



March 23, 2022

Delegate Vanessa E. Atterbeary  
Chair, Ways and Means Committee  
Room 131  
House Office Building  
Annapolis, Maryland 21401

**Re: Support for SB 247, State Department of Assessments and Taxation – Real Property Assessments and Appeals**

Dear Chair Atterbeary and Members of the Ways and Means Committee:

The Mayor and City Council of Gaithersburg support Senate Bill 247.

We respectfully request you pass SB247 in its current posture. As amended in the Senate, in relevant part, this bill does several things that we believe will benefit the City of Gaithersburg and municipalities throughout Maryland.

First, the bill requires that, within 10 days after a decision by an appeal authority that reduces the value of commercial real property by more than 20%, the State Department of Assessment and Taxation (SDAT) shall notify the governing body of the County and Municipal Corporation in which the property is located of the decision. The City of Gaithersburg, like many municipalities, generates much of its revenue through real property taxes. More specifically, approximately 35% of the City's real property collections are generated by commercial properties. Should a decision by an appeal authority result in a commercial property's reduction in value of 20% or greater, the impact upon a municipality's finances would be significant. This notification requirement would, at the very least, provide City officials with a crucial warning, and potentially provide them with adequate time to pursue an appeal of the decision.

The bill would also permit the governing body of the County or the Municipal Corporation to appeal, to the appropriate appeal authority, within 90 days after receiving notice from SDAT. We believe this to be important for several reasons:

- A bifurcated system currently has the State determining assessed values and then conveying that information to the counties, who issue and collect taxes. As a municipality, the City of Gaithersburg relies upon Montgomery County to convey assessed values and collections. We do not believe that the current 45-day limit accommodates delays in the conveyance of assessment information. Municipal governments often discover questionable assessed values by accident, and not typically within 45 days.

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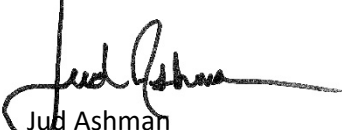
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Jud Ashman

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- Commercial properties can see increased market value due to predevelopment activities, such as rezoning and site plan approval – approvals that are authorized by county and/or municipal governments, but undetected by SDAT. Predevelopment approvals occur throughout the levy year. Increasing the timeframe from 45 days to 90 days allows for the application of more realistic, current assessed values via the appeals process.
- Presently, the appeals process does not distinguish between commercial and residential properties, but the SDAT valuation process – in practice – treats the two quite categories differently. The appeals process should, as well.
- Commercial properties tend to have higher values than individual residential properties, and this difference in scale magnifies errors in the assessment process – errors that go undetected. Therefore, we believe that local government should have a longer window of time in which to initiate an appeal.

For the reasons stated herein, we respectfully request a favorable vote on Senate Bill 247.  
Respectfully submitted,



Jud Ashman  
Mayor  
City of Gaithersburg