GO/T&E ITEM 1
May 14, 2012
Worksession 2

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
Transportation, Infrastructure, Energy & Environment Committee

FROM: Michael Faden, Senior Legislative Attorney[1]
Leslie Rubin, Legislative Analyst, Office of Legislative Oversight

SUBJECT: **Worksession 2**: Resolution to amend fuel/energy tax rates

This is the joint committees' second worksession on a resolution to amend fuel/energy tax rates in FY13. The Council President, at the request of the County Executive, introduced the resolution on April 10, 2012 to continue the current fuel/energy tax rates indefinitely. The Council held a public hearing on May 1, at which representatives of County Chambers of Commerce, the Apartment and Office Building Association of Metropolitan Washington (AOBA), and others opposed the resolution. No speaker supported it. The Executive did not testify or send a representative.[2]

Fuel/Energy Tax Rates – Recent History and Revenue Estimates

In a March 15 memo the County Executive said: "The **fuel/energy tax** is a broad-based revenue source that includes federal institutions based in the County. Not only is it an important component of the balanced spending plan I transmitted to the Council, it also provides a much needed ongoing source of funding to meet the fiscal challenges ahead as the General Assembly completes its work to balance the State's operating budget and to offset continued weakness in other County revenues."[3]

In FY03 receipts from the energy tax were $24.4 million. The tax was tripled in FY04 and has risen steadily since then. Two years ago, the Executive proposed a 39.6% rate increase in his March 15 budget. On March 25 he revised the increase to 63.7%. On April 22 he raised the increase to 100%. Because this increase would have a "significant impact...on County residents and businesses," he recommended a sunset in FY13.

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[1]Parts of this memo were derived from Council Staff Director Farber's overview memo of April 17.

[2]Two speakers – State Delegate Al Carr and Damascus resident Gary Richard (see testimony, ©7-8) – urged the Council to exempt certain needy residents and non-profit organizations from the energy tax. As you know, the tax is not levied on the ultimate consumer, but instead is paid by the energy supplier (mainly electric and gas utilities). Changing the incidence of the tax in this manner raises separate policy issues, could require an amendment to the law under which the tax is imposed (County Code §52-14), and might be beyond the scope of the pending resolution.

[3]The tax is imposed on providers of electricity, fuel oil, gas, steam, or liquefied petroleum gas. It is based on energy consumption, not on changes in the price of the energy product.

In the Council's modified plan for FY's 11-12, residential rates for FY11-12 rose 155% while non-residential rates rose 60%.[4] The average tax in FY12 was $247 for 364,880 residential users and $4,391 for 34,858 non-residential users (for whom the **actual** tax, of course, varies widely). Total FY12 receipts from the tax, estimated at $243.1 million, were projected to fall to $131.2 million in FY13 with the sunset. If the increase is retained, estimated FY13 receipts would be $245.2 million. As the Fiscal Plan (see table on ©4) shows, **the Executive assumed that the sunset will not occur in FY14-18 either.**

In approving the FY11-12 increase, the Council also reallocated the tax burden between residential and commercial customers by increasing the share of tax revenue coming from residential customers. In FY10, 27% of fuel/energy tax revenues came from residential customers and 73% from non-residential customers. The Council revised the rates so that beginning in FY11, 37% of fuel/energy tax revenue would come from residential customers and 63% from non-residential customers. As already noted, this resulted in a 155% rate increase for residential customers and a 60% rate increase for non-residential customers.

Issues/Options

1) How much revenue should the fuel/energy tax yield in FY13? In his FY13 Recommended Operating Budget, the County Executive proposed to extend the 2010 rate increases rather than letting them sunset. The Executive's budget projected $245.2 million in fuel/energy tax revenue in FY13, with $114 million (46%) attributable to the FY11 rate increases. Allowing the rate increases to sunset would lower fuel/energy tax revenue in FY13 to $131.2 million.

