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Executive, Council Propose \$8.4 Million in Targeted Tax Cuts Seniors, Others on Limited or Fixed Income Get Help

Montgomery County Executive Douglas M. Duncan and Council President Tom Perez – along with Council Vice President George Leventhal and Councilmembers Steve Silverman and Howard Denis – today announced a plan to provide \$8.4 million in targeted tax cuts for seniors and others living on fixed or limited incomes who are being hit hard by increasing state property taxes and rapidly rising state property assessments. With the targeted tax cuts announced today, Duncan is proposing \$32.4 million in tax cuts for Montgomery County residents. With this change Montgomery County's homeowner property tax program would provide the largest tax credit relief of any local program in the State.

“Homeowners are facing a double-whammy with Governor Ehrlich's nickel increase in the state property tax rate and the higher state property assessments,” said Duncan. “Seniors and others living on fixed or limited incomes are struggling to make ends meet and we need to provide them with some help. That is why we are proposing targeted, rather than across the board, tax cuts.”

Duncan and the Council members also cautioned against plans by some to cut nearly \$70 million in funding from the proposed FY'06 budget, saying that such large reductions would undermine the County's progress in improving school performance, expanding access to health care, as well derail a plan to put trash cans back in County parks.

“Our proposal continues Montgomery County's commitment to Tax Fairness,” said Perez. We will help everyone, but the homeowners with the greatest need will receive the greatest benefit.”

The proposal outlined today by Duncan and the Council members expands the eligibility requirements of the Homeowners Tax Credit Program, where individuals can apply for tax credits that will average \$900 – an amount that is more than four times larger than the credits offered under the current program.

The targeted tax cut proposal also expands eligibility requirements that will increase the number of potential program beneficiaries by nearly three-fold. The maximum annual income for eligible households will be raised from \$35,000 to \$55,000, and the assessment cap will be raised from \$150,000 to \$300,000.

“The Executive and the Council are working to provide real tax relief,” said Leventhal. “We must pass a budget that meets the needs of our community. Cutting all the way to the charter limit would not allow us to pass a responsible budget.”

Funding for the targeted tax cuts comes from savings realized from the County’s snow budget and an advance payment from the State Comptroller’s office that was announced last week. The Council is currently debating the Executive’s FY’06 budget, which includes a two-cent reduction in the property tax rate and increased funding for education, the environment, public safety and health services. The Council must take final action on the budget by the end of May.

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