



Revenues

INTRODUCTION

This chapter provides demographic and economic assumptions, including detailed discussions of the national, State, and local economies. Revenue sources, both tax supported and non-tax supported, used to fund the County Executive's Recommended FY19 Operating Budget incorporate policy recommendations.

ESTIMATING SIX-YEAR COSTS

Demographic Assumptions

The revenue projections of the Public Services Program (PSP) incorporate demographic assumptions based on Metropolitan Washington Council of Governments (COG) Round 9.0 estimates and are based on fiscal and economic data and analyses used or prepared by the Department of Finance. A Demographic and Economic Assumptions chart located at the end of this chapter provides several demographic and planning indicators.

- County population will continue to increase from 1,056,920 in 2018 to 1,097,060 by 2024. This reflects an average annual growth rate of 0.6 percent.
- Current projections estimate the number of households to increase from 378,590 in 2018 to 394,740 by 2024. Household growth over that period is projected to grow at an average annual rate of 0.7 percent.
- The County's senior population (persons 65 and older) continues to grow from an estimated 120,000 persons living here in 2010 to a projected 244,000 by 2040, increasing the share of the County's population that are seniors from 12 percent to 20 percent.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to gradually increase from an estimated 13,066 in 2016 to 13,540 by 2024.
- The County expects Montgomery County Public School student enrollment to increase by 7,466 between FY18 and FY24.
- Montgomery College full-time equivalent student enrollments are projected to increase slightly from 19,185 in FY18 to 20,459 in FY23.

Using moderate economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely that entirely unanticipated events will affect long-term projections of revenue or expenditure pressures. Although they cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following:

- Changes in the level of local economic activity;
- Federal economic and workforce changes;
- State tax and expenditure policies;
- Federal and State mandates requiring local expenditures;
- Devolution of Federal responsibilities to states and localities;

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- Local, state and federal tax policy changes;
 - Changes in financial markets;
 - Major demographic changes;
 - Military conflicts and acts of terrorism; and
 - Major international economic and political changes.

Policy Assumptions



Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY19 budget. Even though it is assumed that these policies will be effective throughout the six-year period, subsequent Council actions, State law and budgetary changes, actual economic conditions, and revised revenue projections may result in policy changes in later years.

Economic Assumptions

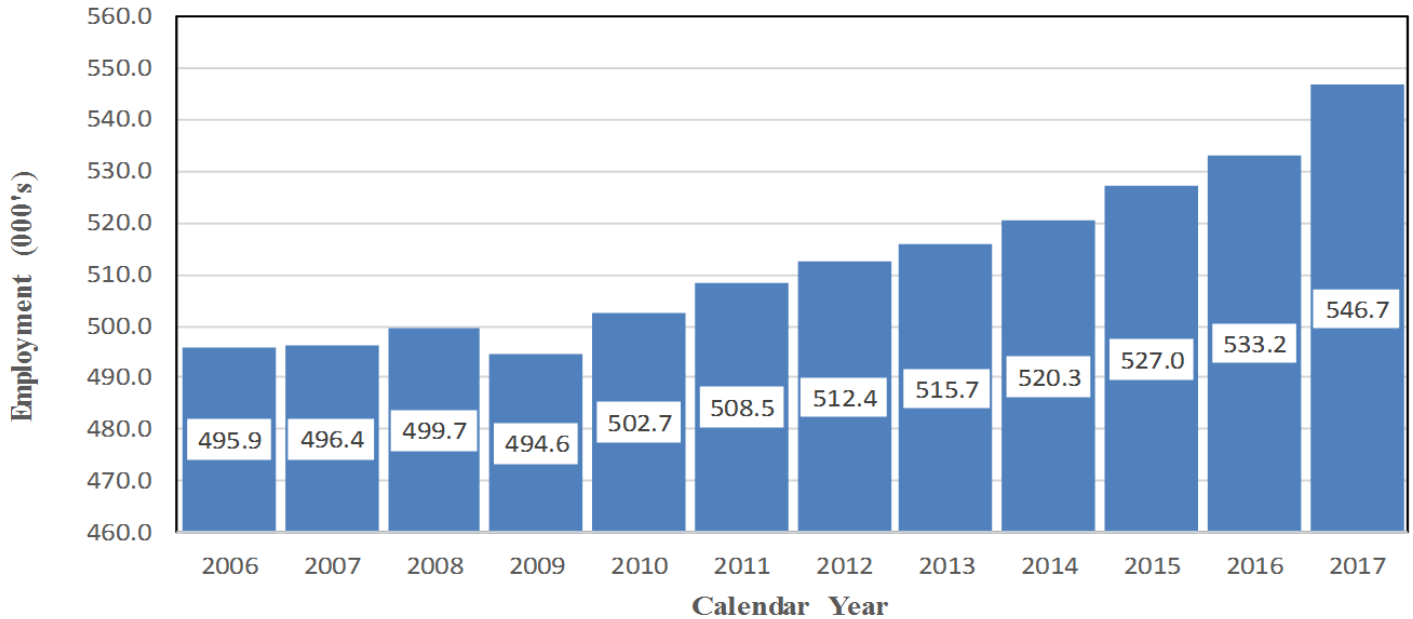
Revenue projections depend on the current and projected indicators of the national, regional, and local economy. National indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include residential (labor force survey) and payroll (establishment survey) employment, residential and nonresidential construction, housing sales, retail sales, and inflation. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Such projections are dependent on a number of factors - fiscal and monetary policy, real estate, employment, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

Montgomery County's economy generally experienced positive economic performance during 2017. Some of the areas of strength included an increase in resident employment, a decline in the unemployment rate, and an increase in the median sales price for an existing home. However, partially offsetting those increases, the County experienced a modest decline in the sales of existing homes, declines in the added value of new construction for residential and non-residential properties, and weak retail sales.

Employment Situation

Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in 2017 increased by nearly 13,500 from 2016 ( 2.5%) and was the largest percentage increase since 1994 ( 3.0%).

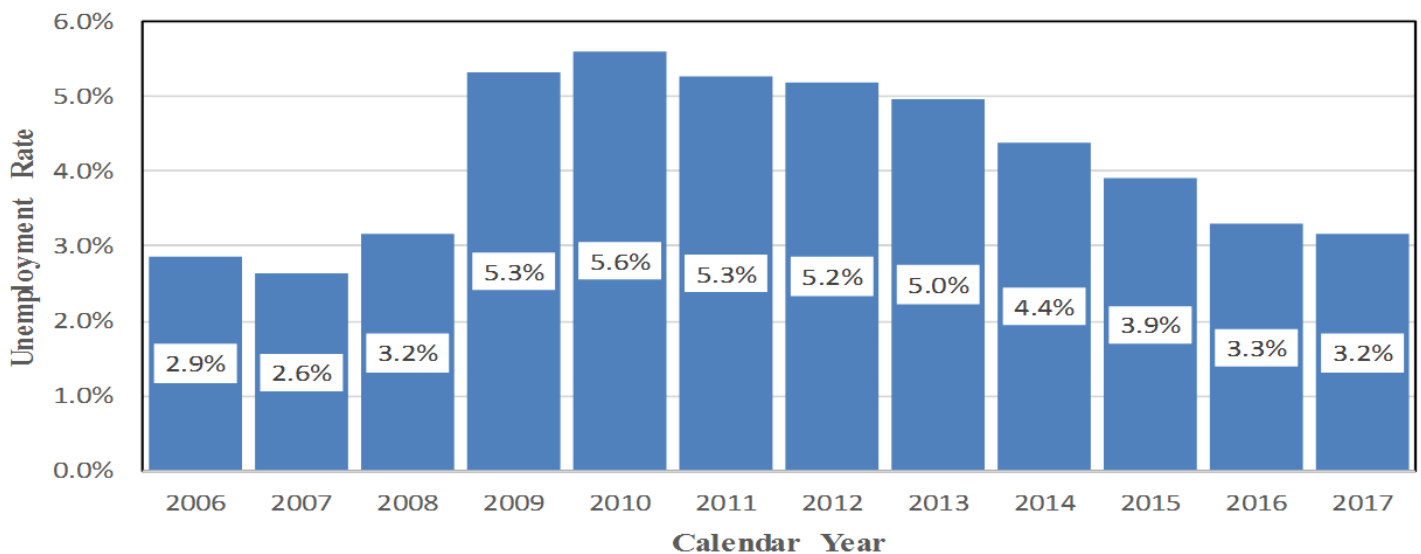
Total Resident Employment (Montgomery County)



SOURCES: Bureau of Labor Statistics, U.S. Department of Labor

The County's unemployment rate declined to 3.2 percent compared to 3.3 percent in 2016 and is the lowest in nine years. The decline in the unemployment rate is attributed to a larger percentage increase in resident employment (2.5%) than in the labor force (2.4%).

