



# 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 FY24 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 data from Moody's Analytics and Metropolitan Washington Council of Governments (COG) and are based on fiscal and economic data and analyses used or prepared by the Department of Finance (â€˜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 1,047,661 in 2020 (Census) to 1,147,489 by 2033. This reflects an average annual growth rate of 0.70 percent.
- Current projections estimate the number of households to increase from 372,825 (Census) in 2020 to 425,574 by 2033. Household growth over that period is projected to grow at an average annual rate of 1.0 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 11,700 in 2022 to 13,010 by 2029.
- The County expects Montgomery County Public School student enrollment to increase by 4,766 between FY23 and FY29.
- Montgomery College full-time equivalent student enrollments are projected to decrease from 14,184 in FY23 to 13,956 in FY27.

Using mild recession 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 government expenses;
- Devolution of Federal responsibilities to state and local governments;
- Changes in financial markets;
- Major demographic changes;
- Military conflicts and acts of terrorism; and domestic or global health incidences;

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- Major international economic and political changes;

While the effects of the COVID-19 virus on the County's revenues (and expenditures) have had both-one time and structural impacts, further diminution of the COVID-19 pandemic has contributed to improvement in labor force participation and broad-based wage gains.

## Policy Assumptions

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Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY24 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

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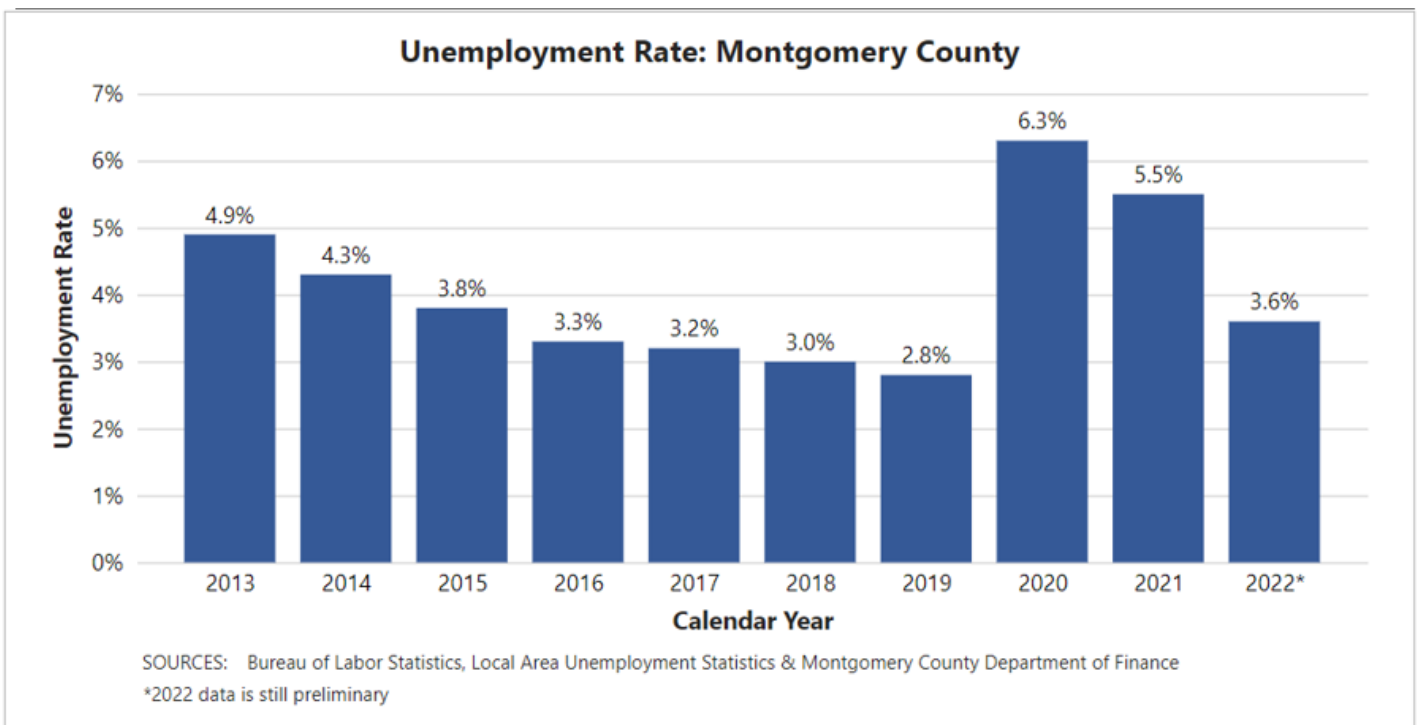
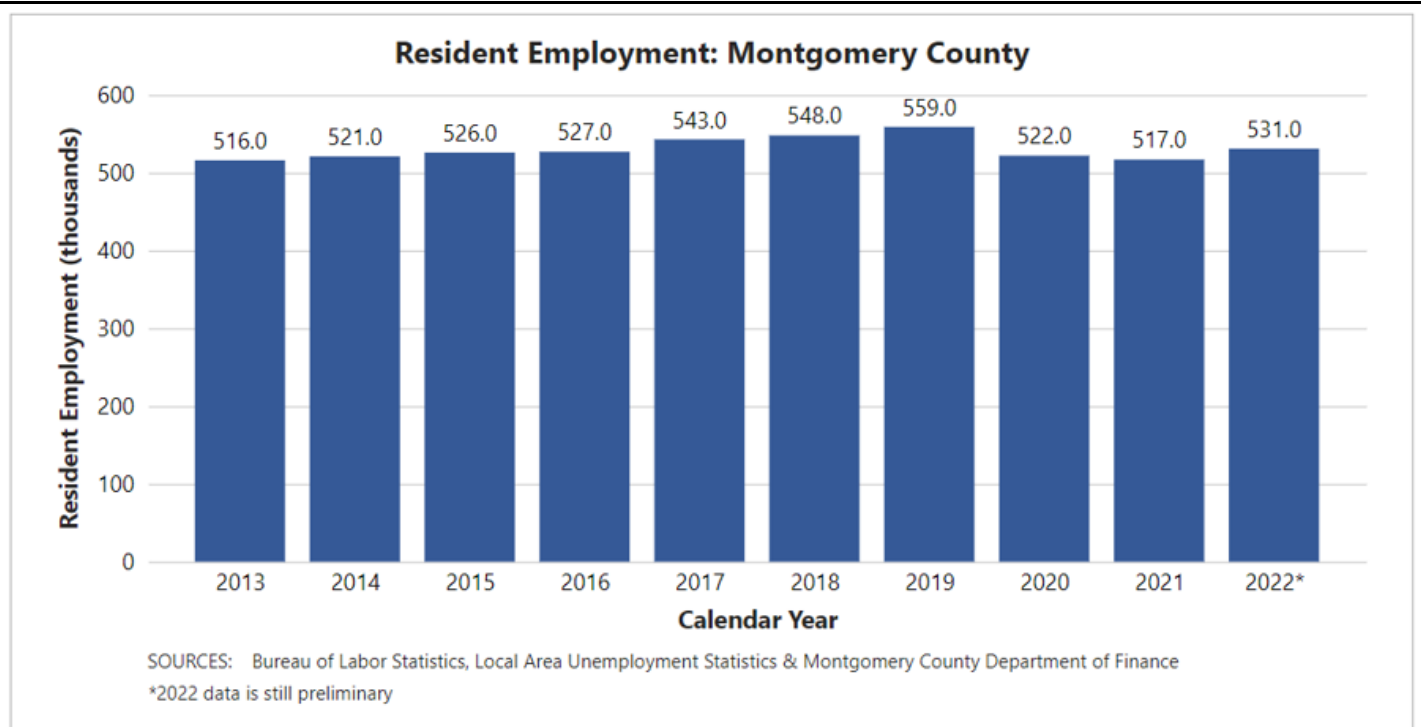
Revenue projections depend on the current and projected indicators of the national, regional, and local economy. National indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include residential (labor force survey) and payroll (establishment survey) employment, residential and nonresidential construction, housing sales, 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 continued to experience mixed economic performance during calendar (CY) 2022, with strong employment and income growth, but a sharp decline in home sales and reduced construction of residential housing and non-residential projects. The pace of growth of home values moderated from prior years, but prices did not decline despite the sharp drop in sales volume, indicating continued demand to live in Montgomery County.