The tables on the next pages illustrate several options to set the FY13 fuel/energy tax rates, the amount of revenue produced by each option, and the change from the current rates (the Executive's recommended option). Options 1-4 were included in the Committee's May 7 packet. Option 4 includes three revenue level alternatives: reducing the revenue projected by the Executive by $10 million, $20 million, or $26 million. These options are:

- Option 1 – continue the current tax rates (the County Executive's proposal);
- Option 2 – sunset the entire 2010 rate increase (return to pre-2010 rates);
- Option 3 – two-year phase-down of the 2010 rate increase;
- Option 4 – partial FY13 reduction of the 2010 rate increase;

Option 5 was included in a May 7 supplementary packet to the Committees. Committee Chair Navarro requested the information in Option 6 and Councilmember Floreen requested the information in Option 7:

- Option 5 – three-year phase-down of the 2010 rate increase;
- Option 6 – three-year phase-down of the 2010 rate increase beginning in FY14; and
- Option 7 – 10% reduction of the 2010 rate increase in FY13 and three-year phase-down of the remaining 2010 rate increase beginning in FY14.

[4] To help ensure a balanced finish to the FY10 budget, non-residential rates between May 20 and June 30, 2010 rose 118% and residential rates rose 323%.

Option 1
Continue the Current Tax Rates (repeal the sunset)

	Revenue ($ in millions)	% of Revenue by Source	Average Annual Tax Bill
Residential	$90.8	37%	$246
Non-Residential	$154.4	63%	$4,395
Total	**$245.2**		

Option 2
Sunset entire 2010 Rate Increases (return to pre-FY11 rates)

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
FY13 – Decrease Revenue by $114 million					
Residential	$33.8	–63%	26%	$92	–$154
Non-Residential	$97.4	–37%	74%	$2,772	–$1,623
Total	**$131.2**	**–47%**			

Option 3
Two-Year Phase-Down of 2010 Rate Increases (return to pre-FY11 rates in FY14)

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
FY13 – Decrease Revenue by $57 million					
Residential	$62.3	–31%	33%	$169	–$77
Non-Residential	$125.9	–18%	67%	$3,584	–$811
Total	**$188.2**	**–23%**			
FY14 – Decrease Revenue by $115 million					
Residential	$34.6	–62%	26%	$93	–$154
Non-Residential	$99.1	–37%	74%	$2,780	–$1,611
Total	**$133.7**	**–46%**			

Option 4
Partial FY13 Reduction of FY11 Rate Increases

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
Decrease Revenue by $10 million					
Residential	$85.8	–6%	36%	$233	–$13
Non-Residential	$149.4	–3%	64%	$4,253	–$142
Total	**$235.2**	**–4%**			
Decrease Revenue by $20 million					
Residential	$80.8	–11%	36%	$219	–$27
Non-Residential	$144.4	–6%	64%	$4,111	–$284
Total	**$225.2**	**–8%**			
Decrease Revenue by $26 million					
Residential	$77.8	–14%	35%	$211	–$35
Non-Residential	$141.4	–8%	65%	$4,026	–$369
Total	**$219.2**	**–11%**			

Option 5
Three-Year Phase-Down of 2010 Rate Increases (return to pre-FY11 rates in FY15)

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
FY13 – Decrease Revenue by $38 million					
Residential	$71.8	–21%	35%	$195	–$51
Non-Residential	$135.4	–12%	65%	$3,854	–$541
Total	**$207.2**	**–16%**			
FY14 – Decrease Revenue by $77 million					
Residential	$53.8	–42%	31%	$144	–$103
Non-Residential	$118.2	–24%	69%	$3,317	–$1,074
Total	**$172.0**	**–31%**			
FY15 – Decrease Revenue by $116 million					
Residential	$36.3	–62%	26%	$96	–$154
Non-Residential	$102.2	–36%	74%	$2,787	–$1,580
Total	**$138.5**	**–46%**			

Option 6

Three-Year Phase-Down of 2010 Rate Increases beginning in FY14
(return to pre-FY11 rates in FY16)

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
FY13 – No Decrease in Projected Revenue					
Residential	$90.8	0%	37%	$246	$0
Non-Residential	$154.4	0%	63%	$4,395	$0
Total	**$245.2**	**0%**			
FY14 – Decrease Revenue by $39 million					
Residential	$72.8	–21%	35%	$195	–$52
Non-Residential	$137.2	–12%	65%	$3,850	–$540
Total	**$210.0**	**–16%**			
FY15 – Decrease Revenue by $78 million					
Residential	$55.3	–41%	31%	$147	–$103
Non-Residential	$121.2	–24%	69%	$3,305	–$1,063
Total	**$176.5**	**–31%**			
FY16 – Decrease Revenue by $118 million					
Residential	$36.9	–62%	26%	$97	–$155
Non-Residential	$104.0	–36%	74%	$2,778	–$1,577
Total	**$140.9**	**–46%**			

