



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

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COUNCILMEMBER
AT-LARGE

Testimony for HB 1276 Property Tax

Good afternoon, my name is Will Jawando and I am a Councilmember-at Large in Montgomery County. Thank you for allowing me to testify in support of HB 1276. I have worked closely with Delegate Palakovich Carr on this legislation and it is good to see bipartisan support for authority that should be extended to our counties and the city of Baltimore. This bill grants county governments the local authority to establish special rates for real estate taxes. This includes the creation of subclasses for the purpose of obtaining a more equitable tax structure.

Wealth inequality has become more and more pronounced -- across Maryland, across the country and around the globe. A 2017 report from global charity Oxfam found that the richest one percent of people in the world control 82 percent of the total wealth. Put another way, just 42 people own the same amount of wealth as the poorest 50 percent of the global population.

This inequality is magnified by flat and regressive taxes. Under our current property tax system, homeowners and corporations with physically large and substantially more valuable properties pay the same rate as a homeowner with a modest home.

Our flat property tax is a contributor to that imbalance, and simply put, middle class and less affluent homeowners are in need of relief.

You shouldn't have to make a decision to skip your mortgage one month so you can afford to go to the doctor or fill your prescription or pay for child care for your children.

There are mansions in Montgomery County that pay a lower overall effective tax rate compared to average homes that pay a higher percentage relative to the value of that more modest home.

By reforming toward a more equitable and progressive property tax rate, we could reduce property taxes on nearly all homeowners in Montgomery County. These same homeowners saw federal tax credits evaporate under the current President's 2018 tax plan

-- a tax plan that cut taxes for global corporations while cutting one of the prime tax breaks for middle class families.

It is those middle class and working families that bear the burden of a shift in the tax code from corporations to everyday people. And as governments large and small look for ways to save, trimming budgets and stretching public services, wealthy corporations and their shareholders make millions in untaxed or low-taxed income.

With authority to create an income tax bracket for homes of more than 5000 square feet, I was able to draft a model where by adding a small increase on the tax rate for mansions, 98.5 percent of homeowners could receive a tax break. For a family living in a very standard 2000 square foot home, my model legislation would generate \$537 in tax relief.

We have seen study after study find that half of American families cannot spare \$300 in cash in event of an emergency. In a study from 2016 - before the current President tilted the tax code toward the ultra rich - 63 percent of Americans reported not having \$500 cash in an emergency. Restructuring how we collect county taxes can provide significant relief to middle class and working families, our aging neighbors, and those who struggle to afford to live and work in Montgomery County.

We also know that this unfair tax structure is imposing higher risk on those who would otherwise start new businesses. Only the already-wealthy can afford to start a new enterprise -- which means our tax code is causing us to smother potential economic expansion. We are literally strangling the innovation out of people and harming our economy in the process.

There is also an issue of fairness. While county governments do not have the ability to address real property in different ways to create incentives and relief, smaller municipalities already have this authority.

At a time when the stock market is reaching record highs, when already-wealthy households are accumulating even greater wealth at record speed across this country, it would be a profound social injustice to fail to address inequities and imbalances in a property tax formula that imposes the greatest costs on working- and middle-income families.

Thank you.