## Resident Employment

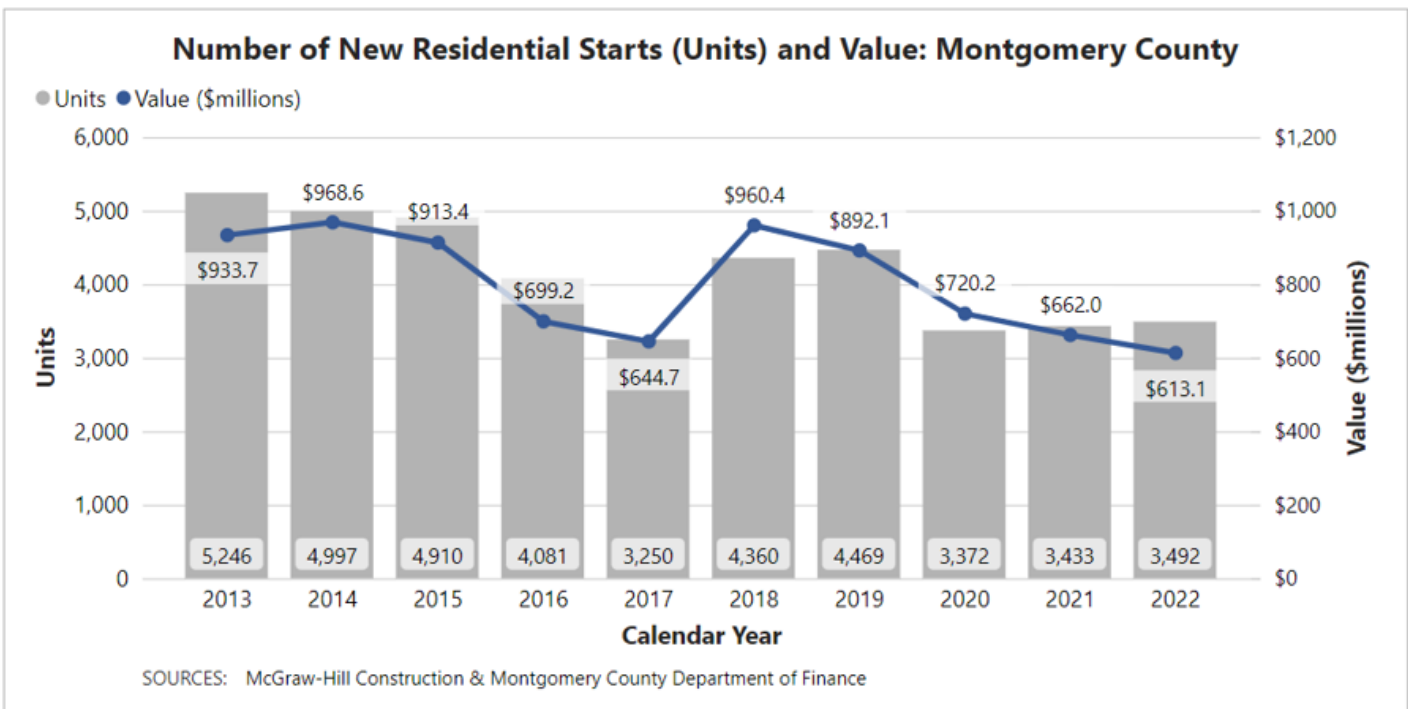
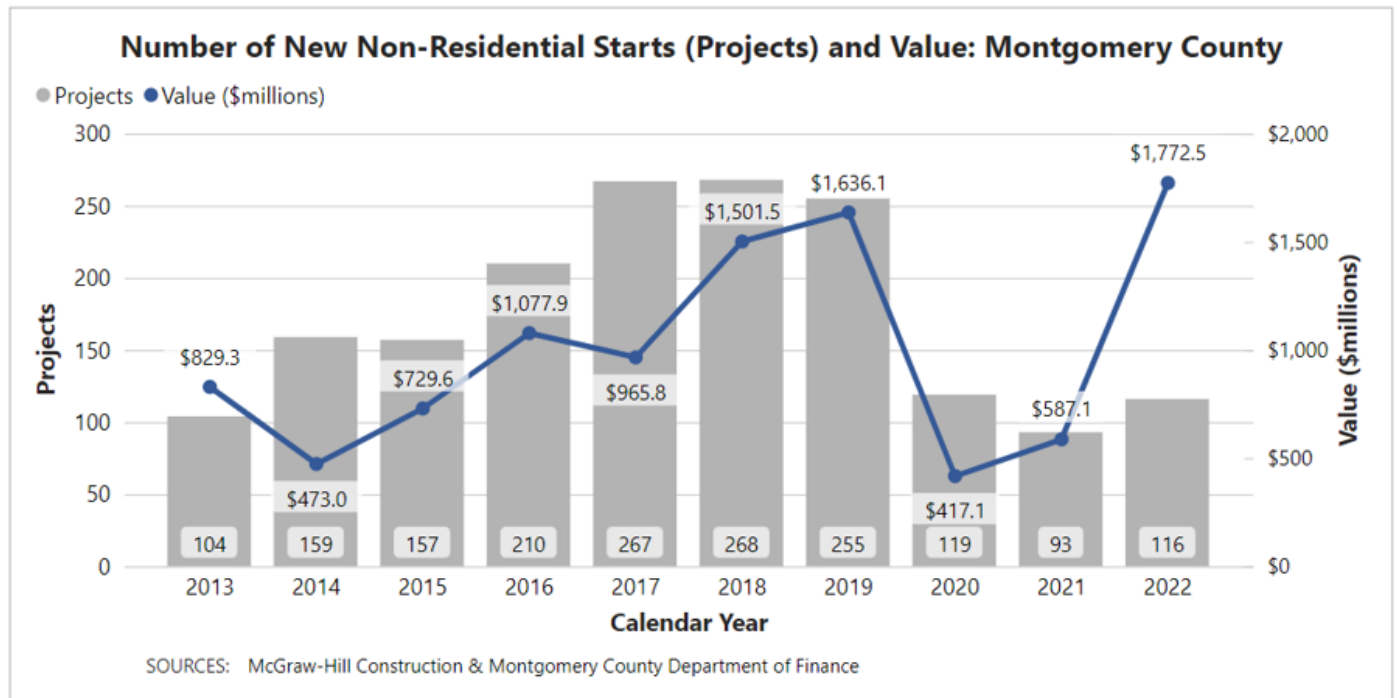
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Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in CY22 grew, increasing by 13,630 from CY21 (2.63 percent). This followed declines of 4,470 from CY20 to CY21 (0.86 percent) and a drop of 37,288 from CY19 to CY20 (6.67 percent). The County's unemployment rate came down from 5.5 percent in 2021 to 3.6 percent in 2022 attributed to a greater increase in employment (2.63 percent) than the increase in the labor force of 3,200 or 0.58 percent. The unemployment rate in CY22 remains higher than the pre-pandemic rate of 2.8% in CY19.



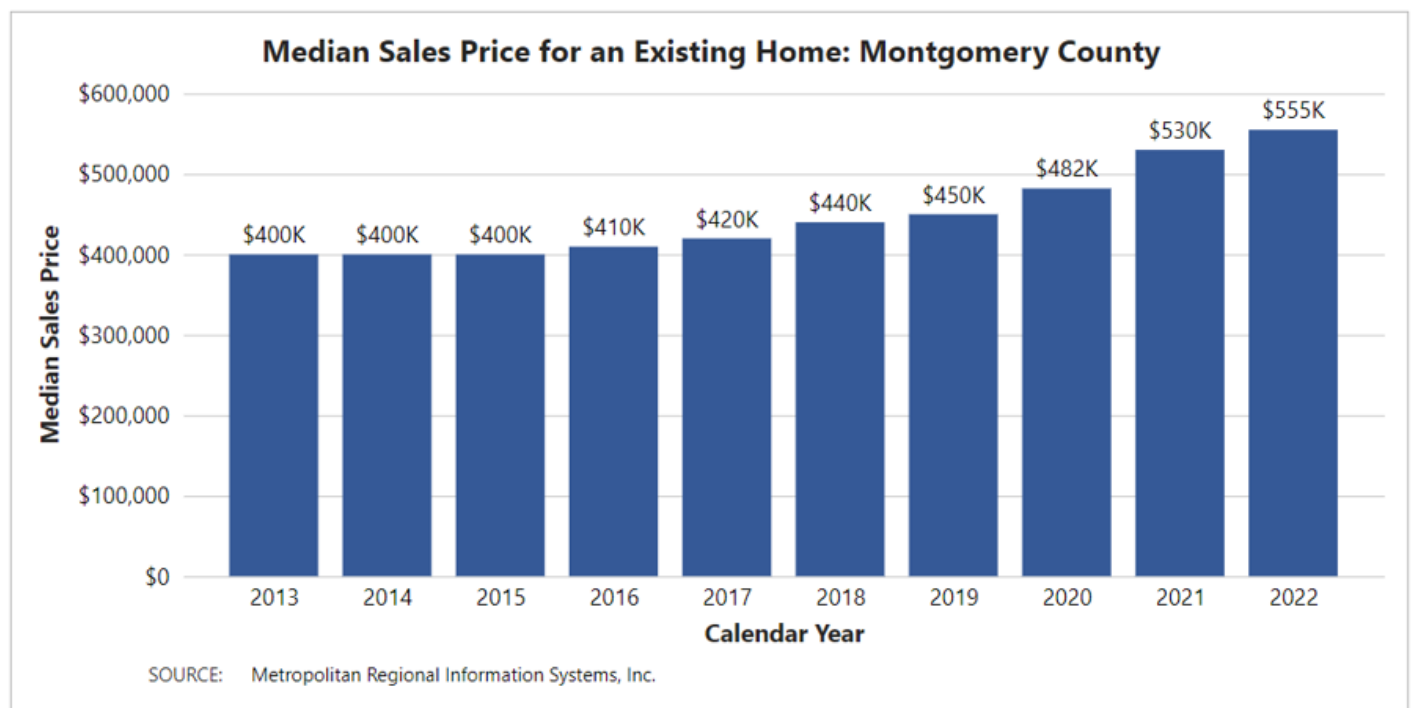
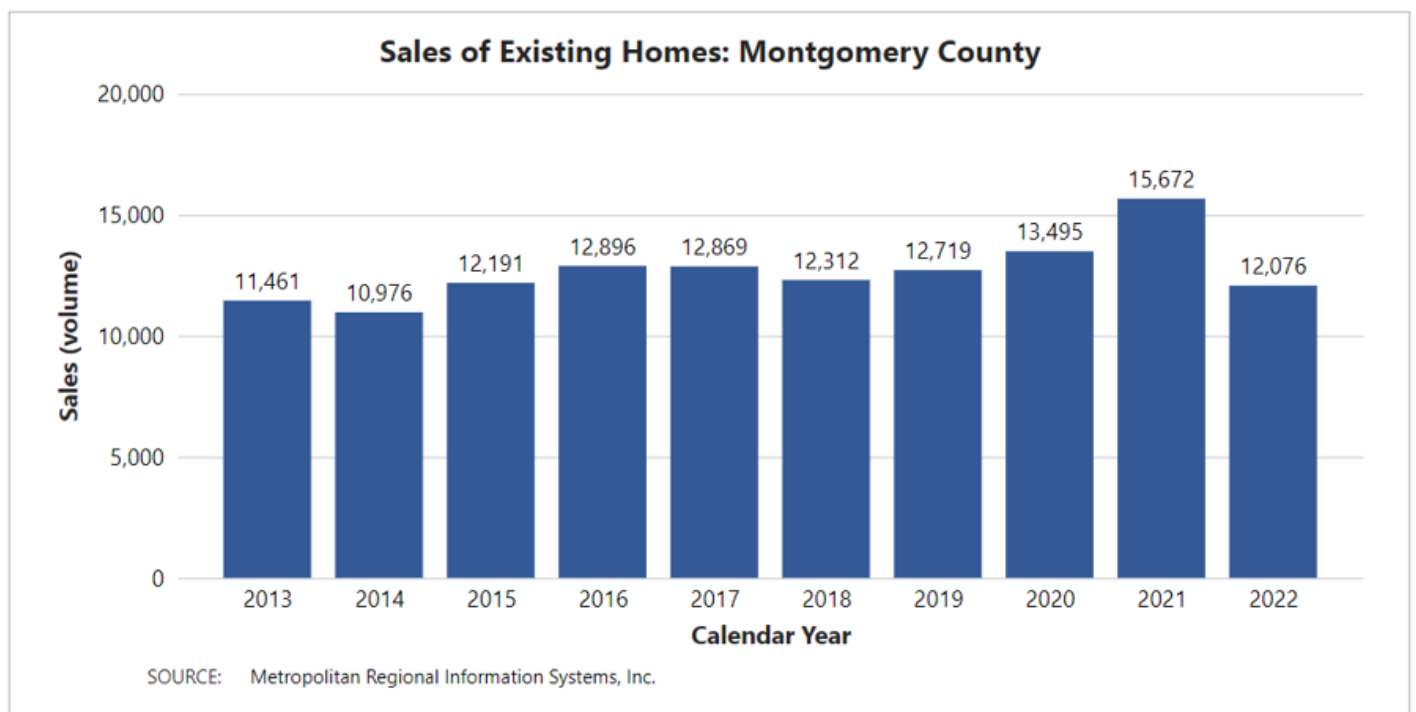
## Construction Activity

Despite the increase in interest and mortgage rates depressing housing demand, the construction of new residential units was virtually unchanged in CY22 as compared to CY21 and CY20. However, total value added from new residential units decreased from \$662.0 million in CY21 to \$613.1 million in CY22 (7.4 percent). The total value added from non-residential projects increased back to levels attained between CY17 and CY19. Non-residential project value went from \$587.0 million in CY21 to \$1,772.5 million (201.9 percent) in CY22.



