benefit	One year (renewed automatically)
Statutory Expiration	Permanent — No sunset clause in enabling law
Geographic Focus	Countywide

Eligibility & Access

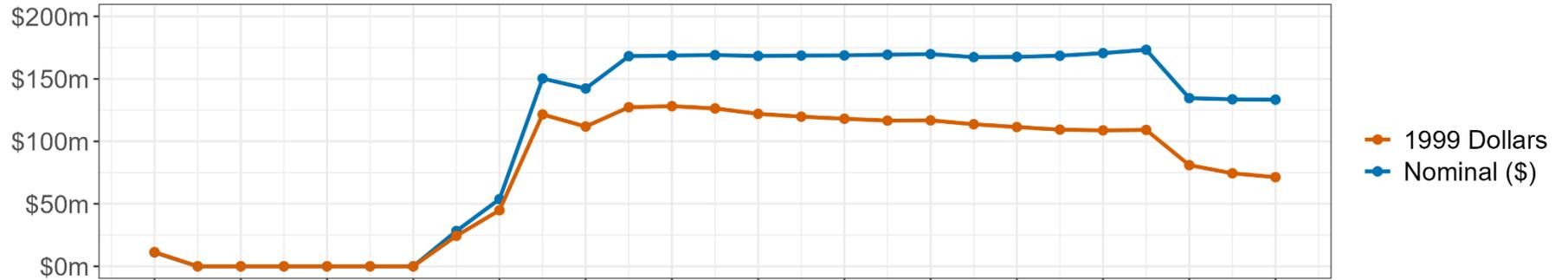
Eligible Resident	Homeowners with owner-occupied principal residences in County
Eligibility Criteria	<ul style="list-style-type: none"> • Owner-occupied dwelling. • Homestead application filed • Credit set annually by Council • Property must be principal residence
Means-Tested	No
Application Method	Automatic enrollment (must have a Homestead Tax Credit on file)
Renewal Requirements	Annual (credit recalculated annually by County; no reapplication required by homeowner)

Program Overview & Governance

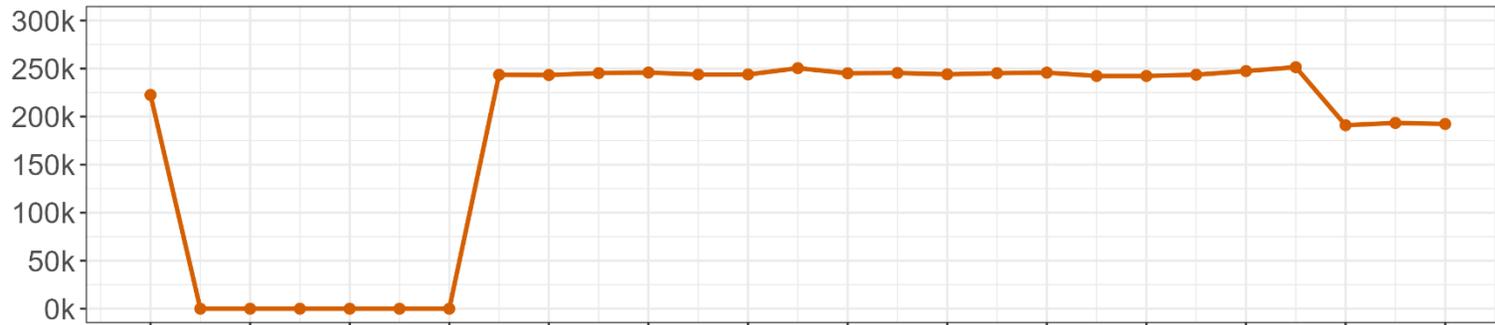
Effective Year	1992
Administrator	Department of Finance
Enabling Authority	Montgomery County Code § 52-86 Maryland Code, Tax-Property § 9-221

Trends in Property Tax Credit – Local Income Tax Offset

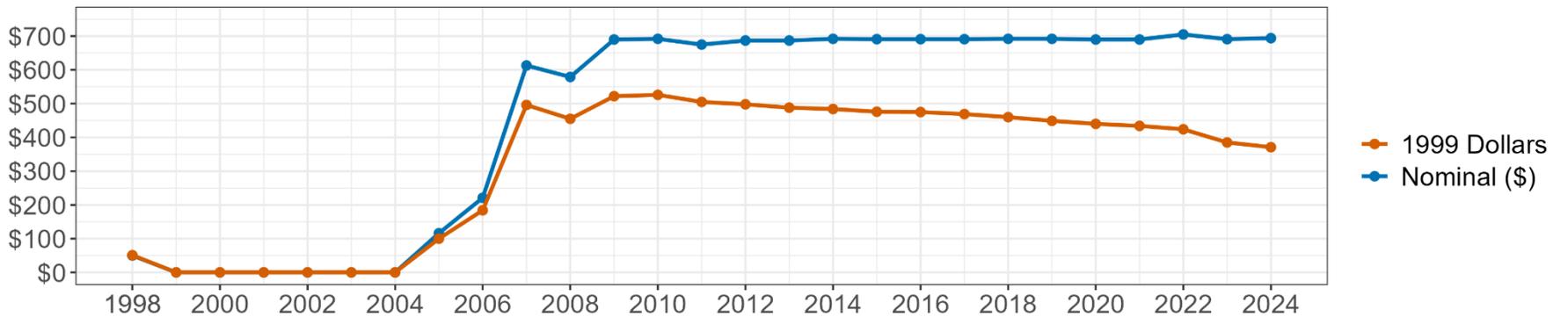
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$133,379,066
Total Number of Recipients	192,258
Average Credit per Recipient (2024 Dollars)	\$694
Share of All Tax Expenditure Dollars	41%
Share of All Tax Credit Dollars	78%
Share of Resident Credit Dollars	88%
Share of Resident Credit Recipients	85%
Rank Among All Credit Programs – Total Credit Amount	1
Rank Among Resident Credit Programs – Total Credit Amount	1
Rank Among Resident Credit Programs – Number of Recipients	1
Rank Among Resident Credit Programs – Average Credit per Recipient	7

In LY24, the local ITOC provided \$133.4 million to 192,258 claimants. The average benefit amounted to \$694 per recipient, ranking 7th among resident tax credit programs. In terms of fiscal scale, the program was the County’s largest tax credit, accounting for 78% of all tax credit program spending and ranking 1st in total credit amount. Within resident-focused tax credits, the program represented 88% of all credit dollars and served 85% of all resident credit recipients. Overall, the program accounted for 41% of total County tax expenditures across credits, exemptions, and deferrals.

Trend Analysis of Program

Indicator	LY 1999–2009	LY 2010–2024
Total Credit (1999\$)	+10,541,469	–4,058,243
Recipients	+1,933	–3,679
Credit per Recipient (1999\$)	+43	–11

Total Credit Amount (1999 dollars): From LY 1999 to 2009, the real total credit amount rose sharply, increasing by about \$10.5 million per year on average. After LY 2010, the real total credit amount declined, falling by about \$4.1 million per year on average.

Number of Recipients: The number of recipients grew by roughly 1,900 per year from LY 1999 to LY 2009. Beginning in LY 2010, the number of recipients declined by 3,700 per year on average.

Average Credit per Recipient (1999 dollars): Real credit per recipient increased by about \$43 per year from LY 1999 to 2009. Since LY 2010, real credit per recipient has decreased modestly, falling by about \$11 per year on average.

The declines in total credit amount, number of recipients, and average credit per recipient after LY 2010 are all statistically significant.

Homestead Property Tax Credit (HTC)

Provides a property tax credit that limits the annual increase in taxable assessments for owner-occupied dwellings in the County. The credit is designed to protect homeowners from large assessment-driven tax increases and to stabilize local property tax revenues.

Policy Purpose & Design

Policy Objective	To limit the annual increase in taxable assessments for owner-occupied dwellings so that homeowners are protected from large assessment-driven tax increases and local revenues are stabilized
Primary Policy Area	Housing & Affordability
Secondary Policy Area	None
Duration of Benefit	Continuous
Statutory Expiration	Permanent — No sunset clause in enabling law
Geographic Focus	Countywide

Eligibility & Access

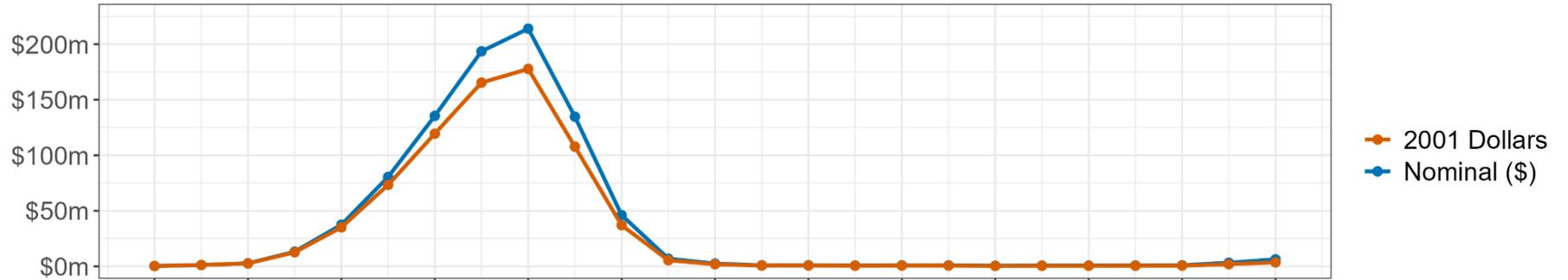
Eligible Resident	Owner-occupants of dwellings used as their principal residence who meet SDAT homestead requirements
Eligibility Criteria	<ul style="list-style-type: none"> • Homeowner has a legal interest in the dwelling used as the principal residence • Dwelling is an owner-occupied residential property • Homeowner actually occupies or expects to occupy the dwelling for more than 6 months of the year, including July 1 of the taxable year • Credit generally not applicable in the taxable year following purchase of a home • Only one dwelling per homeowner may receive the credit. • Homeowner must apply to and be approved by SDAT for the Homestead credit • Continued eligibility depends on no disqualifying transfer of ownership, substantial change in use, qualifying zoning change initiated by the owner, or clearly erroneous assessment
Means-Tested	No
Application Method	State application
Renewal Requirements	One-Time (but may require later applications to verify continued eligibility)

Program Overview & Governance

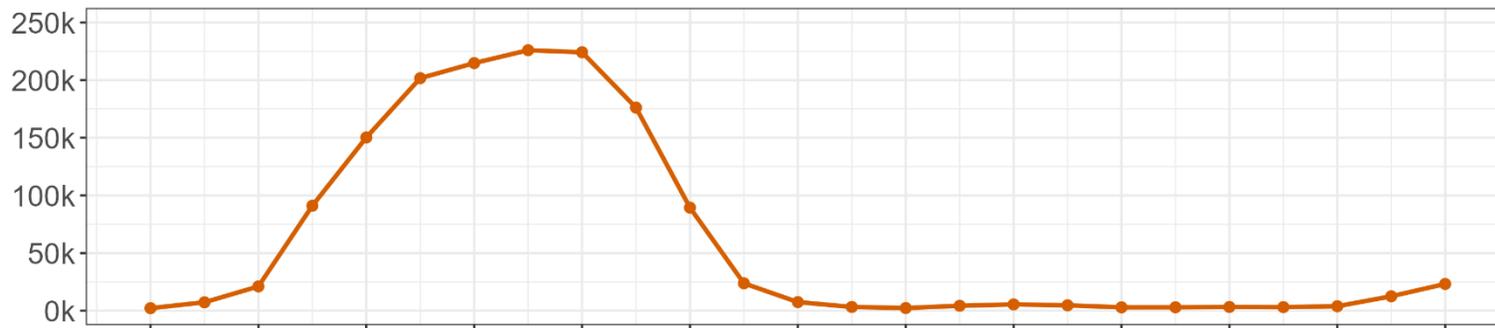
Year Effective	1985
Administrator	SDAT
Enabling Authority	Maryland Code, Tax-Property § 9-105

Trends in Homestead Property Tax Credit

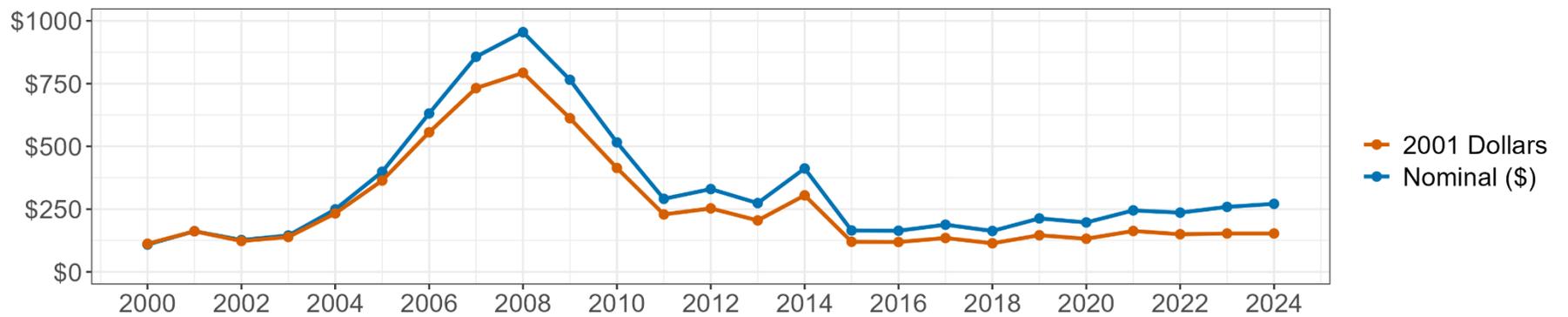
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$6,291,692
Total Number of Recipients	23,197
Average Credit per Recipient (2024 Dollars)	\$271
Share of All Tax Expenditure Dollars	1.9%
Share of All Tax Credit Dollars	3.7%
Share of Resident Credit Dollars	4.1%
Share of Resident Credit Recipients	10.2%
Rank Among All Credit Programs – Total Credit Amount	2
Rank Among Resident Credit Programs – Total Credit Amount	2
Rank Among Resident Credit Programs – Number of Recipients	2
Rank Among Resident Credit Programs – Average Credit per Recipient	9

In LY24, the HTC provided \$6.29 million to 23,197 recipients. The average benefit was \$271 per recipient, ranking 9th among resident tax credit programs. In terms of scale, the program ranked 2nd among all credit programs and 2nd among resident credit programs in total credit amount. The program accounted for 3.7% of all County tax credit spending and 1.9% of all tax expenditure dollars. The program represented 4.1% of total resident credit dollars and served 10.2% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 2000–2007	LY 2008–2011	LY 2012–2024
Total Credit (2001\$)	+\$23,587,331	–\$57,413,261	+\$139,157
Recipients	+31,959	–66,786	+1,311
Credit per Recipient (2001\$)	+\$89	–\$188	–\$8

Trend in Total Program Funding (2001 Real Dollars): During LY 2000–2007, real program funding for the Homestead Property Tax Credit increased substantially, rising by about \$23.6 million per year. Funding then declined sharply during LY 2008–2011, falling by roughly \$57.4 million per year as the program contracted. From LY 2012 through LY 2024, real funding changed only modestly, increasing by about \$139,000 per year.

Trend in Number of Recipients: Recipient counts grew rapidly during LY 2000–2007, increasing by approximately 31,960 households per year. Between LY 2008–2011, the number of claimants fell sharply, declining by about 66,786 per year. From LY 2012 to LY 2024, the number of recipients rose slightly—about 1,311 per year.

Trend in Average Benefit (2001 Real Dollars): Average real benefits per recipient increased during LY 2000–2007, rising by about \$89 per year. Between LY 2008–2011, average benefits decreased substantially, falling by roughly \$188 per year. From LY 2012 onward, average real benefits declined gradually—about \$8 per year.

Although each indicator shows modest year-to-year fluctuations, none exhibit statistically significant long-term changes during LY 2012–2024.

Supplemental Homeowner’s Tax Credit

Provides a County property tax credit for income-eligible homeowners who occupy a principal residence in Montgomery County. The program supplements the State Homeowner Tax Credit to reduce property tax burden and support housing affordability for qualifying households.

Policy Purpose & Design

Policy Objective	Reduce property tax burden for income-eligible homeowners by providing a County supplement to the State Homeowner Tax Credit
Primary Policy Area	Housing & Affordability
Secondary Policy Area	None
Duration of Benefit	One year
Statutory Expiration	Permanent – No sunset clause in enabling law
Geographic Focus	Countywide

Eligibility & Access

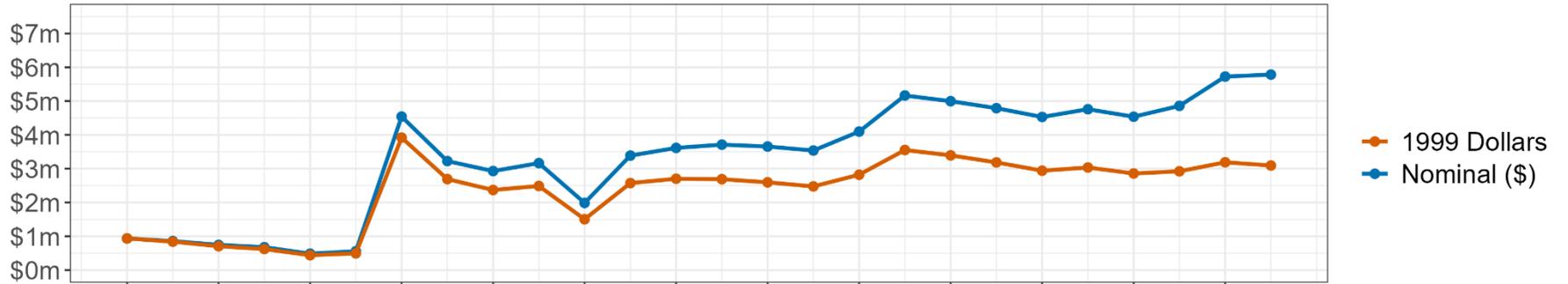
Eligible Resident	Income-eligible homeowners occupying a qualifying principal residence in the County
Eligibility Criteria	<ul style="list-style-type: none"> • Must be a homeowner with a legal interest in and occupancy of a dwelling used as a principal residence • Must satisfy State Homeowner Tax Credit income and net worth limits • May claim credit for only one dwelling • Eligibility and benefit amount are determined based on household income • Home purchasers receive a prorated credit based on days of occupancy
Means-Tested	Yes – Credit amount calculated using tiered income formula
Application Method	State application
Renewal Requirements	Annual reapplication

Program Overview & Governance

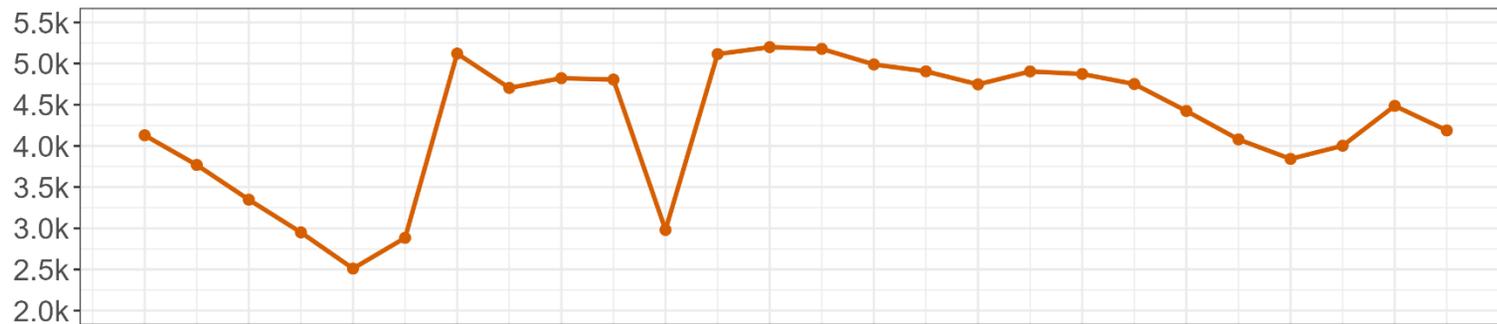
Year Effective	1986
Administrator	SDAT; Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-85 • Maryland Code, Tax-Property § 9-104 & § 9-215

Trends in Supplemental Homeowner's Tax Credit

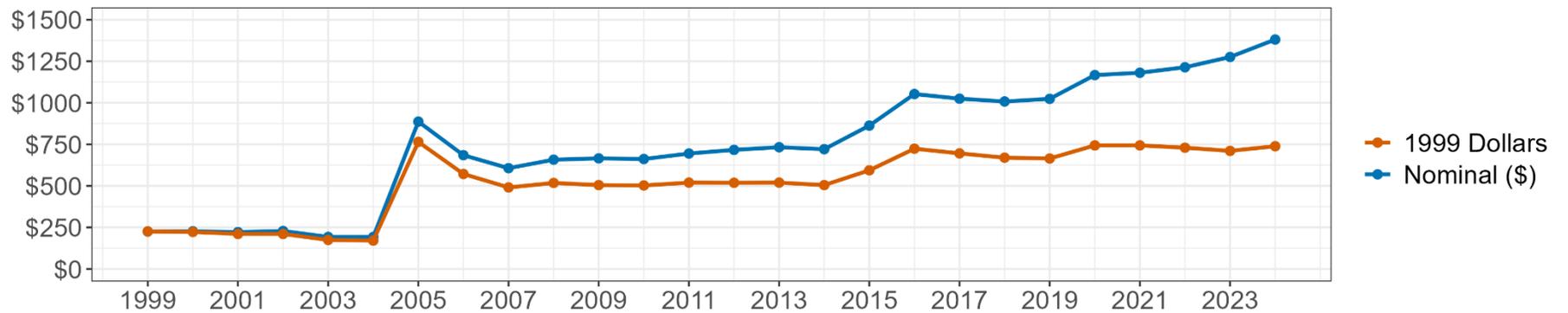
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$5,783,050
Total Number of Recipients	4,188
Average Credit per Recipient (2024 Dollars)	\$1,381
Share of All Tax Expenditure Dollars	1.8%
Share of All Tax Credit Dollars	3.4%
Share of Resident Credit Dollars	3.8%
Share of Resident Credit Recipients	1.8%
Rank Among All Credit Programs – Total Credit Amount	3
Rank Among Resident Credit Programs – Total Credit Amount	3
Rank Among Resident Credit Programs – Number of Recipients	3
Rank Among Resident Credit Programs – Average Credit per Recipient	5

In LY24, the Supplemental Homeowners Tax Credit provided \$5.78 million to 4,188 recipients. The average benefit was \$1,381 per recipient, ranking 5th among resident tax credit programs. In terms of scale, the program ranked 3rd among all credit programs and 3rd among resident credit programs in total credit amount. The program accounted for 3.4% of all County tax credit spending and 1.8% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 3.8% of total resident credit dollars and served 1.8% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 1999–2004	LY 2005–2009	LY 2010–2024
Total Credit (1999\$)	–\$88,000	–\$604,000	+\$37,000
Recipients	–249	–535	–66
Credit per Recipient (1999\$)	–\$11	–\$65	+\$17

Trend in Total Program Funding (1999 Real Dollars): During LY 1999–2004, real program funding declined slightly, falling by about \$88,000 per year. The decline steepened during LY 2005–2009, when real funding fell by roughly \$604,000 per year. From LY 2010 through LY 2024, real program funding increased modestly, rising by about \$37,000 per year on average.

Trend in Number of Recipients: The number of recipients decreased gradually during LY 1999–2004, falling by about 249 recipients per year. The decline accelerated in LY 2005–2009, with participation dropping by roughly 535 recipients per year. Between LY 2010 and LY 2024, the number of recipients continued to decline—by about 66 recipients per year on average.

Trend in Average Benefit (1999 Real Dollars): Average real benefits per recipient declined slightly during LY 1999–2004, falling by about \$11 per year. The decrease was larger over LY 2005–2009, when average benefits dropped by roughly \$65 per year. From LY 2010 onward, average real benefits per recipient increased gradually, rising by about \$17 per year.

Real program funding shows a statistically significant upward trend over LY 2010–2024. During this same period, the number of recipients declines in a statistically significant way. In contrast, the average real benefit per recipient increases significantly over time.

Property Tax Credit – Individuals 65 and Above and Retired Military Service Members

Provides a property tax credit for eligible seniors and retired military households to help reduce housing costs and support long-term residential stability. The credit is intended to promote aging in place and maintain affordability for older adults and veteran households.

Policy Purpose & Design

Policy Objective	Provide tax relief to eligible seniors and retired military households to support home affordability and stability
Primary Policy Area	Aging & Seniors
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Multi-year (continuous automatically up to 7 years)
Statutory Expiration	Permanent – No sunset provision
Geographic Focus	Countywide

Eligibility & Access

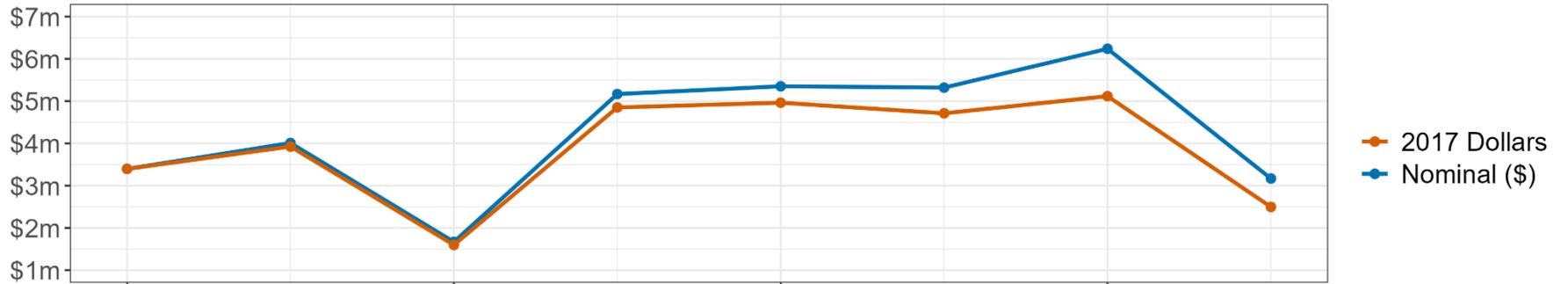
Eligible Resident	Individuals age 65+, retired military members, surviving spouses
Eligibility Criteria	<ul style="list-style-type: none"> • Applicant must be age 65 or older • Must meet one of three pathways: <ul style="list-style-type: none"> – Age 65+, 40-year residency, assessment ≤ \$700,000; OR – Age 65+, retired uniformed services member, assessment ≤ \$550,000; OR – Surviving spouse of a retired uniformed services member, age ≥65 and not remarried
Means-Tested	No
Application Method	County application (a single application triggers an automatically renewing multi-year benefit)
Renewal Requirements	One-time (application submitted once, then automatically renewed)

Program Overview & Governance

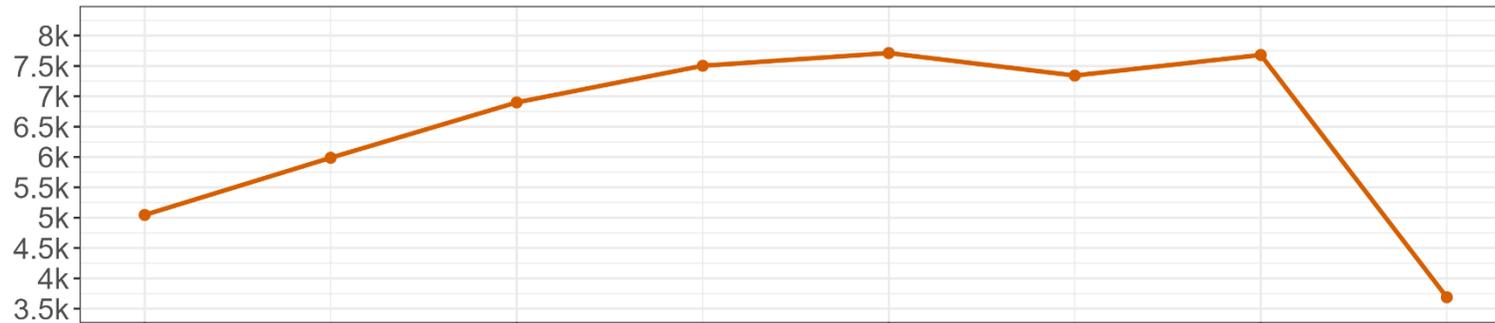
Year Effective	2017
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-110 • Maryland Code, Tax-Property § 9-258

Trends in Property Tax Credit – Individuals 65 and Above and Retired Military Service Members

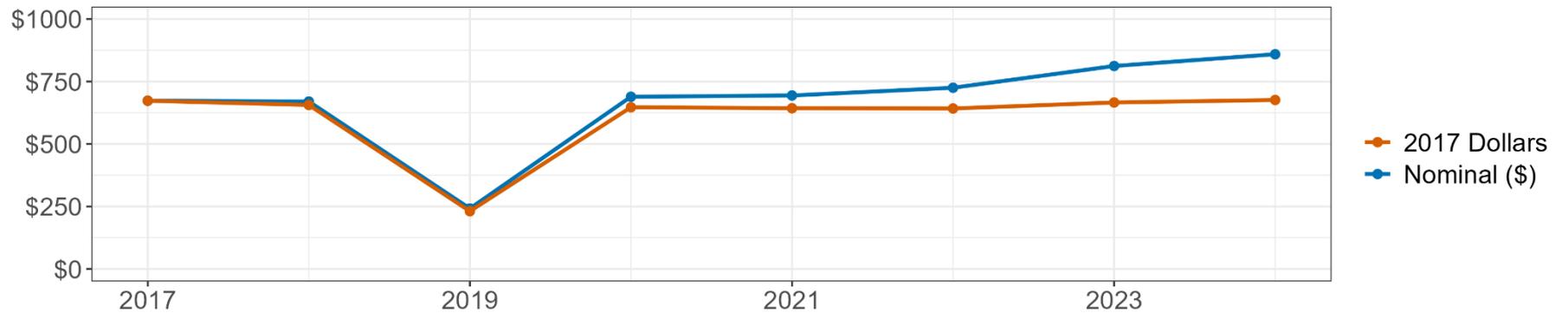
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$3,168,046
Total Number of Recipients	3,689
Average Credit per Recipient (2024 Dollars)	\$859
Share of All Tax Expenditure Dollars	1.0%
Share of All Tax Credit Dollars	1.8%
Share of Resident Credit Dollars	2.1%
Share of Resident Credit Recipients	1.6%
Rank Among All Credit Programs – Total Credit Amount	6
Rank Among Resident Credit Programs – Total Credit Amount	4
Rank Among Resident Credit Programs – Number of Recipients	4
Rank Among Resident Credit Programs – Average Credit per Recipient	6

In LY24, the Property Tax Credit for Elderly Individuals & Retired Military provided \$3.17 million to 3,689 recipients. The average benefit was \$859 per recipient, ranking 6th among resident tax credit programs. In terms of scale, the program ranked 6th among all credit programs and 4th among resident credit programs in total credit amount. The program accounted for 1.8% of all County tax credit spending and 1.0% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 2.1% of total resident credit dollars and served 1.6% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 2017–2024
Total Credit (2017\$)	–128,709
Recipients	–194
Credit per Recipient (2017\$)	–0.43

Trend in Total Program Funding (2017 Real Dollars): Between LY 2017 and LY 2024, real program spending shows a modest downward movement, declining by about \$129,000 per year on average. While there are year-to-year fluctuations—including a spike in 2023 followed by a sharp decline in 2024—the overall direction of change across the period is downward.

Trend in Number of Recipients: The number of recipients has also modestly decreased, falling by approximately 194 recipients per year on average. Participation grew steadily through LY 2023 but dropped sharply in LY 2024.

Trend in Average Benefit (2017 Real Dollars): Average real benefit amounts per recipient have been broadly stable across LY 2017–2024, decreasing by less than \$1 per year on average. This suggests that the program’s benefit level per claimant has remained essentially flat in inflation-adjusted terms over this period.

Property Tax Credit for Public Safety Officers

Provides a County property tax credit for public safety personnel who own and occupy a principal residence in the County. The program aims to promote community safety and workforce retention by encouraging eligible public safety officers to reside within the County.