Unemployment Rate (Montgomery County)

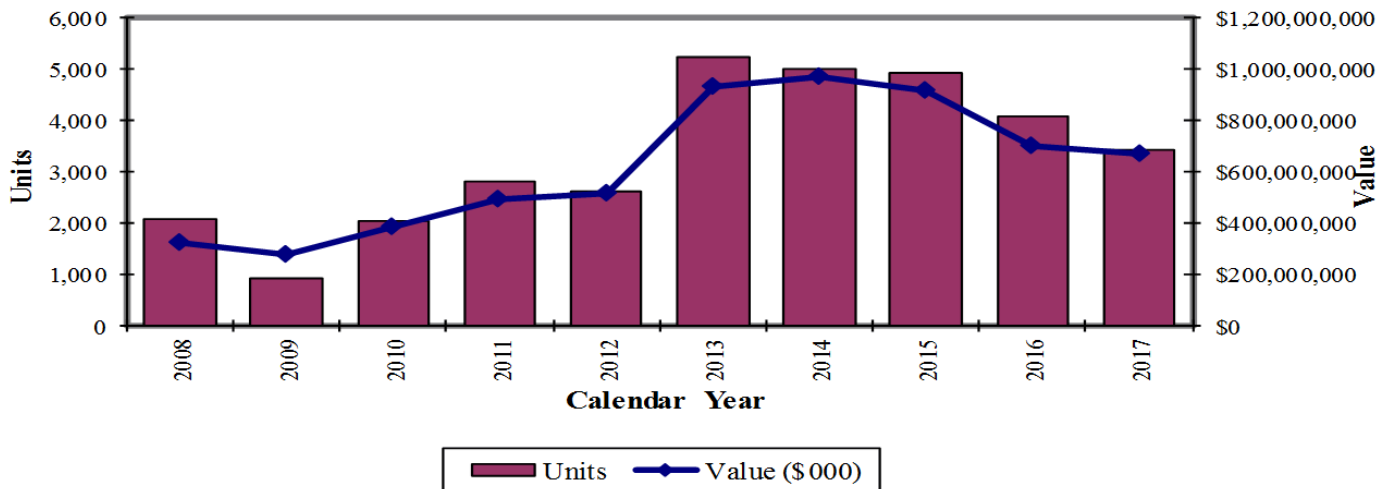


SOURCES: Bureau of Labor Statistics, U.S. Department of Labor
Montgomery County Department of Finance

Construction Activity

After experiencing an increase of over 100 percent in 2013, the construction of new residential units declined 4.8 percent in 2014, 1.7 percent in 2015, 16.9 percent in 2016, and 16.3 percent in 2017. Total value added decreased from \$699.2 million in 2016 to \$669.0 million in 2017 (▼ 4.3%). While the number of non-residential construction projects increased 12.4 percent in 2017, the total value added decreased from \$1,077.9 million to \$876.3 million (▼ 18.7%).

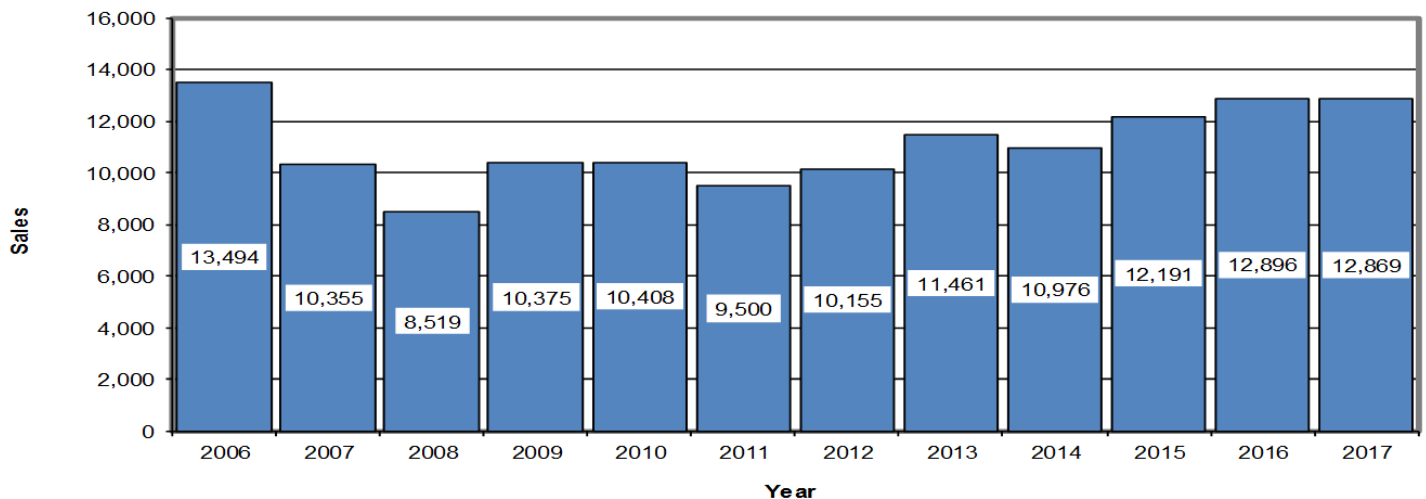
**New Residential Construction:
Number of Units and Value
Montgomery County**



Residential Real Estate

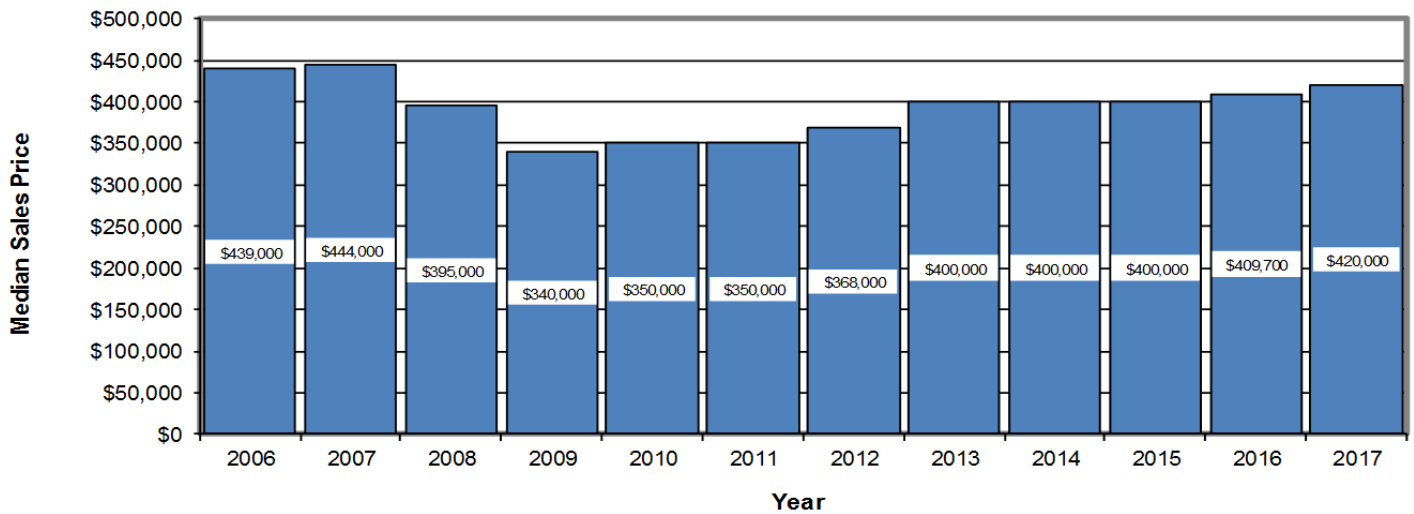
During 2017, existing home sales decreased a modest 0.2 percent which followed a 5.8 percent increase in 2016. The average sales price for existing homes increased 3.6 percent in 2017 following a modest 0.8 percent increase in 2016 while the median sales price increased 2.5 percent.

**Sales of Existing Homes
(Montgomery County)**



SOURCE: Metropolitan Regional Information System

Median Sales Price for an Existing Home (Montgomery County)



SOURCE: Metropolitan Regional Information System, Inc.

Retail Sales

Using sales tax receipts as a measure of retail sales activity in the County, retail sales, including assessment collections, decreased 0.4 percent in 2017. Purchases of nondurable goods, which include food and beverage, apparel, general merchandise, and utilities and transportation, decreased 0.5 percent during this period while sales of durable goods were down 0.3 percent. The decrease in nondurable goods purchases was largely attributed to the decrease in general merchandise (1.7%), while the decrease in purchases of durable goods was largely attributed to a decrease in automobile sales and products (▼ 3.5%), and furniture and appliances (▼ 10.5%).

CONCLUSION

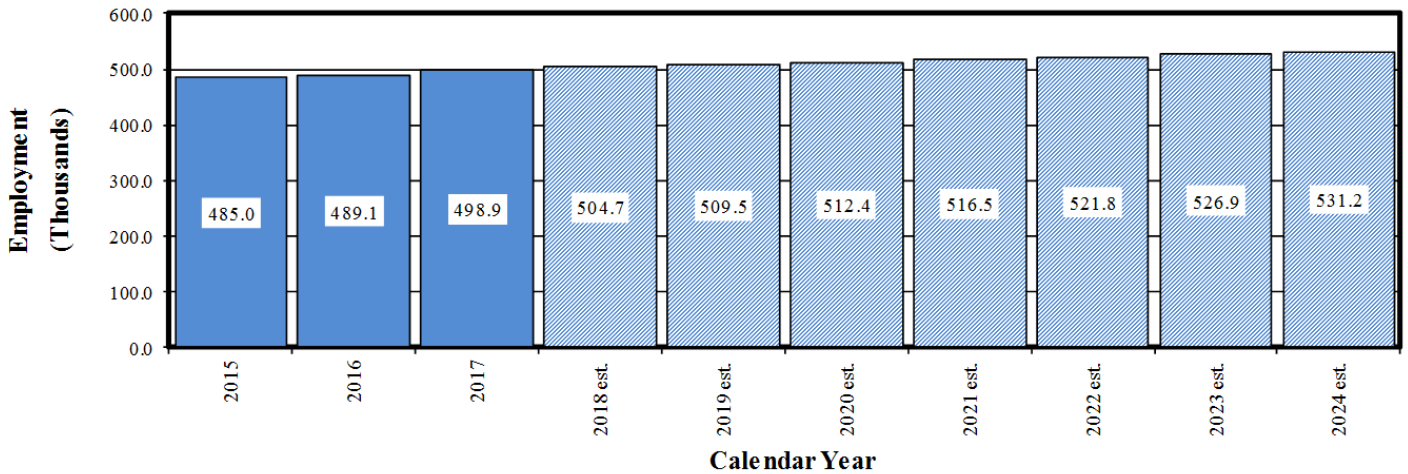
The major economic indicators confirm that the County's economy experienced generally positive performance during 2017. That performance included a strong increase in residential employment, a decline in the unemployment rate, and an increase in the median sales price for an existing home, but partially offset by a modest decline in the sales of existing homes, a decline in added value of new residential and non-residential construction, and weak retail sales.