Option 7
10% Reduction of 2010 Rate Increases in FY13; Three-Year Phase-Down of Remaining Increases beginning in FY14 (return to pre-FY11 rates in FY16)

	Revenue ($ in millions)	% Change from Current Rate	% of Revenue by Source	Average Annual Tax	
				$	$ Change from Current Rate
FY13 –Decrease Revenue by $11 million					
Residential	$85.1	–6%	36%	$231	–$15
Non-Residential	$148.7	–4%	64%	$4,233	–$162
Total	**$233.8**	–5%			
FY14 – Decrease Revenue by $46 million					
Residential	$69.0	–25%	34%	$185	–$62
Non-Residential	$133.4	–15%	66%	$3,744	–$646
Total	**$202.4**	**–19%**			
FY15 – Decrease Revenue by $82 million					
Residential	$53.5	–43%	31%	$142	–$108
Non-Residential	$119.4	–25%	69%	$3,256	–$1,112
Total	**$172.9**	**–32%**			
FY16 – Decrease Revenue by $118 million					
Residential	$37.1	–61%	26%	$97	–$155
Non-Residential	$104.2	–36%	74%	$2,783	–$1,571
Total	**$141.3**	–45%			

2) **How should the energy tax revenue by allocated?** When the Council set the fuel/energy tax rates for FY11-12, it reallocated the tax burden between residential and commercial customers – increasing residential customers share from 27% of total revenue to 37% of total revenue. This resulted in a 155% rate increase for residential customers and a 60% rate increase for non-residential customers.

Whatever amount of revenue that is ultimately raised by the fuel/energy tax, the Council could further reallocate the revenue between residential and non-residential customers, or it could return to the previous allocation which put a larger burden on commercial energy users. **The Council need not make any change at this time.** Making no change in the rate structure would continue the current 63/37% allocation.

This packet contains:

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Resolution No. ______________
Introduced: ______________
Adopted: ______________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Fuel/energy Tax - Rates

Background

1. Section 52-14 of the County Code levies a tax on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel, oil, or liquefied petroleum gas in the County.

2. Section 52-14 also provides that the County Council may amend the fuel/energy tax rates by resolution, after a public hearing advertised as required by Section 52-17. A public hearing was held on this resolution on ___________.

3. The Council finds that it is fair and equitable to continue different rates for fuels and energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes and for non-residential purposes.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

1. On and after July 1, 2012, the fuel/energy tax rates levied under Section 52-14 of the County Code are specified on Schedule A, attached to this resolution.

2. This Resolution supersedes Resolution 16-1354.

This is a correct copy of Council action.

____

Linda M. Lauer, Clerk of the Council Date

SCHEDULE A (effective July 1, 2012)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	$0.01335
Natural Gas (per therm)	$0.11493
Steam (per therm)	$0.15054
Coal (per ton)	$34.08769
Fuel oil (per gallon)	
No. 1	$0.16471
No. 2	$0.17086
No. 3	$0.17086
No. 4	$0.17487
No. 5	$0.17825
No. 6	$0.18225
Liquefied petroleum gas (per pound)	$0.02484

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	$0.02210
Natural Gas (per therm)	$0.19025
Steam (per therm)	$0.24920
Coal (per ton)	$56.42304
Fuel oil (per gallon)	
No. 1	$0.27264
No. 2	$0.28283
No. 3	$0.28283
No. 4	$0.28946
No. 5	$0.29506
No. 6	$0.30169
Liquefied petroleum gas (per pound)	$0.04111

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

RECEIVED
MONTGOMERY COUNTY

MEMORANDUM

March 15, 2012

TO: Roger Berliner, President, County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Fuel/Energy Tax Rates

The purpose of this memorandum is to transmit for introduction by the County Council a resolution to authorize continuation of current fuel/energy tax rates. Resolution 16-1354 adopted by the County Council on May 19, 2010 sunsets the fuel/energy tax rate increases approved on that date beginning July 1, 2012. I recommend maintaining the current fuel/energy tax rates, which will keep $114 million in the operating budget.

The fuel/energy tax is a broad-based revenue source that includes federal institutions based in the County. Not only is it an important component of the balanced spending plan I transmitted to the Council, it also provides a much needed on-going source of funding to meet the fiscal challenges ahead as the General Assembly completes its work to balance the State's operating budget and to offset continued weakness in other County revenues. I urge the Council to review and adopt this resolution as part of its deliberations on the FY13 Operating Budget.