Policy Purpose & Design

Policy Objective	Encourage residency of public safety personnel within the County to strengthen community safety and retention
Primary Policy Area	Public Safety
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One Year (renewed automatically each tax year through continued eligibility verification)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Countywide

Eligibility & Access

Eligible Resident	Public safety officers, emergency communication specialists, deputy sheriffs, or active volunteers who own and occupy a principal residence in Montgomery County
Eligibility Criteria	<ul style="list-style-type: none"> • Must be a qualifying public safety officer, emergency communications specialist, deputy sheriff, or active volunteer • Must legally own the property and occupy or expect to occupy it as a principal residence for more than six months • Must apply annually; credit subject to recapture if eligibility ceases
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (homeowner must reapply each year to confirm eligibility and maintain benefit)

Program Overview & Governance

Year Effective	2023
Administrator	Department of Finance (eligibility determination) with certification from HHS Behavioral Health & Crisis Services
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-112 • Maryland Code, Tax-Property § 9-260

Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$1,782,259
Total Number of Recipients	734
Average Credit per Recipient (2024 Dollars)	\$2,428
Share of All Tax Expenditure Dollars	0.5%
Share of All Tax Credit Dollars	1.0%
Share of Resident Credit Dollars	1.2%
Share of Resident Credit Recipients	0.3%
Rank Among All Credit Programs – Total Credit Amount	9
Rank Among Resident Credit Programs – Total Credit Amount	5
Rank Among Resident Credit Programs – Number of Recipients	6
Rank Among Resident Credit Programs – Average Credit per Recipient	2

In LY24, the Property Tax Credit for Public Safety Officers provided \$1.78 million to 734 recipients. The average benefit was \$2,428 per recipient, ranking 2nd among resident tax credit programs in per-recipient benefit size. In terms of overall scale, the program ranked 9th among all credit programs and 5th among resident credit programs in total credit amount. The credit accounted for 1.0% of all County tax credit spending and 0.5% of total tax expenditure dollars across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 1.2% of all resident credit dollars and served 0.3% of all resident credit recipients.

Trend Analysis of Program

Because only two years of data are available, OLO does not assess long-term trends for this program; instead, changes from 2023 to 2024 are presented descriptively.

Indicator	2023	2024	Change	Percent Change (%)
Total Credit Amount	\$1,734,448	\$1,782,259	+47,811	+2.8%
Number of Recipients	703	734	+31	+4.4%
Average Credit per Recipient	\$2,467	\$2,428	-39	-1.6%

Senior Tax Credit

Provides a County property tax credit for low-income senior homeowners by supplementing state and County homeowner credits. The program reduces property tax burden for older residents to support aging in place and home affordability.

Policy Purpose & Design

Policy Objective	Reduce property tax burden for low-income senior homeowners by supplementing state and County homeowner credits
Primary Policy Area	Aging & Seniors
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One Year (renewed automatically each tax year through continued eligibility under state/County Homeowner Credit programs)
Statutory Expiration	Permanent — No sunset provision
Geographic Focus	Countywide

Eligibility & Access

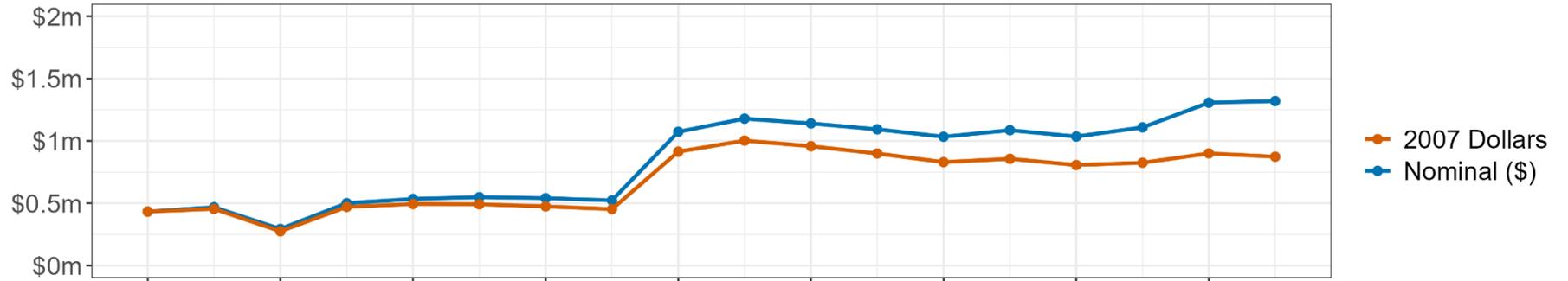
Eligible Resident	Homeowners aged 65 or older who qualify for the state or County Homeowner Tax Credit
Eligibility Criteria	<ul style="list-style-type: none"> • Age 65 or older • Must own and occupy the dwelling as a principal residence • Must qualify for the state or County Homeowner Tax Credit (HOTC)
Means-Tested	Yes
Application Method	State application
Renewal Requirements	Annual (eligibility automatically renewed each year through the State Homeowner Tax Credit process)

Program Overview & Governance

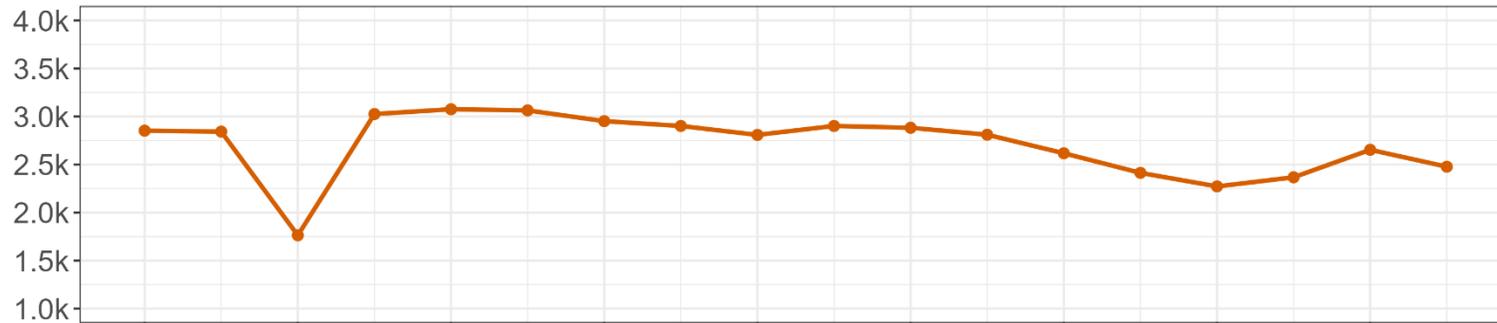
Year Effective	2007
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-92 • Maryland Code, Tax-Property § 9-245

Trends in Senior Tax Credit

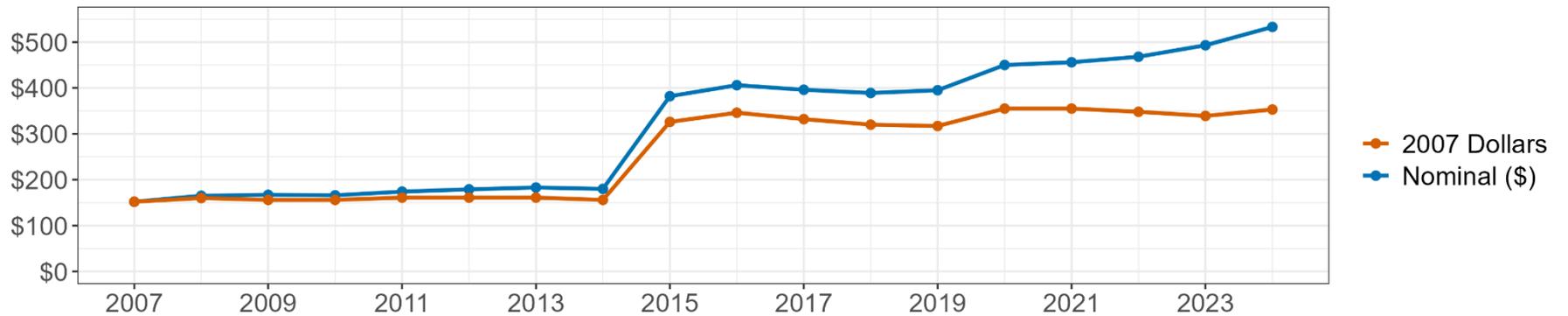
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$1,319,903
Total Number of Recipients	2,477
Average Credit per Recipient (2024 Dollars)	\$533
Share of All Tax Expenditure Dollars	0.4%
Share of All Tax Credit Dollars	0.8%
Share of Resident Credit Dollars	0.9%
Share of Resident Credit Recipients	1.1%
Rank Among All Credit Programs – Total Credit Amount	11
Rank Among Resident Credit Programs – Total Credit Amount	6
Rank Among Resident Credit Programs – Number of Recipients	5
Rank Among Resident Credit Programs – Average Credit per Recipient	8

In LY24, the Senior Tax Credit provided \$1.32 million to 2,477 recipients. The average benefit was \$533 per recipient, ranking 8th among resident tax credit programs. In terms of overall fiscal scale, the program ranked 11th among all credit programs and 6th among resident credit programs in total credit amount. The credit accounted for 0.8% of all County tax credit spending and 0.4% of total tax expenditure dollars across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 0.9% of all resident credit dollars and served 1.1% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 2007–2014	LY 2015–2024
Total Credit (2007\$)	+\$2,779	–\$4,532
Recipients	+7	–37
Credit per Recipient (2007\$)	+\$0.6	+\$3

Trend in Total Program Funding (2007 Real Dollars): Expressed in 2007 dollars, real program funding for the Senior Tax Credit increased slightly during LY 2007–2014, rising by about \$2,800 per year. During LY 2015–2024, real funding declined modestly, falling by roughly \$4,500 per year on average.

Trend in Number of Recipients: The number of Senior Tax Credit recipients was essentially stable but edged upward during LY 2007–2014, increasing by about seven recipients per year. Between LY 2015 and LY 2024, participation declined, with the number of recipients falling by roughly 37 recipients per year.

Trend in Average Benefit (2007 Real Dollars): Average real benefits per recipient changed very little during LY 2007–2014, increasing by less than \$1 per year in 2007 dollars. Over LY 2015–2024, the average benefit rose gradually, increasing by about \$3 per recipient per year in real terms.

Over LY 2015–2024, the number of Senior Tax Credit recipients shows a statistically significant decline. In contrast, changes in total program funding and the average real benefit per recipient over this period are not statistically significant.

Property Tax Credit – Level I & Level II Accessibility Standards

Provides a County property tax credit for homeowners who install permanent accessibility upgrades that meet Level I or Level II accessibility standards in existing single-family residences. The credit supports disability access, mobility, and aging in place by offsetting part of the cost of structural accessibility improvements

Policy Purpose & Design

Policy Objective	Encourage installation of Level I or Level II accessibility upgrades in existing single-family residences
Primary Policy Area	Disability Access & Inclusion
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One Year (credit applies to a single tax year; homeowners may reapply annually for new upgrades).
Statutory Expiration	Permanent — No sunset clause
Geographic Focus	Countywide

Eligibility & Access

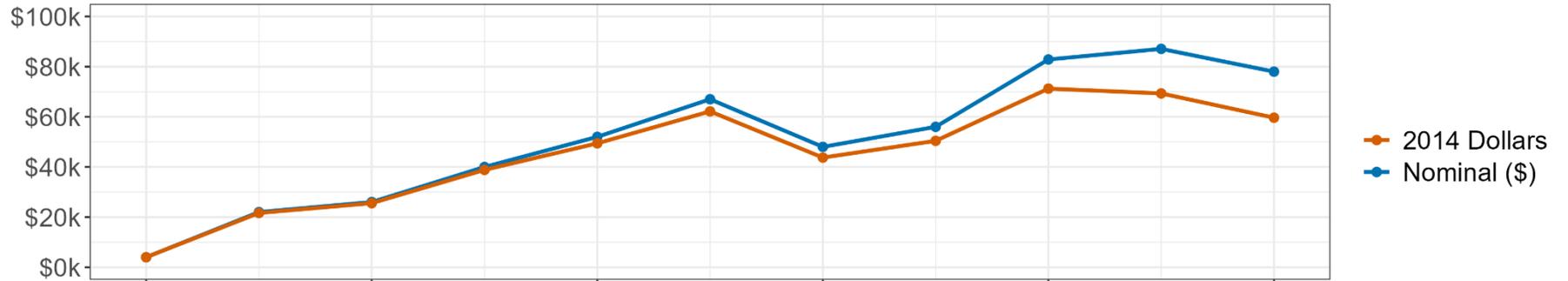
Eligible Resident	Homeowners of single-family principal residences who install qualifying Level I or Level II accessibility upgrades
Eligibility Criteria	<ul style="list-style-type: none"> • Feature must meet Level I or Level II accessibility standards • Must be a permanent accessibility addition costing more than \$500 • Costs must not be reimbursed by another source • Application must be filed within 12 months of installation • Only one application per property per tax year • Credit capped at \$2,000 annually with carryover allowed; total Countywide annual cap \$500,000
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (homeowners may submit a new application each tax year)

Program Overview & Governance

Year Effective	2014
Administrator	Department of Permitting Services and Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-107 • Maryland Code, Tax-Property § 9-250

Trends in Property Tax Credit – Level I & Level II Accessibility Standards

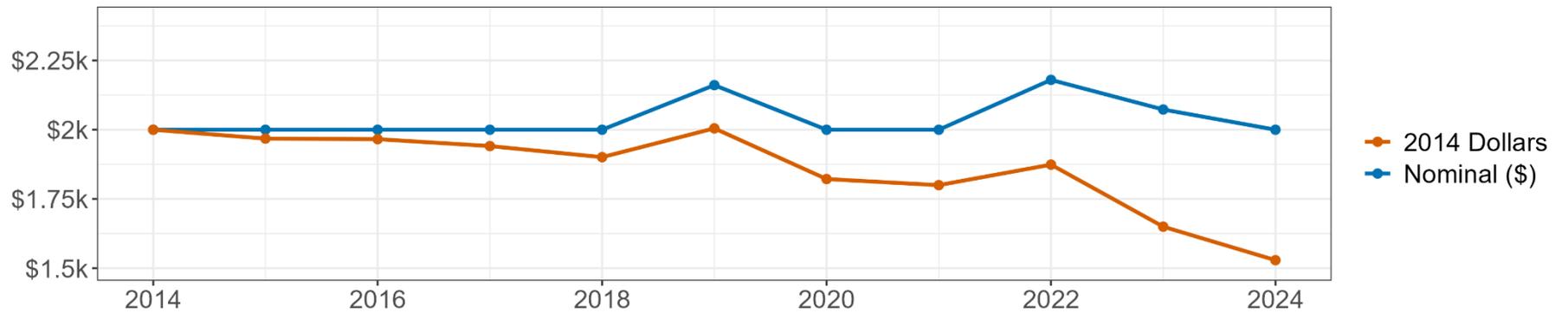
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$78,000
Total Number of Recipients	39
Average Credit per Recipient (2024 Dollars)	\$2,000
Share of All Tax Expenditure Dollars	0.02%
Share of All Tax Credit Dollars	0.05%
Share of Resident Credit Dollars	0.05%
Share of Resident Credit Recipients	0.02%
Rank Among All Credit Programs – Total Credit Amount	15
Rank Among Resident Credit Programs – Total Credit Amount	7
Rank Among Resident Credit Programs – Number of Recipients	8
Rank Among Resident Credit Programs – Average Credit per Recipient	3

In LY24, the Property Tax Credit for Level I & II Accessibility Standards provided \$78,000 in real (2024) dollars to 39 recipients. The average benefit was \$2,000 per recipient, ranking 3rd among resident tax credit programs in per-recipient benefit size. The program ranked 15th among all credit programs and 7th among resident credit programs in overall credit amount. It accounted for 0.05% of all County tax credit dollars and 0.02% of total tax expenditure spending across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 0.05% of all resident credit dollars and served 0.02% of resident credit recipients.

Trend Analysis of Program

Indicator	LY 2014–2024
Total Credit (2014\$)	+\$5,563 per year
Recipients	+3.7 recipients per year
Credit per Recipient (2014\$)	–\$47 per year

Trend in Total Program Funding (2014 Real Dollars): From LY 2014 through LY 2024, real program funding for the Level I & II Accessibility Standards credit increased gradually, rising by about \$5,600 per year in 2014 dollars. This reflects a modest expansion in total credits claimed under this program over time.

Trend in Number of Recipients: The number of recipients grew steadily over LY 2014–2024, increasing by roughly four recipients per year on average. This indicates a slow but consistent increase in the number of households using the credit.

Trend in Average Benefit (2014 Real Dollars): The average real benefit per recipient declined over LY 2014–2024, falling by about \$47 per year in 2014 dollars. Even as more households received the credit and total real funding rose modestly, the average real credit amount per recipient trended downward.

Tax Credit for Spouse of Fallen Law Enforcement Officer or Rescue Worker

Provides a County property tax credit offering full property tax relief to surviving spouses of law enforcement officers or rescue workers who died in the line of duty. The program recognizes the civic sacrifice of public safety personnel and supports the families of those who served in essential public safety roles.

Policy Purpose & Design

Policy Objective	Provide full property tax relief to surviving spouses of fallen law enforcement officers and rescue workers
Primary Policy Area	Public Safety
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Continuous/Renewable (credit continues each tax year as long as eligible)
Statutory Expiration	Permanent — No sunset clause
Geographic Focus	Countywide

Eligibility & Access

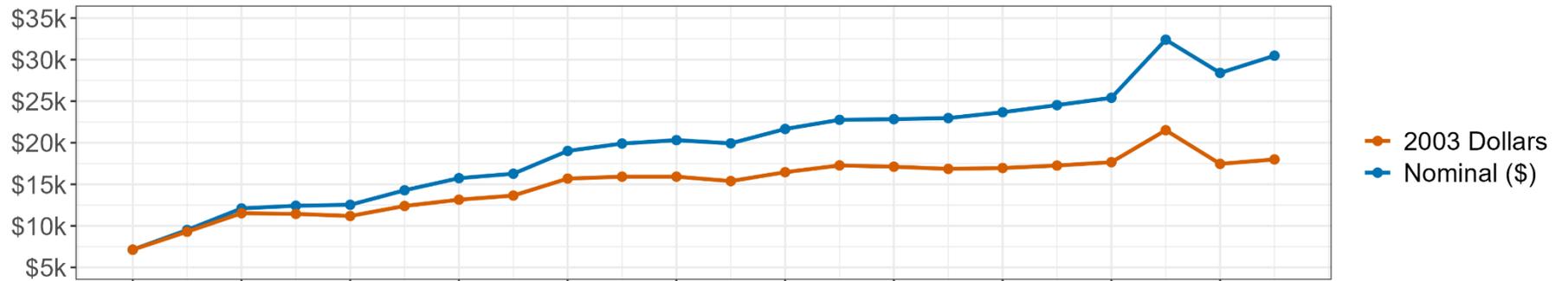
Eligible Resident	Unremarried surviving spouses of law enforcement officers or rescue workers who died in the line of duty
Eligibility Criteria	<ul style="list-style-type: none"> • Must be a surviving spouse who has not remarried • Dwelling must have been owned by the fallen officer/rescue worker at death, acquired by the surviving spouse within two years of death while domiciled in Maryland, or acquired after qualifying for a prior credit • Surviving spouse must have legal responsibility for the property tax • Application must be filed by April 1 for the next taxable year
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (applicant must reapply each year to confirm continued eligibility and non-remarriage)

Program Overview & Governance

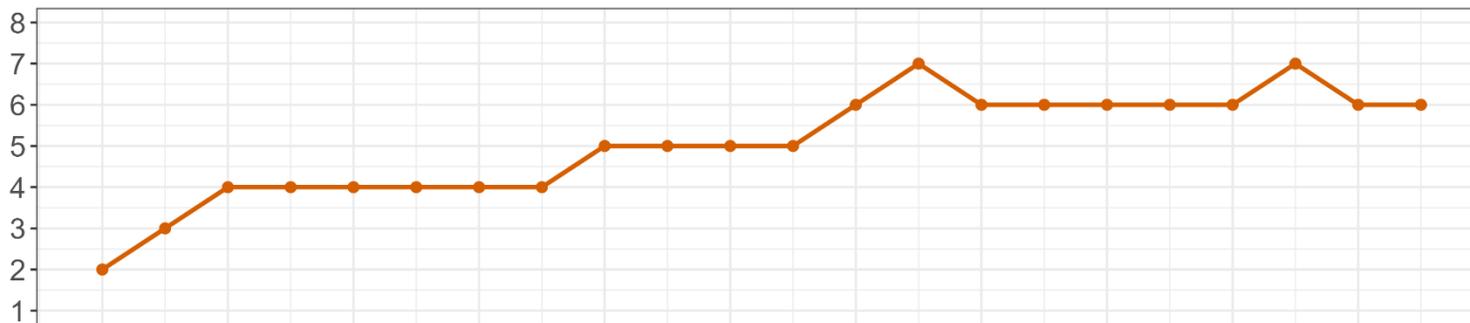
Year Effective	2003
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-100 • Maryland Code, Tax-Property § 9-210

Trends in Tax Credit for Spouse of Fallen Law Enforcement Officer or Rescue Worker

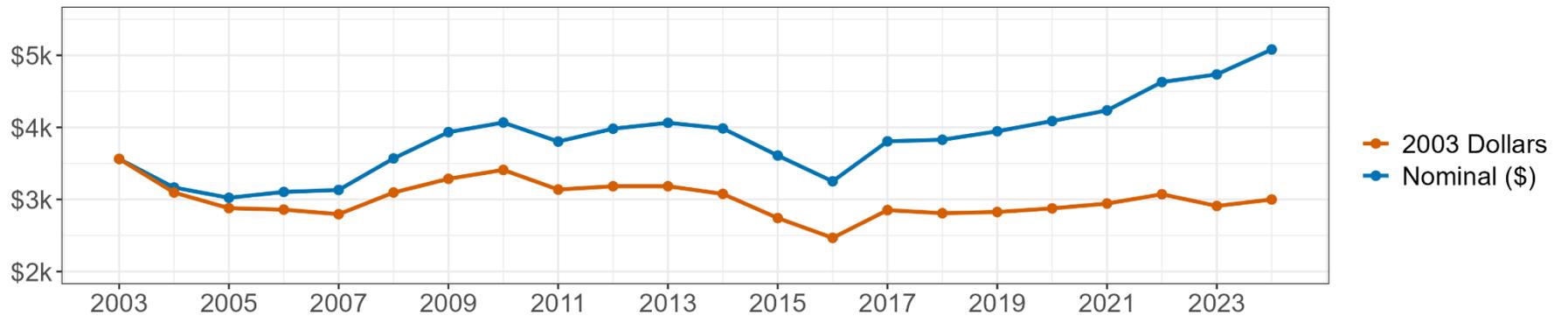
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$30,477
Total Number of Recipients	6
Average Credit per Recipient (2024 Dollars)	\$5,080
Share of All Tax Expenditure Dollars	0.009%
Share of All Tax Credit Dollars	0.018%
Share of Resident Credit Dollars	0.020%
Share of Resident Credit Recipients	0.003%
Rank Among All Credit Programs – Total Credit Amount	17
Rank Among Resident Credit Programs – Total Credit Amount	8
Rank Among Resident Credit Programs – Number of Recipients	9
Rank Among Resident Credit Programs – Average Credit per Recipient	1

In LY24, the Spouse of Fallen Law Enforcement Officer or Rescue Worker Tax Credit provided \$30,477 to six recipients. The average benefit was \$5,079 per recipient, the highest among all resident tax credit programs. In terms of fiscal scale, the program ranked 17th among all credit programs and 8th among resident credit programs in total credit amount. The program accounted for 0.018% of all County tax credit dollars and 0.009% of all tax expenditure spending across credits, exemptions, and deferrals. Within the resident tax credit portfolio, it represented 0.020% of total resident credit dollars and 0.003% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 2003–2024
Total Credit (2003\$)	+517
Recipients	+0.19
Credit per Recipient (2003\$)	-26.8

Trend in Total Program Funding (2003 Real Dollars): Using 2003 dollars, total program funding increased modestly over LY 2003–2024, rising by about \$517 per year on average. The long-term trend is gradual rather than dramatic, reflecting the very small scale of this program and its low number of recipients.

Trend in Number of Recipients: The number of households receiving the credit increased slightly over LY 2003–2024, growing by roughly 0.19 recipients per year—in practice, this means the program added about one additional recipient every five years. Participation remains very low overall, typically between four to seven recipients per year.

Trend in Average Benefit (2003 Real Dollars): The average real benefit per recipient declined over time, decreasing by about \$27 per year in 2003 dollars. Although nominal credit amounts rise somewhat, inflation-adjusted benefits trend downward.

The total credit amount and the number of recipients both show statistically significant increases over LY 2003–2024. In contrast, the decline in the average real credit per recipient is not statistically significant.

Property Tax Credit – Renewable Energy – Energy Conservation Devices

Provides a County property tax credit for homeowners who install qualifying energy conservation devices in their principal residences. The credit supports residential energy efficiency and conservation by offsetting a portion of the cost for eligible installations.

Policy Purpose & Design

Policy Objective	Incentivize installation of energy conservation devices that reduce energy demand or increase efficiency in owner-occupied homes
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One Year (credit applies to a single fiscal year; homeowners may reapply)
Statutory Expiration	Time-Limited Authorization — Program remains established in law but depends on annual budget approval or capped funding allocations for continuation.
Geographic Focus	Countywide

Eligibility & Access

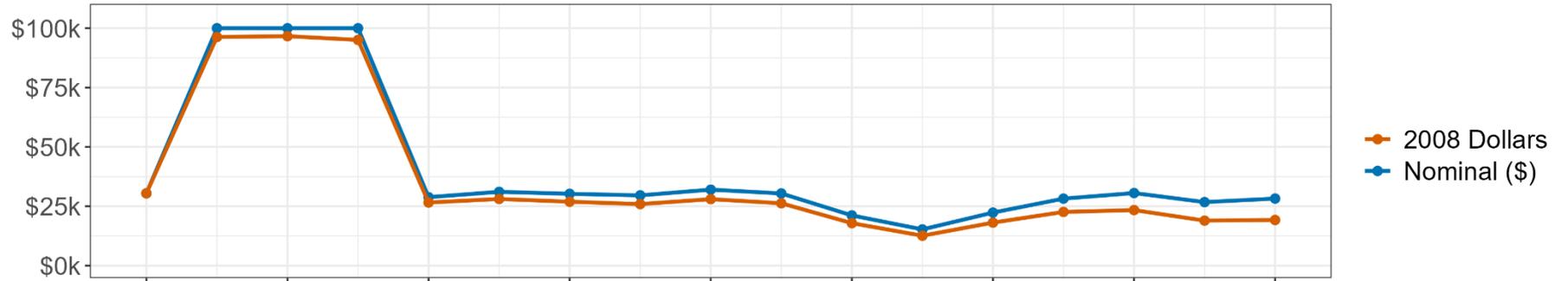
Eligible Resident	Owner-occupants installing approved energy conservation devices in their residential properties
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be owner-occupied residential property • Device must reduce energy demand or increase efficiency • Device must meet national safety and performance standards • Device cannot be a standard household appliance • Credit limited to \$250 per property per fiscal year • Credits granted in order received
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (credit may be claimed once per fiscal year per property; new application required each year)

Program Overview & Governance

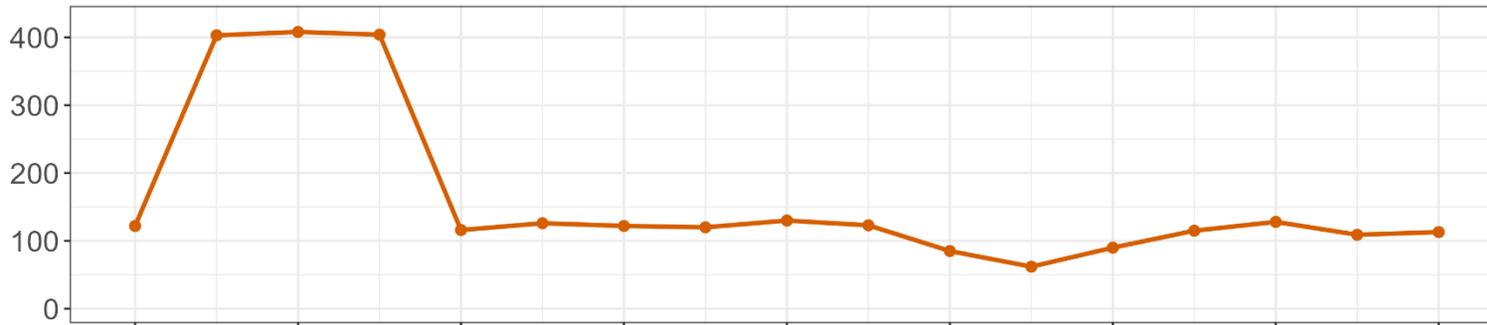
Year Effective	2008
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 9-203 • Maryland Code, Tax-Property § 52-104

Trends in Property Tax Credit – Renewable Energy – Energy Conservation Devices

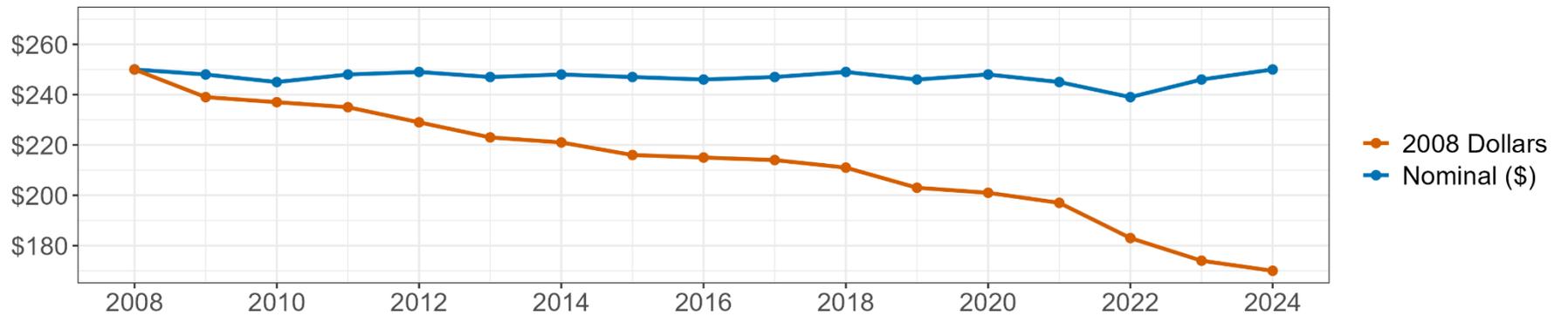
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$28,247
Total Number of Recipients	113
Average Credit per Recipient (2024 Dollars)	\$250
Share of All Tax Expenditure Dollars	0.009%
Share of All Tax Credit Dollars	0.016%
Share of Resident Credit Dollars	0.019%
Share of Resident Credit Recipients	0.050%
Rank Among All Credit Programs – Total Credit Amount	18
Rank Among Resident Credit Programs – Total Credit Amount	9
Rank Among Resident Credit Programs – Number of Recipients	7
Rank Among Resident Credit Programs – Average Credit per Recipient	10

In LY24, the Property Tax Credit for Energy Conservation Devices provided \$28,247 to 113 recipients. The average benefit was \$250 per recipient, ranking 10th among resident tax credit programs. In terms of overall scale, the program ranked 18th among all County credit programs and 9th among resident-focused credit programs by total credit amount. The program accounted for 0.016% of all tax credit spending and 0.009% of total County tax expenditure dollars across credits, exemptions, and deferrals. Within resident credit programs, it represented 0.019% of total resident credit dollars and 0.050% of all resident credit recipients.

Trend Analysis of Program

Indicator	LY 2008–2010	LY 2011–2012	LY 2013–2024
Total Credit (2008\$)	+33,093	–68,504	–805
Recipients	+143	–288	–1.18
Credit per Recipient (2008\$)	–6.5	–6	–4.82

Trend in Total Program Funding (2018 Real Dollars): Program funding increased sharply during LY 2008–2010, rising by about \$33,093 per year as the program rapidly expanded. Funding then fell steeply in LY 2011–2012, dropping by roughly \$68,500 per year. Since LY 2013, funding has edged downward only slightly, decreasing by about \$805 per year.

Trend in Number of Recipients: Participation rose quickly from LY 2008–2010, increasing by about 143 recipients per year. The number of participants fell sharply during LY 2011–2012, declining by about 288 recipients annually. Beginning in LY 2013, participation has been nearly flat, decreasing by a little more than one recipient per year.

Trend in Average Benefit (2018 Real Dollars): The average credit per recipient declined modestly in both LY 2008–2010 and LY 2011–2012, falling by about \$6.50 and \$6 per year, respectively. Since LY 2013, the average benefit has continued to drift downward gradually, decreasing by about \$4.82 per year.