ECONOMIC OUTLOOK

The Department of Finance (Finance) forecasts that Montgomery County's economy will continue to improve through the next six years.

Employment. Finance assumes payroll employment will continue to increase from 2017 to 2024 and grow at an average annual rate of 0.9 percent over that period. This is slightly below the average annual rate growth rate of 1.1 percent experienced between 2010 and 2017.

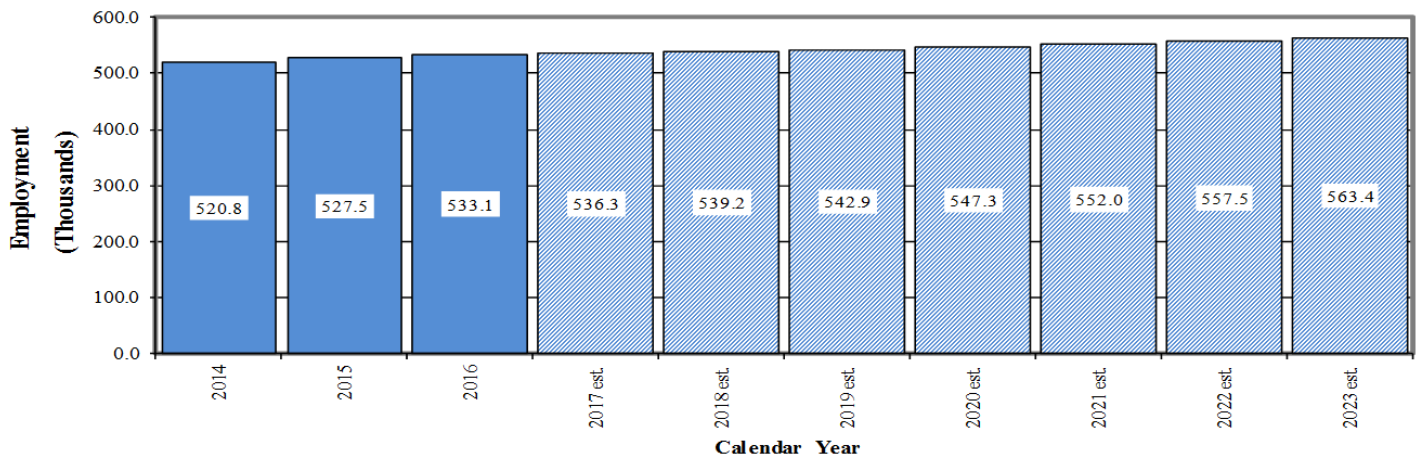
Total Payroll Employment Montgomery County



SOURCES: Bureau of Labor Statistics, U.S. Department of Labor
Montgomery County Department of Finance

Finance assumes that resident employment will increase at an average annual rate of 0.7 percent from 2017 to 2024. However, that rate is slightly below the average annual rate of 1.2 percent between 2010 and 2017.

Resident Employment Montgomery County



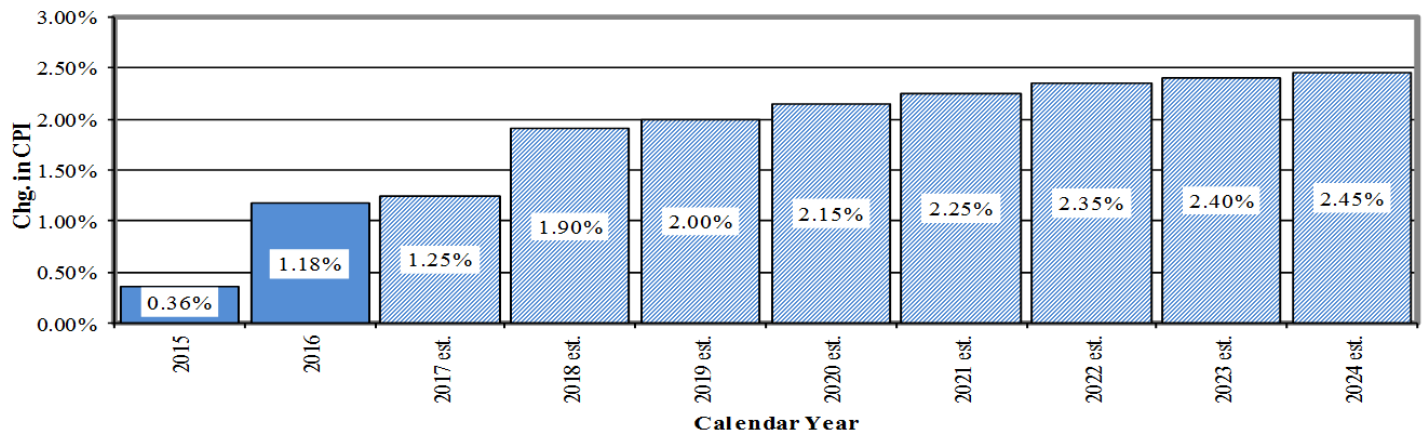
SOURCES: Maryland Department of Labor, Licensing and Regulation
Montgomery County Department of Finance

Finance assumes wage and salary income to grow at an average annual rate of 3.8 percent between 2016, the latest date for which actual data are available from the Bureau of Economic Analysis, U.S. Department of Commerce, and 2024. Total wage and salary income is estimated to reach \$49.8 billion by 2024.

Personal Income. Finance assumes that total personal income in Montgomery County will grow at an average annual rate of 4.0 percent from 2016 to 2024. By 2024, total personal income will reach \$115.2 billion.

Inflation (annual average). Finance assumes that the overall regional inflation index will increase from 1.25 percent in 2017 and steadily increase to 2.45 percent by 2024.

**Change in Consumer Price Index
Baltimore-Washington Consolidated Metropolitan Statistical Area**

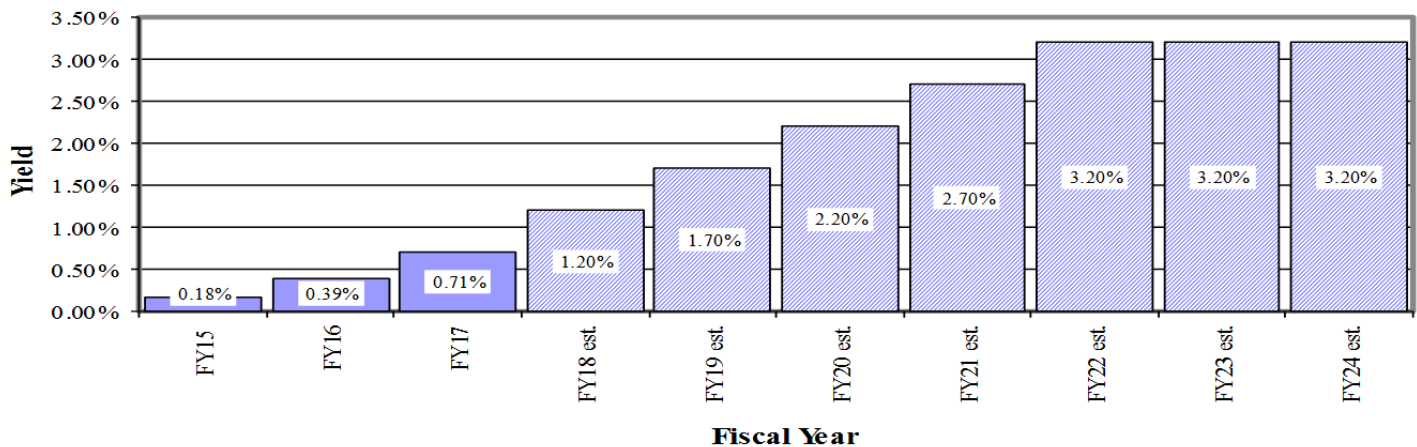


SOURCES: Bureau of Labor Statistics, U.S. Department of Labor
Montgomery County Department of Finance

Interest Rates

From September 2007 to December 2008, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), aggressively cut the target rate on federal funds from 5.25 percent to a range of 0.00-0.25 percent. The targeted federal funds rate set by the FOMC remained at the 0.00-0.25 range until December 2015. At its December 2015 meeting, the FOMC increased the range to between 0.25 and 0.50 percent and to between 0.50 and 0.75 percent in December 2016. The target rates were increased three times in 2017 by 25 basis points each to 1.25-1.50 in December 2017. Since the yield on the County's short-term investments are highly correlated with the federal funds rate, the County earned an average of 0.39 percent in investment income on its short-term portfolio for fiscal year (FY) 2016 and an average of 0.71 percent in FY2017 with estimated increases to 1.20 percent from FY2018 to 3.20 percent by FY2024. This assumption is based on two rate increases in the targeted federal funds rate by the FOMC each year between FY2018 and FY2022, and no increases in FY2023 and FY2024, respectively.

