OVERVIEW OF THE REAL PROPERTY ASSESSMENT PROCESS

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Montgomery County
Department of Assessments and Taxation
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

Maryland
Counties & County Seats
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%
• 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

- 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.

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