The total credit amount and average credit per recipient show statistically reliable downward trends during LY 2013–2024. The number of recipients does not show evidence of a trend.

Property Tax Credit – Accessibility Features

Provides a County property tax credit for homeowners who install permanent accessibility features in their principal residence. The credit encourages home modifications that improve mobility, safety, and accessibility for residents with disabilities and supports aging in place.

Policy Purpose & Design

Policy Objective	Encourage installation of permanent accessibility features in existing principal residences.
Primary Policy Area	Disability Access & Inclusion
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One Year (credit applies to a single tax year; homeowners may reapply annually for new qualifying installations)
Statutory Expiration	Permanent — No sunset clause
Geographic Focus	Countywide

Eligibility & Access

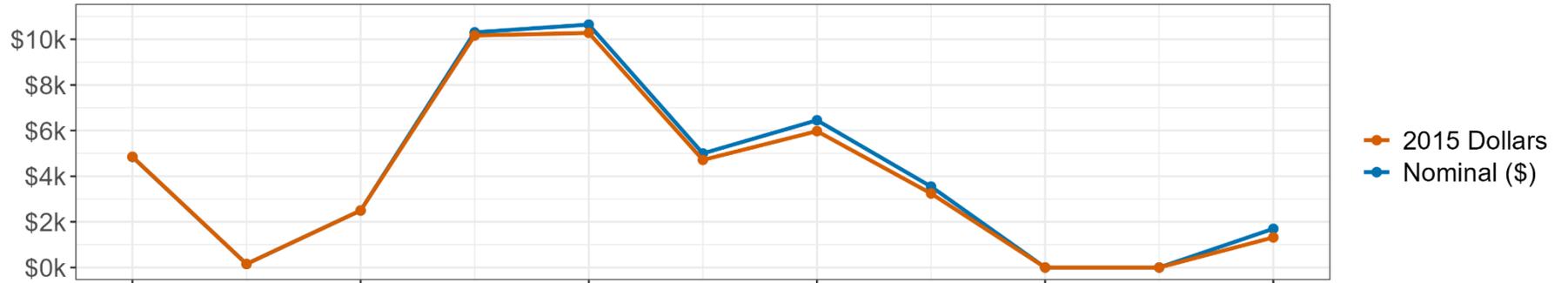
Eligible Resident	Homeowners who install qualifying permanent accessibility features in their principal residence
Eligibility Criteria	<ul style="list-style-type: none"> • Feature must be a qualifying accessibility modification • Eligible costs must exceed \$500 • Costs must be paid by the applicant and not reimbursed • Feature must be installed in an existing principal residence • Application must be submitted within 12 months of installation • Only one application per property per tax year
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (homeowners may submit a new application for additional qualifying accessibility improvements each year)

Program Overview & Governance

Year Effective	2014
Administrators	Department of Permitting Service and Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-106 • Maryland Code, Tax-Property § 9-250

Trends in Property Tax Credit – Accessibility Features

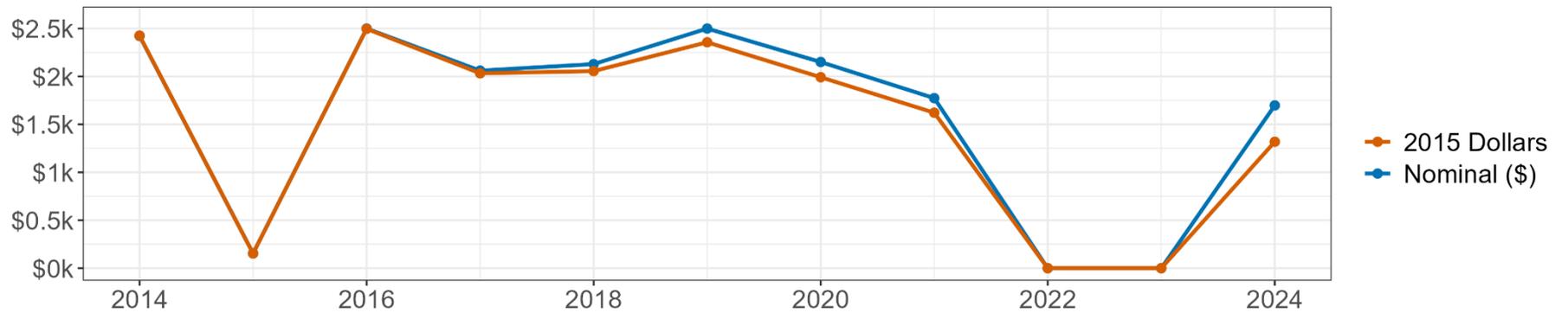
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$1,698
Total Number of Recipients	1
Average Credit per Recipient (2024 Dollars)	\$1,698
Share of All Tax Expenditure Dollars	0.0005%
Share of All Tax Credit Dollars	0.0010%
Share of Resident Credit Dollars	0.0011%
Share of Resident Credit Recipients	0.0004%
Rank Among All Credit Programs – Total Credit Amount	22
Rank Among Resident Credit Programs – Total Credit Amount	10
Rank Among Resident Credit Programs – Number of Recipients	10
Rank Among Resident Credit Programs – Average Credit per Recipient	4

In LY24, the Property Tax Credit for Accessibility Features provided \$1,698 in real (2024) dollars to one recipient, resulting in an average benefit of \$1,698 per recipient, ranking 4th among resident tax credit programs by credit per recipient. In terms of overall fiscal scale, the program ranked 22nd among all County credit programs and 10th among resident credit programs in total credit amount. It accounted for only 0.001% of total County tax credit spending and 0.0005% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the resident credit portfolio, the program represented 0.0011% of total resident credit dollars and served 0.0004% of all resident credit recipients, making it one of the smallest programs in scope and reach.

Trend Analysis of Program

Indicator	LY 2014–2018	LY 2019–2024
Total Credit (2015\$)	+1,357	–679
Recipients	+0.75	–0.20
Credit per Recipient (2015\$)	–92.5	–208

Trend in Total Program Funding (2015 Real Dollars): Program funding increased during LY 2014–2018, rising by about \$1,357 per year as the program expanded. Funding then declined in LY 2019–2024, falling by roughly \$679 per year.

Trend in Number of Recipients: Participation increased modestly during LY 2014–2018, growing by about 0.75 recipients per year. From LY 2019–2024, participation declined slightly, decreasing by about 0.2 recipients per year.

Trend in Average Benefit (2015 Real Dollars): The average credit per recipient decreased in both periods, falling by about \$92.50 per year from LY 2014–2018 and declining more steeply—by approximately \$208 per year—during LY 2019–2024.

Property Tax Credit – Fire Sprinkler System

Provides a County property tax credit for homeowners who install code-compliant fire sprinkler systems in residential buildings where sprinklers are not otherwise required by law. The credit promotes residential fire safety by offsetting installation costs.

Policy Purpose & Design

Policy Objective	Incentivize installation of voluntary fire sprinkler systems in residential buildings where sprinklers are not required by code
Primary Policy Area	Public Safety
Secondary Policy Area	Housing & Affordability
Duration of Benefit	One-Time (credit applies a single time for each qualifying installation)
Statutory Expiration	Permanent — No sunset clause
Geographic Focus	Countywide

Eligibility & Access

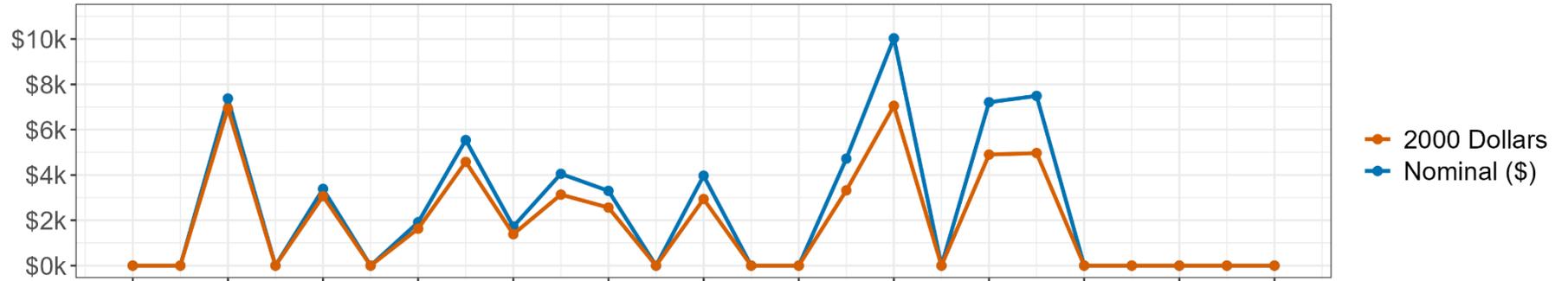
Eligible Resident	Homeowners who voluntarily install code-compliant fire sprinkler systems in existing residences
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be a residential building where sprinklers were not legally required • System must comply with State Fire Prevention Commission standards and County building codes • Taxpayer must document installation cost • Application must be filed in the year of installation to receive the credit for the same or following tax year • Credit limited to the lesser of total system cost or 50% of the general County property tax on dwelling
Means-Tested	No
Application Method	County application submitted to the Department of Finance, with documentation of system compliance and installation cost
Renewal Requirements	One-Time (credit is applied only once per qualifying property installation)

Program Overview & Governance

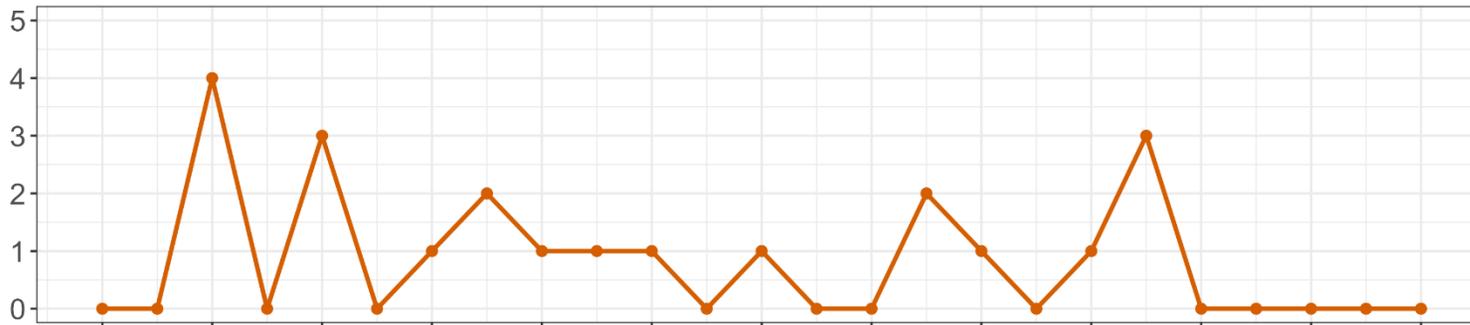
Year Effective	2000
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-98 • Maryland Code, Tax-Property § 9-232

Trends in Property Tax Credit – Fire Sprinkler System

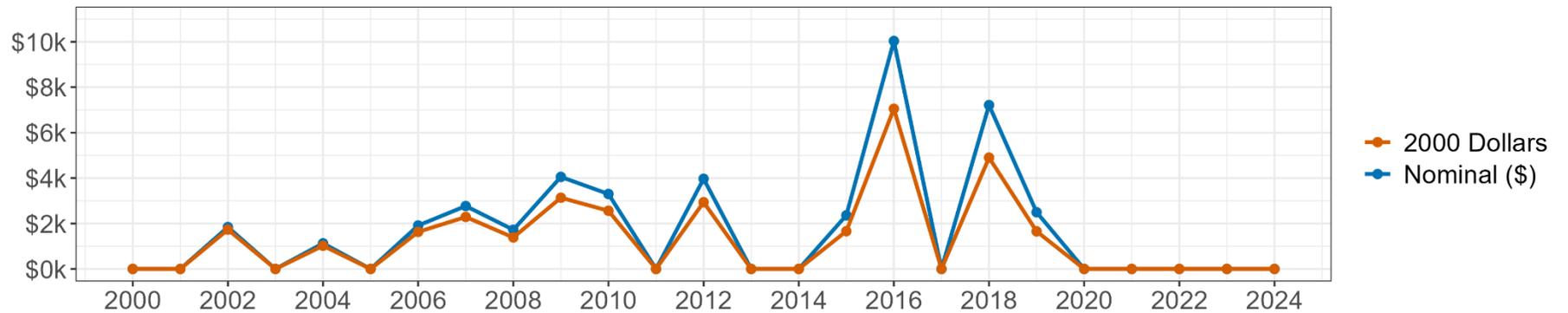
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$0
Total Number of Recipients	0
Average Credit per Recipient (2024 Dollars)	Not applicable (no recipients)
Share of All Tax Expenditure Dollars	0%
Share of All Tax Credit Dollars	0%
Share of Resident Credit Dollars	0%
Share of Resident Credit Recipients	0%
Rank Among All Credit Programs – Total Credit Amount	27
Rank Among Resident Credit Programs – Total Credit Amount	11 (tied)
Rank Among Resident Credit Programs – Number of Recipients	11 (tied)
Rank Among Resident Credit Programs – Average Credit per Recipient	11 (tied)

In LY24, the Property Tax Credit for Fire Sprinkler Systems recorded no claimants and no credit dollars awarded. As a result, the program's average benefit per recipient is not applicable. Within the resident credit portfolio, the Fire Sprinkler Systems Credit was tied with the Property Tax Credit – Renewable Energy – Renewable Energy Devices for having no program activity, placing both programs last in total credit amount, number of recipients, and average credit per recipient. The program accounted for 0% of all tax expenditure dollars, 0% of all tax credit dollars, and 0% of resident credit dollars, indicating that it was not utilized by eligible residents during FY24.

Trend Analysis of Program

The Fire Sprinkler System Tax Credit exhibits sporadic, project-driven utilization with no sustained trend. Activity spikes in select years (notably 2002, 2007, 2016, and 2018) appear tied to individual installations rather than ongoing participation. Since LY 2020, the program has had no recipients, indicating that it is functionally inactive.

Property Tax Credit – Renewable Energy – Renewable Energy Devices

Provides a County property tax credit to encourage homeowners to install solar or geothermal renewable energy systems in their principal residences. The credit aims to promote clean energy adoption.

Policy Purpose & Design

Policy Objective	Incentivize installation of solar and geothermal renewable energy systems in owner-occupied residences
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Multi-Year (unused credit amounts may carry forward up to two years)
Statutory Expiration	Time-Limited Authorization — Program remains established in law but depends on annual budget approval or capped funding allocations for continuation.
Geographic Focus	Countywide

Eligibility & Access

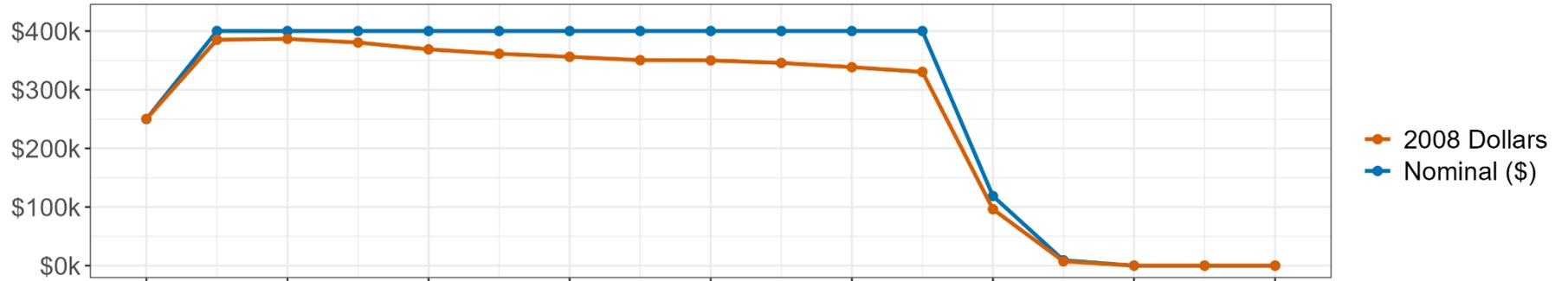
Eligible Resident	Owner-occupants installing qualifying solar or geothermal energy devices
Eligibility Criteria	<ul style="list-style-type: none"> • Must be the owner-occupant of the dwelling • Device must be solar or geothermal and owned • Device must meet national safety and performance standards • Installation must be certified by DPS • Complete application with supporting documentation required • Credit capped at 50% of installation costs, subject to \$5,000 (heating/cooling), \$5,000 (electric), and \$1,500 (hot water) limits • Aggregate annual countywide credit cap: \$400,000 (post-2009)
Means-Tested	No
Application Method	County application submitted to the Department of Finance
Renewal Requirements	One-Time per installation

Program Overview & Governance

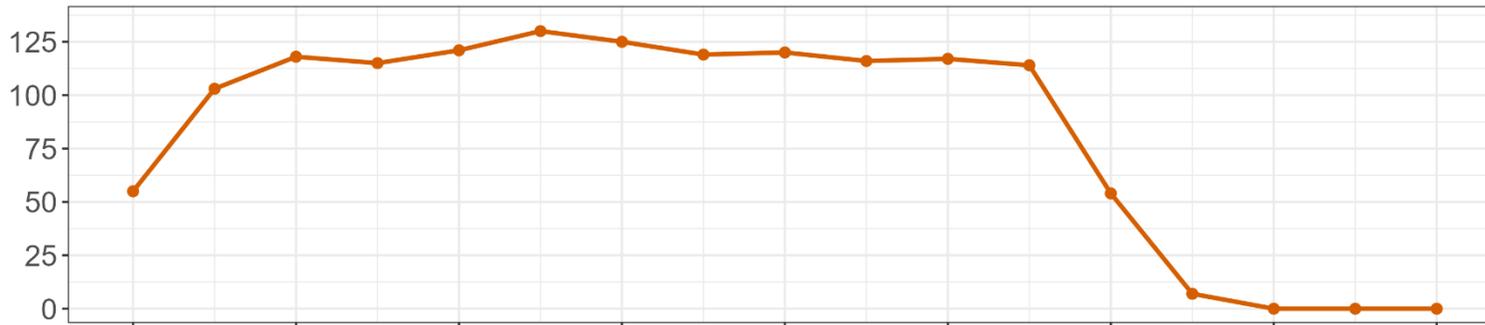
Year Effective	2008
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 9-203 • Maryland Code, Tax-Property § 52-104

Trends in Property Tax Credit – Renewable Energy – Renewable Energy Devices

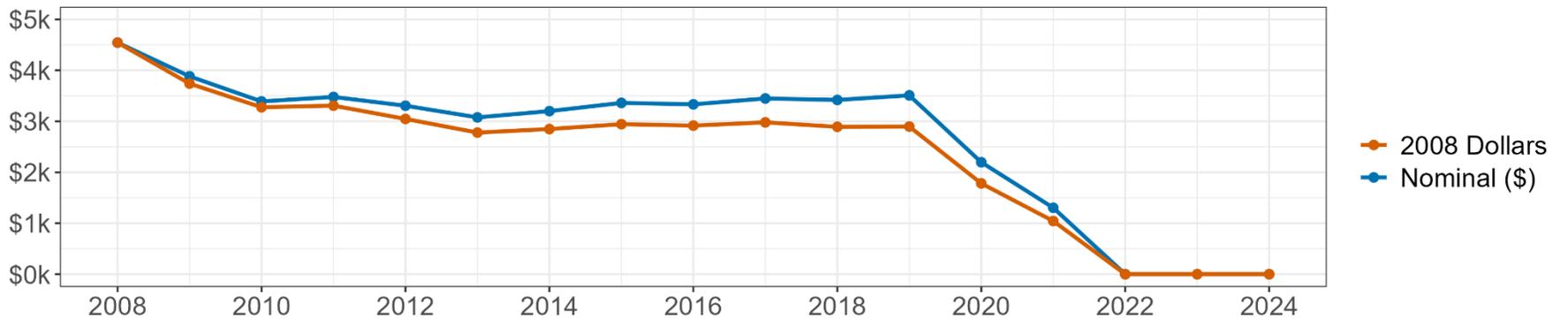
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$0
Total Number of Recipients	0
Average Credit per Recipient (2024 Dollars)	Not applicable (no recipients)
Share of All Tax Expenditure Dollars	0%
Share of All Tax Credit Dollars	0%
Share of Resident Credit Dollars	0%
Share of Resident Credit Recipients	0%
Rank Among All Credit Programs – Total Credit Amount	29
Rank Among Resident Credit Programs – Total Credit Amount	11 (tied)
Rank Among Resident Credit Programs – Number of Recipients	11 (tied)
Rank Among Resident Credit Programs – Average Credit per Recipient	11 (tied)

In LY24, the Property Tax Credit for Renewable Energy Devices recorded no claimants and no credit dollars awarded. As a result, the program's average benefit per recipient is not applicable. Within the resident credit portfolio, the Renewable Energy Devices Credit was tied with the Property Tax Credit for Fire Sprinkler Systems for having no program activity, placing both programs last in total credit amount, number of recipients, and average credit per recipient. The program accounted for 0% of total tax expenditure dollars, 0% of all tax credit spending, and 0% of resident credit dollars, indicating that it was not utilized by eligible residents during FY24.

Trend Analysis of Program

Indicator	LY 2008–2011	LY 2012–2019	LY 2020–2024
Total Credit (2008\$)	+43,449	–5,489	–24,051
Recipients	+20	–1	–13.5
Credit per Recipient (2008\$)	–413	–21	–446

Trend in Total Program Funding (2008 Real Dollars): Program funding increased sharply during LY 2008–2011, rising by about \$43,449 per year as participation expanded and credit amounts rose. Funding then declined moderately during LY 2012–2019, falling by roughly \$5,489 annually. Beginning in LY 2020, the program entered a steep phase-out, with funding dropping by about \$24,051 per year as participation wound down to zero.

Trend in Number of Recipients: Participation grew quickly from LY 2008–2011, increasing by about 20 recipients per year. During LY 2012–2019, the number of recipients declined slightly—by approximately one recipient annually. From LY 2020–2024, participation collapsed, decreasing by around 13.5 recipients per year, ultimately reaching zero.

Trend in Average Benefit (2008 Real Dollars): The average credit per recipient fell sharply during LY 2008–2011, decreasing by about \$413 per year, reflecting a shift toward smaller individual credit amounts. During LY 2012–2019, the benefit declined only modestly—by about \$21 per year. In LY 2020–2024, the average benefit dropped again substantially, declining by about \$446 per year as the program ceased issuing credits.

Chapter 4. Tax Credits for Businesses

This chapter provides an overview of the County’s property tax credits for business entities beginning with an overview of tax credit programs for businesses. It undertakes the following tasks:

- Provides an overview of the business tax credit programs; and
- Describe each individual tax credit program.

Overview of Business Tax Credit Programs

Property tax programs for businesses play a secondary role in the County’s tax-expenditure system, compared to programs for residents. Although business programs accounted for 13 of the 29 programs in LY24, they provided \$17,198,998 out of the total \$171,325,455 in credits, which represented only 10 percent of all credit dollars. (See **Table 3.1** in Chapter 3.)

Historically, business tax credit programs have accounted for a small share of total credit dollars—generally below 10 percent in most levy years—with only a brief spike in the early 2000s before returning to low single-digit levels (See **Figure 3.1** in Chapter 3.) In LY24, credits went to 114 business recipients, which corresponds to an average of approximately \$150,868 per recipient.

Concentration of Credit Dollars and Recipients

As with resident programs, business tax credit spending in the County is highly concentrated in a small number of programs. As shown in **Table 4.1**, four programs—the Brownfields Property Tax Credit, Energy & Environmental Design Credit, New Jobs Tax Credit, and the Energy Efficient Buildings Property Tax Credits (Newly Constructed and Existing Buildings)—account for nearly all business credit dollars in LY24. The Brownfields and Energy & Environmental Design credits alone comprise over 60 percent of all business credit spending, while the New Jobs and Energy Efficient Buildings credits account for another 35 percent. A small share is distributed across the remaining programs.

Recipients are similarly concentrated in a few programs: the Brownfields, Energy & Environmental Design, and Energy Efficient Buildings credits together account for the majority of business claimants in LY24. In contrast, several programs exhibit very limited uptake—including the Urban Agriculture Credit, the Day Care Provider Credit, and Arts & Entertainment District Credit. Five business programs recorded no recipients at all in LY24.

Table 4.1. Rankings of Business Programs by Total Credit, Shares, and Credit Per Recipient (LY24)

Program	Total Credit (2024 Dollars)	Share of All Credit Dollars (%)	Share of Business Credit Dollars (%)	Number of Recipients	Credit per Recipient (2024 Dollars)	Rank: Total Credit	Rank: Credit per Recipient
Brownfields Property Tax Credit	\$5,761,297	3.4	33.5	43	\$133,984	1	5
Property Tax Credit Energy & Environmental Design	\$5,000,000	2.9	29.1	45	\$111,111	2	6
New Jobs Tax Credit	\$2,805,051	1.6	16.3	2	\$1,402,526	3	1
Energy Efficient Buildings Property Tax Credit – Newly Constructed Buildings	\$2,622,843	1.5	15.2	6	\$437,140	4	2
Energy Efficient Buildings Property Tax Credit – Existing Buildings	\$813,110	0.5	4.7	3	\$271,037	5	3
Regional Institution Strategic Enterprise (RISE) Zone Tax Credit	\$157,549	0.1	0.9	1	\$157,549	6	4
Urban Agriculture Tax Credit	\$22,457	0.0	0.1	7	\$3,208	7	7
Tax Credit for Day Care Provider	\$11,439	0.0	0.1	5	\$2,288	8	9
Arts & Entertainment District Tax Credit	\$5,252	0.0	0.0	2	\$2,626	9	8
Burtonsville Enterprise Zone Property Tax Credit	\$0	0.0	0.0	0	N/A	10 (tied)	10 (tied)
Enterprise Zone Tax Credit	\$0	0.0	0.0	0	N/A	10 (tied)	10 (tied)
Home Computer Telecommuting Incentive Tax Credit	\$0	0.0	0.0	0	N/A	10 (tied)	10 (tied)
Property Tax Credit Publicly Sponsored Business Incubator	\$0	0.0	0.0	0	N/A	10 (tied)	10 (tied)

Policy Objectives of Business Tax Credit Programs

OLO identified the following primary and primary–secondary policy areas that apply to business tax credit programs in Montgomery County:

- **Economic Development** – Encourages business activity, private investment, commercial redevelopment, and job creation.
- **Environment & Sustainability** – Promotes environmentally beneficial redevelopment, brownfield remediation, and energy-efficient commercial construction.
- **Education & Childcare** – Supports childcare providers and institutions that contribute to the County’s workforce and service infrastructure.
- **Agriculture & Land Use** – Incentivizes agricultural activity, including urban agriculture, with economic development aims.
- **Civic & Community Institutions** – Supports arts, cultural, and community-serving organizations that drive local economic activity.
- **Housing & Affordability** – Applies narrowly to business programs that relate to reinvestment or redevelopment in designated areas affecting the local real estate market.

As shown in **Table 4.2**, credit activity in LY24 was overwhelmingly concentrated in programs focused on promoting economic development with environmental objectives. Eighty three percent of business credit dollars went to programs categorized as Environment & Sustainability and Economic Development, and 16 percent went to the New Jobs Tax Credit, which is categorized as Economic Development.

In contrast, programs aligned with Education & Childcare, Agriculture & Land Use, Civic & Community Institutions, and Housing & Affordability represent a very small share of total business credit activity. These programs serve narrow constituencies and, in several cases, recorded low or no uptake in LY24.

Table 4.2. Business Tax Credit Programs by Policy Area (LY24)

Policy Area (Primary → Secondary)	Programs	Total Credit Amount (2024\$)	Share of Business Credit Dollars (%)	Total Recipients	Share of Business Recipients (%)	Average Credit per Recipient (2024\$)
Environment & Sustainability → Economic Development	<ul style="list-style-type: none"> Brownfields Property Tax Credit Energy Efficient Buildings Property Tax Credit – Existing Buildings Energy Efficient Buildings Property Tax Credit – Newly Constructed Buildings 	\$14,197,250	82.5%	97	85.1%	\$146,363
Economic Development	<ul style="list-style-type: none"> New Jobs Tax Credit 	\$2,805,051	16.3%	2	1.75%	\$1,402,526
Economic Development → Education & Childcare	<ul style="list-style-type: none"> Regional Institution Strategic Enterprise (RISE) Zone Tax Credit 	\$157,549	0.92%	1	0.88%	\$157,549
Agriculture & Land Use → Economic Development	<ul style="list-style-type: none"> Urban Agriculture Tax Credit 	\$22,457	0.13%	7	6.14%	\$3,208
Education & Childcare → Economic Development	<ul style="list-style-type: none"> Tax Credit for Day Care Provider 	\$11,439	0.07%	5	4.39%	\$2,288
Economic Development → Civic & Community Institutions	<ul style="list-style-type: none"> Arts & Entertainment District Tax Credit Property Tax Credit Publicly Sponsored Business Incubator 	\$5,252	0.03%	2	1.75%	\$2,626
Economic Development → Environment & Sustainability	<ul style="list-style-type: none"> Home Computer Telecommuting Incentive Tax Credit 	\$0	0.0%	0	0.0%	N/A
Economic Development → Housing & Affordability	<ul style="list-style-type: none"> Burtonsville Enterprise Zone Property Tax Credit Enterprise Zone Tax Credit 	\$0	0.0%	0	0.0%	N/A

Brownfields Property Tax Credit

Provides a County property tax credit for owners of qualified Brownfields sites who complete an approved voluntary cleanup or corrective action plan. The credit offsets a portion of the increased property tax resulting from site remediation and redevelopment to encourage environmental cleanup and productive reuse of formerly contaminated properties.