**Yield on Investment Income
Montgomery County**



SOURCE: Montgomery County Department of Finance

REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program (PSP) are described below. Revenue sources which fund department and agency budgets are included in the respective budget presentations. Six-year projections of revenues and resources available for allocation are made for all County funds. This section displays projections of total revenues available for the tax supported portion of the program. Tax supported funds are those funds subject to the Spending Affordability Guideline (SAG) limitations. The SAG limitations are intended to ensure that the tax burden on residents is affordable. The County Council has based the guidelines on inflation and personal income of County residents.

The PSP also includes multi-year projections of non-tax supported funds. These funds represent another type of financial burden on households and businesses and, therefore, should be considered in determining the "affordability" of all services that affect most of the County's population. Projections for non-tax supported funds within County government are presented in the budget section for each of those funds.

IMPACT ON REVENUES AND THE CAPITAL BUDGET

The use of resources represented in this section includes appropriations to the operating funds of the various agencies of the County as well as other resource requirements, such as current revenue funding of the Capital Budget, debt service, and fund balance (operating margin). These other uses, commonly called "Non-Agency Uses of Resources," affect the total level of resources available for allocation to agency programs. Some of these factors are determined by County policy or law; others depend, in part, on actual revenue receipts and expenditure patterns.

The level of PSP-related spending indirectly impacts the local economy and, hence, the level of County revenues. However, the effect on revenues from expenditures of the Executive's Recommended Operating Budget and PSP are expected to be minimal. The PSP also impacts revenues available to fund the Capital Budget. The revenue projections included in this section subtract projected uses of current revenues for both debt eligible and non-debt eligible capital investments. Therefore, the Executive's Recommended Operating Budget and PSP provides the allocations of annual resources to the Capital Budget as planned for in the County Executive's Recommended FY19-24 Capital Improvements Program (CIP) (as of January 16, 2018). Anticipated current revenue adjustments to the January 16, 2018 CIP have been made as part of the Executive's Recommended Operating Budget.

Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY17 closing fund balance for all tax supported funds. The current year fund balance results from an analysis of revenues and expenditures for the balance of the fiscal year. Prior year fund balance for future fiscal years is assumed to equal the target fund balance for the preceding year.

Net Transfers

Net transfers are the net of transfers between all tax supported and non-tax supported funds in all agencies. The largest single transfer to the General Fund is the earnings transfer from the Liquor Control Fund to the General Fund. The transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy is the largest transfer to a non-tax supported fund. The payment from the General Fund to the Solid Waste Disposal Fund for disposal of solid waste collected at County facilities is the next largest transfer to a non-tax supported fund. The level of transfers is an estimate based on individual estimates of component transfers.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Recommended FY19-24 Capital Improvements Program (as of January 16, 2018). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for short-term and long-term leases. Debt service requirements have the single largest impact on the Operating Budget/Public Services Program by the CIP. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization. Approximately 36.9 percent of the CIP is funded with General Obligation (G.O.) bonds. Each G.O. bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future G.O. bond issues are calculated each fiscal year, and provision for the payment of Debt Service is included as part of the annual estimation of resources available for other Operating Budget requirements. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

The State authorizes borrowing of funds and issuance of bonds up to a maximum of 6.0 percent of the assessed valuation of all real property and 15.0 percent of the assessed value of all personal property within the County. The County's outstanding G.O. debt plus short-term commercial paper as of June 30, 2017, is 1.86 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

Capital Improvements Program (CIP) Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most current County Executive recommendations for the Capital Budget and CIP. These estimates are based on programmed current revenue and PAYGO funding in the six years, as well as additional current revenue amounts allocated to the CIP for future projects and inflation.

Revenue Stabilization

On June 29, 2010, the Montgomery County Council enacted Bill 36-10 amending the Montgomery County Code (Chapter 20, Finance, Article XII) that repealed the limit on the size of the Revenue Stabilization Fund (Fund), modified the requirement for mandatory County contributions to the Fund, and amended the law governing the Fund. Mandatory contributions to the Fund are the greater of 50 percent of any excess revenue, or an amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. Adjusted Governmental Revenues include tax supported County Governmental revenues plus revenues of the County Grants Fund and County Capital Projects Fund; tax supported revenues of the Montgomery County Public Schools, not including the County's local contribution; tax supported revenues of Montgomery College, not including the County's local contribution; and tax supported revenues of the Montgomery County portion of the Maryland-National Capital Park and Planning Commission. All interest earned on the Fund must be added to the Fund. The FY19 Recommended Budget estimates that the Revenue Stabilization fund balance will be \$308.3 million in FY18 and the balance is estimated to increase to \$337.9 million in FY19 (9.7%)

Other Uses

This category is used to set aside funds for such items as possible legal settlement payments and other special circumstances such as set-aside of revenues to fund future years.

Reserves

The County will maintain an unrestricted General Fund balance (or, an "operating margin reserve") of five percent of prior year's General Fund revenues and the Revenue Stabilization Fund (or "rainy day fund"). It is the County's policy to increase and maintain the budgeted total reserve of the General Fund and the Revenue Stabilization Fund to 10 percent of Adjusted

REVENUE ASSUMPTIONS

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, M-NCPPC, and WSSC in the relevant sections of this document. See the MCPS Budget Document for six-year projections of MCPS funds. Projections for revenues funding County government appropriations are provided to the Council and public as fiscal projections. Such projections are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, as well as expectations of other assistance from the State and Federal government. The most likely economic, demographic, and governmental policy assumptions that will cause a change in revenue projections are included in this section.

TAX REVENUES

Tax supported revenues come from a number of sources including but not limited to property and income taxes, real estate transfer and recordation taxes, excise taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the property tax and the income tax are the most important with 47.2 percent and 41.4 percent, respectively, of the estimated total tax revenues in FY19. The third category is the energy tax estimated for the General Fund with 5.1 percent share. In fact, these three revenue sources represent 93.7 percent of total tax revenues. Of the total tax-supported revenues, property tax and income tax are also the most important with 36.7 percent and 32.2 percent, respectively. The third category is intergovernmental revenues with a 17.8 percent share of the estimated total tax supported revenues in FY19. Income and transfer and recordation taxes are the most sensitive to economic and, increasingly, financial market conditions. By contrast, the property tax exhibits the least volatility because of the three-year re-assessment phase-in and the ten percent "homestead tax credit" that spreads out changes evenly over several years.

Property Tax

Using proposed tax rates (levy year 2018) and a recommended \$692 credit, total estimated FY19 tax supported property tax revenues of \$1,808.4 million are 2.4 percent above the revised FY18 estimate. The general countywide rate for FY19 is \$0.7386 per \$100 of assessed real property, while a rate of \$1.8465 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. The weighted average real property tax rate for FY19 is \$0.9814 per \$100 of assessed real property which is 0.0198 cents below the levy year 2017 (FY2018) weighted rate. The 1990 Charter amendment (FIT) limits the growth in property tax revenues to the sum of the previous year's estimated revenue, increased by the rate of inflation, and an amount based on the value of new construction and other minor factors. This Charter Limit, however, may be overridden by a unanimous vote of the nine members of the County Council.

The countywide total property taxable assessment is estimated to increase approximately 4.4 percent from a revised \$188.6 billion in FY18 to 196.8 billion in FY19. The base is comprised of real property and personal property. For FY19, the Department of Finance estimates real property taxable assessment of approximately \$192.6 billion, an increase of 4.4 percent from FY18, with the remaining \$4.2 billion in personal property. This is the sixth consecutive increase in total property taxable assessments after two consecutive decreases.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed triennially by the State Department of Assessments and Taxation (SDAT), which has the responsibility for assessing properties in Maryland. The amount of the change in the established market value (full cash value) of one-third of the properties reassessed each year is phased in over a three-year period. Declines in assessed values, however, are effective in the first year. The real property reassessment for Group 1 increased 11.1 percent in FY17 (9.6% for residential), and

reassessment for Group 2 increased 7.8 percent in FY18 (4.8% for residential). Real property taxable assessment for Group 3 is estimated to increase 8.4 percent in FY19 (3.9% for residential). Based on data provided by SDAT, total personal property base is projected to increase 1.8 percent in FY18 and 2.8 percent in FY19.

Income Tax

Estimated FY19 income tax revenues of \$1,585.2 million are 7.0 percent above the revised FY18 estimate. Previously, future income tax estimates starting in FY19 incorporated the impact of the *Wynne vs. Comptroller* decision by the U.S. Supreme Court on May 18, 2015. However, with introduction and likely passage of proposed legislation by the Maryland General Assembly, an impact of *Wynne* repayments will start in FY21 rather than FY19. This assumption increases estimated FY19 income tax revenues by \$14.3 million. Absent this assumption, estimated FY19 income tax revenues would be 6.0 percent above the revised FY18 estimate. The estimated FY19 income tax revenues do not include the impact of the Tax Cut and Jobs Act (TCJA, or H.R.1) on the County's estimated FY19 income tax revenues. Because of the proposed legislation before the Maryland General Assembly, actions by State of Maryland officials and regulations issued by the Internal Revenue Service, U.S. Treasury Department, as well as the effect of the federal tax law on business income that may have a negative fiscal impact on the County, the final "net" impact of the federal tax bill on the County's income tax revenues is uncertain at this time. In lieu of such uncertainty, Finance estimates FY19 income tax revenues based on the December 2017 income tax estimate by the Board of Revenue Estimates.