IL:ae

Attachment

c: Timothy L. Firestine, Chief Administrative Officer
Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance
Kathleen Boucher, Assistant Chief Administrative Officer

Question # 4: Over the six (6) years of the Fiscal Plan, how much revenue is gained by assuming that the energy tax sunset does not occur?

FUEL-ENERGY TAX REVENUES

	FY11(actual)	FY12 (est.)	FY13 (est.)	FY14 (est.)	FY15 (est.)	FY16 (est.)	FY17 (est.)	FY18 (est.)	TOTAL (FY12-FY18)
NO SUNSET	$233,408,845	$243,100,000	$245,190,000	$248,480,000	$254,430,000	$259,000,000	$261,280,000	$262,740,000	$1,774,220,000
SUNSET	$233,408,845	$243,100,000	$131,180,000	$132,940,000	$136,120,000	$138,560,000	$139,780,000	$140,560,000	$1,062,240,000
DIFFERENCE (GAIN)	$0	$0	$114,010,000	$115,540,000	$118,310,000	$120,440,000	$121,500,000	$122,180,000	$711,980,000

PERCENT SHARE OF FUEL-ENERGY TAX: NO SUNSET

	FY11(actual)	FY12 (est.)	FY13 (est.)	FY14 (est.)	FY15 (est.)	FY16 (est.)	FY17 (est.)	FY18 (est.)
Non-Residential Share	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%
Residential Share	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%

ESTIMATED ANNUAL TAX LIABILITY: NO SUNSET

	FY11(actual)	FY12 (est.)	FY13 (est.)	FY14 (est.)	FY15 (est.)	FY16 (est.)	FY17 (est.)	FY18 (est.)
Business Tax Revenue	$146,962,975	$153,064,890	$154,380,833	$156,452,340	$160,198,684	$163,076,127	$164,511,701	$165,430,972
Business Establishments (est.)	34,402	34,858	35,124	35,633	36,681	37,452	37,748	37,875
Average Business Tax	$4,272	$4,391	$4,395	$4,391	$4,367	$4,354	$4,358	$4,368
Household Tax Revenue	86,445,870	90,035,110	90,809,167	92,027,660	94,231,316	95,923,873	96,768,299	97,309,028
Number of Households	360,960	364,880	368,840	372,840	377,000	381,090	385,220	389,400
Average Household Tax	$239	$247	$246	$247	$250	$252	$251	$250

Question #5: Over the six (6) years of the Fiscal Plan, how much revenue is lost by startgin the FY13 at $26 million below the Charter Limit?

PROPERTY TAX REVENUES (TAX-SUPPORTED)

	FY11	FY12 (est.)	FY13 (est.)	FY14 (est.)	FY15 (est.)	FY16 (est.)	FY17 (est.)	FY18 (est.)	TOTAL(FY12-FY18)
CE's RECOMMENDED BUDGET	$1,421,454,000	$1,437,017,000	$1,462,242,000	$1,505,764,000	$1,553,164,000	$1,608,206,000	$1,664,503,000	$1,715,400,000	$10,946,296,000
CHARTER LIMT	$1,421,454,000	$1,437,017,000	$1,488,213,000	$1,531,967,000	$1,580,141,000	$1,635,656,000	$1,698,592,000	$1,750,510,000	$11,122,096,000
DIFFERENCE (LOSS)	$0	$0	($25,971,000)	($26,203,000)	($26,977,000)	($27,450,000)	($34,089,000)	($35,110,000)	($175,800,000)

Energy Tax

Estimated FY13 revenues of $245.2 million are 0.9 percent above the revised FY12 estimate. The estimated revenues for FY13 are based on the County Executive's recommendation to continue the FY12 rates without a sunset. The fuel-energy tax is imposed on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas. Different rates apply to residential and nonresidential consumption and to the various types of energy. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not with changes in the price of the energy product. Based on partial fiscal year data for FY12, Finance assumes that share of receipts from residential users is approximately 34.6 percent of total collections, with the larger share received from the non-residential sector (65.4%). Measured for all energy types, the two largest sources based on partial fiscal year data for FY12 have been electricity (83.6%) and natural gas (15.4%). .