Policy Purpose & Design

Policy Objective	Encourage environmental cleanup and redevelopment of contaminated sites
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Economic Development
Duration of Benefit	Multi-year (credit applies for five consecutive tax years, or up to ten years for properties in Enterprise Zones)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Countywide (with enhanced benefit in designated zones)

Eligibility & Access

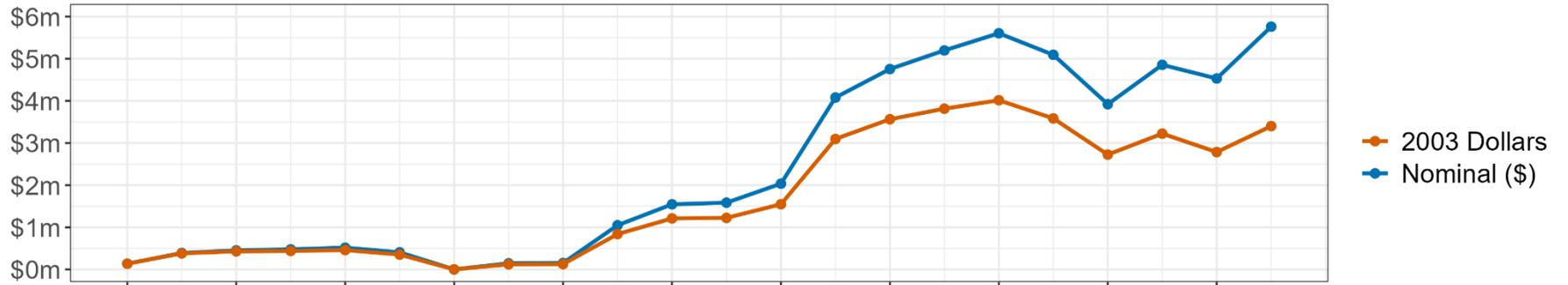
Eligible Business	Owners of qualified Brownfields sites undertaking voluntary cleanup or corrective action plans approved by the Maryland Department of the Environment (MDE)
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be a qualified Brownfields site as defined by State law • Voluntary cleanup or corrective action plan must be approved by MDE • Property must undergo revaluation following cleanup completion • Eligibility terminates if the property is withdrawn from the cleanup program or if MDE withdraws approval
Means-Tested	No
Application Method	County application
Renewal Requirements	Automatic

Program Overview & Governance

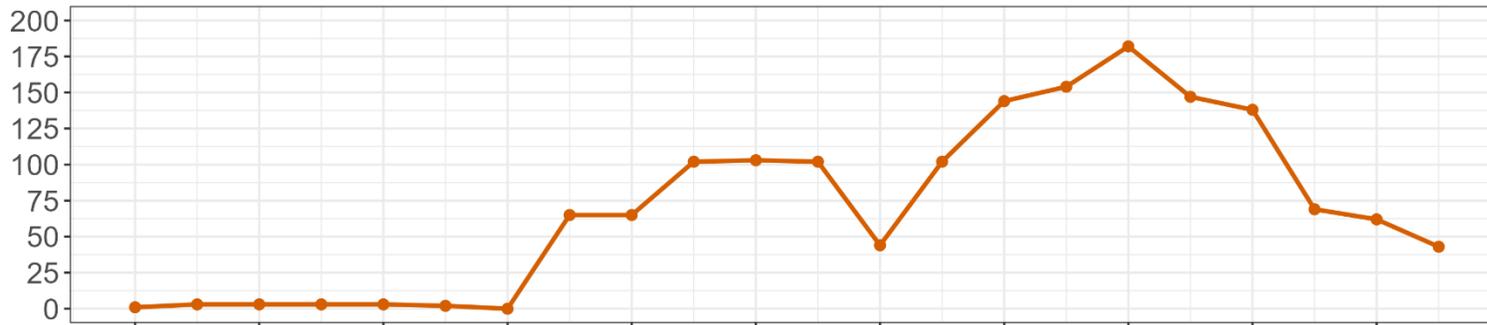
Year Effective	1998
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-91 • Maryland Code, Tax-Property § 9-229

Trends in Brownfields Property Tax Credit

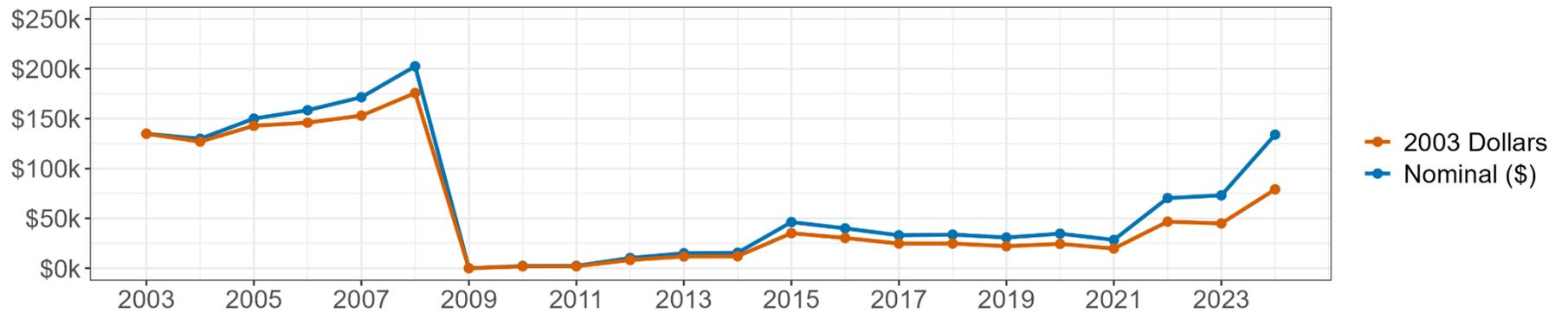
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$5,761,297
Total Number of Recipients	43
Average Credit per Recipient (2024 Dollars)	\$133,984
Share of All Tax Expenditure Dollars	1.8%
Share of All Tax Credit Dollars	3.4%
Share of Business Credit Dollars	33.5%
Share of Business Credit Recipients	37.7%
Rank Among All Credit Programs – Total Credit Amount	4
Rank Among Business Credit Programs – Total Credit Amount	1
Rank Among Business Credit Programs – Number of Recipients	2
Rank Among Business Credit Programs – Average Credit per Recipient	5

In LY24, the program provided \$5.76 million to 43 recipients. The average benefit was \$133,984 per recipient, ranking 5th among business tax credit programs. In terms of scale, the program ranked 4th among all credit programs and 1st among business credit programs in total credit amount. The program accounted for 3.4% of all tax credit spending and 1.8% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 33.5% of total business credit dollars and served 37.7% of all business credit recipients.

Trend Analysis of Program

Indicator	LY 2003–2009	LY 2010–2018	LY 2019–2024
Total Credit (2003\$)	-22,478	+461,637	-122,739
Recipients	~0	+11	-28
Credit per Recipient (2003\$)	-22,478	+2,863	+11,407

Trend in Total Program Funding (2003 Real Dollars): During LY 2003–2009, real program funding decreased slightly, falling by about \$22,500 per year as the number of eligible projects remained low and the program approached its 2009 trough. During LY 2010–2018, funding increased substantially, rising by roughly \$462,000 per year as participation expanded and more redevelopment projects qualified for the credit. From LY 2019–2024, real funding declined by about \$123,000 annually, followed by modest rebound in the later years of the period.

Trend in Number of Recipients: Recipient counts were essentially unchanged during LY 2003–2009, with participation fluctuating at very low levels. During LY 2010–2018, participation increased steadily, rising by approximately 11 recipients per year as brownfield redevelopment activity accelerated. From LY 2019–2024, the number of recipients declined sharply—about 28 fewer participants per year—as the program moved past its peak in 2019.

Trend in Average Benefit (2003 Real Dollars): During LY 2003–2009, the average real credit per recipient declined by about \$22,500 per year. In LY 2010–2018, the average benefit rose modestly, increasing by roughly \$2,900 per year as both total credits and participation expanded. Since LY 2019, the average real credit per recipient has grown by about \$11,400 annually, a pattern reflecting declining participation combined with continued issuance of large individual credits.

During LY 2010–2018, all three indicators show statistically significant increasing trends.

Property Tax Credit – Energy and Environmental Design

Provides a County property tax credit for commercial property owners whose buildings achieve qualified LEED or equivalent environmental certification. The credit incentivizes the construction and renovation of high-performance, energy-efficient, and environmentally sustainable buildings that support the County’s climate and economic development goals.

Policy Purpose & Design

Policy Objective	Incentivize construction and renovation of environmentally sustainable buildings
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Economic Development
Duration of Benefit	Multi-Year (credit available for 3 or 5 consecutive tax years depending on LEED certification tier)
Statutory Expiration	Time-Limited Authorization (program authorized through specific fiscal caps and subject to Council renewal)
Geographic Focus	Countywide (with enhanced benefits in designated equity emphasis zones)

Eligibility & Access

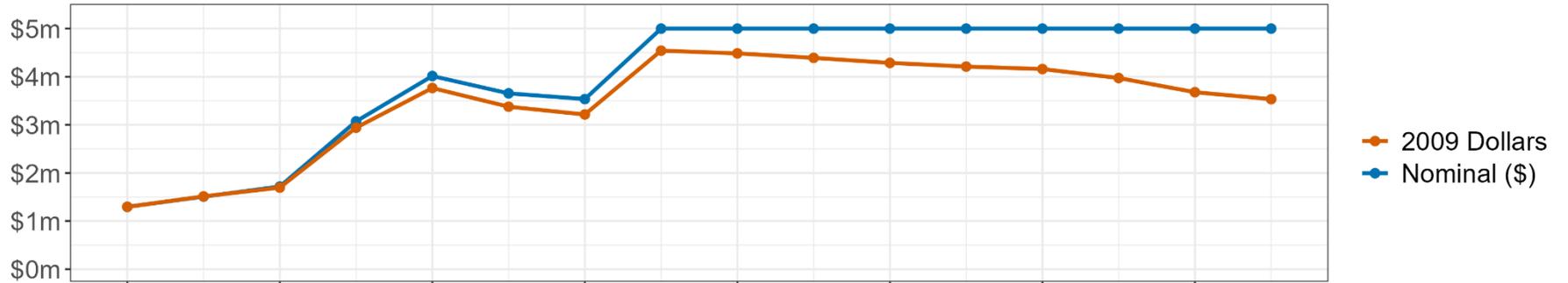
Eligible Business	Commercial property owners whose buildings achieve qualified LEED-NC, LEED-CS, LEED-EB, or equivalent certification
Eligibility Criteria	<ul style="list-style-type: none"> • Building must achieve LEED-NC, LEED-CS, LEED-EB, or equivalent environmental certification • Application must be filed within one year of certification • Building classification determines credit percentage and duration. • Credit ranges from 10–75% for 3 or 5 years, depending on certification level • Annual program caps: \$5 million overall, \$1.5 million for silver, and \$2.5 million for gold certifications
Means-Tested	No
Application Method	County application
Renewal Requirements	Multi-Year (credit continues for authorized term, tied to building’s LEED status)

Program Overview & Governance

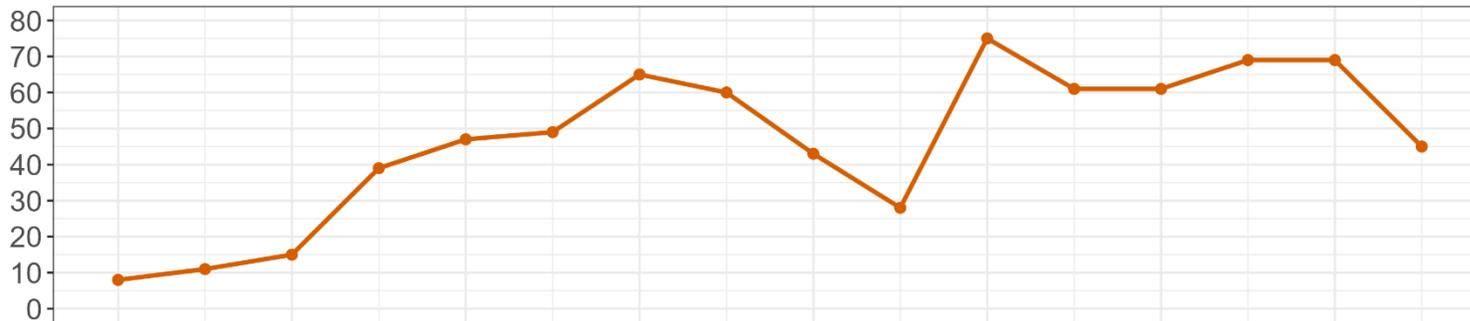
Year Effective	2008
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-103, 52-103A, 52-103B • Maryland Code, Tax-Property § 9-242

Trends in Property Tax Credit – Energy and Environmental Design

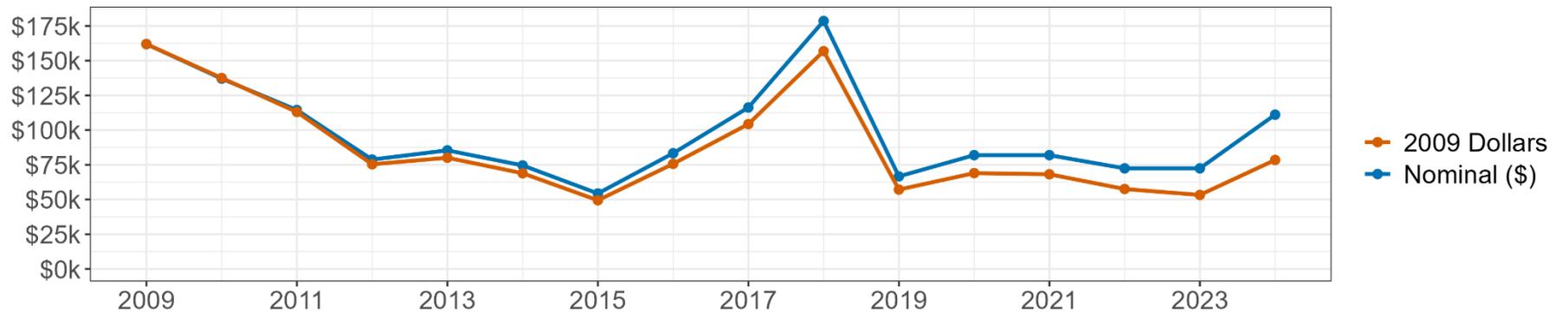
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$5,000,000
Total Number of Recipients	45
Average Credit per Recipient (2024 Dollars)	\$111,111
Share of All Tax Expenditure Dollars	1.5%
Share of All Tax Credit Dollars	2.9%
Share of Business Credit Dollars	29.1%
Share of Business Credit Recipients	39.5%
Rank Among All Credit Programs – Total Credit Amount	5
Rank Among Business Credit Programs – Total Credit Amount	2
Rank Among Business Credit Programs – Number of Recipients	1
Rank Among Business Credit Programs – Average Credit per Recipient	6

In LY24, the Property Tax Credit Energy & Environmental Design provided \$5 million to 45 recipients. The average benefit was \$111,111 per recipient, ranking 6th among business tax credit programs. In terms of scale, the program ranked 5th among all credit programs and 2nd among business credit programs in total credit amount. The program accounted for 2.9% of all County tax credit spending and 1.5% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 29.1% of total business credit dollars and served 39.5% of all business credit recipients.

Trend Analysis of Program

Indicator	LY 2009–2016	LY 2017–2024
Total Credit (2009\$)	+\$463,749	–\$136,047
Recipients	+7	~0
Credit per Recipient (2009\$)	–\$12,323	–\$3,686

Trend in Total Program Funding (2009 Real Dollars): During LY 2009–2016, real program funding increased substantially, rising by about \$464,000 per year. In LY 2017–2024, total real funding decreased modestly, falling by roughly \$136,000 per year on average.

Trend in Number of Recipients: Recipient counts grew steadily during LY 2009–2016, increasing by about seven recipients per year. Participation was generally stable during LY 2017–2024, showing little net change over the period.

Trend in Average Benefit (2009 Real Dollars): Average real benefits per recipient declined during LY 2009–2016, falling by approximately \$12,300 per year. Average benefits continued to decrease in LY 2017–2024, declining by about \$3,700 per year, though the magnitude of change was smaller in this later period.

The upward trends in total real funding and recipient counts during LY 2009–2016 are statistically significant, as is the decline in average real benefits over the same period. During LY 2017–2024, the decline in total real funding is also statistically significant, while changes in recipients and average benefits during this later period are not statistically significant.

New Jobs Tax Credit

Provides a County property tax credit for business entities that expand their premises or workforce by creating new permanent full-time jobs in the County. The credit promotes business expansion, investment in commercial property, and job creation.

Policy Purpose & Design

Policy Objective	Promote business expansion and creation of new permanent full-time jobs
Primary Policy Area	Economic Development
Secondary Policy Area	None
Duration of Benefit	Multi-Year (credit available for up to 6 consecutive years under the New Jobs Tax Credit and up to 24 years under the Enhanced New Jobs Tax Credit)
Statutory Expiration	Permanent – no sunset clause
Geographic Focus	Countywide

Eligibility & Access

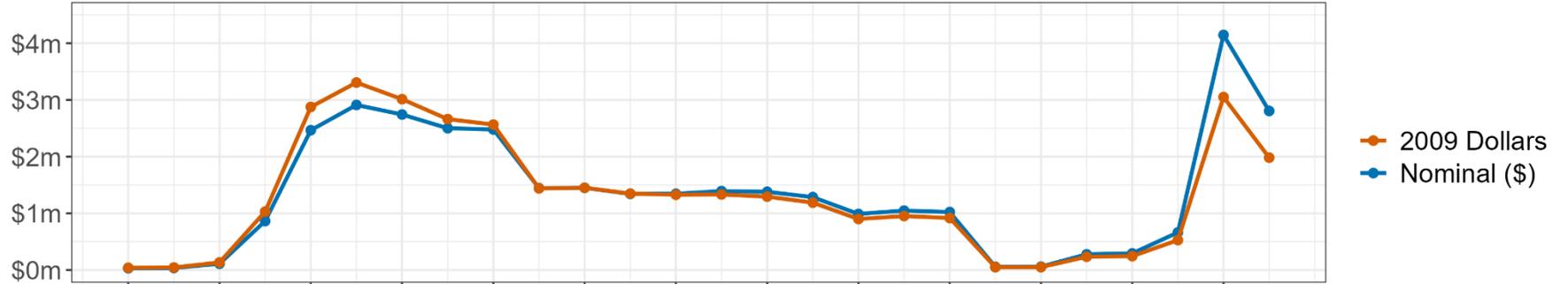
Eligible Business	Business entities expanding premises or workforce that meet statutory space and job-creation thresholds
Eligibility Criteria	<ul style="list-style-type: none"> • Expansion of at least 5,000 square feet and creation of at least 25 new full-time jobs (New Jobs Tax Credit) • Large-scale expansions meeting industry, wage, job, and space thresholds (Enhanced New Jobs Tax Credit) • Pre-notification of intent to claim credit required • No relocation from other Maryland counties
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (eligible businesses must submit annual reporting for three years after each credit year to verify compliance)

Program Overview & Governance

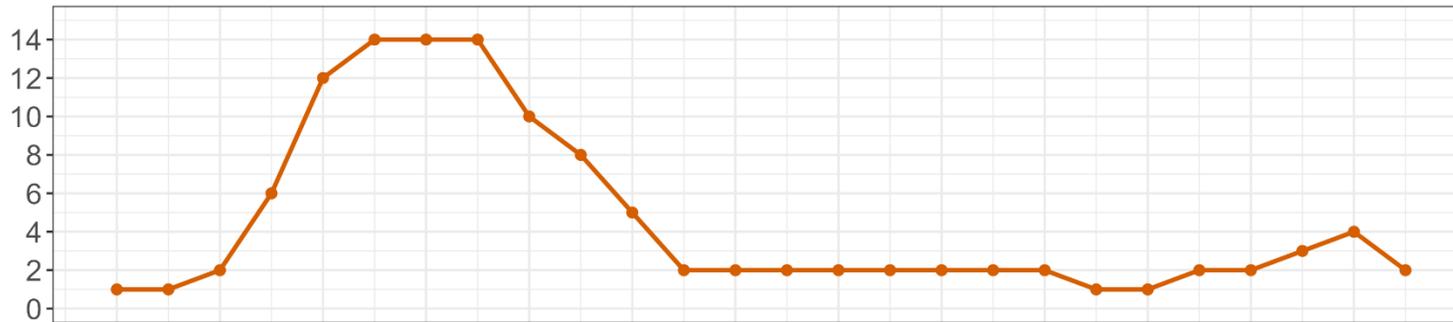
Year Effective	1998
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-90 • Maryland Code, Tax-Property § 9-230

Trends in New Jobs Tax Credit

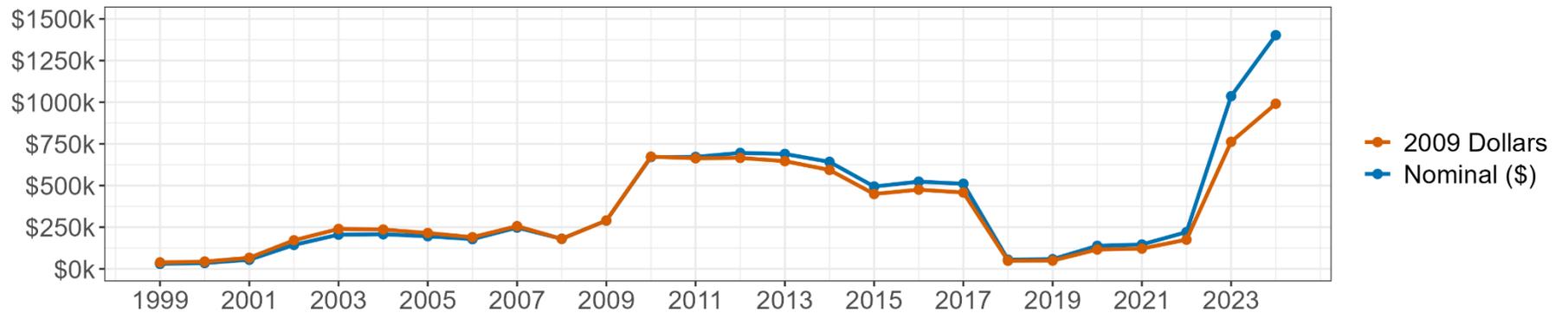
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$2,805,051
Total Number of Recipients	2
Average Credit per Recipient (2024 Dollars)	\$1,402,526
Share of All Tax Expenditure Dollars	0.86%
Share of All Tax Credit Dollars	1.6%
Share of Business Credit Dollars	16.3%
Share of Business Credit Recipients	1.75%
Rank Among All Credit Programs – Total Credit Amount	7
Rank Among Business Credit Programs – Total Credit Amount	3
Rank Among Business Credit Programs – Number of Recipients	8
Rank Among Business Credit Programs – Average Credit per Recipient	1

In LY24, the New Jobs Tax Credit provided \$2.81 million to two recipients. The average benefit was exceptionally large at \$1.40 million per recipient, ranking 1st among business tax credit programs. In terms of scale, the program ranked 7th among all credit programs and 3rd among business credit programs in total credit amount. The program accounted for 1.6% of all County tax credit spending and 0.86% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 16.3% of total business credit dollars and served 1.75% of all business credit recipients.

Trend Analysis of Program

Indicator	LY 1999–2004	LY 2005–2017	LY 2018–2024
Total Credit (2009\$)	+653,628	–174,720	+322,201
Recipients	+3	–1	0
Credit per Recipient (2009\$)	+39,479	+20,261	+157,030

Trend in Total Program Funding (2009 Real Dollars): During LY 1999–2004, real program funding increased rapidly, rising by about \$654,000 per year. In LY 2005–2017, total real funding declined by roughly \$175,000 per year. During LY 2018–2024, real funding increased again—by about \$322,000 per year—driven by several large late-period claims.

Trend in Number of Recipients: Recipient counts increased during LY 1999–2004, rising by about three recipients per year. Participation declined during LY 2005–2017, falling by roughly one recipient per year. In LY 2018–2024, the number of recipients showed little net change.

Trend in Average Benefit (2009 Real Dollars): Average real benefits per recipient increased during LY 1999–2004, rising by about \$39,500 per year. Benefits continued to increase during LY 2005–2017, rising by roughly \$20,300 per year, and increased more sharply during LY 2018–2024, by about \$157,000 per year.

Across LY 2018–2024, none of the observed changes in total real funding, number of recipients, or average benefits are statistically significant, reflecting volatility and limited year-to-year consistency in the most recent period.

Energy Efficient Buildings Property Tax Credit – Newly Constructed Buildings

Provides a County property tax credit for owners of newly constructed commercial or multifamily buildings that exceed current building code energy-performance standards. The credit seeks to promote energy efficiency, greenhouse gas reduction, and investment in high-performance construction in the County.

Policy Purpose & Design

Policy Objective	Encourage construction of energy-efficient commercial/multifamily buildings
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Economic Development
Duration of Benefit	Multi-Year (credit applies for authorized term, may span tax years)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Countywide (additional 10% bonus for properties in Equity Emphasis Areas)

Eligibility & Access

Eligible Business	Owners of newly constructed commercial or multifamily buildings with a gross floor area of at least 10,000 square feet that exceed County building code energy-performance standards
Eligibility Criteria	<ul style="list-style-type: none"> • Newly constructed building with minimum size of 10,000 square feet • Modeled energy performance at least 10% better than current building code • Documented verification of energy-performance modeling • Eligible for Tier 1 (Energy Reduction Tax Credit) or Tier 2 (Sustainability Tax Credit) based on performance level • Additional 10% credit available for properties in Equity Emphasis Areas • Credit may not exceed 100% of County property tax liability • Applicant may not reapply after receiving either Tier 1 or Tier 2 credit
Means-Tested	No
Application Method	County application
Renewal Requirements	One-Time (one application only; no reapplications permitted)

Program Overview & Governance

Year Effective	2023
Administrator	Department of Finance and Department of Permitting Services
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-103B • Maryland Code, Tax-Property § 9-242

Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$2,622,843
Total Number of Recipients	6
Average Credit per Recipient (2024 Dollars)	\$437,141
Share of All Tax Expenditure Dollars	0.80%
Share of All Tax Credit Dollars	1.53%
Share of Business Credit Dollars	15.25%
Share of Business Credit Recipients	5.26%
Rank Among All Credit Programs – Total Credit Amount	8
Rank Among Business Credit Programs – Total Credit Amount	4
Rank Among Business Credit Programs – Number of Recipients	4
Rank Among Business Credit Programs – Average Credit per Recipient	2

In LY24, the Energy Efficient Buildings Property Tax Credit – Newly Constructed Buildings provided \$2.62 million to six recipients. The average benefit was \$437,141 per recipient, ranking 2nd among business tax credit programs. In terms of scale, the program ranked 8th among all credit programs and 4th among business credit programs in total credit amount. The program accounted for 1.53% of all County tax credit spending and 0.80% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 15.25% of total business credit dollars and served 5.26% of all business credit recipients.

Trend Analysis of Program

Because only two years of data are available (LY 2023–2024), OLO does not assess long-term trends for this program; instead, changes from 2023 to 2024 are presented descriptively.

Indicator	2023	2024	Change	Percent Change (%)
Total Credit Amount	\$417,782	\$2,622,843	+\$2,205,061	+528%
Number of Recipients	1	6	+5	+500%
Average Credit per Recipient	\$417,782	\$437,140	+\$19,358	+4.6%

Energy Efficient Buildings Property Tax Credit – Existing Buildings

Provides a County property tax credit for owners of existing commercial or multifamily buildings who make significant energy efficiency improvements or achieve high-performance building certifications. The credit aims to encourage energy savings and greenhouse gas reduction through investments in sustainability and building performance.

Policy Purpose & Design

Policy Objective	Incentivize energy efficiency improvements and high-performance certifications in existing commercial and multifamily buildings
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	Economic Development
Duration of Benefit	Multi-Year (credit may be applied for up to two years per tier)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Countywide (additional 10% bonus for buildings in Equity Emphasis Areas)

Eligibility & Access

Eligible Business	Owners of existing commercial or multifamily buildings of at least 10,000 square feet that meet defined energy-performance and occupancy standards
Eligibility Criteria	<ul style="list-style-type: none"> • Building must have a Certificate of Occupancy and be at least 50% occupied • Must demonstrate verified energy use reduction through ENERGY STAR Portfolio Manager • Building must meet Tier 1 (Energy Reduction) or Tier 2 (Sustainability) levels • Properties in Equity Emphasis Areas receive an additional 10% credit • Up to three applications permitted per property, subject to a maximum 100% credit in any fiscal year
Means-Tested	No
Application Method	County application
Renewal Requirements	Multi-Year (credit valid for two consecutive years per tier, with reapplications permitted under subsequent performance improvements)

Program Overview & Governance

Year Effective	2023
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-103A • Maryland Code, Tax-Property § 9-203 & 9-242

Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$813,110
Total Number of Recipients	3
Average Credit per Recipient (2024 Dollars)	\$271,037
Share of All Tax Expenditure Dollars	0.25%
Share of All Tax Credit Dollars	0.47%
Share of Business Credit Dollars	4.73%
Share of Business Credit Recipients	2.63%
Rank Among All Credit Programs – Total Credit Amount	13
Rank Among Business Credit Programs – Total Credit Amount	5
Rank Among Business Credit Programs – Number of Recipients	6
Rank Among Business Credit Programs – Average Credit per Recipient	3

In LY24, the Energy Efficient Buildings Property Tax Credit – Existing Buildings provided \$813,110 to three recipients. The average benefit was \$271,037 per recipient, ranking 3rd among business tax credit programs. In terms of scale, the program ranked 13th among all credit programs and 5th among business credit programs in total credit amount. The program accounted for 0.47% of all County tax credit spending and 0.25% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 4.73% of total business credit dollars and served 2.63% of all business credit recipients.

Trend Analysis of Program

Because only two years of data are available (LY 2023–2024), OLO does not assess long-term trends for this program; instead, changes from 2023 to 2024 are presented descriptively.

Indicator	2023	2024	Change	Percent Change (%)
Total Credit Amount	866,236	813,110	–53,126	–6.1%
Number of Recipients	3	3	0	0.0%
Average Credit per Recipient	288,745	271,037	–17,709	–6%

Montgomery College Germantown Campus RISE Zone Tax Credit

Provides a County property tax credit for property owners and business entities investing in qualified improvements or capital expansion within the designated Montgomery College Germantown RISE Zone. The credit aims to encourage redevelopment, commercial investment, and industry clustering in biohealth and cybersecurity.

Policy Purpose & Design

Policy Objective	Incentivize capital investment and commercial development within the designated RISE Zone
Primary Policy Area	Economic Development
Secondary Policy Area	Education & Childcare
Duration of Benefit	Multi-Year (credit applies for up to five consecutive tax years)
Statutory Expiration	Time-Limited Authorization (RISE Zone designated in 2018 with fixed period)
Geographic Focus	District-Based (limited to properties within the designated Montgomery College Germantown Campus RISE Zone)

Eligibility & Access

Eligible Resident	Owners or business entities investing in qualified property within the designated RISE Zone that meet improvement thresholds
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be located in designated RISE Zone • Minimum qualifying capital investment required under law • Improvements must equal at least \$100 per square foot and affect at least 20% of the building's floor area • Increase in assessment must result from qualifying investment
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (certification and reporting required for each year of the credit term)

Program Overview & Governance

Year Effective	2018
Administrator	Department of Finance
Enabling Authority	Montgomery County Code § 52-102.01 Maryland Code, Tax-Property § 9-103

Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$157,549
Total Number of Recipients	1
Average Credit per Recipient (2024 Dollars)	\$157,549
Share of All Tax Expenditure Dollars	0.048%
Share of All Tax Credit Dollars	0.092%
Share of Business Credit Dollars	0.92%
Share of Business Credit Recipients	0.88%
Rank Among All Credit Programs – Total Credit Amount	14
Rank Among Business Credit Programs – Total Credit Amount	6
Rank Among Business Credit Programs – Number of Recipients	9
Rank Among Business Credit Programs – Average Credit per Recipient	4

In LY24, the Regional Institution Strategic Enterprise (RISE) Zone Tax Credit provided \$157,549 to one recipient. The average benefit was \$157,549 per recipient, ranking 4th among business tax credit programs. In terms of scale, the program ranked 14th among all credit programs and 6th among business credit programs in total credit amount. The program accounted for 0.092% of all County tax credit spending and 0.048% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 0.92% of total business credit dollars and served 0.88% of all business credit recipients.

Trend Analysis of Program

Because only one levy year (LY 2024) of program data is available, OLO does not assess trends or year-to-year changes for this credit.

Urban Agriculture Tax Credit

Provides a County property tax credit for property owners using eligible urban residential land for active agricultural production. The credit aims to promote local food systems, small-scale agricultural enterprises, and the productive use of underutilized urban parcels near transit and residential areas.

