



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 FY25 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 (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 1,120,925 by 2033. This reflects an average annual growth rate of 0.5 percent.
- Current projections estimate the number of households to increase from 372,825 (Census) in 2020 to 426,958 by 2033. Household growth over that period is projected to grow at an average annual rate of 1.05 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 12,160 in 2023 to 13,020 by 2030.
- The County expects Montgomery County Public School student enrollment to increase by 7,320 between FY24 and FY30.
- Montgomery College full-time equivalent student enrollments are projected to increase from 14,984 in FY24 to 15,954 in FY28.

The economic assumptions presume a mild recession occurs in calendar year 2024. 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 expenditures. 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;
 - Domestic or global health incidences; and
 - 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

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY25 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.

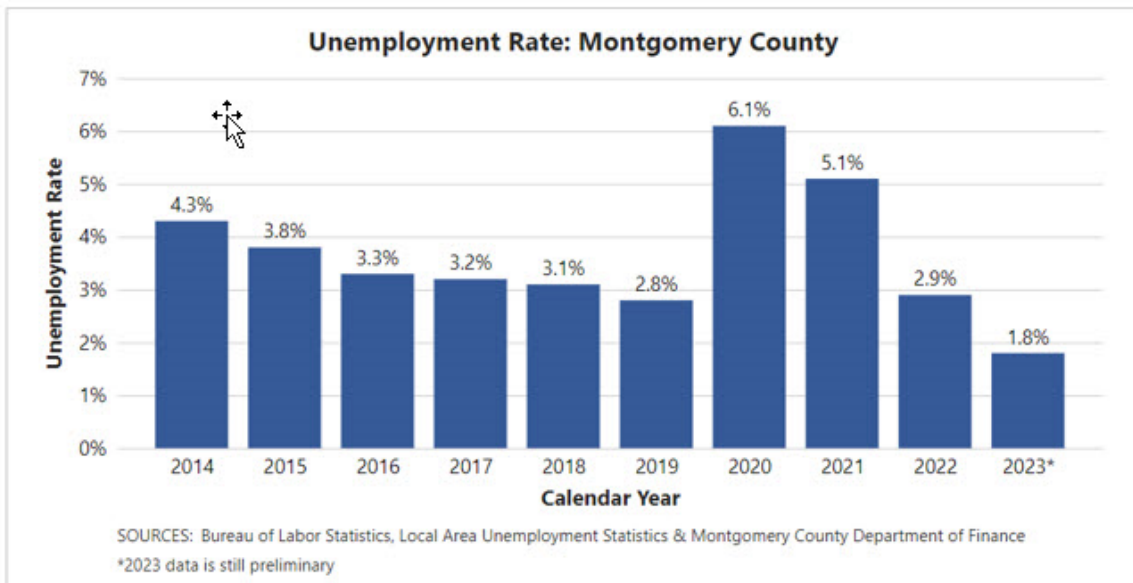
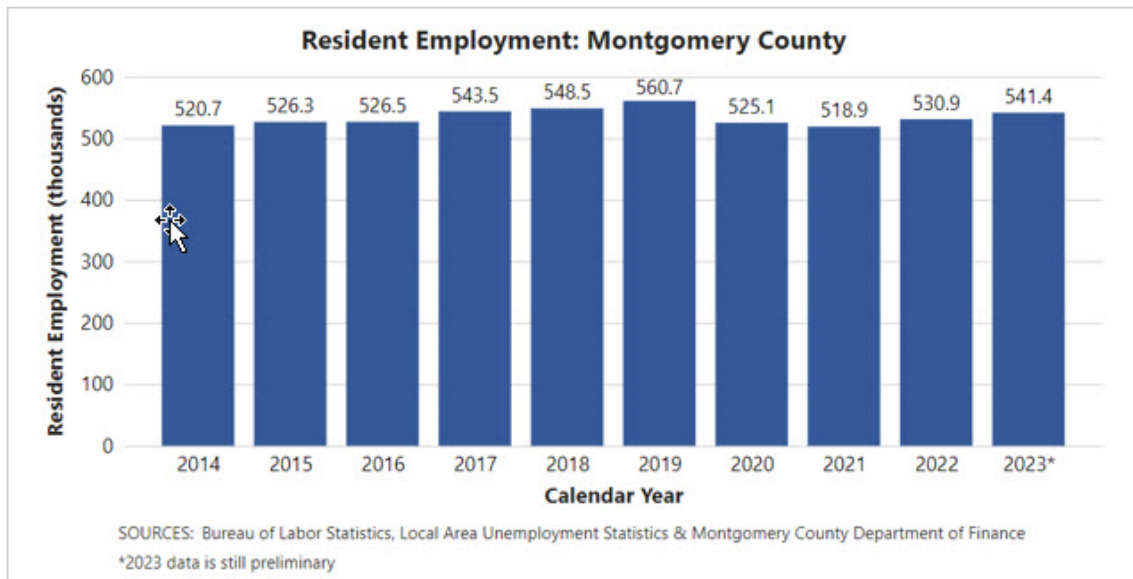
Economic Assumptions