During any one fiscal year, the County receives income tax distributions pertaining to at least three different tax years. With the stock market crash of 2008 and subsequent severe recession, withholdings, estimated payments, and extended filings declined 11.9 percent in tax year (TY) 2008, and decreased 4.9 percent in TY2009, but increased 7.2 percent in TY2010, 6.2 percent in TY2011, and 10.0 percent in TY2012, before declining 3.8 percent in TY2013 attributed to the decline in capital gains. Following the decline in TY2013, income tax revenues increased 6.6 percent in 2014, increased 2.9 percent in TY2015, but declined 0.4 percent in TY2016 attributed to a 50 percent decline in capital gains for the top 100 County taxpayers. The elections of November 2016 raised expectations that tax relief for individuals, especially those individuals with high incomes, would occur in tax year 2017. As such, those individuals would delay recognizing capital gains in a later tax year. The reduction of 50 percent of the top 100 County taxpayers suggests that is what occurred as noted below in our receipts from October 15th filers in 2016.

In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from October 15th filers and adjustments to prior year distributions by the Maryland Comptroller revenues from October 15th filers and distribution adjustments experienced a decline of 85.9 percent in tax year 2008 and a modest increase in 2009. However, from tax year 2010 to tax year 2012, revenues increased sharply to \$144.7 million in 2010 and to \$174.2 million in 2012, but below the pre-recession level, decreased to \$96.8 million in 2013 (▼ 44.4%) attributed to the "fiscal cliff" tax policy enacted by the U.S. Congress, increased to \$142.8 million in 2014 (▲ 47.5%), and increased to \$149.3 million in 2015 (▲ 4.6%) but declined to \$108.3 million (▼ 27.5%) in 2016.

Transfer and Recordation Taxes

Estimated FY19 revenues for the General Fund of \$162.9 million, which exclude the School Capital Improvement Program (CIP) portion, condominium conversions, and the tax premium, are 3.3 percent above the revised FY18 estimate. This reflects an FY19 estimate of \$109.5 million in the transfer tax and \$53.4 million in the recordation tax. Effective September 1, 2016, the recordation tax for the General Fund decreased from 0.440 percent to 0.416 percent and the exemption was increased from \$50,000 to \$100,000 of the consideration payable on the conveyance of any owner-occupied residential property. During the first eight months of FY18, the number of transactions for the residential transfer tax has decreased 7.9 percent and the amount of collections from the residential transfer tax has decreased 2.2 percent over the same eight-month period in FY17. Over the same eight-month period, the number of transactions for the non-residential transfer tax decreased 22.6 percent and the amount collections decreased 52.8 percent compared to FY17. Activity for the recordation tax

experienced similar trends during the eight-month period. The number of residential recordation tax transactions for the General Fund decreased 5.4 percent in FY18 and the General Fund collections for from the residential recordation tax decreased 21.7 percent. Transactions for the non-residential transactions for the General Fund decreased 9.8 percent over the eight-month period in FY18 compared to the same period in FY17 and collections decreased 52.9 percent. Please note that the rate cut in the General Fund for the recordation tax in FY17 did not begin until September 1, 2016. Therefore, the percent changes between FY17 and FY18 may overstate the percentage decrease in FY18.

Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. The transfer tax rate is generally one percent of the value of the property transferred to a new owner. This applies to both improved (i.e., building) and unimproved (i.e., land) residential and commercial properties. The recordation tax is levied when changes occur in deeds, mortgages, leases, and other contracts pertaining to the title of either real or personal property.

Effective September 1, 2016, the recordation tax rate for School CIP was raised from 0.250 percent to 0.474 percent of which net revenues must be reserved for and allocated to the cost of capital improvements to schools. Also, if the consideration payable or principal amount of debt secured exceeds \$500,000 the rate increased from \$1.55 to \$2.30 for each fraction of \$500 of the amount over \$500,000 and that revenue must be reserved for the cost of County government capital improvements and rental assistance for low and moderate income households.

Residential transfer tax revenues are affected by the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wage and salary income, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, property values, and financing costs.

After three consecutive years of decline from FY07 to FY09 attributed to the decline in home sales and the peak in the housing bubble in FY06, the number of residential transfers increased 30.8 percent in FY10 attributed to the federal government first-time homebuyers credit, then decreased for two consecutive years - 22.3 percent in FY11 (12,779) and 5.6 percent in FY12 (12,060). Since FY12, residential transfers increased 11.3 percent in FY13, 8.6 percent in FY14, 1.5 percent in FY15, 8.4 percent in FY16, and 2.1 percent in FY17.

Since the peak in the housing bubble in FY06, transfer tax revenues from residential transactions declined 23.3 percent in FY07, 26.5 percent in FY08, and 18.1 percent in FY09 reflecting the decline in the number of transactions, but increased 20.9 percent in FY10 then declined 15.1 percent in FY11, decreased 5.1 percent in FY12, increased 21.2 percent in FY13, 9.8 percent in FY14, 2.4 percent in FY15, 7.7 percent in FY16, and 3.6 percent in FY17.

The decline in transfer taxes between FY07 and FY09 is attributed to both a decline in home sales that began in the summer of 2005 and in average sales price for existing homes that began in late summer of 2007. Home sales declined 23.3 percent in 2007, declined 17.7 percent in 2008, increased 21.8 percent in 2009, increased a modest 0.3 percent in 2010, decreased 8.7 percent in 2011, increased 6.9 percent and 12.8 percent in 2012 and 2013, respectively, decreased 4.2 percent in 2014, increased 11.1 percent in 2015, 5.8 percent in 2016, but declined a modest 0.2 percent in 2017. While home sales decreased in 2017 by 0.2 percent, the median sales price increased 2.5 percent.

Beginning in FY06, revenues from non-residential property transfers experienced dramatic volatility over the next eleven years. After increasing 13.4 percent in FY06, transfer tax revenues from non-residential properties declined 49.2 percent in FY07, increased a modest 1.8 percent in FY08, declined 25.7 percent in FY09, but increased 12.9 percent in FY10, 45.9 percent in FY11, and 57.7 percent in FY12, but declined 3.9 percent in FY13, and 17.9 percent in FY14, increased 13.7 percent in FY15, 12.6 percent in FY16, and jumped a near-term record of 72.0 percent in FY17.

Recordation tax revenues (excluding the School CIP portion and the tax premium) track the trend in transfer tax revenues. Revenues from residential recordation tax revenues increased 20.1 percent in FY06, before declining 19.4 percent in FY07, 21.1 percent in FY08, and 18.3 percent in FY09, increasing 25.3 percent in FY10, decreasing 18.3 percent in FY11, and 4.2

percent in FY12, increasing 23.4 percent in FY13, 9.4 percent in FY14, 6.4 percent in FY15, and 9.0 percent in FY16, but declining 16.7 percent due to the rate cut in the General Fund.

Energy Tax

Estimated FY19 revenues of \$194.0 million are 1.7 percent above the revised FY18 estimate. The estimated revenues for FY19 are based on the County Executive's recommendation to continue the FY19 rates at the FY18 level. The fuel-energy tax is imposed on persons or entities 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.

Telephone Tax

Estimated FY19 revenues of \$53.3 million are 3.3 percent above the revised FY18 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 is \$3.50 per month. Revenues from this tax are driven primarily by modest growth in wireless communications such as cell phone usage and by voice-over internet protocol.

Hotel/Motel Tax

Estimated FY18 revenues of \$22.2 million are 0.9 percent above the revised FY18 estimate. The hotel/motel tax is levied as a percentage of the hotel bill including online room rental organizations such as AirBnB. The current tax rate of 7.0 percent in FY18 is also assumed for FY19. 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 Presidential inauguration and related activities, Cherry Blossom Festival and school trips, while organizations often schedule conferences and events during such periods, and during the week prior and the week during the Presidential inauguration. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county.

Admissions Tax

Estimated FY19 revenues of \$3.6 million are 3.1 percent above the revised FY18 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 7 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.

E-Cigarettes Tax

Estimated FY19 revenues from the E-Cigarettes tax of \$652,000 are 6.6 percent above the revised FY18 estimate.

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 \$1.095 million in FY19. This is a \$38.7 million increase, or 3.7 percent, from the revised FY18 estimate. Non-tax revenues include: intergovernmental aid, investment income, licenses and permits, user fees, fines, and forfeitures, and miscellaneous revenues.

General Intergovernmental Revenues

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 is adopted, estimates in the March 15 County Executive's Recommended Public Services Program are generally based on the Governor's budget estimates for FY19. 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. The County Executive's Recommended Budget for FY19 assumes a \$28.8 million, or 3.4 percent, increase in intergovernmental revenues from the revised FY18 estimate, of which 80.6 percent is allocated to the Montgomery County Public Schools, 4.2 percent to Montgomery Community College, and 4.6 percent to Mass Transit. Total intergovernmental revenue represents an estimated 80.1 percent of the total non-tax revenues for FY19.

Licenses and Permits

Licenses and permits include General Fund business licenses (primarily public health, traders, and liquor licenses) and non-business licenses (primarily marriage licenses and Clerk of the Court business licenses). Licenses and permits in the Permitting Services Enterprise Fund, which include building, electrical, and sediment control permits, are Enterprise Funds and thus not included in tax supported projections. The Recommended Budget for FY19 assumes a 1.8 percent increase over the revised estimates for FY18, and \$13.1 million in available resources in FY19.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County Public Schools and Montgomery College, and College tuition, charges for services, or user fees, are revenues collected that come primarily from fees imposed on the recipients of certain County services including mass transit, human services, use of facilities, and recreation services and are included in the tax supported funds. The Recommended Budget for FY19 assumes an increase of 2.9 percent over the revised estimates for FY18, resulting in \$72.7 million in available resources in FY19.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY19 assumes that fines and forfeitures will increase 0.5 percent from the revised estimates for FY18, resulting in \$29.1 million in available resources in FY19.

