

# OVERVIEW OF THE REAL PROPERTY ASSESSMENT PROCESS

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# History of the Department

- The Department of Assessments and Taxation was created in 1959 to replace the Maryland Tax Commission.
- State assumed the assessment function in 1975.

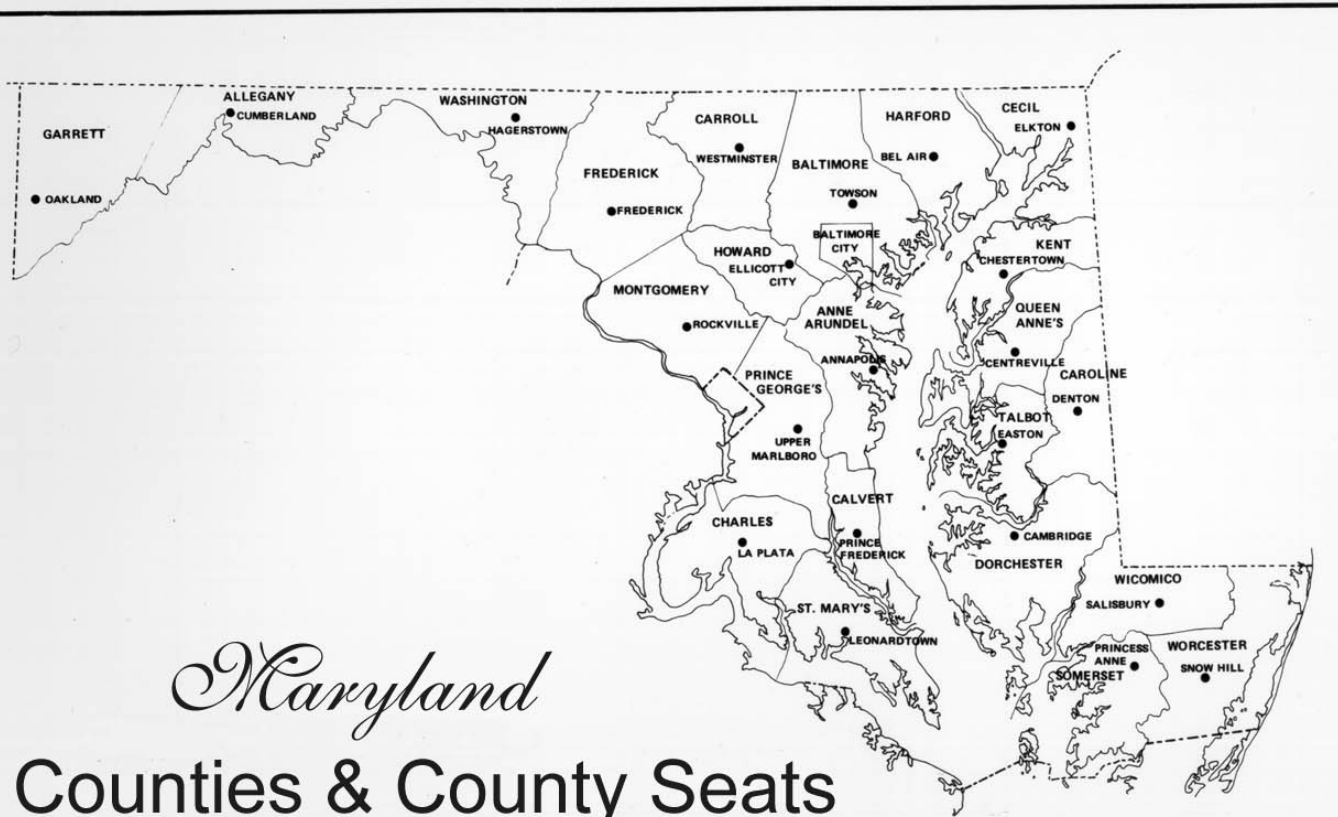
# Reasons for State Assuming Assessment Functions

- Uniformity
- Assessment Levels
- Exemptions
- Public Confidence

# Department Structure

- Real Property Division
  - Headquarters Staff
  - 24 Local Offices
- Taxpayer Services
  - Personal Property Appraisal
  - Railroad and Utility Valuation
  - Franchise Tax Administration
  - Charter and UCC
  - Tax Credits

# Real Property Office Locations



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# Assessments Statewide

- THE ASSESSOR

- Maryland has 2.3 million property accounts.
- Approximately 1/3 of properties valued yearly.