Policy Purpose & Design

Policy Objective	Support and expand urban agriculture operations in targeted residential zones
Primary Policy Area	Agriculture & Land Use
Secondary Policy Area	Economic Development
Duration of Benefit	Multi-Year (credit available for five years, renewable for subsequent five-year periods if active agricultural use continues)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Targeted Area (limited to properties located within 1,000 feet of or inside Metro Station Policy Areas)

Eligibility & Access

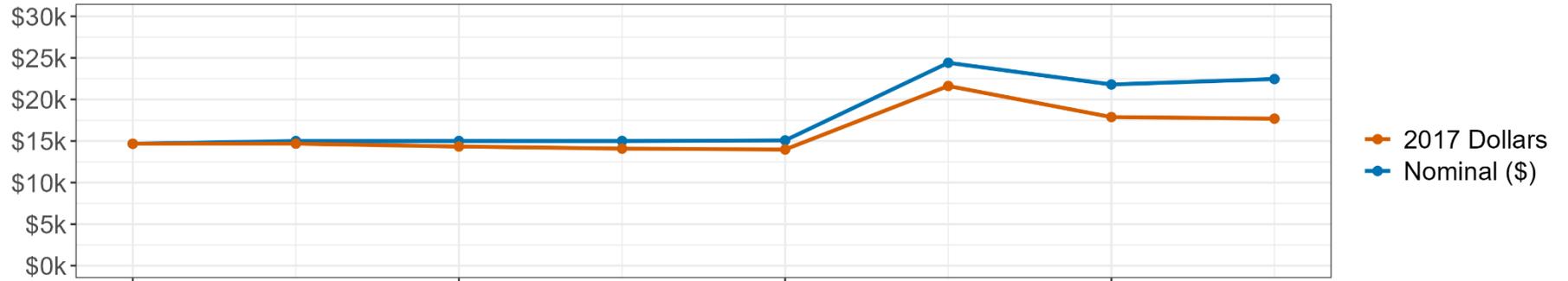
Eligible Business	Property owners using eligible urban residential land (0.5–3 acres) for active urban agriculture operations
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be between 0.5 and 3 acres • Must be located within 1,000 feet of or inside a Metro Station Policy Area • Land must be used solely for urban agricultural purposes • Operation must generate more than \$5,000 in annual gross agricultural income
Means-Tested	No
Application Method	Apply to the Office of Agriculture by April 1 preceding the first eligible tax year, with proof of use and income; annual reapplication required to continue
Renewal Requirements	Annual (for continuation within five-year term); Multi-Year (renewal permitted after five years if eligibility maintained)

Program Overview & Governance

Year Effective	2017
Administrator	Department of Finance and Office of Agriculture
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-111 • Maryland Code, Tax-Property § 9-253

Trends in Urban Agriculture Tax Credit

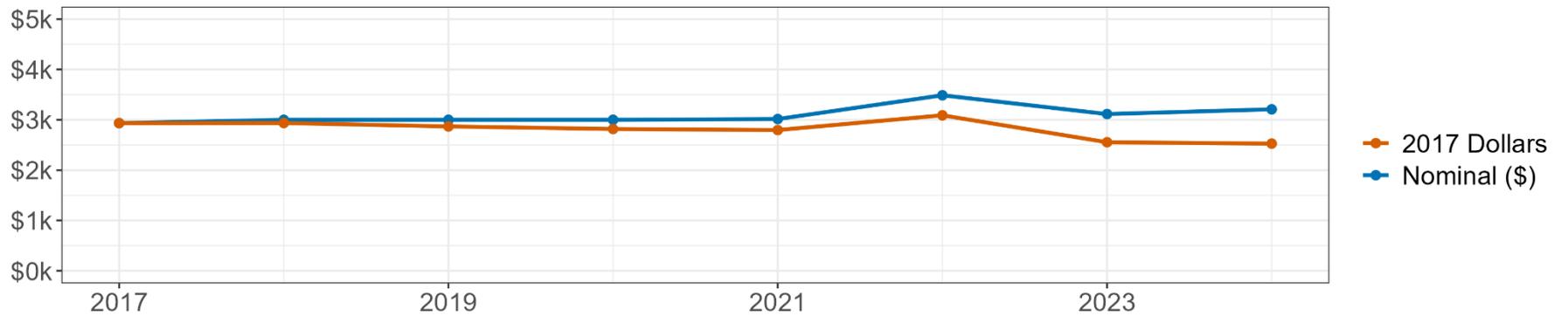
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$22,457
Total Number of Recipients	7
Average Credit per Recipient (2024 Dollars)	\$3,208
Share of All Tax Expenditure Dollars	0.0069%
Share of All Tax Credit Dollars	0.013%
Share of Business Credit Dollars	0.13%
Share of Business Credit Recipients	6.14%
Rank Among All Credit Programs – Total Credit Amount	19
Rank Among Business Credit Programs – Total Credit Amount	7
Rank Among Business Credit Programs – Number of Recipients	3
Rank Among Business Credit Programs – Average Credit per Recipient	7

In LY24, the Urban Agriculture Tax Credit provided \$22,457 to seven recipients. The average benefit was \$3,208 per recipient, ranking 7th among business tax credit programs. In terms of scale, the program ranked 19th among all credit programs and 7th among business credit programs in total credit amount. The program accounted for 0.013% of all County tax credit spending and 0.0069% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 0.13% of total business credit dollars and served 6.14% of all business credit recipients.

Trend Analysis of Program

Indicator	LY 2017–2024
Total Credit (2017\$)	+431
Recipients	0
Credit per Recipient (2017\$)	-58

Trend in Total Program Funding (2017 Real Dollars): Over LY 2017–2024, real program funding increased modestly, rising by about \$430 per year on average. This change is small relative to year-to-year variation, and the overall pattern does not show a clear directional movement in funding levels.

Trend in Number of Recipients: Participation in the program increased during LY 2017–2024, with the number of recipients rising from five to seven, reflecting gradual growth in program use. Averaged across the full period, this equates to roughly 0 recipients per year, though the underlying pattern is upward.

Trend in Average Benefit (2017 Real Dollars): Across LY 2017–2024, the average credit per recipient declined slightly, falling by about \$60 per year on average. Despite this modest downward movement, year-to-year variation does not indicate a clear or consistent directional shift in average benefits.

For LY 2017–2024, the upward trend in the number of recipients is statistically significant, while the changes in total real program funding and average real benefits are not statistically significant.

Tax Credit for Day Care Provider

Provides a County property tax credit for licensed child and adult day care providers, and for businesses that construct or improve space dedicated exclusively to day care services. The credit supports the expansion of day care facilities and encourages employers to offer on-site day care options for their employees

Policy Purpose & Design

Policy Objective	Encourage creation and improvements for day care services
Primary Policy Area	Education & Childcare
Secondary Policy Area	Economic Development
Duration of Benefit	One year (credit applies annually and must be renewed through reapplication)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	Countywide

Eligibility & Access

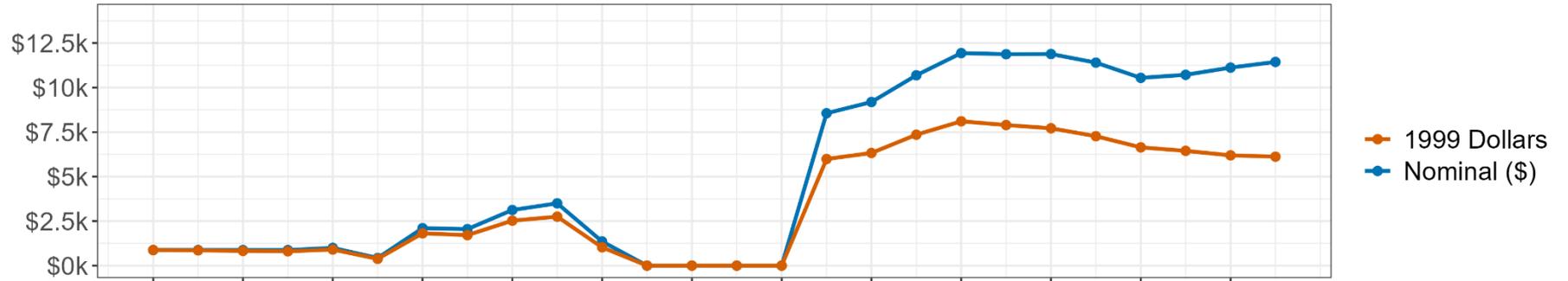
Eligible Business	Licensed day care providers that own property improved for day care use
Eligibility Criteria	<ul style="list-style-type: none"> • Improvement must be used for day care services under State law as a registered family day care home or licensed child/adult day care center • For provider-owned property: improvement must serve as a registered family day care home, licensed child care center, licensed day care center for the elderly, or licensed day care center for medically handicapped adults. • For business-owned property: improvement must be on real property owned by a business with at least 25 employees and used exclusively as a registered family day care home or licensed child care center. • Day care provider must be licensed or registered by the State and, for provider-owned credits, agree to accept subsidized clients
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (credit may be claimed each year through eligibility and reapplication)

Program Overview & Governance

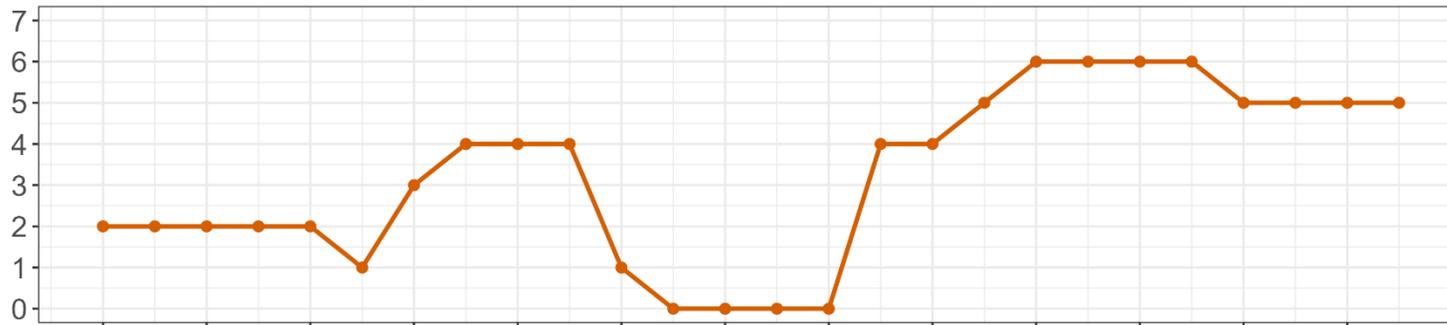
Year Effective	1987
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-94 • Maryland Code, Tax-Property § 9-213

Trends in Tax Credit for Day Care Provider

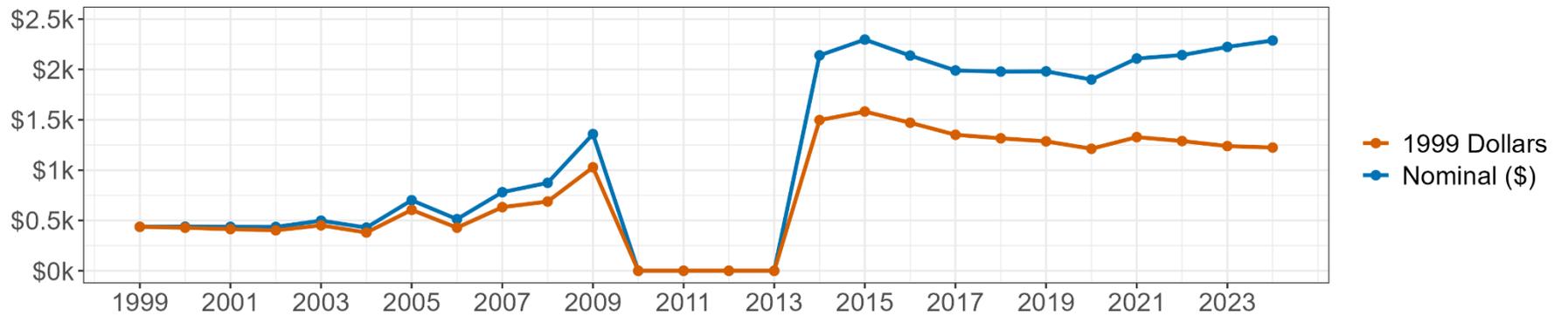
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$11,439
Total Number of Recipients	5
Average Credit per Recipient (2024 Dollars)	\$2,288
Share of All Tax Expenditure Dollars	0.0035%
Share of All Tax Credit Dollars	0.0067%
Share of Business Credit Dollars	0.0665%
Share of Business Credit Recipients	4.39%
Rank Among All Credit Programs – Total Credit Amount	20
Rank Among Business Credit Programs – Total Credit Amount	8
Rank Among Business Credit Programs – Number of Recipients	5
Rank Among Business Credit Programs – Average Credit per Recipient	9

In LY24, the Tax Credit for Day Care Provider provided \$11,439 to five recipients. The average benefit was \$2,288 per recipient, ranking 9th among business tax credit programs. In terms of scale, the program ranked 20th among all credit programs and 8th among business credit programs in total credit amount. The program accounted for 0.0067% of all County tax credit spending and 0.0035% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 0.0665% of total business credit dollars and served 4.39% of all business credit recipients.

Trend Analysis of Program

Indicator	LY 1999–2008	LY 2009–2013	LY 2014–2024
Total Credit (1999\$)	–208	257	–13
Recipients	0	0	–0
Credit per Recipient (1999\$)	–28	257	27

Trend in Total Program Funding (1999 Real Dollars): During LY 1999–2008, real program funding declined slightly, decreasing by about \$200 per year on average. From LY 2009–2013, the program was inactive, and no credits were awarded. In LY 2014–2024, total real funding showed little net change, declining by roughly \$13 per year on average.

Trend in Number of Recipients: Between LY 1999–2008, the number of recipients declined modestly, falling by less than one provider per year. The program had no participants during LY 2009–2013, reflecting temporary suspension. From LY 2014–2024, recipient counts remained relatively stable, fluctuating between five and seven providers annually.

Trend in Average Benefit (1999 Real Dollars): Across LY 1999–2008, the average real benefit per provider decreased slightly, falling by about \$28 per year. During LY 2009–2013, average benefits were zero due to program inactivity. In LY 2014–2024, the average real benefit per recipient increased, rising by roughly \$27 per year.

For LY 2014–2024, the trend in average real benefits is statistically significant, while the trends in total real funding and number of recipients are not statistically significant.

Arts and Entertainment District Tax Credit

Provides a County property tax credit for owners or business entities that renovate manufacturing, commercial, or industrial buildings located in designated Arts and Entertainment Districts for use by artists or arts enterprises. The credit seeks to encourage arts-based economic development and redevelopment of underused properties.

Policy Purpose & Design

Policy Objective	Promote arts-related economic development through incentives for renovating buildings for artist and arts enterprise use
Primary Policy Area	Economic Development
Secondary Policy Area	Civic & Community Institutions
Duration of Benefit	Multi-Year (credit applies annually for up to 10 consecutive years following qualifying renovation)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	District-Based (limited to properties within designated Arts & Entertainment Districts)

Eligibility & Access

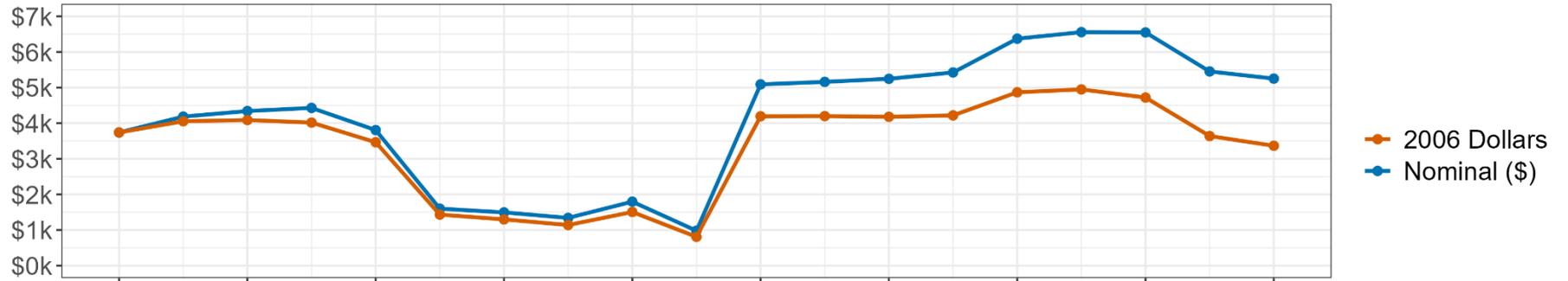
Eligible Business	Property owners or business entities renovating qualifying buildings within designated Arts & Entertainment Districts for use by artists or arts enterprise
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be located in an Arts & Entertainment District • Building must be a manufacturing, commercial, or industrial structure • Property must be wholly or partially renovated for use by a qualifying artist or arts enterprise • Credit applies to property tax attributable to the increased assessment resulting from eligible renovation
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (credit recalculated each year for up to 10 years based on continued eligibility)

Program Overview & Governance

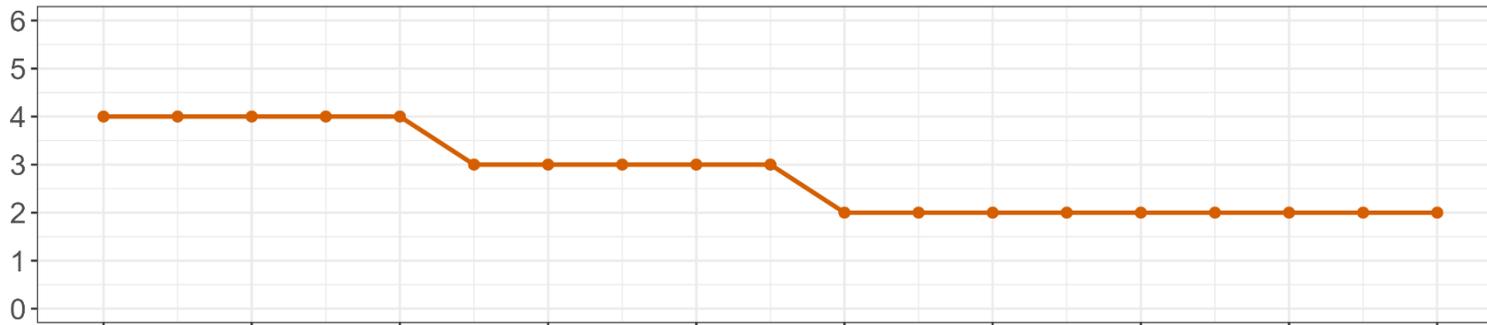
Year Effective	2002
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-99 • Maryland Code, Tax-Property § 9-240

Trends in Arts and Entertainment District Tax Credit

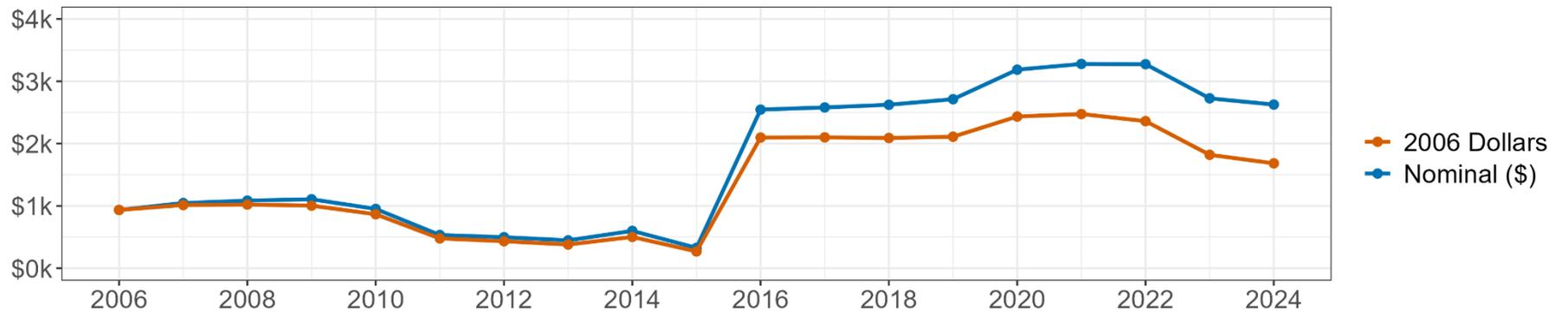
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$5,252
Total Number of Recipients	2
Average Credit per Recipient (2024 Dollars)	\$2,626
Share of All Tax Expenditure Dollars	0.0016%
Share of All Tax Credit Dollars	0.0031%
Share of Business Credit Dollars	0.0305%
Share of Business Credit Recipients	1.75%
Rank Among All Credit Programs – Total Credit Amount	21
Rank Among Business Credit Programs – Total Credit Amount	9
Rank Among Business Credit Programs – Number of Recipients	7
Rank Among Business Credit Programs – Average Credit per Recipient	8

In LY24, the Arts & Entertainment District Tax Credit provided \$5,252 to two recipients. The average benefit was \$2,626 per recipient, ranking 8th among business tax credit programs. In terms of scale, the program ranked 21st among all credit programs and 9th among business credit programs in total credit amount. The program accounted for 0.0031% of all County tax credit spending and 0.0016% of all tax expenditure dollars across credits, exemptions, and deferrals. Within the business credit portfolio, the program represented 0.0305% of total business credit dollars and served 1.75% of all business credit recipients.

Trend Analysis of Program

Indicator	2006–2010	2011–2015	2016–2024
Total Credit (2006\$)	-69	-156	-104
Recipients	0	0	0
Credit per Recipient (2006\$)	-17	-52	-52

Trend in Total Program Funding (2006 Real Dollars): During LY 2006–2010, total real program funding declined slightly, decreasing by about \$69 per year. Funding then shifted to a lower overall level in LY 2011–2015, with a larger average annual decrease of about \$156 per year. In LY 2016–2024, total real funding decreased by roughly \$104 per year, with year-to-year values remaining close to a stable plateau.

Trend in Number of Recipients: The number of recipients does not exhibit any directional movement within periods. During LY 2006–2010, the program served approximately four recipients annually. Participation stepped down to about three recipients annually in LY 2011–2015 and then to about two recipients annually in LY 2016–2024.

Trend in Average Benefit (2006 Real Dollars): Average real benefits per recipient declined modestly in LY 2006–2010, decreasing by about \$17 per year. A larger annual decrease of around \$52 occurred during LY 2011–2015. In LY 2016–2024, average benefits again fell by roughly \$52 per year, with values moving within a relatively narrow band following the structural level shift in 2016.

For LY 2016–2024, none of the trends in total credit, recipients, or credit per recipient are statistically significant

Burtonsville Enterprise Zone Property Tax Credit

Provides a County property tax credit for commercial property owners and eligible business entities making qualifying improvements within the Burtonsville Enterprise Zone. The credit aims to support targeted economic revitalization and commercial investment consistent with the Burtonsville Crossroads Neighborhood Plan.

Policy Purpose & Design

Policy Objective	Encourage commercial investment and economic growth in the Burtonsville Crossroads Plan area
Primary Policy Area	Economic Development
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Multi-Year (credit applies annually for up to five consecutive tax years following the qualifying improvement)
Statutory Expiration	Time-Limited Authorization (available only for improvements before 1-1-2020)
Geographic Focus	Targeted Area (limited to the Burtonsville Enterprise Zone)

Eligibility & Access

Eligible Business	Commercial property owners or eligible business entities making qualifying improvements within the Burtonsville Enterprise Zone
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be located in the Burtonsville Crossroads Plan area • Property must be zoned commercial or commercial/mixed-use and used for commercial purposes • Improvements must be made after the effective date of the program and before January 1, 2020
Means-Tested	No
Application Method	County application to the Department of Finance
Renewal Requirements	Annual (credit recalculated each taxable year for up to five years based on continued eligibility)

Program Overview & Governance

Year Effective	2014
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-108 • Maryland Code, Tax-Property § 9-103

Fiscal Magnitude of Program (LY24)

Since the Tax Expenditure Report began tracking the Burtonsville Enterprise Zone Property Tax Credit in levy year 2014, the program has had no uptake. No recipients or credit amounts have been reported in any levy year to date

Enterprise Zone Tax Credit

Provides a property tax credit for qualified business entities that own or lease nonresidential property within designated Enterprise Zones. The credit incentivizes business investment, job creation, and property revitalization in targeted commercial and industrial areas to stimulate long-term economic growth.

Policy Purpose & Design

Policy Objective	Encourage business investment, job creation, and property revitalization in designated Enterprise Zones
Primary Policy Area	Economic Development
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Multi-Year (credit applies for up to 10 consecutive tax years, or up to 13 years for properties in Focus Areas as defined by State designation)
Statutory Expiration	Permanent – No sunset clause
Geographic Focus	District-Based (limited to designated Enterprise Zones and Focus Areas established by the State)

Eligibility & Access

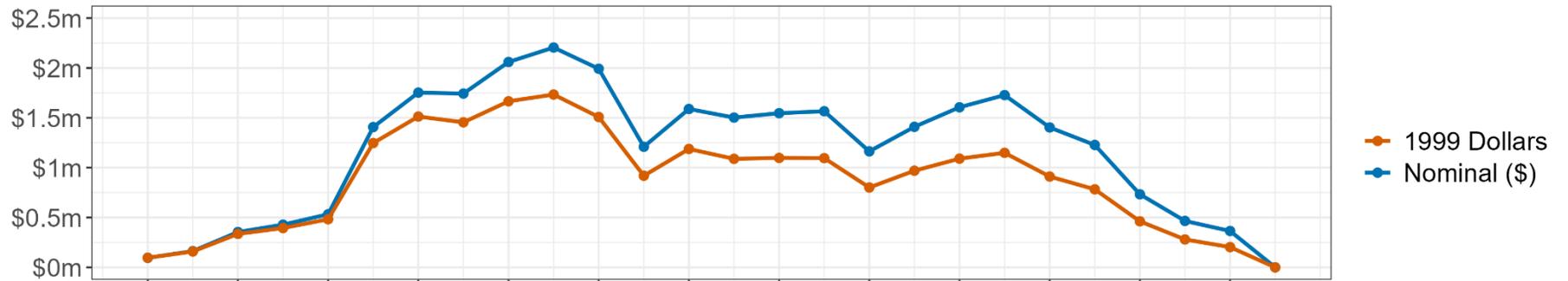
Eligible Business	Qualified business entities owning or leasing nonresidential property located within a designated Enterprise Zone
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be located within a State-designated Enterprise Zone or Focus Area • Credit applies to the increased property assessment attributable to eligible capital improvements made after zone certification • Mixed-use buildings qualify if primarily used for business purposes
Means-Tested	No
Application Method	County Application — filed with the local jurisdiction for certification, then verified by the Maryland Department of Commerce
Renewal Requirements	Multi-Year (credit runs automatically once certification is granted, subject to continued compliance with Enterprise Zone requirements)

Program Overview & Governance

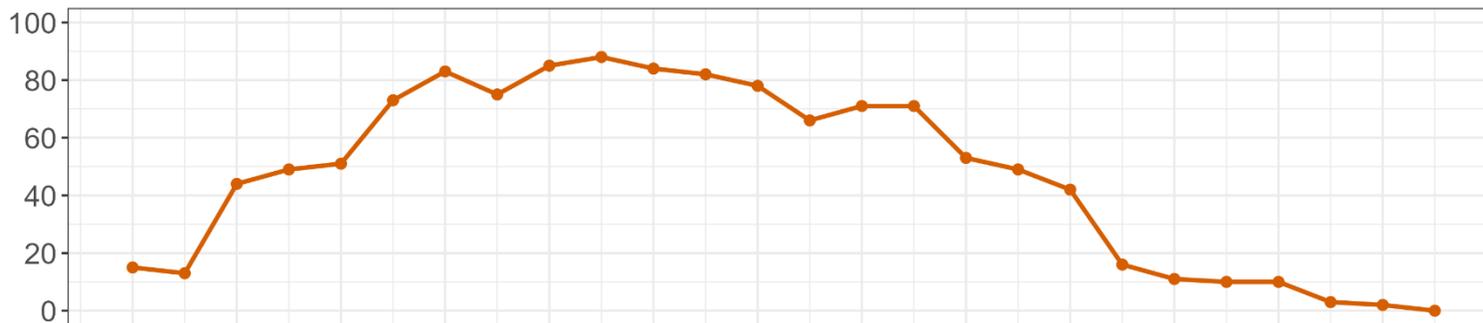
Year Effective	1985
Administrator	SDAT and Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Maryland Code, Tax-Property § 9-103

Trends in Enterprise Zone Tax Credit

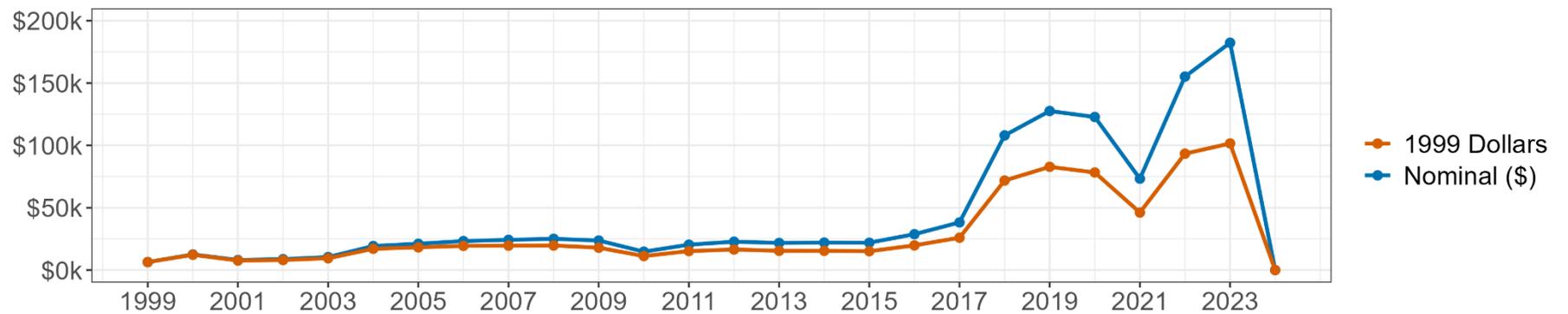
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$0
Total Number of Recipients	0
Average Credit per Recipient (2024 Dollars)	N/A (no LY24 recipients)
Share of All Tax Expenditure Dollars	0.0%
Share of All Tax Credit Dollars	0.0%
Share of Business Credit Dollars	0.0%
Share of Business Credit Recipients	0.0%
Rank Among All Credit Programs – Total Credit Amount	25
Rank Among Business Credit Programs – Total Credit Amount	11
Rank Among Business Credit Programs – Number of Recipients	11
Rank Among Business Credit Programs – Average Credit per Recipient	N/A (no LY24 recipients)

In LY24, the Enterprise Zone Tax Credit provided no property tax relief: no businesses claimed the credit and no credit amounts were issued. As a result, the program accounted for 0% of all County tax credit spending, 0% of all tax expenditure dollars across credits, exemptions, and deferrals, and 0% of both business credit dollars and business credit recipients in LY24.

Trend Analysis of Program

Indicator	1999–2005	2006–2015	2016–2024
Total Credit (1999\$)	+236,142	-72,621	-121,178
Recipients	+11	-2	-6
Credit per Recipient (1999\$)	+1,974	-476	-2,473

Trend in Total Program Funding (1999 Real Dollars): Total real program funding increased substantially during LY 1999–2005, rising by about \$236,000 per year as the program expanded in scale and participation. Funding shifted to a lower trajectory in LY 2006–2015, decreasing by roughly \$73,000 per year on average. A further decline occurred in LY 2016–2024, with total real funding falling by about \$121,000 per year.

Trend in Number of Recipients: The number of recipients grew sharply during LY 1999–2005, increasing by more than 11 recipients per year on average as the program expanded. Participation then reversed course in LY 2006–2015, declining by about two recipients per year. A steeper decline occurred during LY 2016–2024, when participation fell by roughly six recipients per year.

Trend in Average Benefit (1999 Real Dollars): Average real benefits per recipient increased during LY 1999–2005, rising by approximately \$1,974 per year as both program funding and the scale of awards grew. This pattern reversed in LY 2006–2015, when average benefits decreased by about \$476 per year. A much larger decline occurred in LY 2016–2024, with average benefits falling by roughly \$2,473 per year.

For LY 2016–2024, decreases in total real program funding and the number of recipients are statistically significant, while the trend in average real benefits per recipient is not.

Tax Credit – Home Computer Telecommuting Incentive

Provides a County property tax credit for employers who purchase new home or laptop computers for employees to use in approved telecommuting programs. The credit aims to promote flexible workplace practices, support environmental sustainability by reducing commuter travel, and help employers offset startup costs of remote work initiatives.