College Tuition

Although College tuition is not included in the County Council's Spending Affordability Guideline Limits (SAG), it remains in the tax supported College Current Fund. Calculation of the aggregate operating budget is under the SAG Limits. Tuition revenue depends on the number of registered students and the tuition rate. The Recommended Budget for FY19 includes a 5.2 percent increase in tuition revenue over the revised estimates for FY18, resulting in \$78.2 million in available resources in FY19.

Investment Income

Investment income includes the County's pooled investment and non-pooled investment and interest income of other County agencies and funds. The County operates an investment pool directed by an investment manager who invests all County funds using an approved, prudent County Council adopted investment policy. The pool includes funds from tax supported funds as well as from Enterprise Funds, municipal taxing districts, and other governmental agencies. Two major factors determine pooled investment income: (1) the average daily investment balance which is affected by the level of revenues and expenditures, fund balances, and the timing of bond and commercial paper issues; and (2) the average yield percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY18 tax-supported investment income estimate of \$3.9 million assumes a yield on equity of 1.20 percent and an average daily balance of \$825.0 million. The FY19 projected estimate of tax-supported investment income of \$5.3 million assumes a yield on equity of 1.70 percent. Yields have fluctuated significantly over time due to changes in the targeted federal funds rate set by the Federal Open Market Committee (FOMC) of the Federal Reserve System. In calendar year 2018, the federal funds futures market as of March 6, 2018, expects the FOMC will raise the target a minimum of three or at most four times.

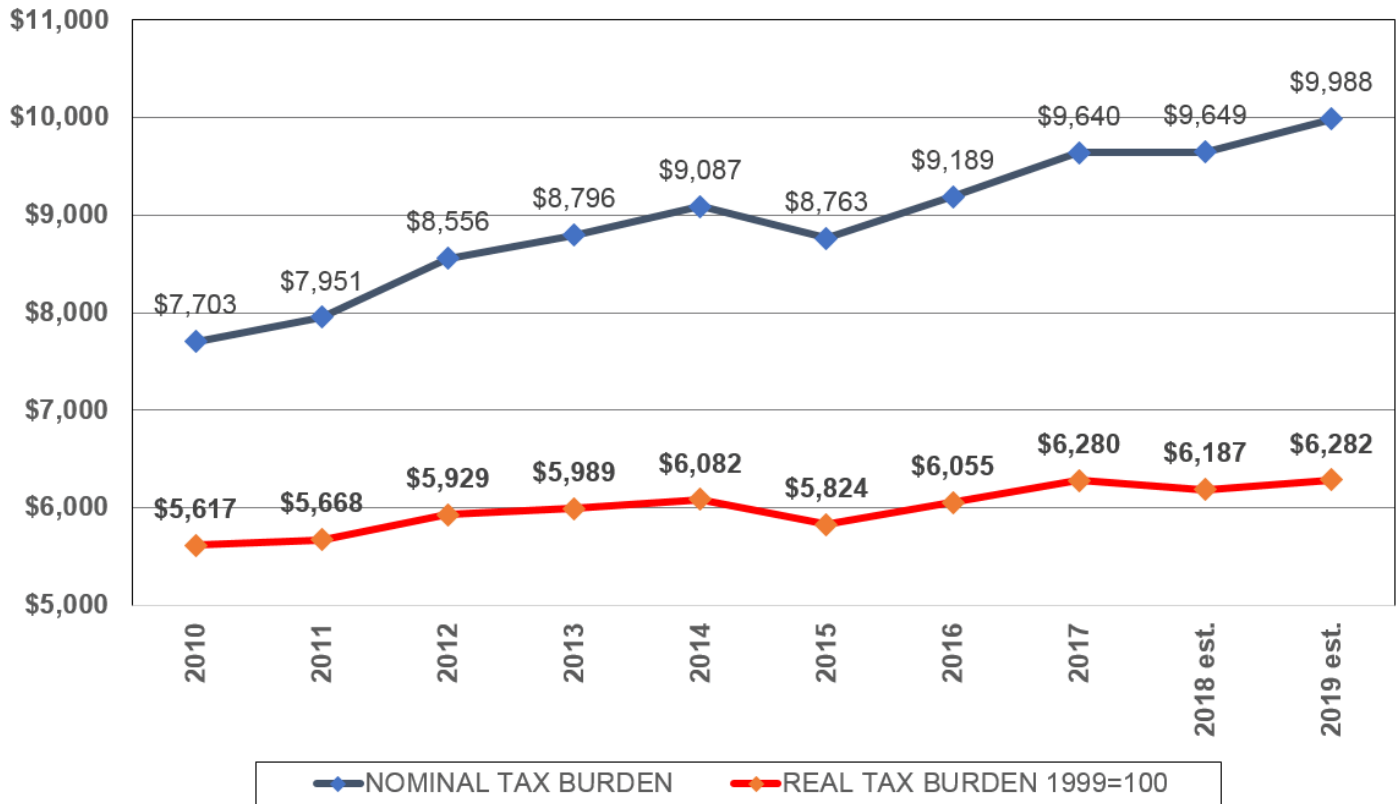
Other Miscellaneous

The County receives miscellaneous revenues from a variety of sources. For the Recommended Budget for FY19, miscellaneous revenues will increase 11.7 percent from the revised estimates for FY18, resulting in \$19.2 million in available resources in FY19.

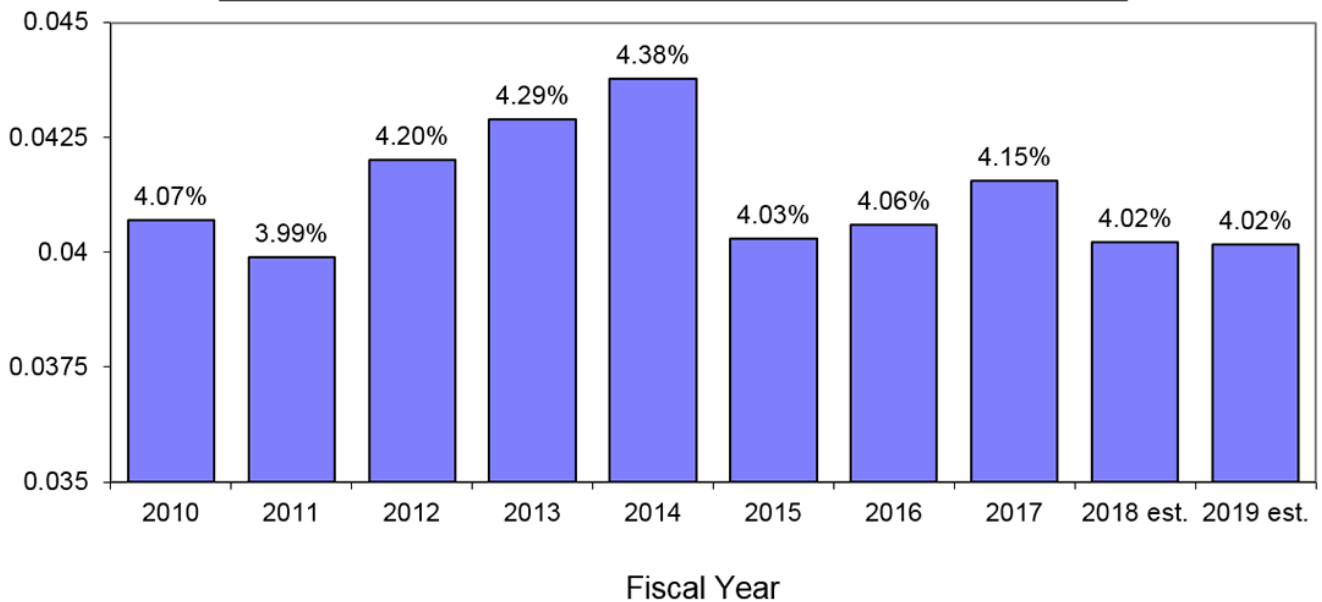
DEMOGRAPHIC AND PLANNING INDICATORS	TRENDS AND PROJECTIONS									
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24		
POPULATION										
Annual Increase	1,050,370	1,056,920	1,063,510	1,070,140	1,076,810	1,083,520	1,090,270	1,097,060		
Population Growth Since 2009	6,507	6,550	6,590	6,630	6,670	6,710	6,750	6,790		
County Resident Births (Prior Calendar Year) (c)	9.7%	10.4%	11.1%	11.8%	12.5%	13.2%	13.9%	14.6%		
	13,000	12,970	13,100	13,190	13,280	13,380	13,460	13,540		
HOUSEHOLDS										
Household Annual Growth (%)	375,960	378,590	381,240	383,900	386,580	389,280	392,000	394,740		
Household Growth Since 2009	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%		
Household Growth Since 1992	5.1%	5.8%	6.5%	7.3%	8.0%	8.8%	9.5%	10.3%		
Household Growth Since 1992	29.1%	30.0%	30.9%	31.8%	32.8%	33.7%	34.6%	35.6%		
Household Size	2.79	2.79	2.79	2.79	2.79	2.78	2.78	2.78		
RESIDENT EMPLOYMENT (Jan = Calendar Year)										
Resident Employment Annual Growth (%)	546,700	549,700	553,500	556,700	561,000	566,000	571,200	576,000		
Resident Employment Growth Since 2009	2.5%	0.5%	0.7%	0.6%	0.8%	0.9%	0.9%	0.8%		
Resident Employment Per Household	12.4%	13.0%	13.8%	14.5%	15.4%	16.4%	17.5%	18.4%		
Jobs in County	1.45	1.45	1.45	1.45	1.45	1.45	1.46	1.46		
	529,500	534,200	538,900	543,500	549,300	555,100	560,900	566,700		
PERSONAL INCOME (\$ Millions)										
Per Capita Personal Income	\$87,230	\$90,840	\$94,790	\$98,710	\$102,630	\$106,730	\$110,940	\$115,230		
Annual Growth (%)	\$83,050	\$85,950	\$89,130	\$92,240	\$95,310	\$98,500	\$101,750	\$105,040		
	3.7%	3.5%	3.7%	3.5%	3.3%	3.3%	3.3%	3.2%		
CONSUMER PRICE INDEX (CPI) - Fiscal Year										
Inflation Growth (Fiscal Year) Since 2009	1.15%	1.60%	1.95%	2.07%	2.20%	2.30%	2.38%	2.43%		
	-46.5%	-25.6%	-9.3%	-3.7%	2.3%	7.0%	10.7%	13.0%		
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)										
	1.25%	1.90%	2.00%	2.15%	2.25%	2.35%	2.40%	2.45%		
ASSESSABLE TAX BASE (\$ Millions)										
Annual Growth (%)	\$181,547	\$188,626	\$196,837	\$205,214	\$214,235	\$223,454	\$232,518	\$242,270		
Growth of Base Since 1992 (%)	4.3%	3.9%	4.4%	4.3%	4.4%	4.3%	4.1%	4.2%		
Growth of Base Since 2009 (%)	203.5%	215.3%	229.0%	243.0%	258.1%	273.5%	288.7%	305.0%		
	12.0%	16.4%	21.5%	26.6%	32.2%	37.9%	43.5%	49.5%		
INVESTMENT INCOME YIELD (%)										
	0.71%	1.20%	1.70%	2.20%	2.70%	3.20%	3.20%	3.20%		
MCPS ENROLLMENT (Sept = Calendar Year)										
Annual Growth (%)	159,010	161,546	163,617	165,350	166,435	167,552	168,283	169,012		
Annual Increase (Decrease)	1.6%	1.6%	1.3%	1.1%	0.7%	0.7%	0.4%	0.4%		
	2,563	2,536	2,071	1,733	1,085	1,117	731	729		
MONTGOMERY COLLEGE ENROLLMENTS (a)										
Annual Growth (%)	22,875	22,585	22,648	22,961	23,650	24,098	24,098	24,098		
	-4.4%	-1.3%	0.3%	1.4%	3.0%	1.9%	0.0%	0.0%		
Full Time Equivalents (Sept = Calendar Year) (b)										
Annual Growth in FTEs (%)	19,744	19,185	19,068	19,198	19,527	20,064	20,459	20,459		
	-3.4%	-2.8%	-0.6%	0.7%	1.7%	2.8%	2.0%	0.0%		