Telephone Tax

Estimated FY13 revenues of $48.7 million are 2.6 percent above the revised FY12 estimate. The telephone tax is levied as a fixed amount per landline, wireless communications, and other communication devices. The tax on a traditional landline is $2.00 per month, while multiple business lines (Centrex) are taxed at $0.20 per month. The tax rate on wireless communications was $2.00 per month prior to FY11. Effective FY11, the County Council increased the rate schedule for wireless communications from $2.00 per month to $3.50 per month. Revenues from this tax are driven primarily by the expansion of wireless communications such as cell phone usage. In contrast, the number of land lines continues to decline. As a result, revenues from land lines are estimated to fall 3.7 percent while revenues from wireless communications are estimated to grow 3.5 percent in FY13.

Hotel/Motel Tax

Estimated FY13 revenues of $19.1 million are 2.4 percent above the revised FY12 estimate. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY12 is also assumed for FY13. Collections grow with the costs of hotel rooms and the combined effect of room supply and hotel occupancy rate in the County. Occupancy rates in the County are generally the highest in the spring (April and May) and autumn (September and October) as tourists and schools visit the nation's capital for such events as the Cherry Blossom Festival and school trips, while organizations often schedule conferences during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county.

Admissions Tax

Estimated FY13 revenues of $2.5 million are 3.6 percent above the revised FY12 estimate. Admissions and amusement taxes are State-administered local taxes on the gross receipts of various categories of amusement, recreation, and sports activities. Taxpayers are required to file a return and pay the tax monthly while the County receives quarterly distributions of the receipts from the State. Montgomery County levies a seven percent tax, except for categories subject to State sales and use tax, where the County rate would be lower. Such categories include rentals of athletic equipment, boats, golf carts, skates, skis, horses; and sales related to entertainment. Gross receipts are exempt from the County tax when a Municipal admissions and amusement tax is in effect. For FY11, coin and non-coin-operated amusement devices accounted for 23.8 percent of total collections, while other major categories include golf green fees, driving ranges and golf cart rentals (19.9%), and motion picture theaters (23.0%).

NON-TAX REVENUES

Non-tax revenues throughout all tax supported funds (excluding Enterprise Funds, such as Permitting Services, Parking Districts, Solid Waste Disposal, and Solid Waste Collection Funds) are estimated at $876.7 million in FY13. This is a $37.5 million increase, or ↑4.5 percent, from the revised FY12 estimate, primarily attributed to an increase in General Intergovernmental Revenues (↑4.6%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues.

General Intergovernmental Revenues

General Intergovernmental Revenues are received from the State or Federal governments as general aid for certain purposes, not tied, like grants, to particular expenditures. The majority of this money comes from the State based on particular formulas set in law. Total aid is specified in the Governor's annual budget. Since the final results are not known until the General Assembly session is completed and the State budget adopted, estimates in the March 15 County Executive Recommended Public Services Program are generally based on the Governor's budget estimates for FY13, unless those estimates assume a change in existing law. If additional information on the State budget is available to the County Executive, this information will be incorporated into the budgeted projection of State aid. For future years, it is difficult to know confidently how State