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, 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 experienced improving economic performance during calendar (CY) 2023, with strong employment and income growth along with an increase in new residential construction, but depressed home sales and reduced non-residential construction. Home values continued to increase despite the sharp drop in sales volume, indicating continued demand to live in Montgomery County .

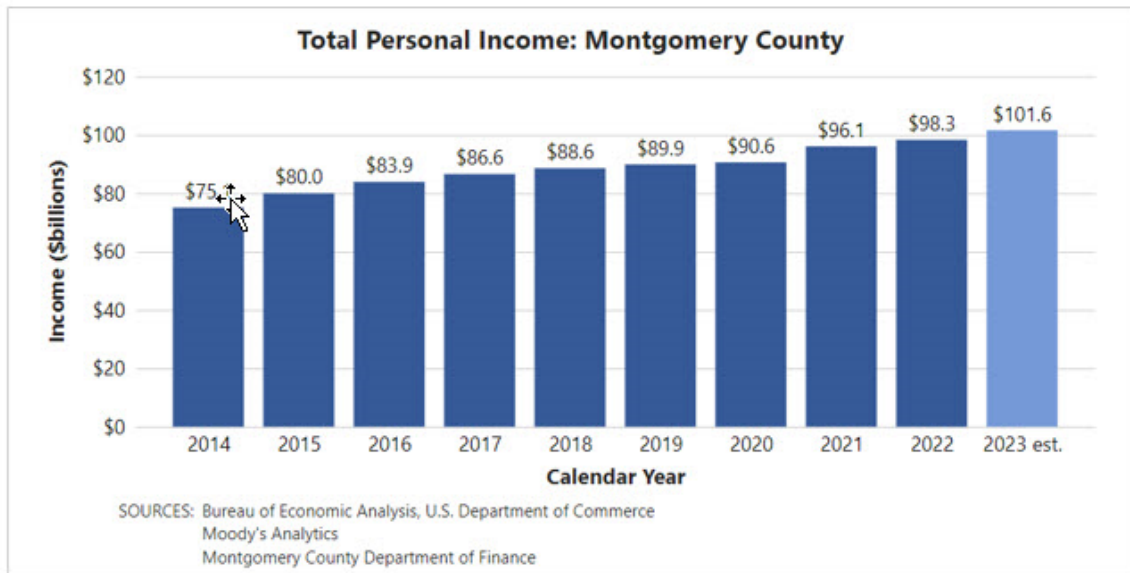
Resident Employment

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 CY2023 grew, increasing by 10,416 from CY2022 (?1.96%). This followed an increase of 12,043 from CY2021 to CY2022 (?2.32%). However, resident employment has not yet returned to its pre-pandemic level. The County's unemployment rate declined again from 2.9 percent to 1.8 percent despite an increase in the labor force by 4,699 people. The unemployment rate in CY2023 is now lower than the pre-pandemic rate in CY2019.