## Residential Real Estate

The Federal Reserve raised the federal funds rate a total of 8 times since March 2022 a total of 4.25% to its current target range of 4.50%-4.75% which caused a sharp increase in mortgage rates. This increase in mortgage rates depressed demand for existing homes, with total sales declining by 22.9 percent in CY22. Despite reduced activity, median sales price for existing homes climbed another 4.72 percent in CY 22 after increasing by 9.9 percent in CY21 and 7.1 percent in CY20.

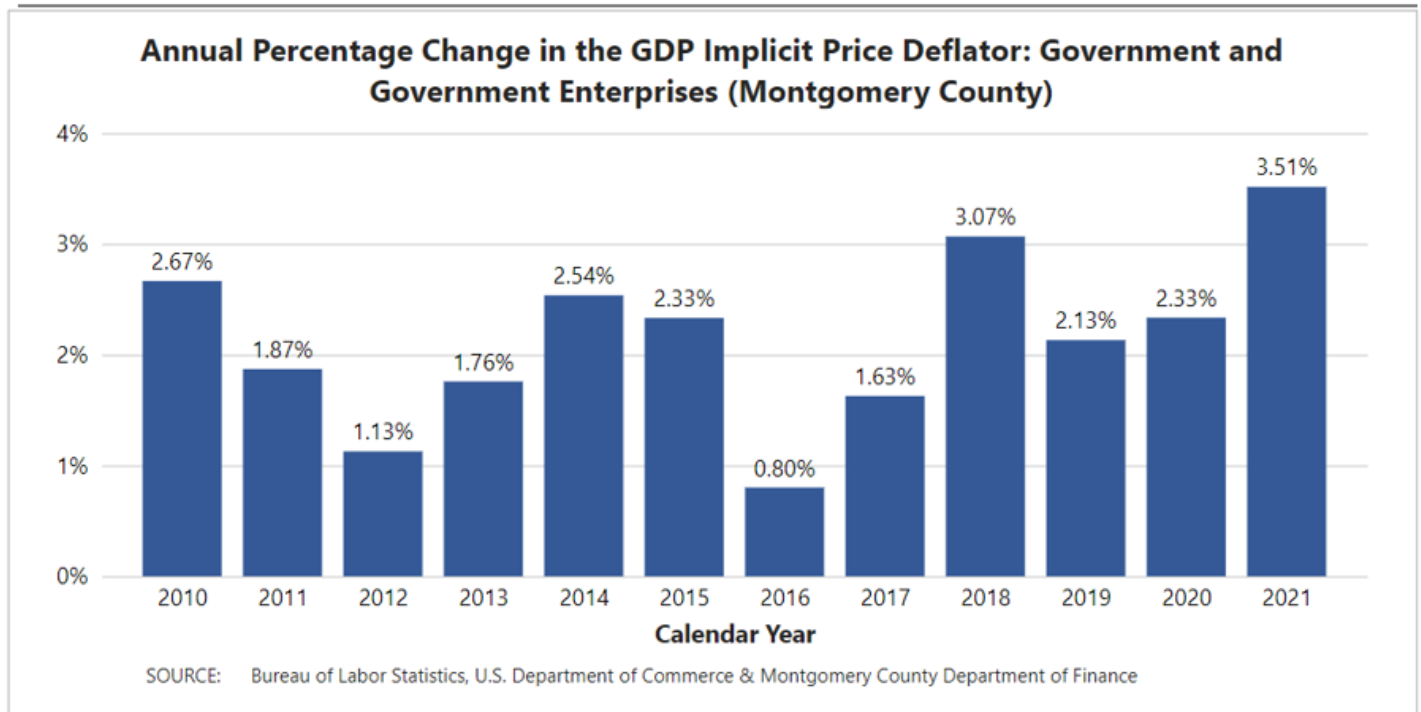


#### **GDP Implicit Price Deflator - Government consumption expenditures and gross investment: State and local (implicit price deflator): Montgomery County**

Government consumption expenditures and gross investment measures the portion of gross domestic product (GDP), or final expenditures, that is accounted for by the government sector. Government consumption expenditures consist of spending by government to produce services to the public such as public-school expenditures. Gross investment consists of spending by government for fixed assets that directly benefit the public such as highway construction, or that assist government agencies in their production activities such as purchasing vehicles and equipment.

The GDP implicit price deflator for state and local government consumption expenditures and gross investment was 3.5

percent for Montgomery County in CY21 (the latest year of available data). This was higher than any year since CY10 and indicates rising costs to operate municipal government.



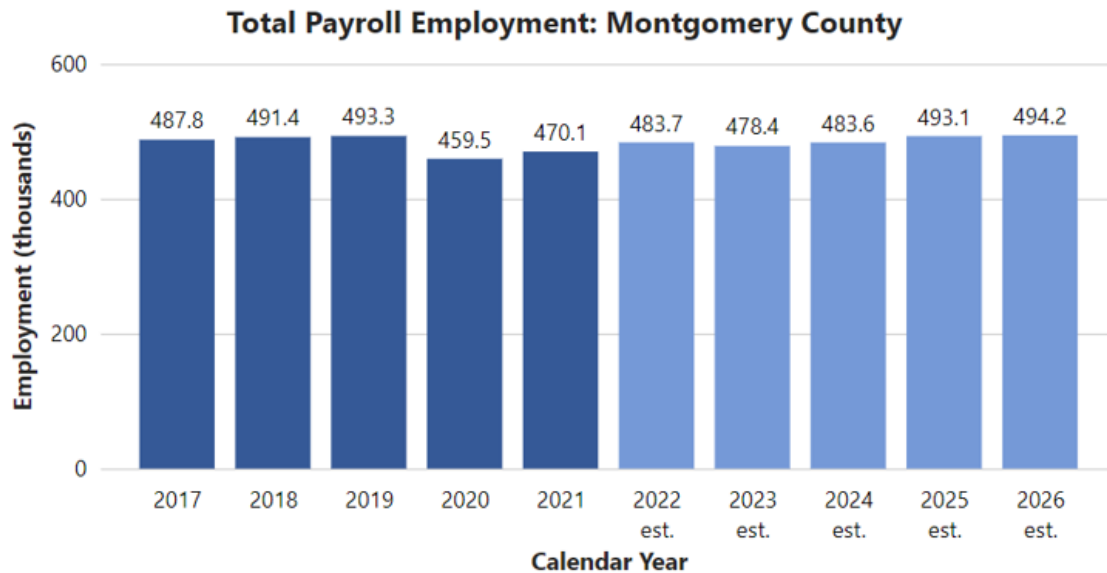
## CONCLUSION

The employment, real estate, and government inflation economic indicators contain mixed signals regarding the County's economy during CY22 and the potential future trajectory. That performance included an improved labor market, continued production of new building space and housing units, but a sharp decline in residential real estate demand.

## ECONOMIC OUTLOOK

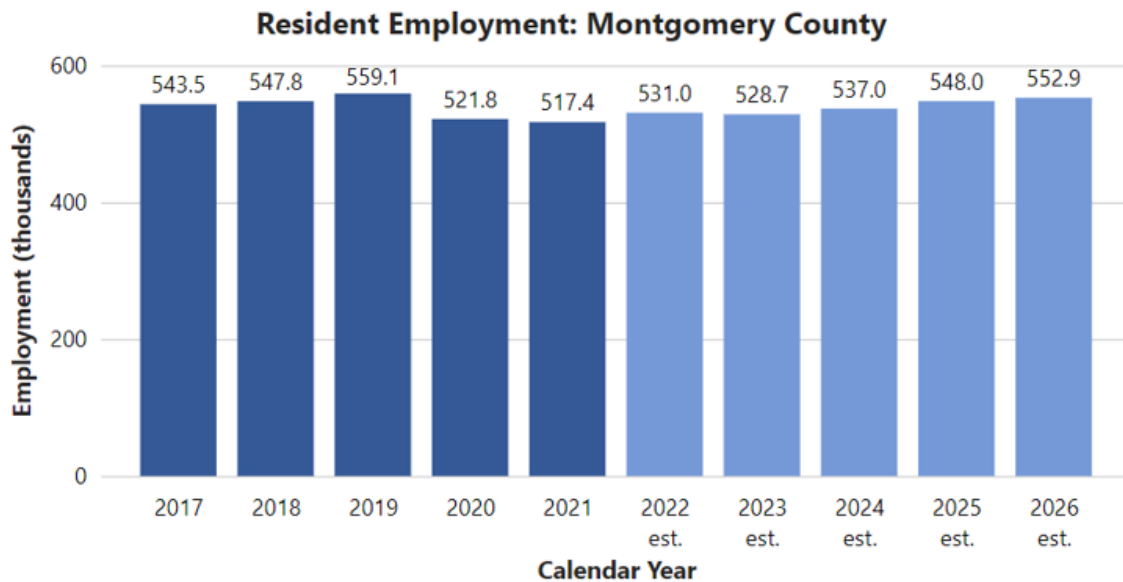
Finance forecasts that Montgomery County may experience a mild recession during CY23 which will result in a slowdown in the labor market but will continue to see modest growth in total personal income. The mild pullback in labor markets would be the result of the significant increase in interest rates depressing investment and job creation nationwide and in the County.

**Employment.** Based on payroll employment from Current Employment Statistics (CES) series from the Bureau of Labor Statistics (BLS) for the Silver Spring - Frederick - Rockville: MD metropolitan division and Moody's Analytics, Finance assumes that payroll employment will increase from CY21 to CY26 at an average annual rate of 1.0 percent, including a drop of 1.1 percent from CY22 to CY23. This is greater than the average annual rate of -0.9 percent experienced between CY17 and CY21 attributed to COVID. Finance assumes payroll employment will return to pre-pandemic levels by CY25.