- (a) Projections related to Montgomery College Enrollments are provided by Montgomery College and only include projections through FY22.
 Since no projections are provided for FY23 or FY24 the projections for FY22 were used for FY23 - FY24.
- (b) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and only include projections through FY23.
 Since no projections are provided for FY24, the projections for FY23 were used for FY24.
- (c) Projections related to County Resident Births are provided by M-NCPPC.

AVERAGE HOUSEHOLD TAX BURDEN MONTGOMERY COUNTY BY FISCAL YEAR



COUNTY TAXES AS A SHARE OF PERSONAL INCOME MONTGOMERY COUNTY



Prepared by Montgomery County Department of Finance

**REVENUE SUMMARY
TAX SUPPORTED BUDGETS
(\$ Millions)**

KEY REVENUE CATEGORIES	App. FY18	Estimate FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24
TAXES	5-25-17	12-12-17	App/Rec	3,153.18										
1 Property Tax	1,770.2	1,766.8	2.2%	1,808.4	2.8%	1,858.9	2.9%	1,913.1	3.0%	1,970.6	3.2%	2,033.5	3.3%	2,099.6
2 Income Tax	1,557.9	1,482.0	1.8%	1,585.2	6.2%	1,683.0	3.4%	1,740.8	3.1%	1,794.1	4.2%	1,870.0	4.8%	1,959.3
3 Transfer Tax	114.3	106.1	-4.1%	109.5	3.4%	113.3	3.2%	116.9	3.2%	120.6	2.1%	123.1	3.4%	127.3
4 Recordation Tax	56.2	51.7	-4.9%	53.4	3.6%	55.3	3.1%	57.0	4.1%	59.4	1.2%	60.1	3.4%	62.1
5 Energy Tax	204.3	190.7	-5.1%	194.0	-0.8%	192.4	-0.1%	192.1	0.1%	192.3	0.0%	192.3	0.0%	192.3
6 Telephone Tax	52.5	51.6	-1.4%	53.3	3.1%	54.9	2.8%	56.5	0.8%	56.9	0.0%	56.9	0.0%	56.9
7 Hotel/Motel Tax	21.9	22.0	1.4%	22.2	0.8%	22.4	0.8%	22.6	0.8%	22.8	0.8%	23.0	0.8%	23.1
8 Admissions Tax	3.3	3.3	8.8%	3.6	3.3%	3.7	3.3%	3.8	3.3%	3.9	3.3%	4.1	3.3%	4.2
9 E-Cigarette Tax	0.4	0.6	58.2%	0.7	6.2%	0.7	5.8%	0.7	5.5%	0.8	5.2%	0.8	5.0%	0.9
10 Total Local Taxes	3,781.0	3,674.9	1.3%	3,830.2	4.0%	3,984.6	3.0%	4,103.5	2.9%	4,221.2	3.4%	4,363.7	3.7%	4,525.8
INTERGOVERNMENTAL AID														
11 Highway User	3.7	3.7	1.7%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8
12 Police Protection	14.7	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7	0.0%	14.7
13 Libraries	6.3	6.3	2.9%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4	0.0%	6.4
14 Health Services Case Formula	4.6	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6	0.0%	4.6
15 Mass Transit	39.5	40.3	2.2%	40.3	0.0%	40.3	0.0%	40.3	0.0%	40.3	0.0%	40.3	0.0%	40.3
16 Public Schools	679.1	679.1	4.1%	706.9	0.0%	706.9	0.0%	706.9	0.0%	706.9	0.0%	706.9	0.0%	706.9
17 Community College	35.8	35.8	2.2%	36.6	0.0%	36.6	0.0%	36.6	0.0%	36.6	0.0%	36.6	0.0%	36.6
18 Other	59.0	63.7	8.0%	63.7	-30.0%	44.6	-15.2%	37.8	0.0%	37.8	0.0%	37.8	0.0%	37.8
19 Total Intergovernmental Aid	842.6	848.2	4.1%	877.0	-2.2%	857.9	-0.8%	851.1	0.0%	851.1	0.0%	851.1	0.0%	851.1
FEES AND FINES														
20 Licenses & Permits	12.9	12.9	1.9%	13.1	1.5%	13.3	1.5%	13.5	1.5%	13.7	1.5%	13.9	1.5%	14.1
21 Charges for Services	70.3	70.6	3.4%	72.7	1.7%	73.9	1.8%	75.2	1.8%	76.6	1.9%	78.0	1.9%	79.5
22 Fines & Forfeitures	28.7	28.9	1.4%	29.1	1.6%	29.5	1.6%	30.0	1.6%	30.5	1.6%	31.0	1.6%	31.5
23 Montgomery College Tuition	80.4	74.3	-2.8%	78.2	1.7%	79.5	1.8%	80.9	1.8%	82.4	1.9%	83.9	0.0%	83.9
24 Total Fees and Fines	192.2	186.7	0.4%	193.0	1.6%	196.2	1.7%	199.6	1.8%	203.1	1.8%	206.8	1.1%	209.1
MISCELLANEOUS														
25 Investment Income	4.0	3.9	33.4%	5.3	27.5%	6.8	21.4%	8.3	17.6%	9.7	0.0%	9.7	0.0%	9.7
26 Other Miscellaneous	13.7	17.2	40.1%	19.2	2.1%	19.6	2.2%	20.1	2.3%	20.5	2.4%	21.0	2.4%	21.5
27 Total Miscellaneous	17.7	21.1	38.6%	24.6	7.6%	26.4	7.1%	28.3	6.8%	30.2	1.6%	30.7	1.7%	31.2
28 TOTAL REVENUES	4,833.5	4,730.9	1.9%	4,924.8	2.8%	5,065.1	2.3%	5,182.5	2.4%	5,305.7	2.8%	5,452.3	3.0%	5,617.3
Calculation for Adjusted Governmental Revenues														
29 Total Tax Supported Revenues	4,833.5	4,730.9	1.9%	4,924.8	2.8%	5,065.1	2.3%	5,182.5	2.4%	5,305.7	2.8%	5,452.3	3.0%	5,617.3
30 Capital Projects Fund	176.0	176.0	6.4%	187.2	-11.6%	165.5	-14.8%	141.0	3.3%	145.7	4.4%	152.0	3.8%	157.8
31 Grants	117.4	117.4	0.0%	117.4	2.1%	119.9	2.2%	122.5	2.3%	125.3	2.4%	128.3	2.4%	131.4
32 MCG Adjusted Revenues	5,126.9	5,024.3	2.0%	5,229.5	2.3%	5,350.5	1.8%	5,446.0	2.4%	5,576.7	2.8%	5,732.7	3.0%	5,906.4