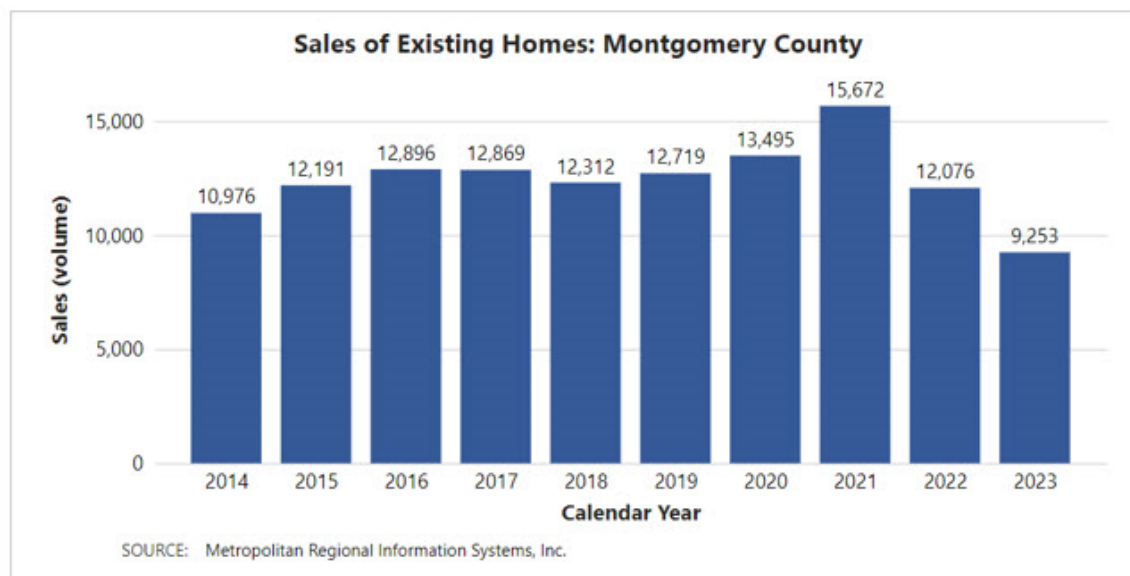
Personal Income

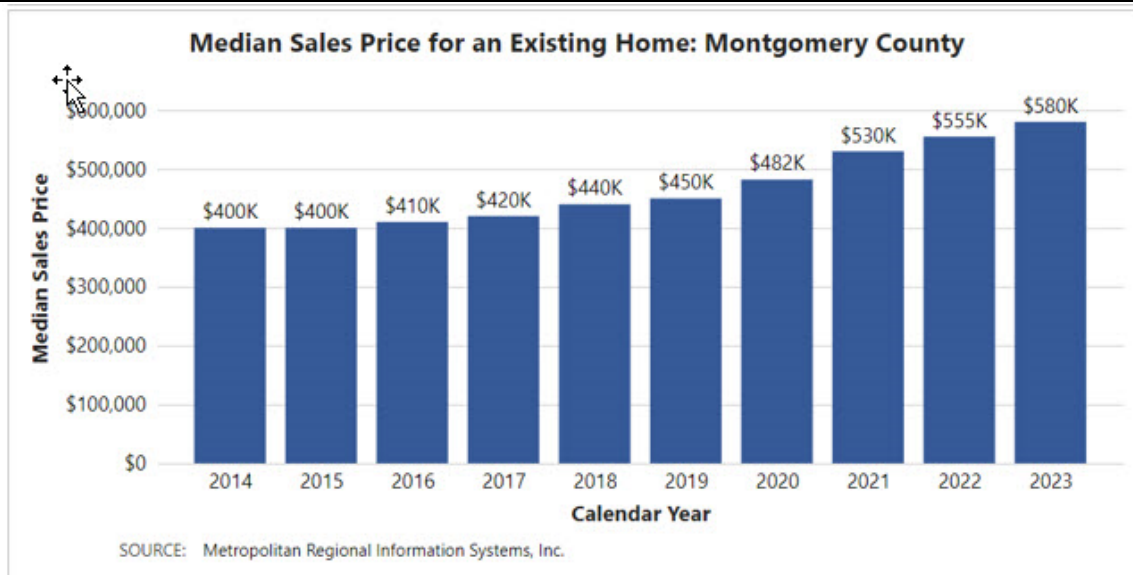
Based on data from the Bureau of Economic Analysis and Moody's Analytics, total personal income has grown steadily over the past 10 years, at an annualized 3.3% pace from 2013 to 2023. This includes an acceleration in growth during the pandemic when personal income increased by 6.2% between 2020 and 2021. The ability to sustain continued growth in income through the past decade points to the strengths that underpin the Montgomery County economy.