SOURCES: Bureau of Labor Statistics, U.S. Department of Labor  
 Moody's Analytics  
 Montgomery County Department of Finance

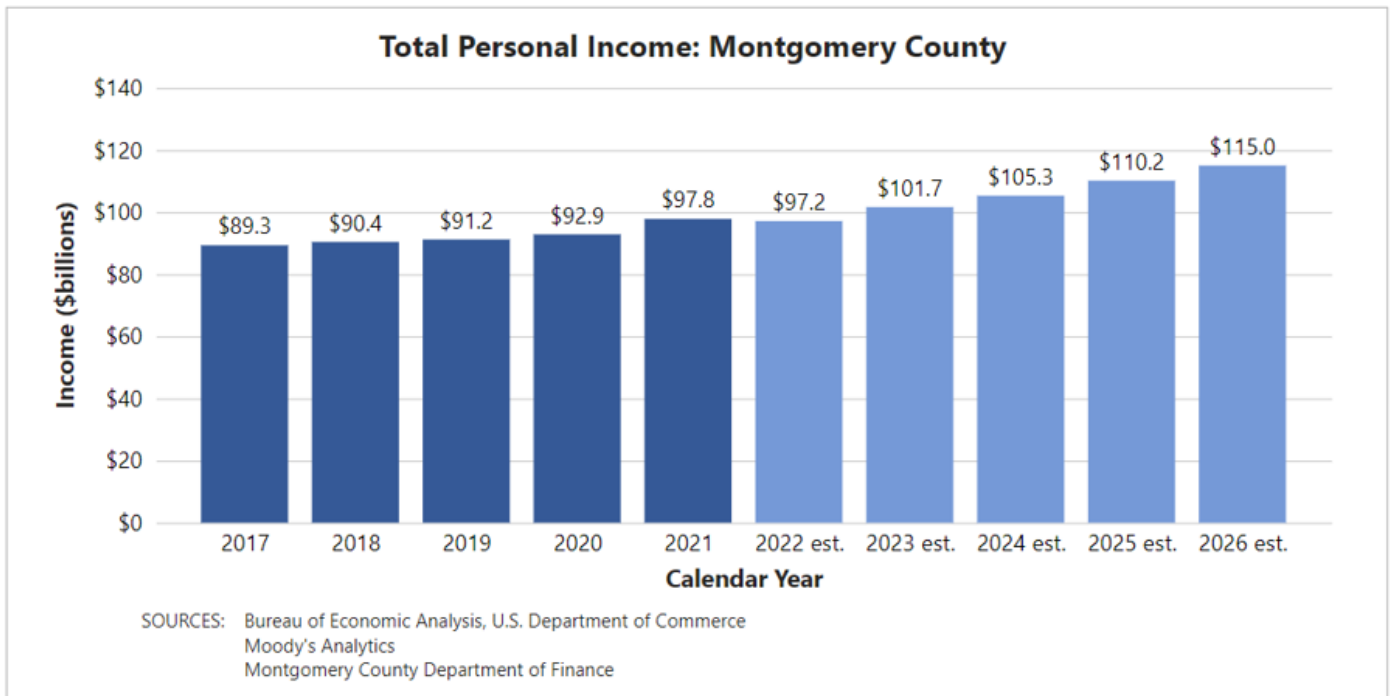
Finance assumes that resident employment will increase at an average annual rate of 1.3 percent from CY21 to CY26. That rate reverses the average annual rate of -1.2 percent between CY17 and CY21 which is primarily attributed to COVID-19 in CY20 and CY21. Even with the average annual increase of 1.3 percent from CY21 to CY26, Finance estimates that resident employment will not attain its pre-pandemic levels until after CY26.



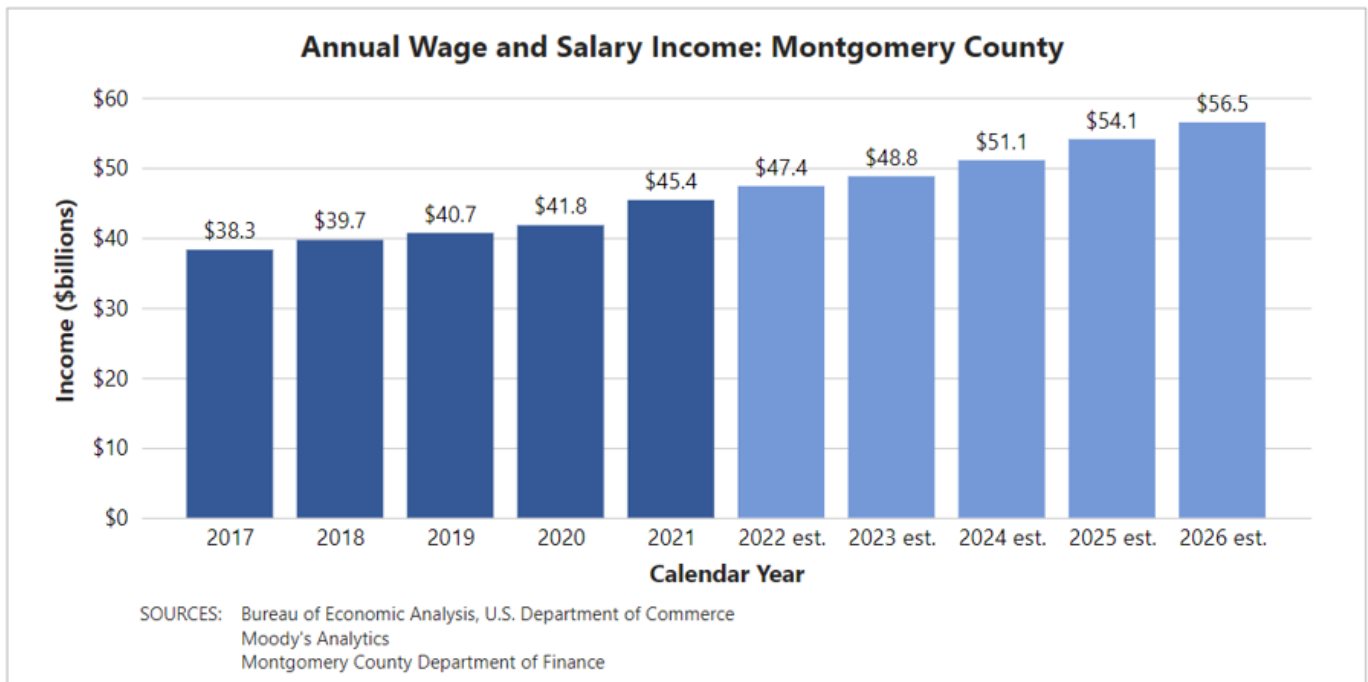
SOURCES: Maryland Department of Labor, Licensing and Regulation  
 Moody's Analytics  
 Montgomery County Department of Finance

**Personal Income.** Finance assumes that total personal income in Montgomery County will increase at an average annual rate of 3.3 percent from CY21 to CY26 compared to an average annual growth rate of 2.3 percent from CY17 to CY21. The forecast indicates that personal income will continue growing despite a potential decline in employment in CY23, indicating

continued growth in wages and non-wage income.

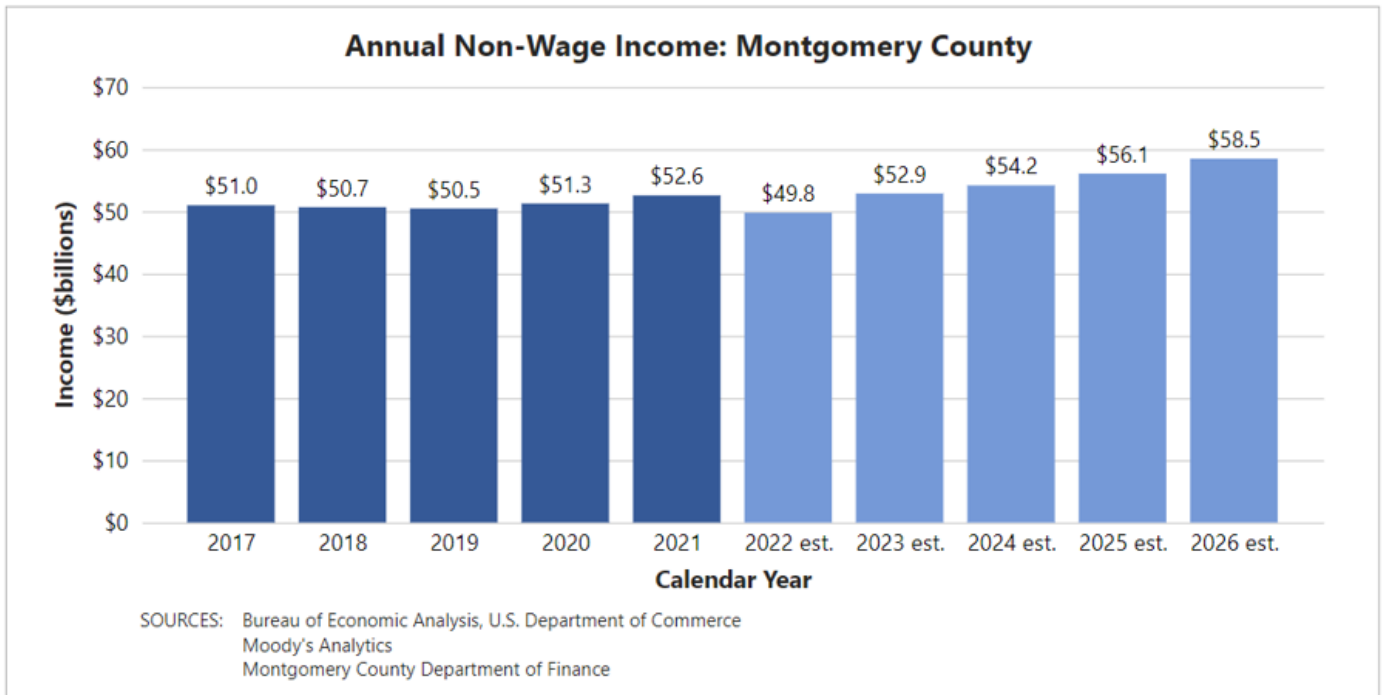


**Wage and Salary Income.** Finance assumes wage and salary income will continue growing as it has in the recent past, increasing at an average annual rate of 4.5 percent from CY21 to CY26. This compares to the average annual growth rate of 4.3 percent from CY17 to CY21.



