Testimony Opposing Proposed Tax Increases
Montgomery County FY27 Budget

Good day, Council President and members of the Council,

My name is **Marji Graf**, and I am the **President and CEO of the Greater Rockville Chamber of Commerce**, representing more than **400+ businesses and residents in the Greater Rockville region**. Thank you for the opportunity to testify regarding the Fiscal Year 2027 operating budget and the proposed tax increases.

On behalf of our business community, I urge the Council to **reject the proposed increases to** the property **tax, the local income tax, and the creation of new special taxing districts**.

Residents and businesses in Montgomery County are already facing significant financial pressure. Families are struggling with rising costs for housing, food, utilities, transportation, and healthcare. At a time when many households are simply trying to keep up with everyday expenses, adding additional tax burdens will make living and doing business in this county even more difficult.

For many small and mid-sized businesses in our Chamber, margins are already extremely tight. They are dealing with increased labor costs, rising rent, supply chain challenges, and higher insurance and energy expenses. Additional tax increases—whether through property taxes, income taxes, or special taxing districts—ultimately increase the cost of operating in Montgomery County and make it harder for businesses to grow, hire, and invest locally.

The County Executive's proposed **6.3 percent property tax increase** would result in the **highest property tax rate Montgomery County has seen since the current tax system was adopted in 2001**. For homeowners, renters, and businesses alike, this would represent a substantial new cost at a time when affordability is already a major concern.

In addition, the proposal to raise the **local income tax rate from 3.2 percent to 3.3 percent** would increase the tax burden on working residents across the county. Just last year, 3.2 percent was the maximum rate counties were allowed to charge. Moving immediately to the new maximum sends the wrong signal to residents, entrepreneurs, and employers who are already questioning the affordability and competitiveness of Montgomery County.

The budget also assumes the creation of **new special taxing districts within a half-mile of planned bus rapid transit routes**. These districts would impose additional taxes on residents and businesses in those areas, even though the specific tax rates have not yet been defined. Creating new taxes without clear information about their long-term impact raises serious concerns for property owners and businesses located in those communities.

Even members of the County Council have acknowledged the financial strain facing residents. Councilmember Andrew Friedson has emphasized that families are struggling with rising costs and that affordability must remain a top priority. Council President Natali Fani-González has also noted that the bar for raising taxes should be appropriately high given the financial pressures residents face. Councilmember Evan Glass has similarly pointed to the affordability crisis affecting many families.

These concerns reflect the reality many residents and businesses are experiencing today.

Over the past eight years, the County's operating budget has increased significantly. Before asking residents and businesses to contribute even more, the County should focus on **improving efficiency, prioritizing spending, and ensuring that existing tax dollars are used as effectively as possible**.

Montgomery County is a great place to live and work, and the Chamber strongly supports investments that strengthen our community. However, maintaining that quality of life also requires keeping the county **affordable, competitive, and welcoming for businesses and residents alike**. Additional tax increases risk driving businesses, jobs, and investment to neighboring jurisdictions at a time when we should be encouraging economic growth and stability.

For these reasons, I respectfully urge the Council to **reject the proposed property tax increase, the income tax increase, and the creation of new special taxing districts**.

Thank you for your time and consideration.