County Executive's Recommended FY19-24 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)										
	App. FY18 5-25-17	Est. FY18 3-15-18	% Chg. FY18-19 App/Rec	Rec. FY19 3-15-18	% Chg. FY19-20 FY20	Projected FY20-21 FY21	% Chg. FY21-22 FY22	Projected FY22-23 FY23	% Chg. FY23-24 FY24	Projected FY24
Total Revenues										
Property Tax	1,770.2	1,766.8	2.2%	1,808.4	2.8%	1,858.9	2.9%	1,913.1	3.0%	1,970.6
Income Tax	1,557.9	1,482.0	1.8%	1,585.2	6.2%	1,683.0	3.4%	1,740.8	3.1%	1,794.1
Transfer/Recordation Tax	170.4	157.7	-4.4%	162.9	3.5%	168.6	3.1%	173.9	1.8%	179.9
Other Taxes	282.5	268.4	-3.1%	273.7	0.1%	274.1	0.6%	275.7	0.3%	276.7
Other Revenues	1,052.5	1,056.0	4.0%	1,094.6	-1.3%	1,080.5	-0.1%	1,079.0	0.5%	1,084.5
Total Revenues	4,833.5	4,730.9	1.9%	4,924.8	2.8%	5,065.1	2.3%	5,182.5	2.4%	5,305.7
Net Transfers In (Out)	34.3	48.8	-28.2%	24.7	-2.2%	24.1	2.2%	24.6	2.3%	25.2
Total Revenues and Transfers Available	4,867.8	4,779.7	1.7%	4,949.5	2.8%	5,089.2	2.3%	5,207.2	2.4%	5,330.9
Non-Operating Budget Use of Revenues										
Debt Service	399.9	392.2	5.0%	420.1	4.3%	438.0	2.0%	447.0	2.7%	458.9
PAYGO	34.0	34.0	-2.9%	33.0	-3.0%	32.0	-3.1%	31.0	-3.2%	30.0
CIP Current Revenue	66.2	62.0	-6.2%	35.6	121.3%	78.7	10.1%	86.6	-14.2%	74.4
Change in Other Reserves	-42.2	-21.2	12.6%	-36.9	101.8%	0.7	-70.9%	0.2	-1.4%	0.2
Contribution to General Fund Undesignated Reserves	6.4	20.1	153.1%	16.2	14.6%	18.6	-59.8%	7.5	-29.1%	5.3
Contribution to Revenue Stabilization Reserves	27.7	27.6	7.2%	29.7	-14.0%	25.5	-88.0%	3.1	150.8%	7.6
Set Aside for other uses (supplemental appropriations)	0.0	-6.4	n/a	0.0	n/a	20.0	0.0%	20.0	0.0%	20.0
Total Other Uses of Resources	492.0	508.3	1.1%	497.7	23.3%	613.5	-3.0%	595.4	0.2%	596.4
Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	4,375.8	4,271.4	1.7%	4,451.8	0.5%	4,475.7	3.0%	4,611.8	2.7%	4,734.5
Agency Uses										
Montgomery County Public Schools (MCPS)	2,368.7	2,347.3	3.1%	2,443.2						
Montgomery College (MC)	262.8	254.8	0.8%	264.8						
MNCPCC (w/o Debt Service)	125.9	123.8	0.8%	126.9						
MCG	1,618.5	1,545.5	-0.1%	1,617.0						
Agency Uses	4,375.8	4,271.4	1.7%	4,451.8	0.5%	4,475.7	3.0%	4,611.8	2.7%	4,734.5
Total Uses	4,867.8	4,779.7	1.7%	4,949.5	2.8%	5,089.2	2.3%	5,207.2	2.4%	5,330.9
(Gap)/Available	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Assumptions:

- Property taxes are at the Charter Limit with a \$692 credit. The FY19 weighted property tax rate is 1.98 cents lower than FY18. Other taxes are at current rates.
- Reserve contributions are consistent with legal requirements and the minimum policy target.
- PAYGO, debt service, and current revenue reflect the County Executive's Recommended FY19-24 Capital Improvements Program and additional proposed current revenue amendments.
- State Aid, including MCPS and Montgomery College, is not projected to increase from FY19-24.

County Executive's Recommended FY19-24 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY18	Est. FY18	% Chg. FY18-19	Rec. FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22	% Chg. FY22-23	Projected FY23	% Chg. FY23-24	Projected FY24
Beginning Reserves														
Unrestricted General Fund	142.8	118.4	-3.1%	138.4	11.7%	154.6	12.0%	173.2	4.3%	180.7	2.9%	186.0	2.8%	191.2
Revenue Stabilization Fund	280.4	280.7	9.9%	308.3	9.6%	337.9	7.5%	363.4	0.8%	366.5	2.1%	374.1	2.7%	384.1
Total Reserves	423.2	399.0	5.5%	446.7	10.3%	492.6	9.0%	536.7	2.0%	547.2	2.4%	560.1	2.7%	575.3
Additions to Reserves														
Unrestricted General Fund	6.4	20.1	153.1%	16.2	14.6%	18.6	-59.8%	7.5	-29.1%	5.3	-2.2%	5.2	22.2%	6.3
Revenue Stabilization Fund	27.7	27.6	7.2%	29.7	-14.0%	25.5	-88.0%	3.1	150.8%	7.6	30.7%	10.0	3.0%	10.3
Total Change in Reserves	34.1	47.7	34.6%	45.9	-3.9%	44.1	-76.1%	10.5	23.0%	13.0	17.2%	15.2	9.5%	16.6
Ending Reserves														
Unrestricted General Fund	149.2	138.4	3.7%	154.6	12.0%	173.2	4.3%	180.7	2.9%	186.0	2.8%	191.2	3.3%	197.5
Revenue Stabilization Fund	308.1	308.3	9.7%	337.9	7.5%	363.4	0.8%	366.5	2.1%	374.1	2.7%	384.1	2.7%	394.4
Total Reserves	457.3	446.7	7.7%	492.6	9.0%	536.7	2.0%	547.2	2.4%	560.1	2.7%	575.3	2.9%	592.0
Reserves as a % of Adjusted Governmental Revenues	8.9%	8.9%		9.4%		10.0%		10.0%		10.0%		10.0%		10.0%
Other Reserves														
Montgomery College	4.6	9.4	1.1%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7	0.0%	4.7
M-NCPPC	5.0	11.7	-3.5%	4.8	11.9%	5.4	2.9%	5.6	3.0%	5.7	3.1%	5.9	141.7%	14.3
MCPS	0.0	25.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	0.7	1.1	8.4%	0.8	12.0%	0.9	4.3%	0.9	2.9%	1.0	2.8%	1.0	3.3%	1.0
MCG + Agency Reserves as a % of Adjusted Govt Revenues	9.1%	9.8%		9.6%		10.2%		10.3%		10.2%		10.2%		10.4%
Retiree Health Insurance Pre-Funding														
Montgomery County Public Schools (MCPS)	74.2	55.2		79.4		88.7		96.8		103.7		105.0		105.0
Montgomery College (MC)	2.6	0.6		2.8		3.0		3.1		3.3		3.3		3.3
MNCPPC	2.1	2.1		3.0		2.9		2.8		2.8		2.7		2.7
MCG	43.4	43.4		43.6		47.0		50.2		53.4		51.9		51.9
Subtotal Retiree Health Insurance Pre-Funding	122.2	101.2		128.8		141.6		152.9		163.2		163.0		162.9
Adjusted Governmental Revenues														
Total Tax Supported Revenues	4,833.5	4,730.9	1.9%	4,924.8	2.8%	5,065.1	2.3%	5,182.5	2.4%	5,305.7	2.8%	5,452.3	3.0%	5,617.3
Capital Projects Fund	176.0	176.0	6.4%	187.2	-11.6%	165.5	-14.8%	141.0	3.3%	145.7	4.4%	152.0	3.8%	157.8
Grants	117.4	117.4	0.0%	117.4	2.1%	119.9	2.2%	122.5	2.3%	125.3	2.4%	128.3	2.4%	131.4
Total Adjusted Governmental Revenues	5,126.9	5,024.3	2.0%	5,229.5	2.3%	5,350.5	1.8%	5,446.0	2.4%	5,576.7	2.8%	5,732.7	3.0%	5,906.4

FY19 FEE AND FINE CHANGES*				
DEPARTMENT/FEE AND FINE	FY19 REVENUE CHANGE	METHOD OF CHANGE	NOTE	
MONTGOMERY COLLEGE Tuition and Related Fees	2,163,834	Board of Trustees Action	Increase per semester hour rate from \$124 to \$128 for County residents; \$253 to \$261 for in-State and out-of-County residents; and \$350 to \$362 for out-of-State residents.	
DEPARTMENT OF PERMITTING SERVICES Commercial and Residential Permits and Fees	413,415	Council Resolution	Increase the Enterprise Fund Stabilization Factor by three percent to cover costs and meet reserve policy.	
DEPARTMENT OF HEALTH AND HUMAN SERVICES Short Term Residential Rental	210,000	Executive Regulation	To be implemented in accordance with Bill 2-16 Transient Housing - Licensing and Regulation.	
ENVIRONMENTAL PROTECTION Refuse Collection Charge	645,687	Council Resolution	Increase the Refuse Collection Charge from \$70.00 to \$77.00.	
DEPARTMENT OF TRANSPORTATION Leaf Vacuuming Charge	379,210	Council Resolution	Increase leaf vacuum charge from \$97.99 to \$102.93 for a single-family household and from \$3.86 to \$4.08 for a multi-family unit.	
GRAND TOTAL	3,812,146			

* All changes are assumed to be effective July 1, 2018 except as noted.
Revenues above do not include implementation costs.

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