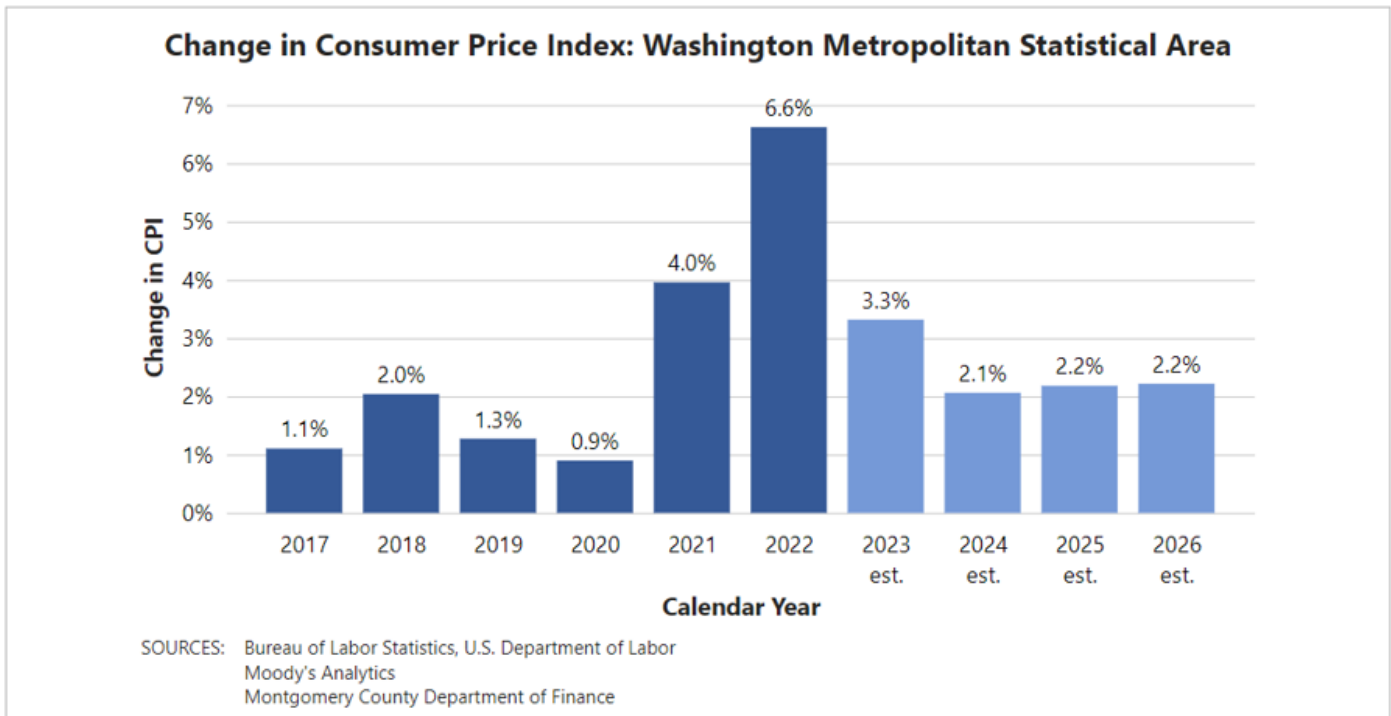
**Non-Wage Income<sup>1</sup>** Finance assumes that non-wage income in Montgomery County will increase at an average annual rate of 2.2 percent from CY21 to CY26, following a decline of 5.3 percent from CY21 to CY22. This compares to the average annual growth rate of 0.8 percent from CY17 to CY21.





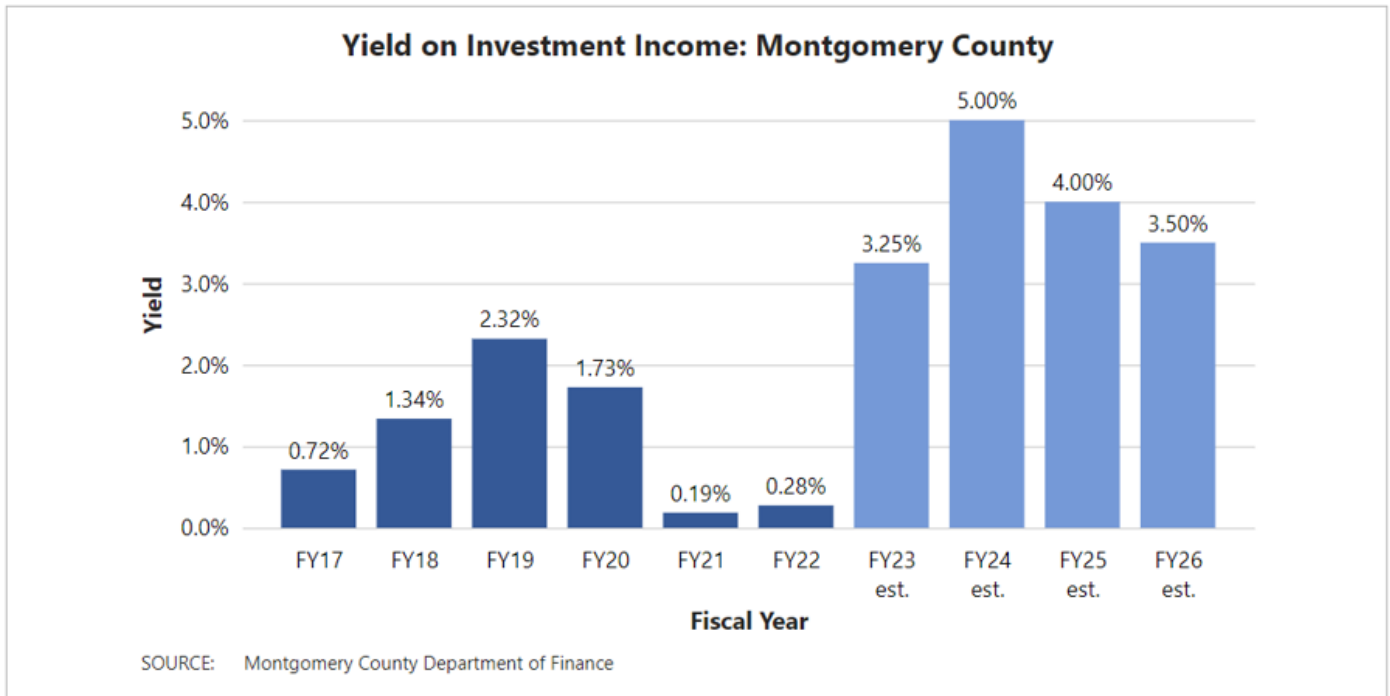
<sup>1</sup> Non-wage income is the sum of proprietor's income, supplements to wages and salaries, transfer receipts, dividends/interest/rents, adjustment for residence, less contributions for government social insurance.

**Inflation (annual average).** Finance assumes that the overall regional inflation index for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan statistical area will moderate from 6.6 percent in CY22 to 3.3 percent in CY23 and will then approach the more long-term trend of 2.1-2.2 percent annual inflation in CY24 through CY26.



**Interest Rates.** Since the yield on the County's short-term investments is highly correlated with the federal funds rate, the County earned an average of 0.33 percent in investment income on its short-term portfolio for fiscal year (FY) 2022. Rate increases to the targeted federal funds rate by the Federal Open Market Committee of the Board of Governors of the Federal

Reserve System in response to inflation pressures has increased yields, rising to 3.25 percent in FY23 and then to 5.00 percent in FY24.



## 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. 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

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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 provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Recommended Amended FY23-28 CIP (as of January 17, 2023). Anticipated current revenue adjustments to the County Executive's Recommended Amended FY23-28 CIP have been made as part of the Executive's Recommended Operating Budget.

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## Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY22 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 fund balance for the preceding year.

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## Net Transfers

Net transfers are the net of transfers in and transfers out 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.

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## Debt Service Obligations

Debt service estimates are those made to support the County Executive's Recommended Amended FY23-28 CIP (as of January 17, 2023). 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 33.7 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, 2022, is 1.71 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

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## Capital Improvements Program (CIP) Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most recent 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.

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## Revenue Stabilization

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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 (AGR) 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. For FY22 and FY23, funds received by the County to broadly respond to the COVID-19 pandemic under H.R. 748, the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, and H.R.1319 the American Rescue Plan Act (ARPA) are excluded from the calculation of Adjusted Government Revenues for the purposes of calculating the mandatory contribution to the Fund. The FY24 Recommended Budget estimates that the Revenue Stabilization Fund balance will be \$603.9 million in FY23 and the balance is estimated to increase to \$630.2 million in FY24.

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## 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.

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## Reserves

The County may maintain an unrestricted General Fund balance of up to five percent of prior year's General Fund revenues (pursuant to Charter § 310) and a combined unrestricted General Fund balance plus the Revenue Stabilization Fund balance of 10% of AGR. This budget satisfies the County's policy to maintain the budgeted total reserve of the unrestricted General Fund and Revenue Stabilization Fund at 10 percent of Adjusted Governmental Revenues after utilizing reserves in excess of the policy level to bridge FY24 forecasted mild recession and maintain services.

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## 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.

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## TAX SUPPORTED 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 47.3 percent and 42.7 percent, respectively, of the estimated total tax revenues in FY24. The third category is the energy tax estimated for the General Fund with 4.3 percent share. In fact, these three revenue sources represent 94.3 percent of total tax revenues. Of the total tax-supported revenues, property tax and income tax are also the most important with 36.5 percent

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and 32.9 percent, respectively. The third category is intergovernmental revenues with a 19.3 percent share of the estimated total tax supported revenues in FY24. 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

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Using proposed tax rates (levy year 2023) and a recommended \$692 Income Tax Offset Credit (ITOC), total estimated FY24 tax supported property tax revenues of \$2,225.4 million are 15.2 percent above the revised FY23 estimate. The general countywide rate for FY24 (Levy Year 2023) is \$0.7700 per \$100 of assessed real property, while a rate of \$1.9250 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 FY24 (Levy Year 2023) is \$1.0785 \$100 of assessed real property. The weighted average tax rate for FY24 includes a \$0.10 general fund property tax increases for school purposes pursuant to Maryland Code, Education § 5-104 (d)(1). In November 2020, County residents voted to amend Section 305 of the County Charter "to prohibit the County Council from adopting a tax rate on real property that exceeds the tax rate on real property approved the previous year, unless all current Councilmembers vote affirmatively for the increase." The proposed \$0.10 property tax increase dedicated to school funding is not included in the charter limit pursuant to § 5-104 of the State Education Article, which allows a county to set a property tax rate greater than would otherwise be allowed under the county's charter limit and may be approved by a majority of the number of councilmembers.

The countywide total property taxable assessment is estimated to increase approximately 2.9 percent from a revised \$212.0 billion in FY23 to \$218.1 billion in FY24. The total property taxable assessment is comprised of i) real property and ii) personal property. For FY24, the Department of Finance estimates a real property taxable assessment of approximately \$213.8 billion, an increase of 3.0 percent from FY23, with the remaining \$4.3 billion from personal property. This is an increase in total property taxable assessments after a decrease in FY22 attributed to a decrease in personal property of 9.4 percent.

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 triennial residential property reassessment for Group 3 increased 6.6 percent and commercial property increased 14.4 percent for levy year 2021 (FY22) followed by the triennial residential property reassessment for Group 1 that increased 11.3 percent and commercial property increased 10.1 percent for levy year 2022 (FY23). Based on data from SDAT the triennial reassessment for real property is estimated to increase 19.8 percent for residential properties in Group 2 and is estimated to increase 19.4 percent for commercial property for levy year 2023 (FY24).

## Income Tax

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The base for Montgomery County's income tax is Maryland net taxable income (NTI). NTI is federal adjusted gross income, as determined by the Internal Revenue Code, with Maryland-specific adjustments, both positive and negative, and the subtraction of Maryland standard or itemized deductions and personal exemptions, all as determined by Maryland law. The Maryland Comptroller's Office administers the local income tax as part of the state income tax. Local income tax revenues are collected along with state income tax revenues through employer withholding on a periodic basis, estimated payments and final payments and refunds. The County receives its income tax revenues largely through quarterly distributions from the State of withholding and estimated payments (an average of 82 percent of annual receipts) with additional distributions to reconcile the quarterly distributions for a tax year as tax returns are processed and for delinquent payments, interest and penalties and other unallocated collections.

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Estimated FY24 income tax revenues of 1,925.1 million are 1.2 percent below the revised FY23 estimate. The FY23 estimate has been revised from \$1,947.9 million in the December Fiscal Plan to \$1,925.1 million due to the February quarterly income tax distribution and expected reconciling income tax due to the Comptrollers review of tax records for taxpayers who had filed for extensions for tax year ("TY") 2021. Recent tax years have had substantial variation in the level of income tax reconciling distributions due to amendments to state and federal tax law influencing the timing and amount of tax payments specifically related to pass-through-entities (PTEs).