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

A KEY REVENUE CATEGORIES	B App. FY12	C Estimate FY12	D % Chg. FY12-13	E %Chg FY12-13	F Projected FY13	G % Chg. FY13-14	H Projected FY14	I % Chg. FY14-15	J Projected FY15	K % Chg. FY15-16	L Projected FY16	M % Chg. FY16-17	N Projected FY17	O % Chg. FY17-18	P Projected FY18
TAXES	5-26-11		Rec/Bud	Rec/Est											
1 Property Tax (less PDs)	1,462.2	1,437.0	0.0%	1.8%	1,462.2	3.0%	1,505.8	3.1%	1,553.2	3.5%	1,608.2	3.5%	1,664.5	3.1%	1,715.4
2 Income Tax	1,117.2	1,227.1	11.2%	1.3%	1,242.9	2.9%	1,278.9	6.7%	1,364.4	4.7%	1,428.8	3.6%	1,480.0	4.2%	1,541.5
3 Transfer Tax	83.3	74.2	-3.2%	8.7%	80.7	9.2%	88.1	5.8%	93.2	6.9%	99.6	7.3%	106.9	5.7%	113.0
4 Recordation Tax	51.9	45.3	-4.9%	8.7%	49.3	6.4%	52.4	5.3%	55.2	8.3%	59.8	7.6%	64.4	5.4%	67.8
4a Recordation Tax Premium	8.3	4.3	-100.0%	-100.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
4b Recordation Tax CIP	0.0	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
5 Energy Tax	251.2	243.1	-2.4%	0.9%	245.2	1.3%	248.5	2.4%	254.4	1.8%	259.0	0.9%	261.3	0.6%	262.7
6 Telephone Tax	51.5	47.5	-5.4%	2.6%	48.7	1.4%	49.4	1.7%	50.2	1.7%	51.1	1.8%	52.0	1.9%	53.0
7 Hotel/Motel Tax	20.0	18.6	-4.6%	2.4%	19.1	2.7%	19.6	2.0%	20.0	1.3%	20.2	1.6%	20.5	1.6%	20.9
8 Admissions Tax	2.6	2.4	-3.1%	3.6%	2.5	3.8%	2.6	3.8%	2.7	3.6%	2.8	3.6%	2.9	3.6%	3.0
9 **Total Local Taxes**	3,048.3	3,099.6	3.4%	1.6%	3,150.6	3.0%	3,245.2	4.6%	3,393.3	4.0%	3,529.5	3.5%	3,652.4	3.4%	3,777.2
INTERGOVERNMENTAL AID															
10 Highway User	1.8	1.8	86.7%	85.1%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3	0.0%	3.3
11 Police Protection	8.2	8.7	5.9%	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7	0.0%	8.7
12 Libraries	5.5	5.8	-3.5%	-8.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3
13 Health Services Case Formula	3.6	3.6	0.0%	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6
14 Mass Transit	22.8	22.8	0.0%	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8	0.0%	22.8
15 Public Schools	559.8	559.5	5.1%	5.1%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3	0.0%	588.3
16 Community College	29.8	29.8	1.4%	1.4%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2	0.0%	30.2
17 Direct Reimbursements	14.3	0.0	-100.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
18 Other	11.2	30.2	172.3%	1.4%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6	0.0%	30.6
19 **Subtotal State Aid**	657.1	662.2	5.5%	4.6%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9
20 Federal Aid	8.0	0.0	-100.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
21 **Total Intergovernmental Aid**	665.0	662.2	4.2%	4.6%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9	0.0%	692.9
FEES AND FINES															
22 Licenses & Permits	11.8	11.9	-4.6%	-5.1%	11.3	1.5%	11.4	1.5%	11.6	1.5%	11.8	1.5%	11.9	1.5%	12.1
23 Charges for Services	49.2	52.4	6.9%	0.2%	52.6	2.3%	53.8	2.3%	55.0	2.1%	56.2	2.1%	57.4	2.1%	58.6
24 Fines & Forfeitures	19.8	19.3	16.4%	19.8%	23.1	1.6%	23.4	1.6%	23.8	1.6%	24.2	1.6%	24.6	1.6%	25.0
25 Montgomery College Tuition	82.0	83.2	6.2%	4.7%	87.1	2.3%	89.1	2.3%	91.1	2.1%	93.1	2.1%	95.1	2.1%	97.1
26 **Total Fees and Fines**	162.8	166.7	6.9%	4.3%	173.9	2.2%	177.7	2.1%	181.5	2.0%	185.2	2.0%	188.9	2.0%	192.8
MISCELLANEOUS															
27 Investment Income	1.6	0.2	-70.3%	122.8%	0.5	33.6%	0.6	94.0%	1.2	134.2%	2.9	55.8%	4.5	26.3%	5.7
28 Other Miscellaneous	14.4	10.0	-35.0%	-6.3%	9.4	2.9%	9.6	2.9%	9.9	2.7%	10.2	2.7%	10.5	2.7%	10.7
29 **Total Miscellaneous**	16.0	10.2	-38.5%	-3.6%	9.9	4.4%	10.3	8.5%	11.2	17.2%	13.1	14.4%	15.0	9.8%	16.4
30 **TOTAL REVENUES**	3,892.1	3,938.7	3.5%	2.2%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
31 $ Change from prior Budget	112.9				135.1		98.9		152.7		141.8		128.5		130.1
Calculation for Adjusted Governmental Revenues															
32 **Total Tax Supported Revenues**	3,892.1	3,938.7	3.5%	2.2%	4,027.2	2.5%	4,126.1	3.7%	4,278.8	3.3%	4,420.7	2.9%	4,549.2	2.9%	4,679.3
33 **Capital Projects Fund**	45.6	60.3	43.7%	8.5%	65.3	52.1%	99.6	2.3%	101.9	-11.8%	89.9	1.1%	90.8	-11.0%	80.8
34 **Grants**	108.9	108.9	-1.7%	-1.7%	107.0	2.9%	110.1	2.9%	113.3	2.7%	116.3	2.7%	119.4	2.7%	122.6
35 **MCG Adjusted Revenues***	4,046.6	4,108.0	3.8%	2.2%	4,199.7	3.2%	4,335.9	3.6%	4,494.0	3.0%	4,626.8	2.9%	4,759.4	2.6%	4,882.7