Policy Purpose & Design

Policy Objective	Incentivize employers to establish telecommuting workstations for employees through subsidizing the cost of new home computers
Primary Policy Area	Economic Development
Secondary Policy Area	Environment & Sustainability
Duration of Benefit	One-Time (credit may be claimed in the year of purchase or the following year)
Statutory Expiration	Time-Limited Authorization (program authorized for a limited funding period under Council resolution)
Geographic Focus	Countywide

Eligibility & Access

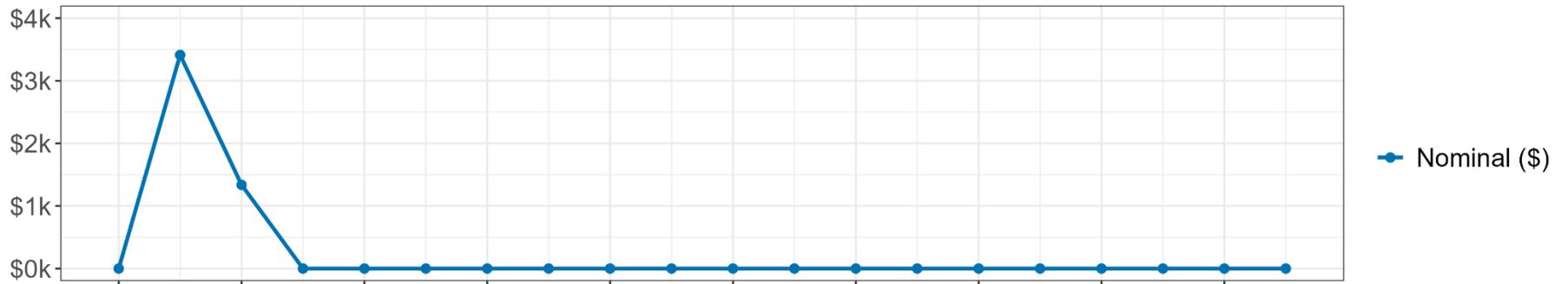
Eligible Business	Employers that purchase and provide computers for employees to telecommute from home under approved programs
Eligibility Criteria	<ul style="list-style-type: none"> • Computer must be used for telecommuting under an employer-approved program • Employee must telecommute at least 78 days per year • Employer must document purchase date and cost and apply within 12 months of purchase
Means-Tested	No
Application Method	County application
Renewal Requirements	One-Time (credit may be claimed once per qualifying purchase; reapplication not permitted for the same equipment)

Program Overview & Governance

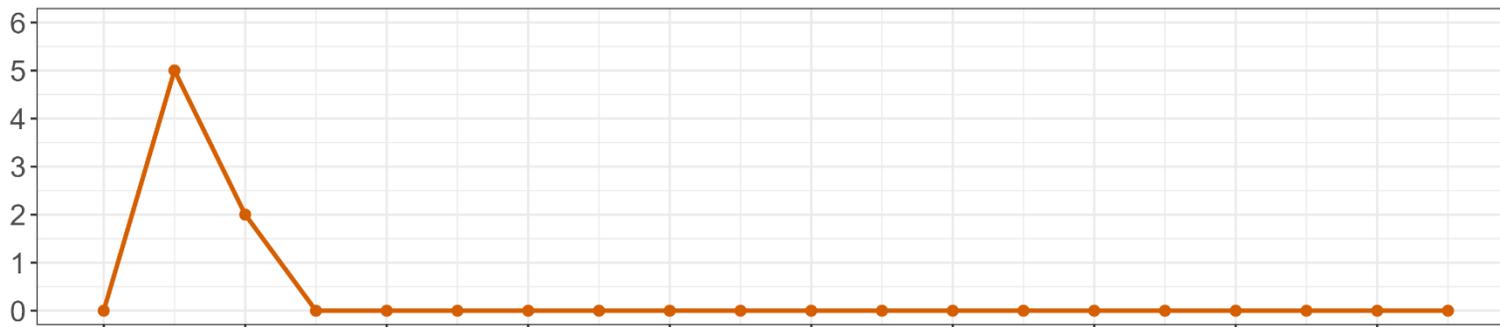
Year Effective	2006
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-101 • Maryland Code, Tax-Property § 9-241

Trends in Tax Credit – Home Computer Telecommuting Incentive

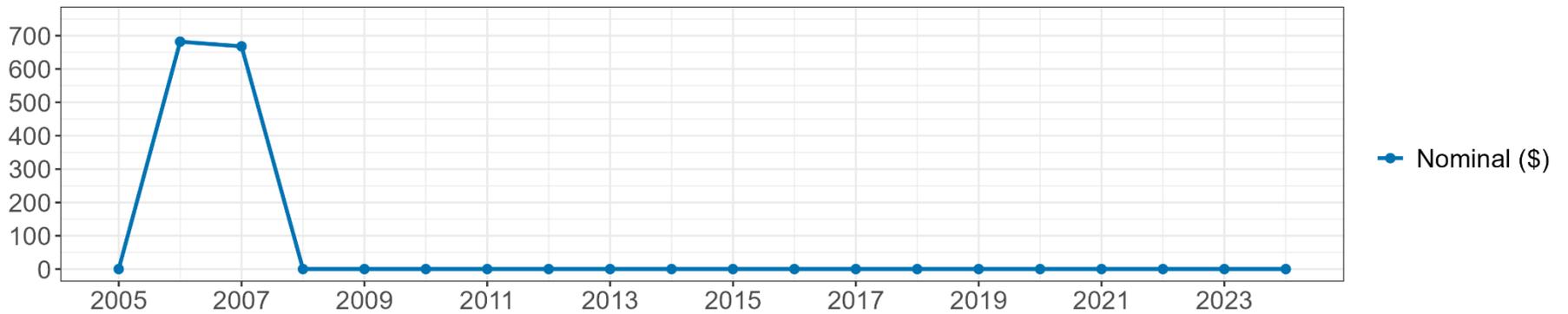
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$0
Total Number of Recipients	0
Average Credit per Recipient (2024 Dollars)	N/A (no LY24 recipients)
Share of All Tax Expenditure Dollars	0.0%
Share of All Tax Credit Dollars	0.0%
Share of Business Credit Dollars	0.0%
Share of Business Credit Recipients	0.0%
Rank Among All Credit Programs – Total Credit Amount	26
Rank Among Business Credit Programs – Total Credit Amount	12
Rank Among Business Credit Programs – Number of Recipients	12
Rank Among Business Credit Programs – Average Credit per Recipient	N/A

In LY24, the Home Computer Telecommuting Incentive Tax Credit had no program uptake. No recipients claimed the credit, and no tax relief was issued. The program accounted for 0% of all County tax credit spending and 0% of all business credit activity. Although the credit saw very minor usage in the mid-2000s, no businesses have claimed it in any levy year since 2008, and the program has remained dormant for more than 15 years.

Trend Analysis of Program

After early uptake in the mid-2000s, the credit has had no recipients and no activity in any levy year since 2008.

Property Tax Credit – Publicly Sponsored Business Incubator

Provides a County property tax credit for property owners operating publicly sponsored business incubators certified by the County. The credit supports entrepreneurship and small business development by reducing property tax costs associated with incubator facilities that provide training, mentoring, and shared resources for early-stage businesses.

Policy Purpose & Design

Policy Objective	Support publicly sponsored business incubators that foster early development.
Primary Policy Area	Economic Development
Secondary Policy Area	Civic & Community Institutions
Duration of Benefit	One Year (credit applies annually and must be renewed through reapplication)
Statutory Expiration	Permanent - No sunset clause
Geographic Focus	Countywide

Eligibility & Access

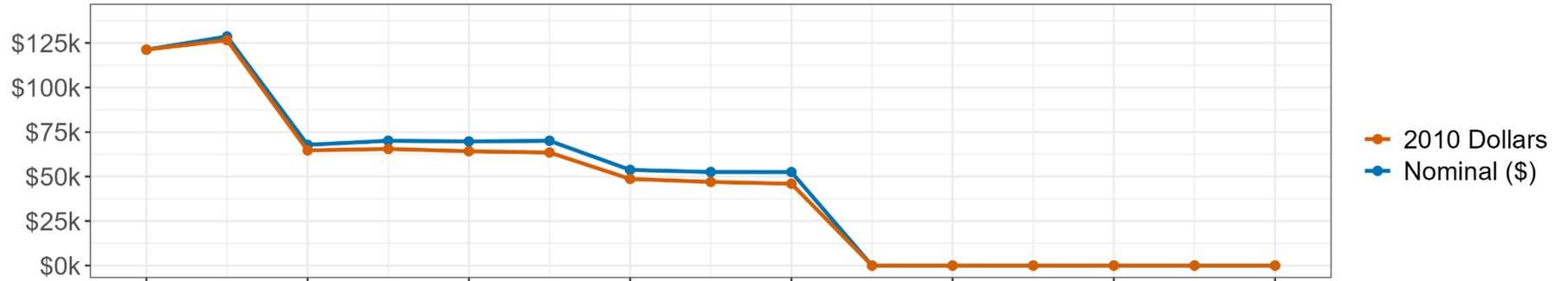
Eligible Business	Property owners operating County-certified publicly sponsored business incubators
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be used as a publicly sponsored business incubator • Incubator must lease space to multiple early-stage businesses and provide shared services, business training, mentoring, and technical support • A State, County, or agency must own, lease, or control the space or provide at least 50% of total funding (excluding rents) • Applicant must certify incubator status annually • Department of Economic Development must authorize the incubator • Application must be filed with the Department of Finance by March 1 for the upcoming tax year
Means-Tested	No
Application Method	Annual application to Department of Finance
Renewal Requirements	Annual (credit must be reauthorized each tax year)

Program Overview & Governance

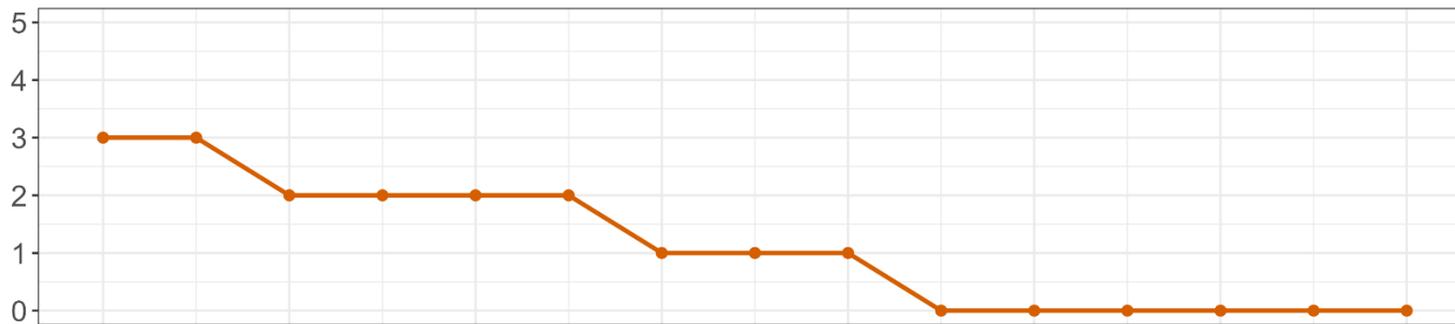
Year Effective	2010
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-105 • Maryland Code, Tax-Property § 9-247

Trends in Property Tax Credit – Publicly Sponsored Business Incubator

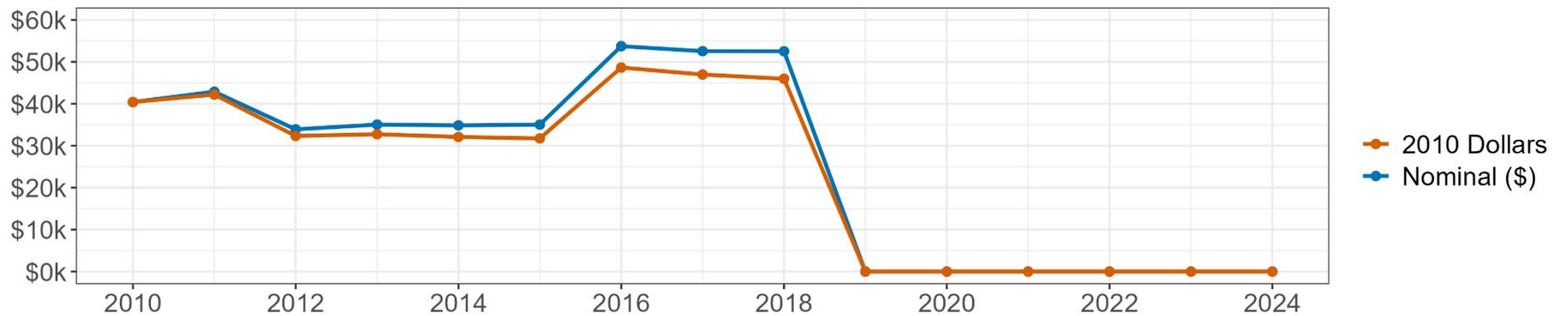
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$0
Total Number of Recipients	0
Average Credit per Recipient (2024 Dollars)	N/A (no LY24 recipients)
Share of All Tax Expenditure Dollars	0.0%
Share of All Tax Credit Dollars	0.0%
Share of Business Credit Dollars	0.0%
Share of Business Credit Recipients	0.0%
Rank Among All Credit Programs – Total Credit Amount	28
Rank Among Business Credit Programs – Total Credit Amount	13
Rank Among Business Credit Programs – Number of Recipients	13
Rank Among Business Credit Programs – Average Credit per Recipient	N/A

In LY24, the Property Tax Credit – Publicly Sponsored Business Incubator had no program uptake. No recipients claimed the credit, and no tax relief was issued. As a result, the program accounted for 0% of all County tax credit spending and 0% of business credit activity. While the program did experience modest usage between levy years 2011 and 2018, no businesses have claimed the credit since LY2019, and the credit has remained dormant for the last six levy years on record.

Trend Analysis of Program

After modest participation through the late 2010s, the program has had no recipients and no credit activity in any levy year since 2019.

Chapter 5. Tax Credits for Nonprofits and Mixed Beneficiary Programs

This chapter provides an overview of the County's property tax credits for nonprofit organizations and mixed-beneficiary programs. Specifically, this chapter undertakes the following tasks:

- Provides an overview of tax credit programs for nonprofits and mixed beneficiary program; and
- Describes each individual tax credit program.

Overview of Tax Credits for Nonprofits and Mixed Beneficiary Programs

Property tax programs for nonprofit organizations play a minimal role in the County's tax-expenditure system. In LY24, only four of the County's 29 tax expenditure programs were designed for nonprofit or mixed-beneficiary entities, and together they accounted for just \$2,264,019 out of \$171,325,455 in total credits. (See **Table 3.1** in Chapter 3.)

Historically, nonprofit and mixed-beneficiary programs have represented a negligible share of total County tax credit dollars. (See **Figure 3.1** in Chapter 3.)

Participation levels are also modest. Together, these programs had 749 claimants.

Concentration of Credit Dollars and Recipients

Tax credit spending among nonprofit and mixed-beneficiary programs is driven almost entirely by a single program that does not primarily target nonprofits. As shown in **Table 5.1**, the Historic Preservation Tax Credit—a program used by both residents and businesses—accounts for more than 60 percent of all credit dollars claimed across nonprofit and mixed-beneficiary programs in LY24. With 688 recipients, it is the dominant source of tax support within this category, even though it is not a nonprofit-focused program.

By contrast, programs that target nonprofit organizations exclusively play a minimal role in the County's tax-expenditure system. Only one nonprofit program—the Property Tax Credit for Nonprofit Swim Clubs—provides a meaningful level of tax support, accounting for roughly 38 percent of nonprofit/mixed credit dollars but serving just 56 recipients. The remaining nonprofit programs—the Tax Credit for Property Leased by Religious Organizations and the Conservation Land Tax Credit—constitute negligible fiscal activity, together representing less than two percent of nonprofit/mixed credit dollars.

Recipient patterns show a similar concentration. Nearly all claimants across these programs participated in either the Historic Preservation Tax Credit or the Nonprofit Swim Clubs Credit.

Table 5.1. Rankings of Nonprofit and Mixed Beneficiary Programs by Total Credits, Shares, and Credits Per Recipient (LY24)

Program	Beneficiary	Total Credit (2024 Dollars)	Share of All Credit Dollars (%)	Share of Nonprofit/Mixed Credit Dollars (%)	Number of Recipients	Credit per Recipient (2024 Dollars)	Rank: Total Credit	Rank: Credit per Recipient
Historic Preservation Tax Credit	<ul style="list-style-type: none"> • Residents • Businesses 	1,369,341	0.8	60.5	688	1,990	1	3
Property Tax Credit Nonprofit Swim Clubs	Nonprofit Organizations	851,867	0.5	37.6	56	15,212	2	2
Tax Credit for Property Leased by Religious Organizations	Nonprofit Organizations	42,070	0.0	1.9	2	21,035	3	1
Conservation Land Tax Credit	<ul style="list-style-type: none"> • Residents • Nonprofit Organizations 	741	0.0	0.0	3	247	4	4

Policy Objectives of Nonprofit and Mixed Beneficiary Tax Credit Programs

OLO identified the following policy areas that apply to nonprofit and mixed-beneficiary tax credit programs in the County:

- **Civic & Community Institutions** – Supports community-serving organizations and historic preservation efforts.
- **Housing & Affordability** – Facilitates preservation and reinvestment in properties for affordable housing.
- **Public Health & Safety** – Promotes health-enhancing community assets maintained by nonprofit organizations.
- **Environment & Sustainability** – Encourages the protection and long-term stewardship of open space, conservation lands, and environmentally significant parcels owned or managed by nonprofits or mixed beneficiaries.

As shown in **Table 5.2**, credit activity in LY24 was overwhelmingly concentrated in policy areas associated with Civic & Community Institutions and Housing & Affordability. The Historic Preservation Tax Credit—claimed by residents and businesses—accounted for 61 percent of all nonprofit/mixed credit dollars and 92 percent of recipients. An additional 38 percent of credit dollars went to programs aligned with Public Health & Safety for the Property Tax Credit for Nonprofit Swim Clubs.

In contrast, programs aligned with Civic & Community Institutions on their own and Environment & Sustainability accounted for less than two percent of total nonprofit/mixed credit dollars, with low uptake in LY24.

Table 5.2. Nonprofit and Mixed-Beneficiary Tax Credit Programs by Policy Area (LY24)

Policy Area (Primary → Secondary)	Programs	Total Credit Amount (2024\$)	Share of Nonprofit/Mixed Credit Dollars (%)	Total Recipients	Share of Nonprofit/Mixed Recipients (%)	Average Credit per Recipient (2024\$)
Civic & Community Institutions → Housing & Affordability	• Historic Preservation Tax Credit	1,369,341	60.5%	688	91.9%	1,990
Civic & Community Institutions → Public Health & Safety	• Property Tax Credit Nonprofit Swim Clubs	851,867	37.6%	56	7.48%	15,212
Civic & Community Institutions	• Tax Credit for Property Leased by Religious Organizations	42,070	1.86%	2	0.27%	21,035
Environment & Sustainability	• Conservation Land Tax Credit	741	0.03%	3	0.40%	247

Historic Preservation Tax Credit

The program provides a property tax credit to encourage the restoration and preservation of historic structures within Montgomery County. It offers financial incentives to property owners undertaking approved preservation or restoration work that maintains the historic character of designated sites or districts. The credit supports both residential and commercial preservation projects that align with local and municipal historic area work permits or certificates.

Policy Purpose & Design

Policy Objective	Encourage restoration and preservation of historic properties through financial incentives for approved preservation work
Primary Policy Area	Civic & Community Institutions
Secondary Policy Area	Housing & Affordability
Duration of Benefit	Multi-Year (carryforward up to five years)
Statutory Expiration	Permanent — No sunset provision
Geographic Focus	Countywide with Area-Based Enhancements

Eligibility & Access

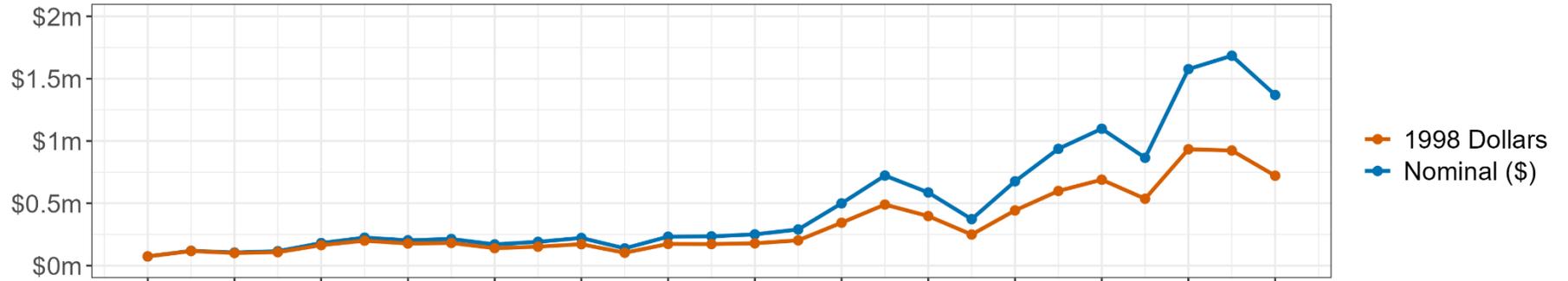
Eligible Entities	Property owners of designated historic sites or structures within officially recognized historic districts
Eligibility Criteria	<ul style="list-style-type: none"> • Property must be designated historic or located within a historic district • Work must be approved under a Historic Area Work Permit or Municipal Certificate • Only ordinary maintenance exceeding \$1,000 qualifies • No credit allowed for new construction • Work must be completed by a licensed contractor
Means-Tested	No
Application Method	County Application – filed with local historic preservation commission; approved by County Director of Finance
Renewal Requirements	Annual (application required before each project/credit cycle)

Program Overview & Governance

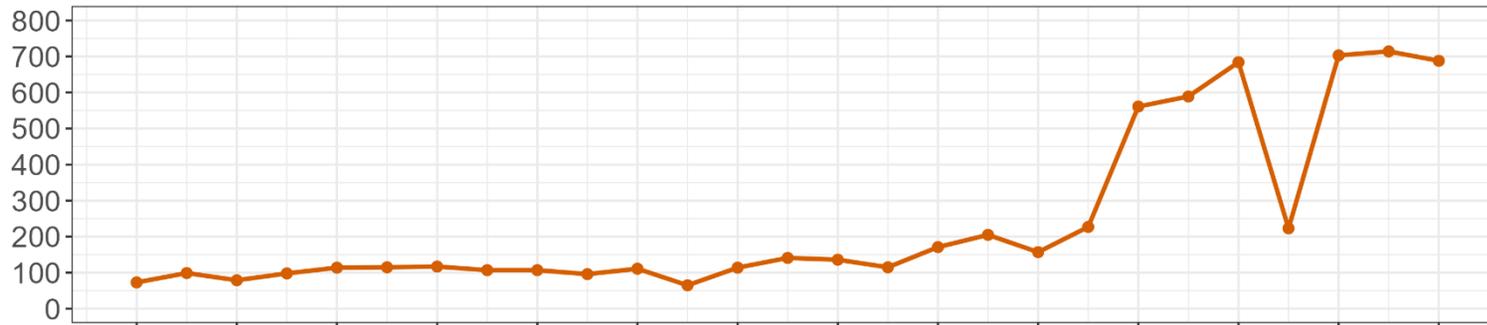
Year Enacted	1979
Administrator	Department of Finance in coordination with Local Historic Preservation Commissions
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-88

Trends in Historic Preservation Tax Credit

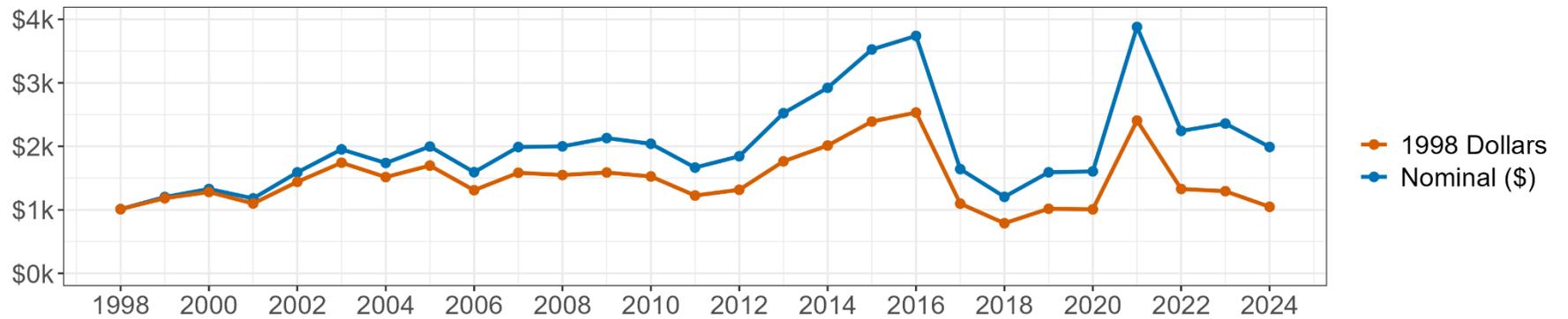
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$1,369,341
Total Number of Recipients	688
Average Credit per Recipient (2024 Dollars)	\$1,990
Share of All Tax Expenditure Dollars	0.4%
Share of All Tax Credit Dollars	0.8%
Rank Among All Credit Programs – Total Credit Amount	10

In LY24, the Historic Preservation Tax Credit provided \$1.37 million in tax relief to 688 recipients, with an average benefit of \$1,990 per claimant. The program accounted for 0.8% of all County tax credit spending and 0.4% of all tax expenditure dollars across credits, exemptions, and deferrals. In terms of scale, it ranked 10th among all County tax credit programs in total credit amount.

Trend Analysis of Program

Indicator	LY1998–2014	LY2015–2024
Total Credit (1998\$)	+16,901	+25,705
Recipients	+6	+54
Credit per Recipient (1998\$)	+63	–149

Trend in Total Program Funding (1998 Real Dollars): During LY1998–2014, real program funding increased steadily, rising by about \$16,900 per year as the scale and number of participating historic preservation projects grew gradually. During LY2015–2024, real funding increased more rapidly—by roughly \$25,700 per year—reflecting substantial growth in program participation and larger project-level credit amounts in this later period.

Trend in Number of Recipients: Recipient counts increased consistently during LY1998–2014, rising by about six recipients per year. Growth accelerated sharply in LY2015–2024, with the number of recipients increasing by approximately 54 recipients per year, driven by a major expansion of program participation beginning in the mid-2010s.

Trend in Average Benefit (1998 Real Dollars): Average real benefits per recipient increased modestly during LY1998–2014, rising by about \$63 per year. In LY2015–2024, average benefits declined by roughly \$149 per year, reflecting both the surge in claimants and increased variability in project types and credit sizes during this period.

During LY2015–2024, the upward trends in total real program funding and number of recipients are statistically significant. The change in average real benefits per recipient during this period is not statistically significant.

Property Tax Credit Nonprofit Swim Clubs

Provides a property tax credit to nonprofit community swim clubs that operate recreational facilities exclusively for local residents. The credit relieves property tax burdens for community-based organizations that maintain outdoor recreational amenities, supporting neighborhood vitality, physical health, and community engagement.

Policy Purpose & Design

Policy Objective	Support nonprofit community swim clubs that provide recreational facilities to local communities
Primary Policy Area	Civic & Community Institutions
Secondary Policy Area	Public Health & Safety
Duration of Benefit	Continuous/Renewable (credit remains in effect as long as nonprofit status and community-use criteria are maintained)
Statutory Expiration	Permanent – No sunset provision
Geographic Focus	Countywide

Eligibility & Access

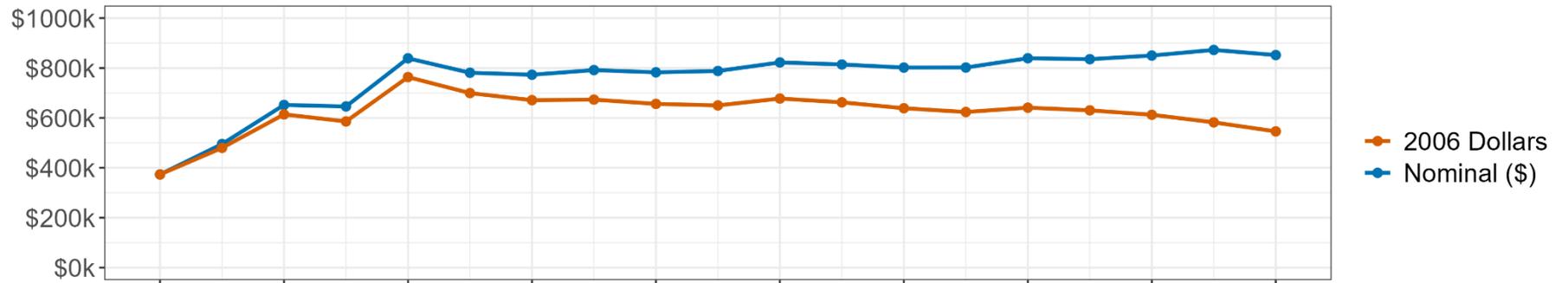
Eligible Entities	Nonprofit organizations operating swim clubs that serve local communities
Eligibility Criteria	<ul style="list-style-type: none"> • Must be a nonprofit swim club • Facility must be used exclusively as a recreational outlet for a local community • Must provide Articles of Incorporation and Certificate of Good Standing • Must certify exclusive recreational use annually
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (organization must verify nonprofit status and exclusive recreational use each year to maintain eligibility)

Program Overview & Governance

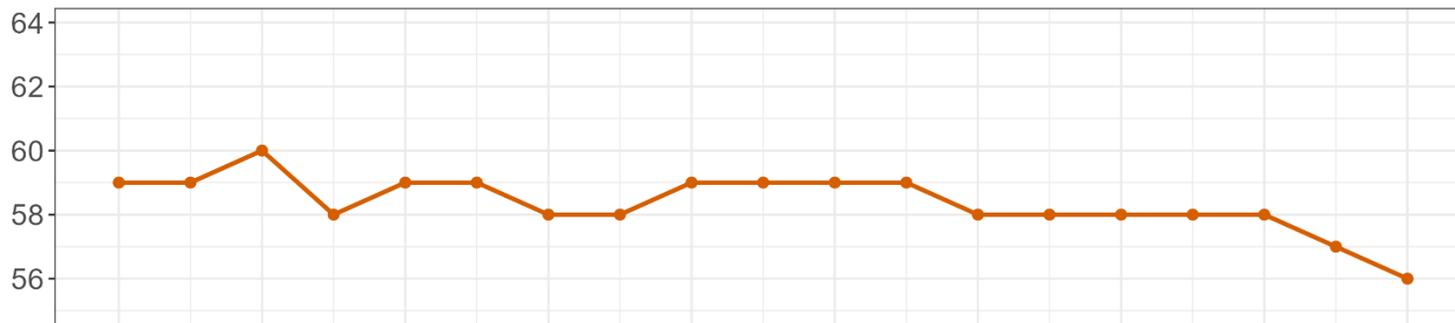
Year Enacted	2006
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-102 • Maryland Code, Tax-Property § 9-244

Trends in Property Tax Credit Nonprofit Swim Clubs

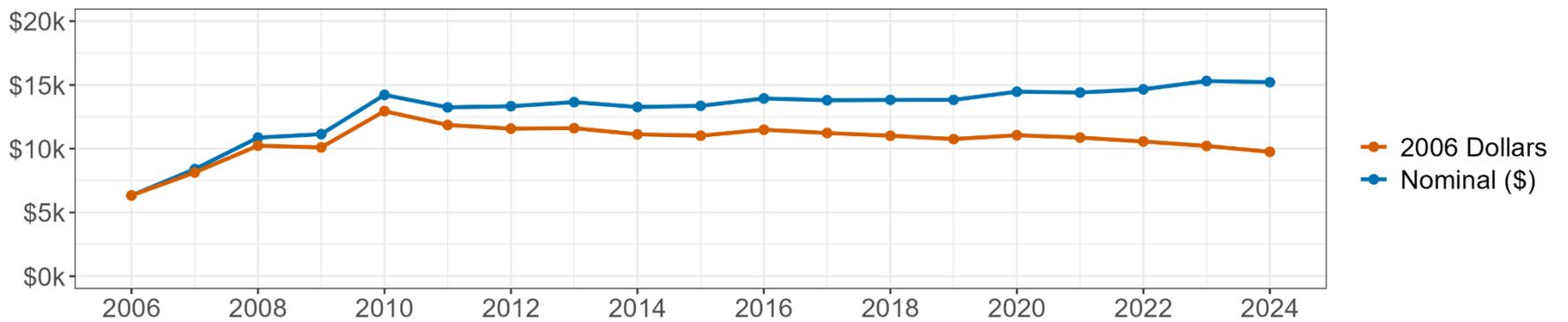
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$851,867
Total Number of Recipients	56
Average Credit per Recipient (2024 Dollars)	\$15,212
Share of All Tax Expenditure Dollars	0.26%
Share of All Tax Credit Dollars	0.50%
Rank Among All Credit Programs – Total Credit Amount	12

In LY24, the Property Tax Credit for Nonprofit Swim Clubs provided \$851,867 in tax relief to 56 recipients, with an average benefit of about \$15,212 per claimant. The program accounted for 0.50% of all County tax credit spending and 0.26% of all tax expenditure dollars across credits, exemptions, and deferrals. In terms of scale, it ranked 12th among all County tax credit programs in total credit amount.

Trend Analysis of Program

Indicator	LY2006–2010	LY2011–2024
Total Credit (2006\$)	+97,538	–11,808
Recipients	0	~0
Credit per Recipient (2006\$)	+1,653	–162

Trend in Total Program Funding (2006 Real Dollars): During LY2006–2010, real program funding increased substantially, rising by about \$97,500 per year as the credit expanded in its early years. In LY2011–2024, total real funding declined modestly, falling by roughly \$11,800 per year on average, indicating a gradual reduction in the overall dollar value of credits issued to nonprofit swim clubs.

Trend in Number of Recipients: Recipient counts were essentially stable during LY2006–2010, with no net change in the average number of claimants per year. In LY2011–2024, participation remained generally stable but drifted downward slightly, decreasing by less than one recipient per year on average, from 59 claimants in the mid-2010s to 56 in LY2024.