On May 8, 2020, the Maryland General Assembly enacted SB523 that amended Article II, Section 17(c), of the Maryland Constitution - Chapter 641. At that time, the State of Maryland was one of nine states that enacted a pass-through-entity tax. Specifically, the bill authorized a PTE to elect to be taxed at the entity level for the income tax. Also, "an individual or corporation may claim a tax credit against the State income tax equal to the tax paid by the PTE on the member's share of the PTE's taxable income." According to the Maryland Comptroller, PTEs are partnerships, limited liability companies, S-corporations, and business trusts. Because of this option to pay at the entity level and noted by the Maryland Comptroller's office, the impact of state law regarding PTEs could impact the growth of estimated and final payments. This option may have resulted in the substantial variation in the County's reconciling distributions in the past 2 years.

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## Transfer and Recordation Taxes

Estimated FY24 revenues for the General Fund of \$174.6 million, which excludes the School Capital Improvement Program (CIP) portion, condominium conversions, and the tax premium, are 0.3 percent below the revised FY23 estimate. This reflects a FY24 estimate of \$118.1 million in the transfer tax and \$56.5 million in the General Fund portion of the recordation tax. Residential transfer tax revenues follow 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. Based on the activity in the real estate markets described in the economic assumptions section above and the forecast from Moody's Analytics, Finance estimates the sales of existing homes in the County will decrease 22.6 percent in CY23 but increase 14.8 percent in CY24. Over the same two years, median sales prices will decrease 5.1 percent in CY23 and another decrease of 3.6 percent in CY24.

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## Energy Tax

Estimated FY24 revenues of \$193.1 million are 4.6 percent above the revised FY23 estimate. 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. Because of the impacts of COVID-19, non-residential tax collections declined considerably in FY21 from FY20 while residential tax collections' share increased almost 99 percent in FY21 from FY20. However, as the effects of COVID have subsided through FY22 and the first half of FY23, non-residential tax collections have returned back to their historic share of roughly 65 percent of collections. Employees transitioning back to the office have stabilized energy tax estimates from their weaker than normal outlier values during the depths of the pandemic.

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## Telephone Tax

Estimated FY24 revenues of \$55.6 million are 0.6 percent above the revised FY23 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



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\$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 phones and by voice-over internet protocol. Over the past decade, approximately 80 percent of the gross telephone tax is attributed to growth in the cellular wireless component, which has moderated over the past couple of years.

### Hotel/Motel Tax

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Estimated FY24 revenues of \$22.1 million are 1.8 percent above the revised FY23 estimate attributed to a significant increase in the occupancy rate and increases in room rates. 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 is 7.0 percent. 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 and events during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county. Business and conference travel has lagged the rebound in tourist travel following the COVID pandemic lows, which leaves the County's hotel industry and tax revenues at a level below the FY19 peak. Because of the recovery from the worst impacts of COVID-19, tax collections from the hotel/motel tax are estimated to increase 28.6 percent in FY23 and continue to rebound from the pandemic lows in FY21 with more stable growth rates going forward.

### Admissions/Amusement Tax

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Estimated FY24 revenues of \$3.0 million are 3.0 percent above the revised FY23 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. The estimated increase in FY24 revenues is attributed to a rebound in the growth in attendance.

### E-Cigarettes Tax

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Estimated FY24 revenues from the E-Cigarettes tax of \$1.1 million are 6.3 percent above the revised FY23 estimate. On March 31, 2020, the Montgomery County Council enacted legislation that prohibited an electronic devices manufacturer from distributing flavored electronic cigarettes to certain retail stores in the County. As such, FY24 revenues are estimated to be 21.4 percent lower than the peak of \$1.4 million in FY20.

## OTHER TAX SUPPORTED REVENUES

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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 \$1.343 billion in FY24. This is a \$74.6 million increase, or 5.9 percent, from the revised FY23 estimate. Non-tax revenues include intergovernmental revenues, investment income, licenses and permits, charges for services, fines, and forfeitures, and miscellaneous revenues.

### General Intergovernmental Revenues

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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 FY24. 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 FY24 assumes a \$62.0 million, or 5.8 percent, increase in intergovernmental revenues from the revised FY23 estimate, of which 82.4 percent of the \$1.131 billion in revenues would be allocated to the Montgomery County Public Schools, 5.5 percent to other intergovernmental, 5.1 percent to Montgomery Community College, and 3.6 percent to Mass Transit.

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## 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 FY24 assumes a 2.1 percent increase over the revised estimates for FY23, resulting in \$12.7 million in available resources in FY24.

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## Charges for Services

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 FY24 assumes an increase of 9.0 percent over the revised estimates for FY23, resulting in \$54.8 million in available resources in FY24.

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## 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 FY24 assumes that fines and forfeitures will decrease 0.4 percent from the revised estimates for FY23, resulting in \$30.2 million in available resources in FY24.

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## 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 FY24 assumes a 5.6 percent increase in tuition from \$58.47 million in FY23 to \$61.7 million in FY24.

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## 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



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percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY23 tax-supported investment income estimate of \$23.3 million assumes a yield of 3.25 percent and an average daily portfolio balance of \$1.850 billion. The FY24 projected estimate of tax-supported investment income of \$36.5 million assumes a yield of 5.00 percent and an average daily portfolio balance of \$1.900 billion. The Federal Open Market Committee (FOMC) began increasing the targeted federal funds rate starting on March 17, 2022, in response to the rapid growth in the rate of inflation and increased the effective federal funds rate a total of eight times reaching an effective rate of 4.57 percent by March 7, 2023. The estimated investment income for FY23 and FY24 will reflect the actions by the FOMC and the County's average daily portfolio balance.

### Other Miscellaneous

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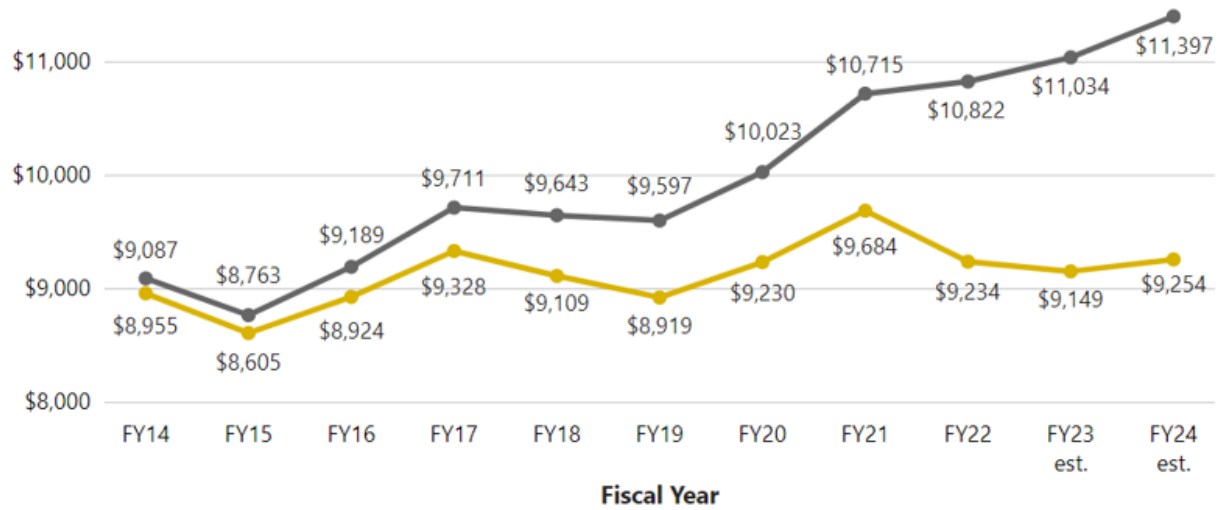
The County receives miscellaneous revenues from a variety of sources. For the Recommended Budget for FY24, miscellaneous revenues will decrease 3.2 percent from the revised estimates for FY23, resulting in \$15.5 million in available resources in FY24.

# TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
<b>POPULATION</b>								
Annual Increase	1,061,814 (7,281)	1,068,846 7,032	1,075,926 7,080	1,083,052 7,126	1,091,196 8,144	1,099,402 8,206	1,107,669 8,267	1,115,998 8,329
Population Growth Since 2014	4.3%	5.0%	5.7%	6.4%	7.2%	8.0%	8.8%	9.6%
County Resident Births (Prior Calendar Year) (a)	11,700	12,000	12,200	12,400	12,620	12,820	12,920	13,010
<b>HOUSEHOLDS</b>								
Household Annual Growth (%)	391,233 -0.5%	394,090 0.7%	396,969 0.7%	399,868 0.7%	403,101 0.8%	406,360 0.8%	409,646 0.8%	412,958 0.8%
Household Growth Since 2014	7.2%	8.0%	8.8%	9.6%	10.5%	11.4%	12.3%	13.2%
Household Growth Since 1992	34.4%	35.3%	36.3%	37.3%	38.4%	39.5%	40.7%	41.8%
Household Size	2.71	2.71	2.71	2.71	2.71	2.71	2.70	2.70
<b>RESIDENT EMPLOYMENT (Jan = Calendar Year)</b>								
Resident Employment Annual Growth (%)	530,986 3.6%	528,657 -0.4%	537,021 1.6%	547,971 2.0%	552,865 0.9%	556,973 0.7%	560,810 0.7%	564,346 0.6%
Resident Employment Growth Since 2014	2.1%	1.6%	3.2%	5.3%	6.3%	7.0%	7.8%	8.5%
Resident Employment Per Household	1.36	1.34	1.35	1.37	1.37	1.37	1.37	1.37
Jobs in County (a)	555,100	560,900	566,700	572,500	578,900	585,300	591,700	598,100
<b>PERSONAL INCOME (\$ Millions)</b>								
Per Capita Personal Income	\$97,170	\$101,660	\$105,330	\$110,180	\$115,030	\$119,490	\$123,700	\$127,710
Annual Growth (%)	\$91,510 -2.0%	\$95,110 3.9%	\$97,900 2.9%	\$101,730 3.9%	\$105,420 3.6%	\$108,690 3.1%	\$111,680 2.8%	\$114,440 2.5%
<b>CONSUMER PRICE INDEX (CPI) - Fiscal Year</b>								
Inflation Growth (Fiscal Year) Since 2014	5.92%	2.91%	2.11%	2.18%	2.21%	2.23%	2.34%	2.33%
	244.2%	69.2%	22.7%	26.7%	28.5%	29.7%	36.0%	35.5%
<b>CONSUMER PRICE INDEX (CPI) - Calendar Year (%)</b>								
	6.62%	3.32%	2.06%	2.18%	2.22%	2.20%	2.34%	2.33%
<b>ASSESSABLE TAX BASE (\$ Millions)</b>								
Annual Growth (%)	\$206,800 1.9%	\$212,044 2.5%	\$218,111 2.9%	\$224,833 3.1%	\$230,601 2.6%	\$234,477 1.7%	\$236,304 0.8%	\$237,643 0.6%
Growth of Base Since 1992 (%)	245.7%	254.5%	264.6%	275.8%	285.5%	292.0%	295.0%	297.3%
Growth of Base Since 2014 (%)	26.4%	29.6%	33.3%	37.4%	41.0%	43.3%	44.4%	45.3%
<b>INVESTMENT INCOME YIELD (%)</b>								
	3.33%	3.25%	5.00%	4.00%	3.50%	3.00%	2.50%	2.50%
<b>MCPS ENROLLMENT (Sept = Calendar Year)</b>								
Annual Growth (%)	161,102 0.3%	162,472 0.9%	164,904 1.5%	165,536 0.4%	165,520 0.0%	166,215 0.4%	167,238 0.6%	167,238 0.0%
Annual Increase (Decrease)	538	1,370	2,432	632	-16	695	1,023	0
<b>MONTGOMERY COLLEGE ENROLLMENTS (b)</b>								
Annual Growth (%)	16,478 -7.3%	17,982 9.1%	17,994 0.1%	18,976 5.5%	19,849 4.6%	20,167 1.6%	20,386 1.1%	20,386 0.0%
<b>Full Time Equivalents Students (Sept = Calendar Year) (c)</b>								
Annual Growth in FTES (%)	14,446 -12.2%	14,184 -1.8%	13,711 -3.3%	13,543 -1.2%	13,762 1.6%	13,956 1.4%	13,956 0.0%	13,956 0.0%