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The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

Delegate Al Carr's testimony before the Montgomery County Council - May 1, 2012

Good evening Mr. Council President, Madame Council Vice President and Council Members.

Thank you for the opportunity to speak about the Montgomery County Fuel Energy Tax.

For the record my name is Delegate Al Carr and I represent the 18th Legislative District.

I understand the reasons why you need to consider continuing the fuel energy tax at the higher rate adopted in 2010.

As you deliberate, I would ask that you consider modifying the rate structure to reduce the burden this regressive tax imposes on the neediest county residents.

About 12,000 Montgomery County families are currently receiving energy assistance - federal and state funding that is administered through the County's Health and Human Services Department. Energy Assistance recipients receive a lump sum payment of several hundred dollars and have had to wait up to 20 weeks to verify eligibility.This group of low income individuals includes the working poor, the unemployed, underemployed, and seniors on fixed income.

In 2010 the County Council voted to increase the revenue from this tax by nearly 100% with a 2-year sunset. Residential users bore the brunt of this change and absorbed a 155% increase. At the same time, the $50 County energy assistance supplement was deleted. The average residential user currently pays $247 in annual fuel/energy taxes on their gas, electric and heating oil bills.

One option would be to partially or fully exempt energy assistance recipients from paying the Montgomery County fuel energy tax. This would be a year-round enhancement to the safety net that serves our needy residents in these tough times.

PH 5/1/12 Fuel/Energy Tax Rates

NAN
cc
MF
OLO

Gary C. Richard
26819 Ridge Road
Damascus, MD 20872
301-253-2287

April 24, 2012

Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

068055

Dear Montgomery County Council,

I am writing in reference to the fuel/energy tax rates. For the last two years the rates were doubled from what they were and are due to revert back to the old rates on June 30, 2012. I am a fuel distributor and I can say that for the past two years the increased fuel/energy tax rates, particularly on home heating oil and kerosene have been an additional burden to everyone considering that the cost of fuels have been increasing over the same period of time. I believe that all energy tax rates should go back to the previous rates to relieve this burden from all consumers, both residential and non-residential, for all fuels.

It is at this time I would like to bring to your attention another issue regarding the fuel/energy tax rates for non-profit organizations, houses of worship and any other tax exempt entity. I sell to several non-profit and tax exempt organizations and I am perplexed about the taxing of fuels when they are totally exempt from Maryland Sales & Use Taxes, property taxes and any other taxes. Unlike the State of Maryland, why should Montgomery County continue to tax non-profit and tax exempt entities?

I belong to Damascus United Methodist Church. We use heating oil, gas and electricity for five buildings. We are a non profit, tax-exempt church corporation. But, we pay taxes on fuel/energy consumption. In the case of our thrift shop, we operate four days a week using up to 75 volunteers and contribute to 22 missions. One of those missions is Damascus Help. I deliver fuel oil for Damascus Help to struggling families that cannot afford heating oil. On each bill there is a charge for the fuel/energy tax that is eating away at the resources of Damascus Help and the funds generated from the Thrift Shop. This is so contradictory to our cause and should be discontinued. The volunteers that work in our church need the heat, electricity and gas to prepare meals that help us to fulfill our missions in our community.

For over 25 years I have been collecting offering at our church services. Our source of income comes in through the offering plate. On Sunday the Pastor says "now is the time for us to offer back to God a portion of our blessings with our tithes and offerings. The ushers will come forward now to receive the offering". This is what we operate on. How does the Montgomery County Government or the County Council dare to reach into the offering plate of tithes and offerings given to God to take out a portion for fuel/energy taxes?

Please give this your careful consideration to eliminate the fuel/energy tax for all tax exempt and non-profit organizations and at the same time bring relief by returning to the old rates of two years ago.

Sincerely,

Gary C. Richard

Gary C. Richard

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