

"Federation Corner" column
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Deep in the heart of taxes

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By law, in May the County Council is required to approve the operating budget for the county government for the fiscal year starting on July 1. One of the actions that Council members are considering is raising the property tax rate for Levy Year 2012 above the Constant Yield Tax Rate (CYTR). A public hearing will be held on May 1 starting at 7:30 p.m. Details on how to sign up to testify at the hearing, or how to email written comments to Council, are included at the end of this column.

The CYTR--also referred to as the Charter Limit--is the property tax rate calculated each year to generate the same total amount of property tax revenue collected by the county in the previous year plus inflation. Real estate prices are still shaky due in part to the glut of foreclosed homes on the market, and the total assessed value of all the properties in the county is estimated to decrease by 4.1% In Levy Year 2012.

As a result, the tax rate (or amount of tax charged per hundred dollars of assessed value) will need to be increased from \$713 to \$744 for every \$100,000 of assessed value to maintain the Constant Yield. The Council, however, is considering raising the rate to \$751 per \$100,000 of assessed value. The higher rate above the constant yield tax rate will generate \$11,621,579 in additional property tax revenues for the county.

The increased property tax rates being considered by Council mean an owner whose home is assessed at \$500,000 will get a property tax bill this June that is either \$155 or \$190 more than the bill they got last year. And that's the minimum amount of increase, even if the other charges included on property tax bills are not also increased. And at least some will be. The Council Executive has already recommended an increase in the Water Quality Protection Charge, also known as the "flush tax." And the Solid Waste Charge, which covers trash collection, will likely to be increased, too

In many sections of the county, like the one I live in near downtown Bethesda, property owners are charged seven other taxes each year in addition to the county property tax and the Water Quality Protection and Solid Waste Charges. My neighbors and I also pay seven Special Service Area taxes that are included on our annual property tax bills--a Transit Tax, Fire District Tax, Advance Land Acquisition tax, a Metropolitan tax, a Regional tax, a Recreation tax, and a Storm Drainage tax.

Last year, the total of these seven additional taxes added an amount equal to one-third of the property tax to the bills my neighbors and I received. Which of these will go up this year? Property owners in various other areas of the county are also charged a Municipal District tax, a Parking Lot District tax, an Urban District tax, a Noise Abatement District tax, or a Development District tax. How much will they be increased?

Don't think that you're exempt from this property tax stuff just because you rent a home in the county. Your landlord will undoubtedly be increasing your rent soon, in order to raise the money to pay the bigger property tax bill he will be getting.

In addition to a possible rise in property taxes above the Charter Limit, and increases in other taxes and charges included on property tax bills, the County Executive has recommended and the Council is considering a doubling of the energy tax. We see this tax every month in our electricity and natural gas bills. I guess this is convenient for county officials because they can hide behind the utilities, hoping we get mad at

PEPCO, Washington Gas, Allegheny Power or BG&E for the rise in our bills when it is actually the county tax that was increased. And let's not forget the cell phone tax charged by the county.

Why all this talk of taxes? It's budget season and, in addition to employee salaries and program costs, the Council is also debating which infrastructure projects to fund. There are new, expanded or renovated schools, libraries and fire departments needed all across the county. The roads and transit systems are crying out for improvement or expansion. And aging bridges must be rehabilitated or we risk their falling down.

As I've noted before in the Federation Corner column, when Isiah Leggett first took office as County Executive in 2006 he stated there was a deficit of infrastructure to support the amount of development already in place and that new growth needed to pay for itself. Why then are the Planning Board and Council considering revised transportation tests for new development projects that will only require the private sector to pay one-third of the cost of needed road and transit improvements in urban areas, one-half in suburban areas, and two-thirds of the cost in rural areas?

What happened to new development paying its own way? It looks like county officials are intending to transfer financial responsibility for a significant portion of infrastructure costs from the corporations that profit from growth onto individual taxpayers.

If you would like to testify May 1st on the proposal to raise property taxes above the Constant Yield Tax Rate, please call 240-777-7803 to sign-up. The hearing will start at 7:30 p.m. in the third floor hearing room in the Council Building in Rockville, and will be broadcast live on county cable television and over the internet. You can log-on to the internet broadcast via a click-on on the County Council webpage, accessed as a menu option on the County website which is www.montgomerycountymd.gov.

Or if you would prefer to send written comments to the Council, they can be emailed to county.council@montgomerycountymd.gov. It is important for county residents to let our Council members know how we feel. After all, we are the ones paying the bills.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to theelms518@earthlink.net