# Triennial Assessments

- Three Groups

- Geo 80 (Group 1) January 1, 2019
- Geo 81 (Group 2) January 1, 2020
- Geo 82 (Group 3) January 1, 2021

# Approaches Used to Estimate Market Value

- Cost
- Income
- Market

The assessor has latitude in determining the most appropriate method of valuation to estimate the market value of the property.



# Property Types

- Residential
  - Single Family
  - Townhouse
  - Condominium
- Commercial
  - Office
  - Retail
  - Warehouse
  - Apartments

# Assessing Residential Property

- Estimate of construction cost
- Estimate of land value
- Application of Market Value Indicator
- Statistical validation with sale properties

# Physical Attributes Collected for Cost Approach

- Number of Stories
- Size of Improvements
- Type of Construction
- Quality of Construction
- Type of Heat
- Other Residential Attributes

# Model and Valuation

- Models (Similar Characteristics)
  - Number of Stories
  - Quality of Construction
  - Style of Construction
- Market Value Indicator
  - Market Influence on Particular Model
- Statistical Measure
  - International Association of Assessing Officers (IAAO)

# Owner Notified of Assessment Value

- The Notice
  - Value Information
    - Old and New Market Value
    - Value of Both Land and Buildings
  - Appeal Information
    - Appeal Deadlines
    - Hearing Options
  - Other Information
    - Worksheet Request
    - Sales Listings

# Assessment Phase-In

- Increases phased in over three years
  - 2016 assessment value equaled \$100,000
  - 2019 assessment value equaled \$130,000
  - Phased in assessment the next three years
    - 2019 = \$110,000
    - 2020 = \$120,000
    - 2021 = \$130,000
- Decreases remain the same for three years

# The Assessment Worksheet

- A property owner may obtain a copy of the worksheet for their property at any time from the local assessment office.

# Appealing Your Assessment

- FIRST STEP – Supervisor's Level
- SECOND STEP – Property Tax Assessment Appeals Board
- THIRD STEP – Maryland Tax Court



# Assessing Commercial Property

- Marshall Valuation Cost method
- Land value estimate
- Sales comparison check
- Application of the income approach when appropriate

# Revaluation Required

- Valuation Out of Cycle
  - Zoning classification is changed at owner's request
  - Change in use or character
  - Substantially completed new construction which adds at least \$100,000 in value to the property
  - Erroneous calculation or measurement
  - Rezoned property pursuant to Tax Property Article §8-226
  - Subdivision occurs

# Use Assessments

- Agricultural use assessment
- Woodland management program
- Golf and Country Club use
- Low Income Tax Credit (IRS Section 42) property

# Other Programs

- Homestead Tax Credit
- Homeowner's Tax Credit
- Renter's Tax Credit
- Exemptions
- Enterprise Zone properties

# 2019 County Caps

(apply only to owner occupied residential property)

- Allegany 4%
- Anne Arundel 2%
- Baltimore City 4%
- Baltimore County 4%
- Calvert 10%
- Caroline 5%
- Carroll 5%
- Cecil 4%
- Charles 7%
- Dorchester 5%
- Frederick 5%
- Garrett 5%
- Harford 5%
- Howard 5%
- Kent 5%
- Montgomery 10%
- Prince George's 3%
- Queen Anne 5%
- Somerset 10%
- St. Mary's 3%
- Talbot 0%
- Washington 5%
- Wicomico 5%
- Worcester 3%

State 10%

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# County Caps

- Caps do not transfer.
- With the sale of a property, the taxable assessment becomes the basis for the new buyer's property tax calculation.

# Website Information

## [www.dat.maryland.gov](http://www.dat.maryland.gov)

- Office Listing
- Tax Rates
- Procedures
- Property Search
- Sales Search
- Property Classification (BPRUC)
- Income Questionnaires and Other Forms

Thank you for the courtesy of allowing  
us to present today.

*Marie Green*

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