Trend in Average Benefit (2006 Real Dollars): Average real benefits per recipient increased during LY2006–2010, rising by about \$1,650 per year as the typical credit amount per swim club grew. In LY2011–2024, average benefits declined, falling by roughly \$160 per year in 2006 dollars, consistent with the gradual reduction in total funding and slight decline in recipients during this period.

During the final period (LY2011–2024), the downward trend in total real program funding, the decline in the number of recipients, and the decline in average real benefits per recipient are all statistically significant.

Tax Credit for Property Leased by Religious Organizations

Provides a property tax credit for religious organizations that lease and are contractually responsible for property taxes on space used exclusively for worship, education, or related administrative functions. The credit reduces financial burdens on nonprofit religious institutions.

Policy Purpose & Design

Policy Objective	Reduce property tax burden associated with leased space used by religious organizations
Primary Policy Area	Civic & Community Institutions
Secondary Policy Area	None
Duration of Benefit	One Year (<i>credit applies to each tax year for which a valid application is approved</i>)
Statutory Expiration	Permanent – no sunset provision
Geographic Focus	Countywide

Eligibility & Access

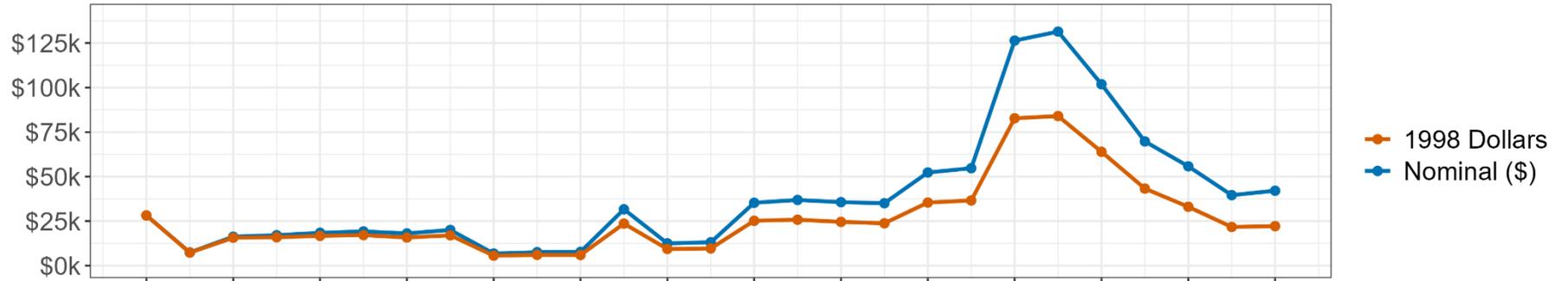
Eligible Entities	501(c)(3) or 501(d) religious organizations leasing taxable property and contractually liable for payment of real property tax
Eligibility Criteria	<ul style="list-style-type: none"> • Organization must hold 501(c)(3) or 501(d) status • Must be contractually liable for property tax under lease terms • Property must be used exclusively for worship, education, or related office functions • Property may not be used for profit-making activities
Means-Tested	No
Application Method	County application
Renewal Requirements	Annual (<i>application must be resubmitted each year with updated lease and eligibility documentation</i>)

Program Overview & Governance

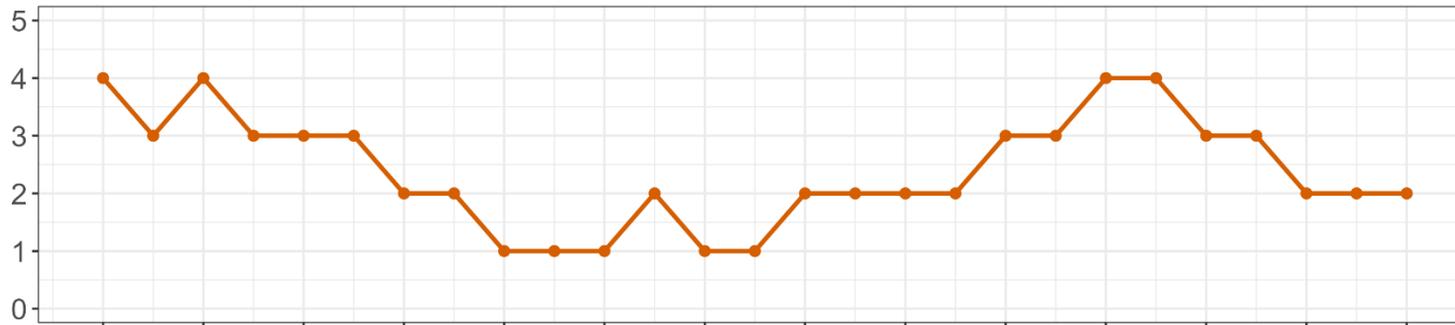
Year Enacted	1995
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-96 • Maryland Code, Tax-Property § 9-222

Trends in Tax Credit for Property Leased by Religious Organizations

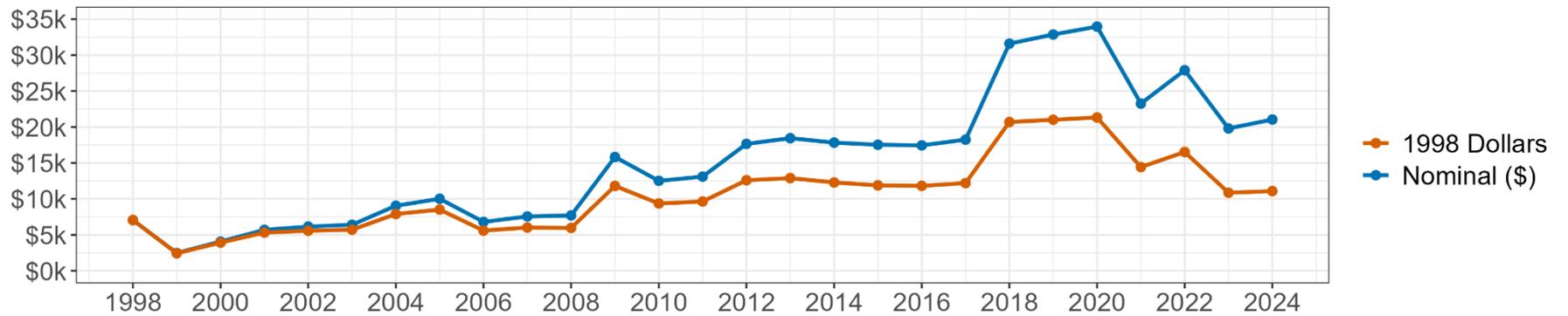
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$42,070
Total Number of Recipients	2
Average Credit per Recipient (2024 Dollars)	\$21,035
Share of All Tax Expenditure Dollars	0.01%
Share of All Tax Credit Dollars	0.02%
Rank Among All Credit Programs – Total Credit Amount	16

In levy year 2024, the Tax Credit for Property Leased by Religious Organizations provided \$42,070 in total tax relief to two recipients, yielding an average benefit of \$21,035. The program represents a very small fiscal footprint, accounting for 0.01% of all County tax expenditure dollars and 0.02% of all tax credit dollars issued in LY24.

Trend Analysis of Program

Indicator	LY1998–2011	LY2012–2019	LY2020–2024
Mean Annual Change – Total Credit (1998\$)	–\$1,428	+\$8,405	–\$10,452
Mean Annual Change – Recipients	–0.23	+0.29	–0.25
Mean Annual Change – Avg Benefit (1998\$)	+\$199	+\$1,201	–\$2,560

Trend in Total Program Funding (1998 Real Dollars): Total real program funding declined slightly during (LY1998–2011), falling by about \$1,400 per year. Funding increased from LY2012 to 2019, rising by roughly \$8,400 per year, before turning sharply downward from LY2020 to LY2024, when real funding fell by an average of \$10,500 per year.

Trend in Number of Recipients: Participation showed small year-to-year movements in all periods. Recipient counts decreased modestly in the first period, increased slightly in the second period, and then slightly decreased again in the final period.

Trend in Average Benefit (1998 Real Dollars): Average real benefits per recipient increased during both the first and second periods, rising by about \$199 and \$1,201 per year respectively, before declining in the final period, when the average benefit fell by roughly \$2,560 per year.

In the most recent period, total real program funding and average real benefits both show statistically significant downward trends. Changes in the number of recipients during the final period are not statistically significant.

Conservation Land Tax Credit

Provides a property tax credit to encourage the long-term preservation of natural areas, open space, and land used for environmental conservation or education. The credit applies to qualifying real property designated as “conservation land” under State law, including parcels owned by land trusts and qualified nonprofit organizations. By fully exempting such land from County property tax, the program aims to support the permanent protection of ecological and recreational resources across the County.

Policy Purpose & Design

Policy Objective	Preserve and protect conservation land by providing property tax relief
Primary Policy Area	Environment & Sustainability
Secondary Policy Area	None
Duration of Benefit	Multi-Year (continues annually if land remains under qualifying conservation protection)
Statutory Expiration	Permanent – no sunset provision
Geographic Focus	Countywide

Eligibility & Access

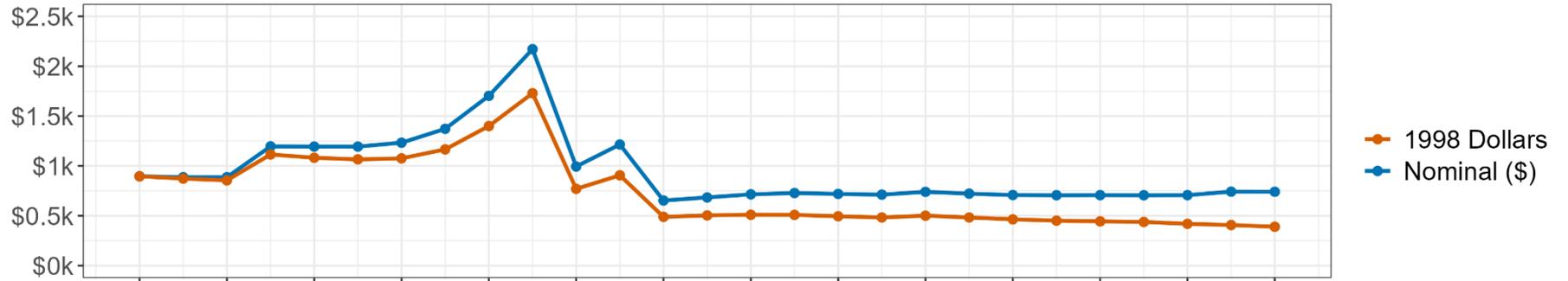
Eligible Entities	Owners of real property qualifying as “conservation land,” including land trusts and qualified nonprofit organizations
Eligibility Criteria	<ul style="list-style-type: none"> • Land must meet the statutory definition of “conservation land” (used for designated conservation purposes and protected by a qualifying conservation easement or land trust ownership) • Land cannot be actively used for agricultural purposes already receiving an agricultural assessment • Land trusts must be recognized as qualified conservation organizations under Maryland law
Means-Tested	No
Application Method	County application
Renewal Requirements	One-Time (<i>credit remains in effect as long as land retains conservation status</i>)

Program Overview & Governance

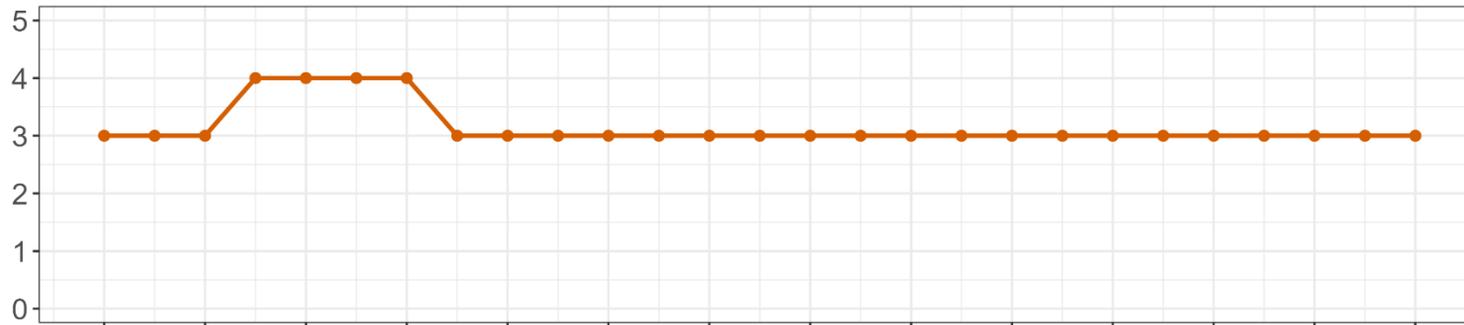
Year Enacted	1991
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Montgomery County Code § 52-89 • Maryland Code, Tax-Property § 9-220

Trends in Conservation Land Tax Credit

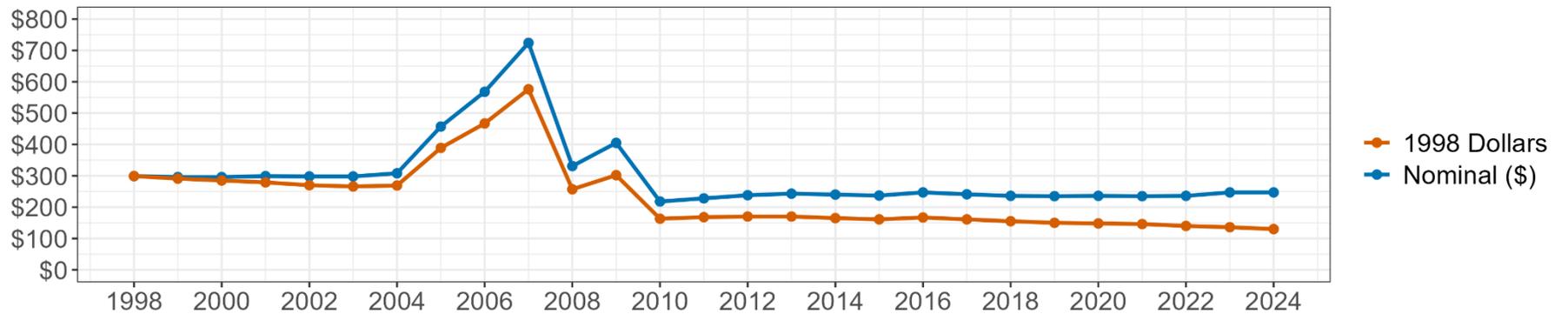
Total Credit Amount



Number of Recipients



Average Credit per Recipient



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Credit Amount (2024 Dollars)	\$741
Total Number of Recipients	3
Average Credit per Recipient (2024 Dollars)	\$247
Share of All Tax Expenditure Dollars	0.0002%
Share of All Tax Credit Dollars	0.0004%
Rank Among All Credit Programs – Total Credit Amount	23

In LY24, the Conservation Land Tax Credit provided \$741 in total tax relief, with three participating recipients, resulting in an average benefit of \$247 per recipient. The program represents a negligible share of County tax expenditures, accounting for 0.0002% of all tax expenditure dollars and 0.0004% of all tax credit dollars.

Trend Analysis of Program

Indicator	LY1998–2007	LY2008–2010	LY2011–2024
Mean Annual Change – Total Credit (1998\$)	+\$92.56	–\$140.50	–\$8.77
Mean Annual Change – Recipients	0	0	0
Mean Annual Change – Avg Benefit (1998\$)	+\$30.78	–\$47.00	–\$2.92

Trend in Total Program Funding (1998 Real Dollars): During LY1998–2007, total real program funding increased modestly, rising by approximately \$93 per year. During LY2008–2010, funding declined, falling by about \$141 per year. During the final period (LY2011–2024), total real funding was stable, showing a very small average annual decline of \$9 per year.

Trend in Number of Recipients: Recipient counts remained constant across all three periods, with no measurable change in participation. Throughout the entire 27-year period, the program consistently served three to four recipients each year.

Trend in Average Benefit (1998 Real Dollars): Average real benefits per recipient increased slightly in the first period, rising by about \$31 per year. This trend reversed in the second period, with average benefits decreasing by roughly \$47 per year. In the final period, average benefits were effectively flat, declining by less than \$3 per year on average.

During LY 2011-2024, both total real funding and average real benefits exhibit statistically significant downward trends. Recipient counts show no trend.

Chapter 6. Tax Exemptions and Deferrals

This chapter reviews Montgomery County's property tax expenditure programs in the form of property tax exemptions and deferrals. Property tax exemptions represent the second-largest category of property tax expenditures, following property tax credits. In FY2025, exemptions accounted for approximately \$156 million, or 48 percent of all County property tax expenditures. (See **Table 1.4** in Chapter 1.)

For exemption programs, the chapter presents detailed fiscal information where available, including program-level data for payments in lieu of taxes (PILOTs) and aggregate fiscal data for other property tax exemptions reported in the Tax Expenditure Report. The chapter also describes the County's two residential property tax deferral programs; however, because these deferral programs have exhibited little to no activity in recent levy years, they are summarized narratively and are not included in the fiscal magnitude or trend analysis.

Specifically, this chapter undertakes the following tasks:

- Provides a detailed overview of the PILOTs program;
- Examines all other tax exemption programs in the aggregate; and
- Examines the County's two property tax deferral programs.

Payment in Lieu of Taxes (PILOT) Exemptions

Provides a full exemption from County real property tax for qualifying affordable housing developments owned or controlled by the Housing Opportunities Commission (HOC) or nonprofit housing providers. The Director of Finance substitutes a negotiated PILOT for the regular property tax to promote and preserve long-term affordability in local rental housing.

Policy Purpose & Design

Policy Objective	Support the development and long-term preservation of affordable rental housing by substituting a negotiated payment in lieu of County real property tax
Primary Policy Area	Housing & Affordability
Secondary Policy Area	None
Duration of Benefit	Multi-Year (remains in effect for the negotiated term)
Statutory Expiration	None – no sunset clause
Geographic Focus	Countywide

Eligibility & Access

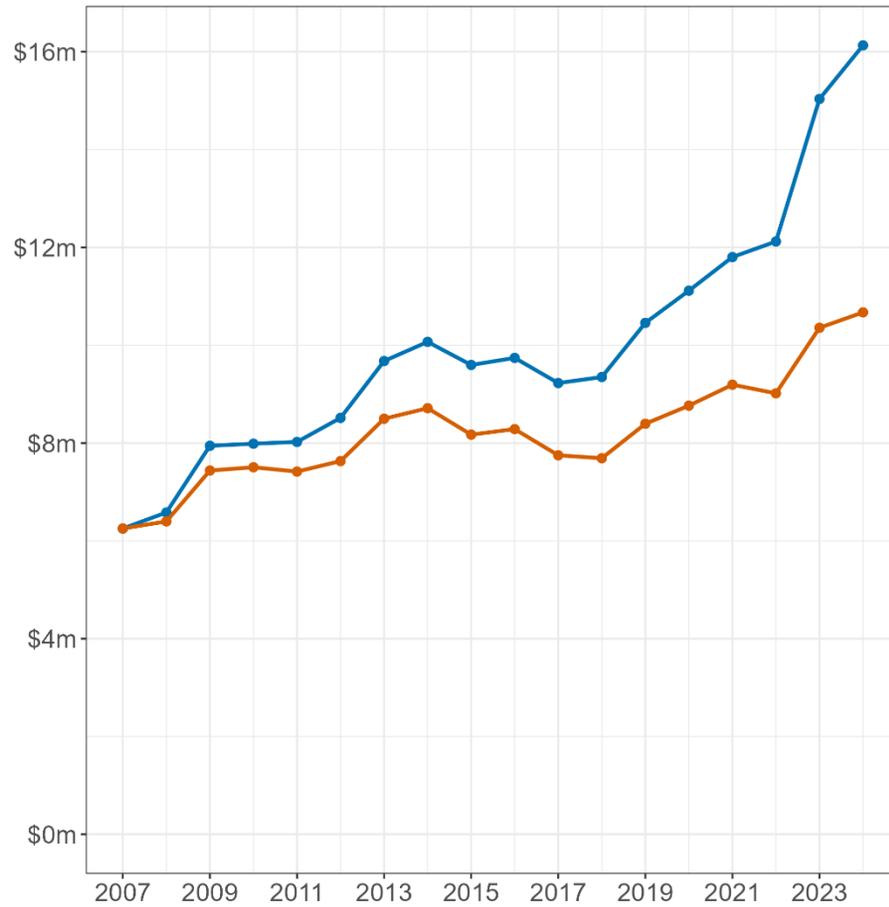
Eligible Entities	HOC and nonprofit housing developers; qualifying affordable housing developments expressly eligible under State law
Eligibility Criteria	<ul style="list-style-type: none"> • Nonprofit-owned or controlled developments qualify if at least 50% of units are rent-restricted for ≥15 years for households at ≤60% of AMI • Nonprofit-owned or controlled developments in which all units are subject to a Section 8 Project-Based Rental Assistance contract qualify for 100% exemption for the duration of the contract. • Property must not already receive a PILOT • Finance must consult with DHCA before accepting a PILOT and must follow Executive guidelines for payment calculation.
Means-Tested	Yes (requires rent restrictions for households that meet income conditions)
Application Method	County application
Renewal Requirements	Multi-Year (automatic continuation once certified)

Program Overview & Governance

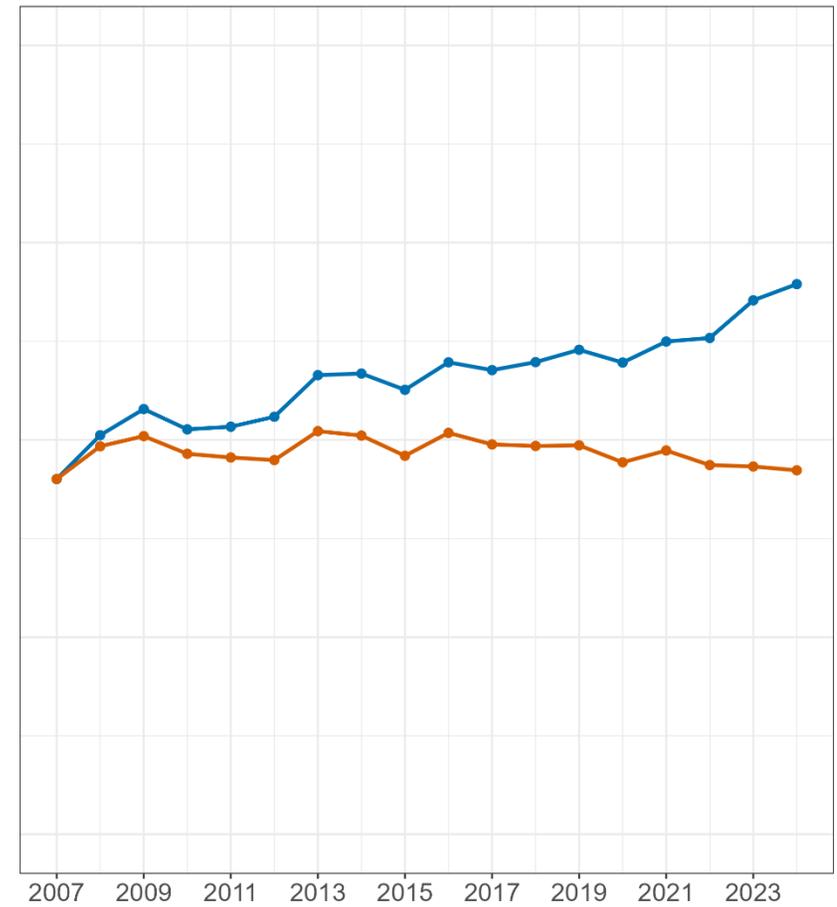
Year Effective	1979
Administrator	Department of Finance & DHCA
Enabling Authority	<ul style="list-style-type: none"> • Maryland Code, Tax–Property § 7-501, 7-502, 7-503, 7-505, 7-506.1 • Montgomery County Code § 52-24

Trends in Exemptions for PILOTS

Total Exemptions for Non-HOC PILOTS

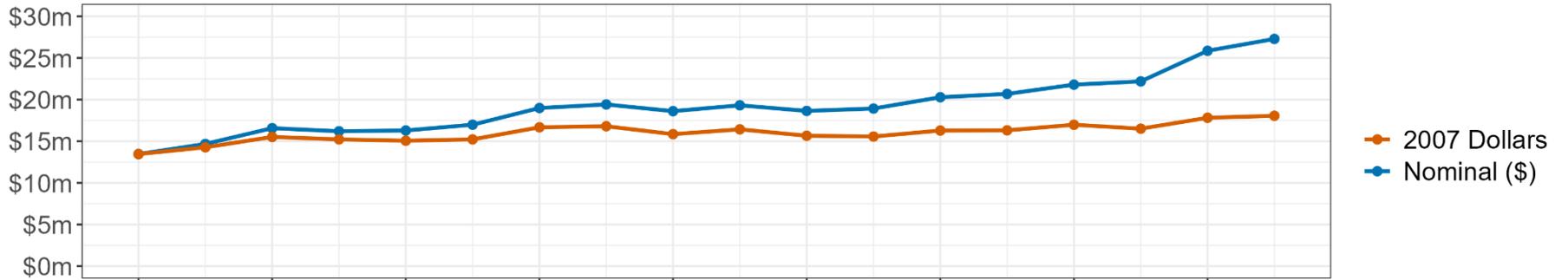


Total Exemptions for HOC PILOTS

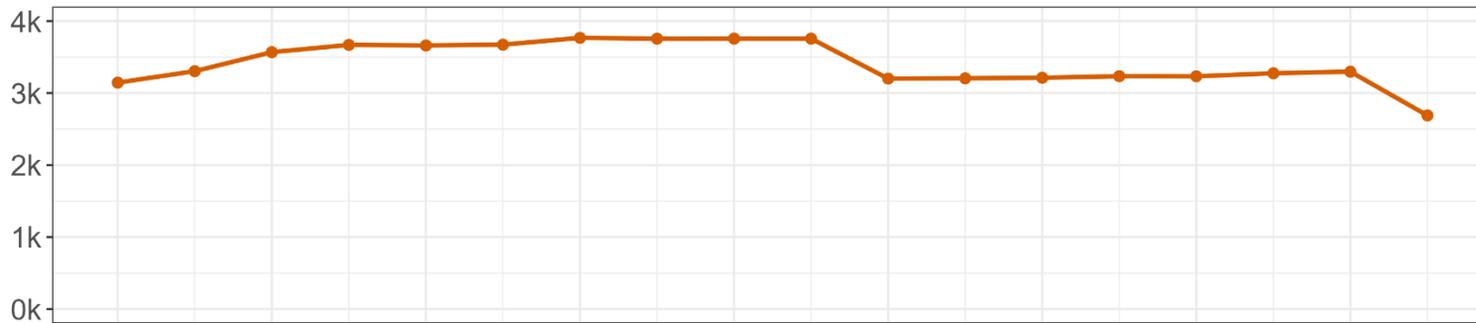


— 2007 Dollars — Nominal (\$)

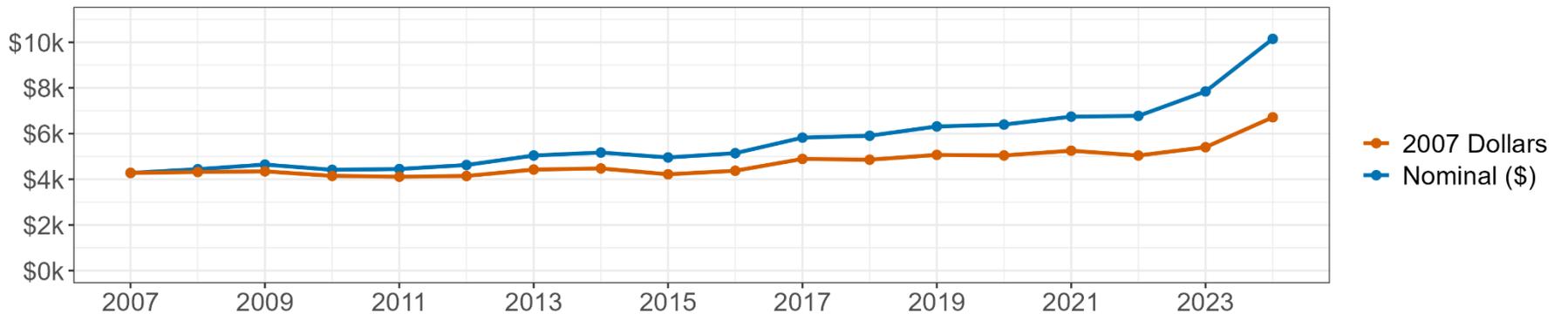
Total Exemptions for All PILOTS (Non-HOC & HOC)



Total Number of Accounts (Non-HOC & HOC)



Average Exemptions per Account (Non-HOC & HOC)



Fiscal Magnitude of Program (LY24)

Indicator	Value
Total Exemption Amount (2024 Dollars)	\$27,287,851
Total Number of Accounts	2,689
Average Exemption per Account (2024 Dollars)	\$10,148
Share of All Tax Expenditure Dollars	8.3%
Share of All Tax Exemption Dollars	17.5%

In levy year 2024, PILOT property tax exemptions accounted for \$27.3 million in forgone property tax revenue. These exemptions were applied to 2,689 accounts, with an average exemption of approximately \$10,100 per account. PILOT exemptions represented 8.3 percent of all County tax expenditure dollars in 2024. Within the universe of property tax exemptions, PILOTs accounted for 17.5 percent of total exemption dollars, with the remainder attributable to other exemptions reported only in aggregate.

Trend Analysis of Program

Indicator	LY 2007–2024
Total Exemptions (2007\$)	+270,407
Accounts	-27
Exemption per Account (Real \$)	+216

Trend in Total Exemptions (2007 Real Dollars): Over the full observation period, real PILOT exemptions increased gradually, rising by about \$270,000 per levy year on average.

Trend in Number of Accounts: The number of PILOT accounts declined modestly over the period, decreasing by approximately 27 accounts per year on average.

Trend in Average Exemption per Account (2024 Real Dollars): Average real exemption amounts per account increased over time, rising by about \$216 per levy year on average. This pattern suggests that increases in total PILOT exemptions were driven primarily by higher per-account exemption amounts rather than by growth in the number of participating accounts.

Real PILOT exemptions show a statistically significant upward trend over the period. During this same period, the number of PILOT accounts declines, though this decline is not statistically significant. In contrast, the average real exemption per account increases significantly over time.

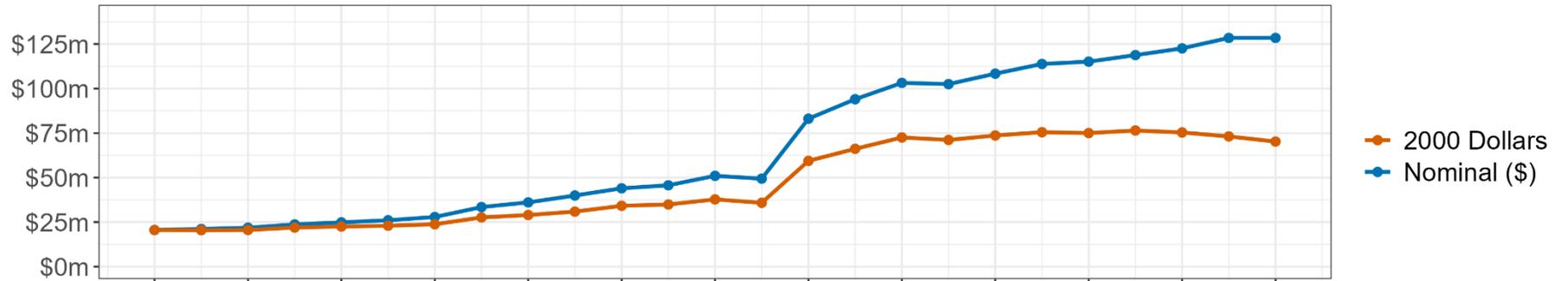
Other Property Tax Exemptions

Property tax exemptions other than PILOTs encompass a wide set of exemptions authorized under State law and, in limited cases, County law. The County's Tax Expenditure Report does not present these exemptions as discrete programs with program-level fiscal data. Instead, the report provides a statutory listing of exemption categories, primarily drawn from Maryland Tax-Property Article, Title 7, including general property tax exemptions (Subtitle 2), State property tax exemptions (Subtitle 3), and mandatory County exemptions (Subtitle 4). These provisions cover a broad range of property types and uses, such as cemeteries, charitable and religious organizations, government property, veterans' and disability-related exemptions, agricultural and manufacturing personal property, nonprofit organizations, utilities and energy-related equipment, and other specific statutory entities.