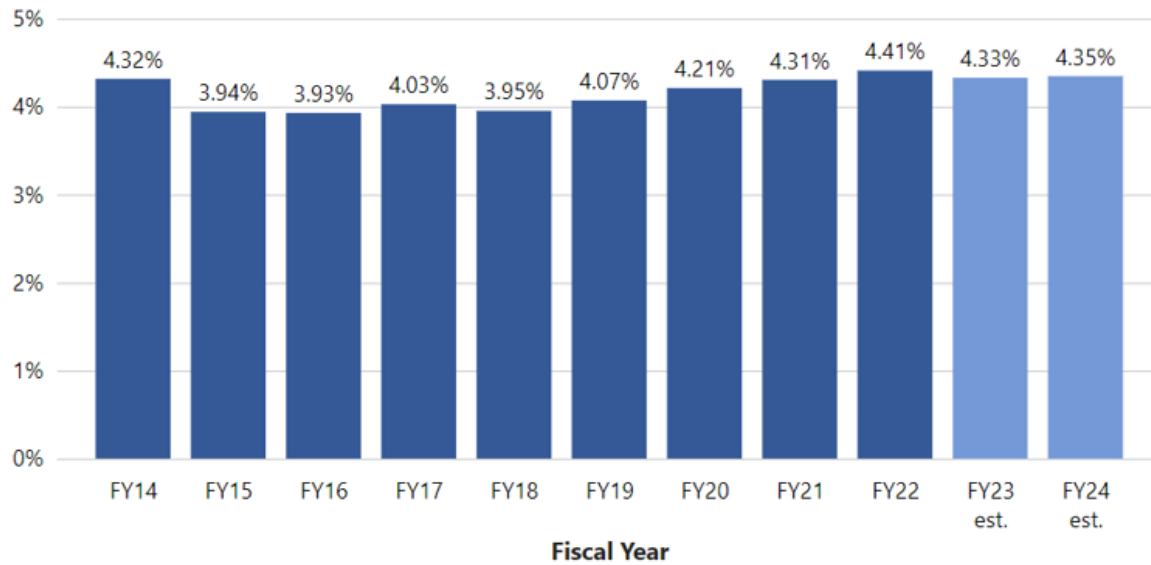
### Average Household Tax Burden: Montgomery County

● Nominal Tax Burden ● Real Tax Burden (2013=100)



SOURCE: Montgomery County Department of Finance

### County Taxes as a Share of Personal Income: Montgomery County



SOURCE: Montgomery County Department of Finance

REVENUE SUMMARY TAX SUPPORTED BUDGETS (\$ Millions)													
KEY REVENUE CATEGORIES	App. FY23	Est. FY23	% Chg. FY23-24 App/Rec	Rec. FY24 3-15-23	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29
<b>TAXES</b>	5-26-22	3-15-23											
1 Property Tax	1,951.4	1,931.7	14.0%	2,225.4	2.5%	2,282.0	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%
2 Income Tax	1,870.5	2,044.4	2.9%	1,925.1	5.1%	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%
3 Transfer Tax	154.7	118.4	-23.7%	118.1	4.7%	123.6	0.6%	124.3	5.2%	130.8	5.1%	137.4	6.4%
4 Recordation Tax	74.2	56.7	-23.8%	56.5	4.7%	59.1	0.6%	59.5	5.2%	62.6	5.1%	65.8	6.4%
5 Energy Tax	186.5	189.5	3.6%	193.2	0.1%	193.3	0.1%	193.4	0.1%	193.5	0.1%	193.6	0.1%
6 Telephone Tax	54.6	55.6	1.9%	55.6	0.1%	55.7	0.0%	55.7	0.0%	55.7	0.0%	55.7	0.3%
7 Hotel/Motel Tax	21.7	18.6	1.6%	22.1	1.7%	22.4	1.7%	22.8	0.8%	23.0	0.0%	23.0	2.5%
8 Admissions Tax	2.7	3.8	45.8%	3.9	3.1%	4.0	3.2%	4.2	3.2%	4.3	3.3%	4.4	3.3%
9 E-Cigarette Tax	1.1	1.0	-8.6%	1.0	3.7%	1.1	3.6%	1.1	3.6%	1.2	3.6%	1.2	3.5%
10 <b>Total Local Taxes</b>	<b>4,317.4</b>	<b>4,419.7</b>	<b>6.6%</b>	<b>4,600.8</b>	<b>3.6%</b>	<b>4,764.8</b>	<b>3.5%</b>	<b>4,933.0</b>	<b>3.3%</b>	<b>5,097.1</b>	<b>3.7%</b>	<b>5,285.1</b>	<b>2.9%</b>
<b>INTERGOVERNMENTAL AID</b>													
11 Highway User	8.8	8.7	20.2%	10.6	0.0%	10.6	0.0%	10.6	0.0%	10.6	0.0%	10.6	0.0%
12 Police Protection	17.2	20.8	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%
13 Libraries	5.8	5.0	-11.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%
14 Health Services Case Formula	4.8	5.2	6.8%	5.2	0.0%	5.2	0.0%	5.2	0.0%	5.2	0.0%	5.2	0.0%
15 Mass Transit	34.0	41.3	21.2%	41.3	0.0%	41.3	0.0%	41.3	0.0%	41.3	0.0%	41.3	0.0%
16 Public Schools	854.2	862.9	9.1%	932.2	0.0%	932.2	0.0%	932.2	0.0%	932.2	0.0%	932.2	0.0%
17 Community College	55.6	55.6	3.4%	57.5	0.0%	57.5	0.0%	57.5	0.0%	57.5	0.0%	57.5	0.0%
18 Other	58.6	78.1	5.9%	62.1	-2.8%	60.4	0.0%	60.4	0.0%	60.4	0.0%	60.4	0.0%
19 <b>Total Intergovernmental Aid</b>	<b>1,039.1</b>	<b>1,077.6</b>	<b>8.9%</b>	<b>1,131.1</b>	<b>-0.2%</b>	<b>1,129.4</b>	<b>0.0%</b>	<b>1,129.4</b>	<b>0.0%</b>	<b>1,129.4</b>	<b>0.0%</b>	<b>1,129.4</b>	<b>0.0%</b>
<b>FEES AND FINES</b>													
20 Licenses & Permits	13.8	12.4	-8.0%	12.7	1.5%	12.9	1.5%	13.1	1.5%	13.3	1.5%	13.5	1.5%
21 Charges for Services	54.6	50.2	0.4%	54.8	1.7%	55.8	1.8%	56.8	1.8%	57.8	1.9%	58.9	1.9%
22 Fines & Forfeitures	29.9	30.3	0.8%	30.2	1.6%	30.7	1.6%	31.2	1.6%	31.7	1.6%	32.2	1.6%
23 Montgomery College Tuition	58.4	58.4	5.6%	61.7	1.7%	62.8	1.8%	63.9	1.8%	65.0	1.9%	66.2	1.9%
24 <b>Total Fees and Fines</b>	<b>156.8</b>	<b>151.4</b>	<b>1.7%</b>	<b>159.4</b>	<b>1.7%</b>	<b>162.1</b>	<b>1.7%</b>	<b>164.9</b>	<b>1.7%</b>	<b>167.7</b>	<b>1.8%</b>	<b>170.8</b>	<b>1.8%</b>
<b>MISCELLANEOUS</b>													
25 Investment Income	3.7	23.3	895.7%	36.5	-19.4%	29.4	-1.8%	28.9	-22.6%	22.4	-15.3%	18.9	0.6%
26 Other Miscellaneous	14.6	15.4	6.0%	15.5	2.2%	15.8	2.2%	16.2	2.2%	16.5	2.3%	16.9	2.3%
27 <b>Total Miscellaneous</b>	<b>18.3</b>	<b>38.7</b>	<b>184.7%</b>	<b>52.0</b>	<b>-13.0%</b>	<b>45.2</b>	<b>-0.4%</b>	<b>45.1</b>	<b>-13.7%</b>	<b>38.9</b>	<b>-7.8%</b>	<b>35.8</b>	<b>1.4%</b>
28 <b>TOTAL REVENUES</b>	<b>5,531.5</b>	<b>5,687.5</b>	<b>7.4%</b>	<b>5,943.3</b>	<b>2.7%</b>	<b>6,101.5</b>	<b>2.8%</b>	<b>6,272.3</b>	<b>2.6%</b>	<b>6,433.1</b>	<b>2.9%</b>	<b>6,621.0</b>	<b>2.4%</b>
Calculation for Adjusted Governmental Revenues*													
29 <b>Total Tax Supported Revenues</b>	<b>5,531.5</b>	<b>5,687.5</b>	<b>7.4%</b>	<b>5,943.3</b>	<b>2.7%</b>	<b>6,101.5</b>	<b>2.8%</b>	<b>6,272.3</b>	<b>2.6%</b>	<b>6,433.1</b>	<b>2.9%</b>	<b>6,621.0</b>	<b>2.4%</b>
30 <b>Capital Projects Fund</b>	<b>154.3</b>	<b>207.5</b>	<b>27.4%</b>	<b>196.6</b>	<b>8.3%</b>	<b>212.8</b>	<b>25.5%</b>	<b>267.0</b>	<b>-6.4%</b>	<b>250.0</b>	<b>-28.6%</b>	<b>178.5</b>	<b>0.0%</b>
31 <b>Grants</b>	<b>136.3</b>	<b>136.3</b>	<b>12.8%</b>	<b>153.8</b>	<b>2.2%</b>	<b>157.2</b>	<b>2.2%</b>	<b>160.7</b>	<b>2.2%</b>	<b>164.3</b>	<b>2.3%</b>	<b>168.1</b>	<b>2.3%</b>
32 <b>MCG Adjusted Revenues</b>	<b>5,822.1</b>	<b>6,031.3</b>	<b>8.1%</b>	<b>6,293.8</b>	<b>2.8%</b>	<b>6,471.5</b>	<b>3.5%</b>	<b>6,700.0</b>	<b>2.2%</b>	<b>6,847.3</b>	<b>1.8%</b>	<b>6,967.6</b>	<b>2.3%</b>
*The calculation for AGR in FY23 excludes the County's allocation of Federal Emergency Grants received through the Coronavirus Relief Fund and the American Rescue Plan Act.													