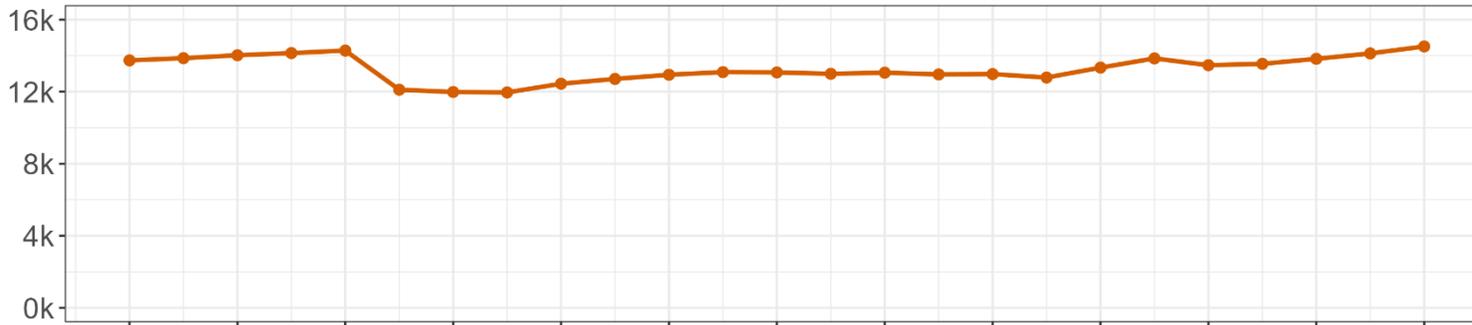
Because the exemptions are presented in the aggregate, OLO did not develop a standard program profile for these exemptions. Analysis is therefore limited to aggregate fiscal magnitude and historical trends. This limitation restricts the ability to evaluate individual exemptions in terms of policy intent, targeting, or alignment with County priorities.

Trends in Exemptions for Other Programs

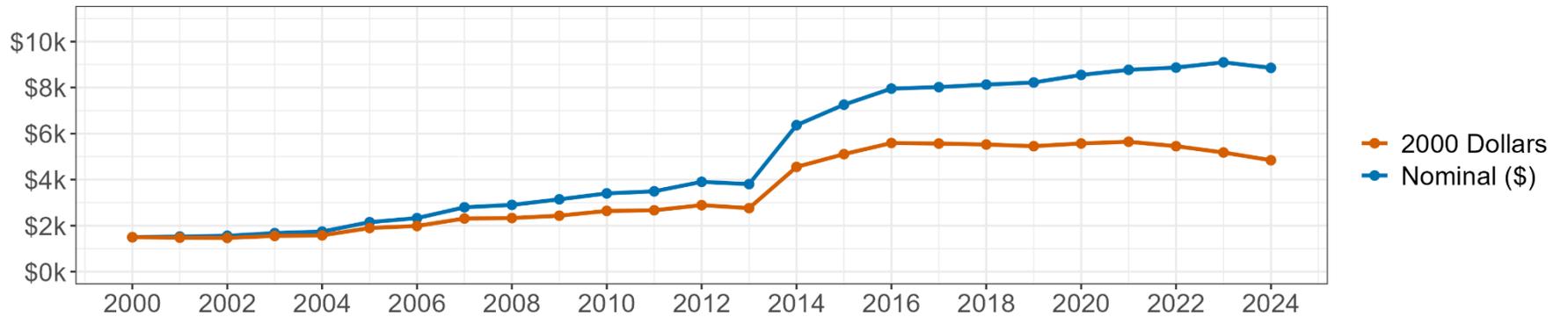
Total Exemptions



Total Number of Accounts



Average Exemptions per Account



Fiscal Magnitude of Other Tax Expenditure Programs (LY24)

Indicator	Value
Total Exemption Amount (2024 Dollars)	\$128,471,928
Total Number of Accounts	14,511
Average Exemption per Account (2024 Dollars)	\$8,855
Share of All Tax Expenditure Dollars	39.3%
Share of All Tax Exemption Dollars	82.5%

In levy year 2024, property tax exemptions other than PILOTs accounted for \$128.5 million in forgone property tax revenue. These exemptions were applied to 14,511 accounts, with an average exemption of approximately \$8,900 per account. Other exemptions represented 39.3 percent of all County tax expenditure dollars in 2024. Among all property tax exemptions, these programs accounted for 82.5 percent of total exemption dollars.

Trend Analysis of Programs

Indicator	LY2000–LY2012	LY2013–LY2024
Avg. Annual Change in Total Exemptions (2024 Real \$)	\$2,686,571	\$5,629,233
Avg. Annual Change in Accounts	-56	138
Avg. Annual Change in Avg. Exemption per Account (2024 Real \$)	\$217	\$339

Trend in Total Exemptions (2024 Real Dollars): Over the full observation period, property tax exemptions other than PILOTs increased gradually through the early 2010s, followed by a faster pace of growth beginning around levy year 2013. From LY2013 to LY2024, total real exemption amounts increased by approximately \$5.6 million per levy year on average.

Trend in Number of Accounts: The number of exemption accounts declined modestly prior to 2013 and then increased in the years that followed. Between LY2013 and LY2024, the number of accounts rose by an average of about 138 accounts per year, contributing to the growth in total exemption amounts.

Trend in Average Exemption per Account (2024 Real Dollars): Average real exemption amounts per account increased modestly over time, rising by approximately \$339 per levy year on average during the post-2013 period. While this increase contributed to overall growth in exemption dollars, year-to-year variation was substantial.

Real exemption totals and the number of exemption accounts both show statistically significant upward trends over the post-2013 period. In contrast, the increase in the average real exemption per account is not statistically significant. These findings suggest that growth in total exemptions since 2013 has been driven primarily by increases in the number of exempt accounts, rather than consistent increases in per-account exemption amounts.

Residential Real Property Tax Deferral – General

This program allows eligible homeowners to defer payment of County property taxes on residential real property used as the owner’s principal residence. The amount eligible for deferral in a given levy year is limited to the portion of County property taxes that exceeds the amount paid in the prior taxable year. Deferred taxes remain owed to the County, accrue interest at a County-set rate tied to the prime lending rate, and are secured by a first lien on the property until repaid.

Policy Purpose & Design

Policy Objective	Provide temporary tax payment relief for income-eligible homeowners experiencing increases in County property taxes
Primary Policy Area	Housing & Affordability
Secondary Policy Area	None
Duration of Benefit	Continuous / Renewable – May be renewed annually
Statutory Expiration	None – no sunset clause
Geographic Focus	Countywide

Eligibility & Access

Eligible Entities	Owner-occupants of residential real property used as a principal residence
Eligibility Criteria	<ul style="list-style-type: none"> Household gross income or combined gross income of all residents may not exceed \$120,000 in the preceding calendar year The owner, or at least one of the owners, must have occupied the property as a principal residence for at least five consecutive years The cumulative amount of deferred taxes and accrued interest may not exceed 50% of the property’s full cash value
Means-Tested	Yes (income threshold and owner-occupancy requirements apply)
Application Method	County Application
Renewal Requirements	Annual – Participants must reapply and demonstrate continued eligibility

Program Overview & Governance

Year Effective	1990
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> Maryland Code, Tax–Property § 10-204.1 Montgomery County Code § 52-22

Fiscal Trends

The Tax Expenditure Report provides program-level fiscal data for the Residential Real Property Tax Deferral – general program. However, the program has shown no reported deferral amounts or recipients in any levy year from 1999 through 2024. While the County annually establishes an applicable interest rate, there has been no recent program participation to generate deferred balances or accrued interest.

Residential Real Property Tax Deferral – Senior

This program allows eligible senior homeowners to defer payment of County property taxes on residential real property used as the owner’s principal residence. As with the general deferral, the amount eligible for deferral in a given levy year is limited to the portion of County property taxes that exceed the amount paid in the prior taxable year. Deferred taxes remain owed to the County and must be repaid when specified triggering events occur.

Policy Purpose & Design

Policy Objective	Provide temporary tax payment relief to income-eligible senior homeowners experiencing increases in County property taxes
Primary Policy Area	Housing & Affordability
Secondary Policy Area	Aging & Seniors
Duration of Benefit	Continuous / Renewable – May be renewed annually
Statutory Expiration	None – no sunset clause
Geographic Focus	Countywide

Eligibility & Access

Eligible Entities	Owner-occupants of residential real property used as a principal residence, with at least one owner age 65 or older
Eligibility Criteria	<ul style="list-style-type: none"> • At least one owner must be age 65 or older. • Household gross income or combined gross income of all residents may not exceed \$80,000 in the preceding calendar year. • Owner must have occupied property as principal residence for five consecutive years • Deferral applies only to real property taxes. • Cumulative amount of deferred taxes may not exceed 50% of the property’s value
Means-Tested	Yes (age and income thresholds apply)
Application Method	County Application
Renewal Requirements	Annual – Must reapply and demonstrate continued eligibility

Program Overview & Governance

Year Effective	1990
Administrator	Department of Finance
Enabling Authority	<ul style="list-style-type: none"> • Maryland Code, Tax-Property § 10-204.1 • Montgomery County Code § 52-22

Fiscal Trends

The Tax Expenditure Report provides program-level fiscal data for the Residential Real Property Tax Deferral – Senior Deferral program; however, the program has exhibited no participation in recent levy years, with only limited historical activity reported in 2016. Because this program defers—rather than reduces or forgives—tax liabilities, and because recent participation has been negligible, this chapter summarizes the program narratively and does not include magnitude or trend analysis.

Chapter 7. Findings, Recommendations and Discussion Items

Major Findings

Finding #1. Montgomery County has 12 sources of tax revenue that generated \$4.8 billion in tax revenue in the FY25 approved budget. The County offers numerous tax expenditure programs that reduce the amount of taxes a person, business, or other entity owes.

The bulk of the County's tax revenues come from the property tax and the income tax, accounting for 89.84 percent of all tax revenue in the FY25 approved budget: \$2.29 billion (47.35%) in property tax revenue, \$2.05 billion (42.49%) in income tax revenue, and \$0.49 billion (10.16%) from the remaining 10 tax sources combined. The three primary types of tax expenditures are tax credits, tax exemptions, and tax deferrals.

The Department of Finance's Tax Expenditure Reports are the primary source of publicly available information on tax expenditures in the County and include reductions only related to **property tax revenue**. Data show that Montgomery County's total FY25 tax revenue was effectively reduced by \$327 million due to tax expenditures for property taxes—\$171.3 million in tax credits, \$155.8 million in tax exemptions, and \$0 tax deferrals.

The bulk of the Tax Expenditure Report describes individual tax credit programs including program-level descriptions, eligibility criteria, or disaggregated fiscal impact data. The report does not provide this level of data for the dozens of available tax exemptions. The total revenue impact of all listed exemptions is presented as a single aggregate figure in the report.

FY25 Approved Tax Revenues and Property Tax Expenditures, by Source

Tax Source	Approved Revenues	Share of Total Revenues	Tax Expenditures	Tax Expenditures as % of Revenues
Property Tax	\$2,285,558,724	47.35%	\$327,085,234	14.31%
County Income Tax	\$2,051,146,619	42.49%	—	—
Energy Tax	\$191,261,860	3.96%	—	—
Real Property Transfer Tax	\$94,722,310	1.96%	—	—
Recordation Tax	\$67,765,779	1.40%	—	—
Telephone Tax	\$55,808,865	1.16%	—	—
Water Quality Protection Charge	\$49,639,440	1.03%	—	—
Hotel/Motel Tax	\$23,098,383	0.48%	—	—
Admissions Tax	\$4,400,144	0.09%	—	—
Bag Tax	\$2,700,000	0.06%	—	—
E-Cigarette Tax	\$824,999	0.02%	—	—
MHI Transfer Tax	\$100,000	0.00%	—	—
Total	\$4,827,027,123	—	\$327,085,234	6.78%

Property Tax Expenditures as a Share of Total Property Tax Revenues in FY2025

Type	Amount of Tax Expenditures	% of Total Tax Expenditures	Tax Expenditures as % of Property Tax Revenues
Credits	\$171,325,455	52.4%	7.50%
Exemptions	\$155,759,779	47.6%	6.81%
Deferrals	\$0	0.0%	0.00%
Total	\$327,085,234	100%	14.31%

Finding #2. The County does not publish a comprehensive report on tax expenditure programs related to the County's other eleven tax sources.

The County's primary public source of information on local tax expenditures—the annual Tax Expenditure Report published by the Department of Finance—reports program outputs only for tax expenditures applied against the property tax. These outputs include annual spending, number of recipients, and basic program descriptions.

The County does not produce parallel reports for tax expenditures applied to income, recordation, transfer, development impact, or other taxes. Department of Finance staff were unable to quantify the total number of available tax expenditure programs related to taxes other than the County's property tax. The absence of equivalent reporting across tax types prevents the Council from

attaining a comprehensive picture of total tax expenditure spending. Staff report that only one employee in the department is responsible for tracking, monitoring, and reporting on data.

As documented in other OLO reports, this gap reflects a broader pattern of decentralized and fragmented data governance in the County Government.²² Responsibility for tax administration is dispersed across multiple agencies and systems, and several major programs—such as the Working Families Income Supplement, the Recordation Tax Exemption for principal residences, and Development Impact Tax Credits—are not tracked alongside property-tax expenditures in any public report. The result is a siloed accounting of the County’s total tax expenditure portfolio.

Finding #3. The County does not collect demographic data on tax credit recipients. As a result, a full racial equity and social justice (RESJ) assessment of property tax expenditure programs is not possible.

Neither the Maryland State Department of Assessments and Taxation nor the County Department of Finance are required to collect information on the race or ethnicity of applicants or recipients of County property tax credits, exemptions, or deferrals. Without basic participant-level data, OLO cannot determine the racial or ethnic composition of the households, businesses, or nonprofit organizations that benefit from these programs.

The absence of demographic data limits the County’s ability to evaluate whether property tax expenditure programs advance or undermine the Council’s RESJ goals. OLO’s prior analyses of property-based tax benefits concluded that they tend to be distributed inequitably, with advantages accruing disproportionately to White and higher-income households.

An exception is the Renters’ Property Tax Relief Program, which is administered by the State and for which the County relies on aggregate participation data rather than County-level application records. While this allows for limited analysis of geographic distribution, the absence of participant-level demographic information similarly constrains RESJ assessment of this program and limits the County’s ability to evaluate who benefits from renter-focused tax relief.²³

Most property tax credits require County-administered applications. Because the County manages these applications, it could include optional demographic questions to support future RESJ assessments. Doing so would help the County understand which groups benefit from tax credit programs and whether participation aligns with RESJ goals.

²² See, for example, Stephen Roblin and Kaitlyn Simmons. [Developing Data Strategies for Future Emergencies](#). Memorandum Report 2023-4. Office of Legislative Oversight, Montgomery County Council. March 21, 2023.

²³ Chitra Kalyandurg and Aron Trombka, [A Geographic Analysis of Select County Programs](#), OLO Report 2024-17 (Montgomery County Office of Legislative Oversight, November 19, 2024).

Collecting demographic data would require updating program applications and establishing systems to track, store, and report participation by race and ethnicity. Department of Finance personnel indicated that these changes would require additional staffing resources to manage the increased administrative workload.

Finding #4. Resident households receive the overwhelming majority of County property tax *credit* dollars, followed by businesses, while nonprofit programs account for only a minor share.

The latest Tax Expenditure Report provides itemized data for 29 property tax credit programs targeting residents, businesses, nonprofit organizations, and mixed-beneficiary groups. The County issued \$171,325,455 in tax credits in LY24. The breakdown of spending and participation by beneficiary group in LY24 was as follows:

- 12 resident programs provided \$151.86 million in tax credits LY24—89 percent of all credit dollars—to 226,702 households, averaging roughly \$670 per recipient.
- Moreover, when including PILOT exemptions, resident programs still represented the majority of property tax expenditures, accounting for 76 percent of property tax credit and PILOT exemption dollars combined.
- 13 business programs provided \$17.20 million in tax credits in LY24 or 10 percent of total credits. These programs provided credits to 114 recipients, with an average benefit of approximately \$150,868 per business.
- 4 nonprofit and mixed-beneficiary programs together accounted for about one percent of all LY24 credits (\$2.26 million) across 749 recipients, reflecting a minimal presence in the County's tax expenditure system.

Historical patterns show a similar pattern. Resident programs dominate spending, business programs remain consistently second, and nonprofit credits represented a negligible share.

Tax Credit Programs by Beneficiary Type (LY24)

Beneficiary Type	# of Programs	% of Programs	Total Credit Amount (2024\$)	% of Credit Dollars	Total Recipients	Average Credit per Recipient (2024\$)
Residents	12	41.4%	\$151,862,438	88.6%	226,702	\$670
Businesses	13	44.8%	\$17,198,998	10.0%	114	\$150,868
Residents; Businesses	1	3.4%	\$1,369,341	0.8%	688	\$1,990
Nonprofit Organizations	2	6.9%	\$893,937	0.5%	58	\$15,413
Residents; Nonprofit Organizations	1	3.4%	\$741	0.0%	3	\$247
Total	29	100%	\$171,325,455	100%	227,565	

Finding #5. Montgomery County’s property tax credit system is overwhelmingly concentrated in a small number of programs, led by the Local Income Tax Offset Credit, which alone accounts for more than three-quarters of all credit dollars issued Countywide.

The local ITOC is the largest program, providing \$133.4 million in tax expenditures, representing 78 percent of all property tax credit dollars and 41 percent of all County property tax expenditures. This program alone accounted for 88 percent of all resident credit dollars and served 192,258 households. The next two resident programs—the Homestead Credit and Supplemental Homeowners Credit—added only 3.7 percent and 3.4 percent of total credit dollars.

Business credit spending is similarly concentrated in a few programs.

- Four programs—the Brownfields Credit, Energy & Environmental Design Credit, New Jobs Credit, and Energy Efficient Buildings Credits—accounted for nearly all business credit spending in LY24.
- The Brownfields and Energy & Environmental Design credits alone represented over 60 percent of business credit dollars.

Nonprofit and mixed-beneficiary credit activity is dominated by a single program.

- The Historic Preservation Tax Credit accounted for more than 60 percent of all nonprofit/mixed credit dollars and 92 percent of all claimants in this category.

Most remaining programs operate at very small scales. Twenty programs each accounted for less than 1 percent of total credit dollars. Many programs serve only a small number of recipients—e.g., the New Jobs Credit (2 recipients) and Energy Efficient Buildings – Existing Buildings Credit (3 recipients).

**Distribution of Credit Amounts, Recipients, and Program Shares Across All County
Property Tax Credit Programs (LY24)**

Program	Beneficiary Type	Credit Amount (2024\$)	Share of All Credits (%)	Share of All Tax Expenditures (%)	Total Recipients	Avg Credit per Recipient (2024\$)
• Local Income Tax Offset Property Tax Credit	Residents	133,379,066	77.9	40.8	192,258	694
• Homestead Property Tax Credit	Residents	6,291,692	3.7	1.9	23,197	271
• Supplemental Homeowners Tax Credit	Residents	5,783,050	3.4	1.8	4,188	1,381
• Brownfields Property Tax Credit	Businesses	5,761,297	3.4	1.8	43	133,984
• Property Tax Credit Energy & Environmental Design	Businesses	5,000,000	2.9	1.5	45	111,111
• Property Tax Credit Elderly Individuals & Retired Military	Residents	3,168,046	1.8	1.0	3,689	859
• New Jobs Tax Credit	Businesses	2,805,051	1.6	0.9	2	1,402,526
• Energy Efficient Buildings – Newly Constructed	Businesses	2,622,843	1.5	0.8	6	437,140
• Property Tax Credit for Public Safety Officers	Residents	1,782,259	1.0	0.5	734	2,428
• Historic Preservation Tax Credit	Residents; Businesses	1,369,341	0.8	0.4	688	1,990
• Senior Tax Credit	Residents	1,319,903	0.8	0.4	2,477	533
• Property Tax Credit Nonprofit Swim Clubs	Nonprofits	851,867	0.5	0.3	56	15,212
• Energy Efficient Buildings – Existing Buildings	Businesses	813,110	0.5	0.2	3	271,037
• RISE Zone Tax Credit	Businesses	157,549	0.1	0.0	1	157,549
• Level I & II Accessibility Standards Credit	Residents	78,000	0.0	0.0	39	2,000
• Property Leased by Religious Organizations	Nonprofits	42,070	0.0	0.0	2	21,035
• Spouse of Fallen Law Enforcement/Rescue Worker Credit	Residents	30,477	0.0	0.0	6	5,080
• Energy Conservation Devices	Residents	28,247	0.0	0.0	113	250
• Urban Agriculture Tax Credit	Businesses	22,457	0.0	0.0	7	3,208
• Day Care Provider Tax Credit	Businesses	11,439	0.0	0.0	5	2,288
• Arts & Entertainment District Tax Credit	Businesses	5,252	0.0	0.0	2	2,626
• Accessibility Features Credit	Residents	1,698	0.0	0.0	1	1,698
• Conservation Land Tax Credit	Residents; Nonprofits	741	0.0	0.0	3	247
• Burtonsville Enterprise Zone Credit	Businesses	0	0.0	0.0	0	NA
• Enterprise Zone Tax Credit	Businesses	0	0.0	0.0	0	NA
• Home Computer Telecommuting Incentive	Businesses	0	0.0	0.0	0	NA
• Fire Sprinkler Systems Credit	Residents	0	0.0	0.0	0	NA
• Publicly Sponsored Business Incubator Credit	Businesses	0	0.0	0.0	0	NA
• Renewable Energy Devices Credit	Residents	0	0.0	0.0	0	NA

Finding #6. A substantial number of property tax credit programs show no or limited participation.

A review of program participation across all levy years shows that several County property tax credits experience little to no activity. The data in the next table show that one program has never been used and another has been inactive for more than a decade. Four additional programs have had no uptake for one to nine years. The remaining programs in this group exhibit intermittent use, in which they were active in LY24 but have had several years without participation.

Property Tax Credits with Limited or No Uptake

Activity Status	Program	Beneficiary Type	Years with No Uptake	Last Uptake Year	Years Since Uptake	Notes
Never Used	• Burtonsville Enterprise Zone Property Tax Credit	Businesses	11	NA	NA	No record of activity since program creation
Long Dormant	• Home Computer Telecommuting Incentive Tax Credit	Businesses	18	2007	17	No uptake in 17+ years; last used in 2007
Recently Dormant	• Property Tax Credit Fire Sprinkler Systems	Residents	13	2019	5	Inactive for 5 years; last used in 2019
	• Property Tax Credit Publicly Sponsored Business Incubator	Businesses	6	2018	6	Inactive for 6 years; last used in 2018
	• Property Tax Credit Renewable Energy Devices	Residents	3	2021	3	Inactive for 3 years; last used in 2021
	• Enterprise Zone Tax Credit	Businesses	1	2023	1	Inactive for 1 year; last used in 2023
Intermittently Active	• Local Income Tax Offset Property Tax Credit	Residents	6	2024	0	Active in 2024, 6 years with no uptake
	• Tax Credit for Day Care Provider	Businesses	4	2024	0	Active in 2024, 4 years with no uptake
	• Property Tax Credit Accessibility Features	Residents	2	2024	0	Active in 2024, 2 years with no uptake
	• Property Tax Credit Energy & Environmental Design	Businesses	2	2024	0	Active in 2024, 2 years with no uptake
	• Brownfields Property Tax Credit	Businesses	1	2024	0	Active in 2024, 1 year with no uptake ²⁴

²⁴ The Tax Expenditure Report also notes that it was inactive the first four years from 1999 to 2002.

Finding #7. The County’s tax credit programs focus on just one or two areas within each beneficiary category.

Nearly all resident credit dollars aim to promote affordable housing.

- Housing & Affordability accounted for 85 percent of all primary-area credit dollars—\$145.5 million of the \$171.3 million total—driven by resident programs.
- Resident programs appeared nine times under Housing & Affordability as a *secondary* policy area.

Business credit programs mostly seek to encourage investment, business growth, and job creation, while also promoting conservation, energy efficiency, and green building.

- The largest concentration of business-oriented credits focused on Economic Development and Environment & Sustainability, which accounted for 10 percent of all primary-area credit dollars—\$14.2 million for Environment & Sustainability and \$3.0 million for Economic Development.
- As a secondary policy area, Economic Development accounted for 62 percent of all secondary-area credit dollars (\$14.2 million), which was driven entirely by business programs.

Nonprofit and mixed-beneficiary programs primarily support nonprofit, cultural, or faith-based organizations providing community services, in addition to affordable housing.

- All four nonprofit/mixed programs fell under Civic & Community Institutions (primary) or Environment & Sustainability, with no nonprofit programs in other major policy areas.
- The primary-area category, Civic & Community Institutions, accounted for \$2.26 million—1.3 percent of all primary-area credit dollars—due to nonprofit and mixed-beneficiary programs.

Several policy areas —namely Disability Access & Inclusion, Agriculture & Land Use, Education & Childcare, and Public Health & Safety—included one or more programs but together accounted for less than one percent of primary-area credit dollars.

Distribution of County Tax Credit Programs by Primary/Secondary Policy Areas and Beneficiary Type (LY24)

a. Primary Policy Area

Policy Area	# Programs: Residents	# Programs: Businesses	# Programs: Nonprofit/Mixed	Total Programs	Total Credit Amount (2024\$)	Share of All Credit Dollars (%)
• Housing & Affordability	3	0	0	3	145,453,808	84.9
• Environment & Sustainability	2	4	1	7	14,226,238	8.30
• Aging & Seniors	2	0	0	2	4,487,949	2.62
• Economic Development	0	7	0	7	2,967,852	1.73
• Civic & Community Institutions	0	0	3	3	2,263,278	1.32
• Public Safety	3	0	0	3	1,812,736	1.06
• Disability Access & Inclusion	2	0	0	2	79,698	0.047
• Agriculture & Land Use	0	1	0	1	22,457	0.013
• Education & Childcare	0	1	0	1	11,439	0.007
Total	12	13	4	29	\$171,325,455	100%

b. Secondary Policy Area

Policy Area	# Programs: Residents	# Programs (Businesses)	# Programs (Nonprofit/Mixed)	Total Programs	Total Credit Amount (2024\$)	Share of All Credit Dollars (%)
• Economic Development	0	6	0	6	14,231,146	61.8
• Housing & Affordability	9	2	1	12	7,777,971	33.8
• Public Health & Safety	0	0	1	1	851,867	3.70
• Education & Childcare	0	1	0	1	157,549	0.684
• Civic & Community Institutions	0	2	0	2	5,252	0.0228
• Environment & Sustainability	0	1	0	1	0	0

Recommendations & Discussion Items

Recommendation #1. OLO recommends that the Council ask the County Executive to systematically track and report all County tax expenditures.

OLO recommends that the Council request that the Executive Branch develop a unified and systematic approach to tracking all County tax expenditures across every tax category. Doing so is essential for effective Council oversight of tax expenditures and for determining whether these programs advance current Council policy priorities.

Discussion Item #1. The Council may want to consider requiring County departments to add voluntary demographic fields to applications for tax expenditure programs.

Collecting demographic information would provide the basic participant-level data needed to analyze whether tax expenditure programs align with the Council's RESJ goals. Because most tax credit applications are administered by the Department of Finance, implementing this change would require revising application forms and modifying data systems and reporting practices. These changes may require changes to staffing, technology, and other resources to manage new responsibilities effectively.

Discussion Item #2. The Council may want to consider whether to discontinue tax credit programs that have had no uptake in recent years.

Several tax credit programs have recorded zero participation for many years. This raises the question as to whether they no longer serve a meaningful policy function or may be misaligned with current economic and community needs. Reviewing these programs could help the Council determine whether they should be discontinued, modified, or replaced with alternative policy tools. Such a review may also clarify whether low uptake reflects lack of awareness, overly restrictive eligibility criteria, administrative complexity, or other factors.

Discussion Item #3. The Council may want to consider whether distributional analysis—classifying tax credit programs as regressive, progressive, or neutral—would be useful for assessing whether tax expenditures advance Council policy priorities.

As described in Chapter 2, OLO has begun developing a preliminary coding framework to classify tax credit programs based on their distributional effects. This framework could help the Council better understand which programs primarily benefit higher-income or lower-income households, which business-oriented tax expenditures tend to benefit larger or smaller firms, and how these patterns align with broader policy goals. If the Council determines that such analysis could help inform future policy decisions, OLO can undertake a more comprehensive distributional assessment in a follow-up project.



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

February 19, 2026

TO: Chris Cihlar, Director
Office of Legislative Oversight

FROM: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Draft OLO Report 2026-4: *An Examination of County Tax Breaks*

Thank you for the opportunity to comment on the Office of Legislative Oversight's (OLO) Draft Report 2026-4: *An Examination of County Tax Breaks*.

The Tax Expenditure Report has been published for many years and has always detailed tax expenditures related to property taxation; this has been the intended focus of the report, given the significance of these programs. The OLO Report recommends extending the report to include all other "tax breaks" such as the Working Families Income Supplement (WFIS), which is a supplement to the State's refundable Earned Income Tax Credit, the Recordation Tax exemption for the first \$100,000 of assessed value on a principal residence, and Development Impact Tax Credits.

The Maryland Office of the Comptroller administers the WFIS on behalf of the County, and the State does not share information about individual taxpayers. As a result, the only information the County is normally provided is the total number of recipients of the WFIS and the total cost of the program. While the County pays the program's administrative costs, we do not administer the program and do not have access to the type or level of information needed to provide analysis similar to that for property tax breaks. The Recordation Tax is administered by the Department of Finance, and information about the principal residence exemption includes the number of properties that receive the exemption each year and the financial impact of the exemption costs. The Development Impact Taxes are administered by the Department of Permitting Services with the Department of Transportation and Montgomery County Public Schools, and an annual report is due each April, including information on exemptions.

The draft report includes the following recommendations.

Recommendation #1: OLO recommends that the Council ask the County Executive to systematically track and report all County tax breaks.

CAO Response: The OLO recommendation that current reporting on “tax breaks” be expanded to include all tax breaks suggests that the goal is for the current reporting to include a similar level and type of reporting as is currently included for property tax break programs. The implication of the recommendation is also that the reporting should be available in one place, a compendium of all “tax breaks” in one report. It is not clear how many additional staff this additional work would take, as it depends on the number and type of tax breaks that might be identified (and whether any additional information would be required at the time of application—it is unlikely that one would be able to collect this type of information retroactively).

However, we do know that for the most significant tax breaks identified and referred to in the OLO Report (that are not included in the current Tax Expenditure Report), there is either insufficient information to provide the level of reporting suggested (since the State administers the program) or that current reporting does exist through other reports targeted to those programs.

The current Tax Expenditure Report covers only property taxes, but it is comprehensive in its reporting, as intended. The Working Families Income Supplement (administered by the State of Maryland and related to State Income Taxes) is a program reported on in the County’s annual budget—it is a discrete budgetary item that the Council takes up each year, often times in great detail. The impact taxes noted in the OLO Report have statutory reporting requirements as well, so it is not clear that incorporating that information in another report will be useful, though it could cause some confusion if a reader was to see both and conclude that they were different tax breaks.

The great majority of County tax breaks (and nearly all their costs) are captured in the Tax Expenditure Report, the budget (for WFIS), and statutorily mandated impact tax reports. There does not appear to be a need for any further reporting on the subject, and as previously noted, in some cases, it is not possible to provide the level of reporting being suggested. As an option, if desired, the current report could be expanded to include the limited data available for State-administered programs and to provide a reference to separately published reports on the other County-administered programs. However, this approach to expanding the current report would not appear to deliver the value suggested and may add confusion or detract from the current focus on property tax programs.

Discussion Item #1: The Council may want to consider requiring County departments to add voluntary demographic fields to applications for tax break programs.

CAO Response: We note that in other areas where we have provided “voluntary demographic fields” (such as for some economic development incentives), those fields are frequently left blank on applications.

Discussion Item #2: The Council may want to consider whether to discontinue tax credit programs that have had no uptake in recent years.

CAO Response: We concur.

Discussion Item #3: The Council may want to consider whether distributional analysis—classifying tax credit programs as regressive, progressive, or neutral—would be useful for assessing whether tax expenditures advance Council policy priorities.

CAO Response: We concur.

Thank you again for allowing us to comment on the OLO Report. It is a useful compendium of information on the current Tax Expenditure Report, along with details on other reported tax expenditures not directly related to property taxes.

We look forward to discussing these items at the Council work session.

RM/mc

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Tricia Swanson, Director of Strategic Partnerships, Office of the County Executive
Michael Coveyou, Director, Department of Finance
Karen Hawkins, Chief Operating Officer, Department of Finance
Nancy Feldman, Department of Finance
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