# County Executive's Recommended FY24-29 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY23	Est. FY23	% Chg. FY23-24 App/Rec	Rec. FY24 3-15-23	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
Total Revenues	5,526.22	3-15-23												
1 Property Tax	1,951.4	1,931.7	14.0%	2,225.4	2.5%	2,282.0	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%	2,417.8
2 Income Tax	1,870.5	2,044.4	2.9%	1,925.1	5.1%	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%	2,526.2
3 Transfer/Recordation Tax	228.9	175.1	-23.7%	174.6	4.7%	182.7	0.6%	183.8	5.2%	193.4	5.1%	203.2	6.4%	216.3
4 Other Taxes	266.6	268.6	3.4%	275.8	0.3%	276.5	0.2%	277.2	0.2%	277.7	0.1%	278.0	0.4%	279.1
5 Other Revenues	1,214.1	1,267.7	10.6%	1,342.5	-0.4%	1,336.7	0.2%	1,339.3	-0.2%	1,336.0	0.0%	1,336.0	0.3%	1,339.5
6 Total Revenues	5,531.5	5,687.5	7.4%	5,943.3	2.7%	6,101.5	2.8%	6,272.3	2.6%	6,433.1	2.9%	6,621.0	2.4%	6,778.9
7														
8 Net Transfers In (Out)	18.8	19.3	-76.6%	4.4	2.2%	4.5	2.2%	4.6	2.2%	4.7	2.3%	4.8	2.3%	4.9
9 Total Revenues and Transfers Available	5,550.4	5,706.7	7.2%	5,947.8	2.7%	6,106.0	2.8%	6,276.9	2.6%	6,437.8	2.9%	6,625.9	2.4%	6,783.8
10														
11 Non-Operating Budget Use of Revenues														
12 Debt Service	441.9	438.2	1.1%	446.7	3.3%	461.5	2.0%	470.9	1.5%	478.0	0.9%	482.2	1.6%	490.1
13 PAYGO	33.9	33.9	-3.2%	32.8	-4.9%	31.2	-6.4%	29.2	-0.7%	29.0	0.0%	29.0	0.0%	29.0
14 CIP Current Revenue	92.4	112.5	9.7%	101.4	-9.9%	91.3	-5.8%	86.0	12.8%	97.0	-5.9%	91.3	0.0%	91.3
15 Change in Other Reserves	-57.4	-44.5	43.2%	-32.6	104.6%	1.5	-83.5%	0.2	-21.1%	0.2	-25.5%	0.1	0.5%	0.1
16 Contribution to General Fund Undesignated Reserves	-15.6	49.5	-878.3%	-152.8	48.2%	-79.2	104.3%	3.4	-15.4%	3.4	141.7%	7.0	-25.1%	5.3
17 Contribution to Revenue Stabilization Reserves	3.0	16.6	784.6%	26.2	-46.7%	14.0	31.4%	18.3	-41.6%	10.7	-42.3%	6.2	49.9%	9.3
18 Set Aside for other uses (supplemental appropriations)	-1.6	-1.6	-6.5%	-1.7	125.78%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19 Total Other Uses of Resources	496.5	604.6	-15.4%	419.9	28.7%	540.3	16.3%	628.1	1.5%	637.9	-0.3%	635.9	1.5%	645.2
20 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	5,053.9	5,102.1	9.4%	5,527.9	0.7%	5,565.7	1.5%	5,648.8	2.7%	5,799.9	3.3%	5,990.0	2.5%	6,138.7
21														
22 Agency Uses														
23 Montgomery County Public Schools (MCPS)	2,729.7	2,717.6	10.7%	3,020.9										
24 Montgomery College (MC)	275.3	257.1	2.1%	281.0										
25 MNCPPC (w/o Debt Service)	153.9	153.9	4.9%	161.4										
26 MCG	1,895.1	1,973.6	8.9%	2,064.6										
27														
28 Agency Uses	5,053.9	5,102.1	9.4%	5,527.9	0.7%	5,565.7	1.5%	5,648.8	2.7%	5,799.9	3.3%	5,990.0	2.5%	6,138.7
29 Total Uses	5,550.4	5,706.7	7.2%	5,947.8	2.7%	6,106.0	2.8%	6,276.9	2.6%	6,437.8	2.9%	6,625.9	2.4%	6,783.8
30 (Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

## Assumptions:

1. Property taxes are at the Charter Limit with a \$692 credit. Property tax revenues include a 10 cent tax that is authorized by Maryland Code, Education § 5-104 (d)(1). Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the County Executive's Recommended Amended FY23-28 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY24-29.



		App. FY23	Est. FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
31	<b>Beginning Reserves</b>														
32	Unrestricted General Fund	90.9	188.5	161.9%	238.0	-64.2%	85.2	-92.9%	6.0	57.0%	9.5	30.7%	12.4	56.8%	19.4
33	Revenue Stabilization Fund	518.5	587.4	16.5%	604.0	4.3%	630.2	2.2%	644.1	2.8%	662.5	1.6%	673.2	0.9%	679.4
34	Total Reserves	609.4	775.9	38.2%	842.0	-15.0%	715.4	-9.1%	650.2	3.4%	671.9	2.0%	685.6	1.9%	698.8
35	<b>Additions to Reserves</b>														
36	Unrestricted General Fund	-15.6	49.5	-878.3%	-152.8	48.2%	-79.2	104.3%	3.4	-15.4%	2.9	141.7%	7.0	-25.1%	5.3
37	Revenue Stabilization Fund	3.0	16.6	784.6%	26.2	-46.7%	14.0	31.4%	18.3	-41.6%	10.7	-42.3%	6.2	49.9%	9.3
38	Total Change in Reserves	-12.7	66.1	-900.2%	-126.6	48.5%	-65.2	133.4%	21.8	-37.4%	13.6	-3.0%	13.2	10.0%	14.5
39															
40	<b>Ending Reserves</b>														
41	Unrestricted General Fund	75.2	238.0	13.2%	85.2	-92.9%	6.0	57.0%	9.5	30.7%	12.4	56.8%	19.4	27.1%	24.7
42	Revenue Stabilization Fund	521.5	604.0	20.8%	630.2	2.2%	644.1	2.8%	662.5	1.6%	673.2	0.9%	679.4	1.4%	688.6
43	Total Reserves	596.7	842.0	19.9%	715.4	-9.1%	650.2	3.4%	671.9	2.0%	685.6	1.9%	698.8	2.1%	713.3
44															
45	Reserves as a % of Adjusted Governmental Revenues	10.2%	14.0%		11.4%		10.0%		10.0%		10.0%		10.0%		10.0%
46	<b>Other Reserves</b>														
47	Montgomery College	23.9	48.4	16.2%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8
48	M-NCPPC	5.9	4.2	2.7%	6.1	2.5%	6.2	2.7%	6.4	1.7%	6.5	0.9%	6.5	0.6%	6.6
49	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
50	MCG Special Funds	1.4	-10.1	-31.6%	1.0	138.8%	2.3	3.4%	2.4	3.6%	2.5	3.5%	2.6	4.1%	2.7
51	MCG + Agency Reserves as a % of Adjusted Govt Revenues	10.8%	15.1%		11.9%		10.6%		10.6%		10.5%		10.6%		10.5%
52	<b>Retiree Health Insurance Pre-Funding</b>														
53	Montgomery County Public Schools (MCPS)	57.4	57.4		62.3		62.3		62.3		62.3		62.3		62.3
54	Montgomery College (MC)	1.7	1.7		0.0		0.0		0.0		0.0		0.0		0.0
55	MNCPPC	3.7	3.7		3.3		3.2		3.0		3.1		3.1		3.2
56	MCG	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0
57	Subtotal Retiree Health Insurance Pre-Funding	62.8	62.8		65.6		65.5		65.3		65.3		65.4		65.5
58	<b>Adjusted Governmental Revenues</b>														
59	Total Tax Supported Revenues	5,531.5	5,687.5	7.4%	5,943.3	2.7%	6,101.5	2.8%	6,272.3	2.6%	6,433.1	2.9%	6,621.0	2.4%	6,778.9
60	Capital Projects Fund	154.3	207.5	27.4%	196.6	8.3%	212.8	25.5%	267.0	-6.4%	250.0	-28.6%	178.5	0.0%	178.5
61	Grants	136.3	136.3	12.8%	153.8	2.2%	157.2	2.2%	160.7	2.2%	164.3	2.3%	168.1	2.3%	172.0
62	Total Adjusted Governmental Revenues	5,822.1	6,031.3	8.1%	6,293.8	2.8%	6,471.5	3.5%	6,700.0	2.2%	6,847.3	1.8%	6,967.6	2.3%	7,129.4

FY24 Fee and Fine Changes*				
Department	Revenue Title	Additional Revenue	Method of Change	Notes
Montgomery College	Tuition and Fee Rates	987,192	Board of Trustees Action	The College's FY24 budget assumes a tuition increase of \$132 to \$134 per-credit for County residents; \$269 to \$243 for in-State, out-of-County students; and \$374 to \$380 for out-of-State students. The consolidated fee paid by students will remain 20% of tuition.
Department of Environmental Protection	Solid Waste Disposal Charge	5,853,340	Council Resolution	Increase fee by \$5.06 for single family homes, by \$0.21 for multi-family units, and decrease the fee for medium charge nonresidential properties by \$37.08.
Department of Environmental Protection	Refuse Collection Charge	3,162,586	Council Resolution	Increase charges from \$127.00 to \$160.00 per household.
Department of Environmental Protection	Water Quality Protection Charge	1,892,610	Council Resolution	Increase the rate per Equivalent Residential Unit (ERU) from \$119.50 to \$128.00 per ERU.
Housing and Community Affairs	Licensing Fees	791,100	Executive Regulation	A 10% rate increase will be applied to rental license for all housing types, including accessory apartments, condominium, multifamily, and single family rental housing.
Housing and Community Affairs	Common Ownership Community/HOA Fees	221,855	Executive Regulation	The registration fee for all COC units in the County will be increased from \$5 to \$6.5 per unit.
Transportation	Leaf Vacuuming Fee	373,271	Council Resolution	Increase charges from \$118.67 to \$123.67 for single-family houses and from \$4.43 to \$4.61 for multi-family dwellings and townhouses.

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