Residential Real Estate

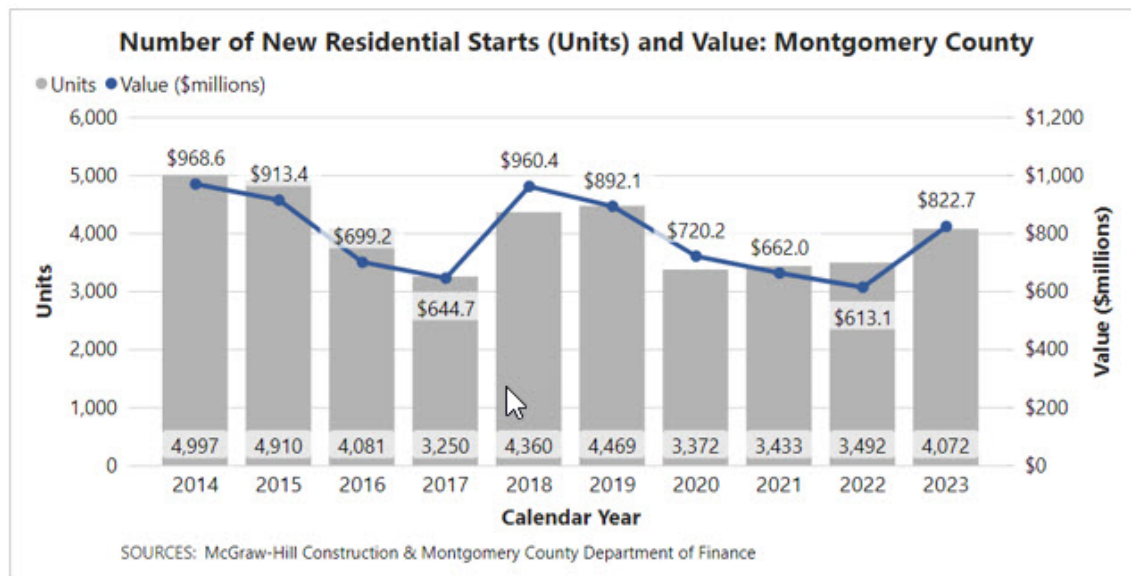
The Federal Reserve raised the federal funds rate seven times in 2022 and four times in 2023 increasing the rate by 5.25 percentage points which caused a sharp increase in mortgage rates. Recent expectations for future federal funds rate cuts at some time in 2024 have resulted in some moderation of mortgage rates. This increase in mortgage rates continues to depress demand for existing homes, with total sales declining by 23.4 percent in CY2023 after declining 23.0 percent in CY2022. Despite reduced activity, the median sales price for existing homes climbed another 4.5 percent in CY 2023 after increasing by 4.7 percent in CY2022 and 10.0 percent in CY2021.

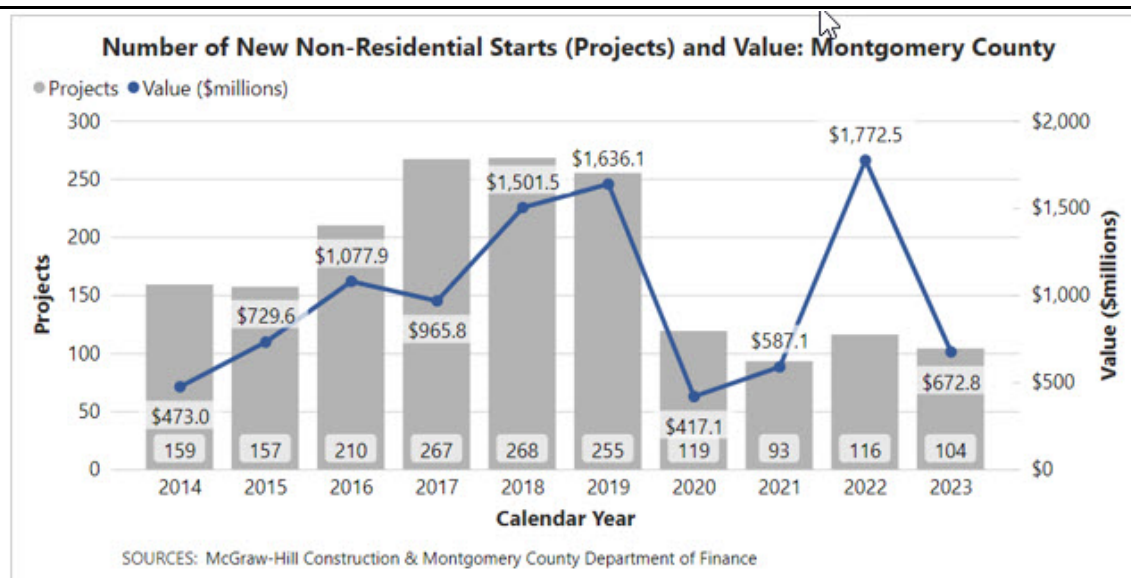




Construction Activity

Despite the increase in interest rates depressing housing demand, the construction of new residential units increased in CY2023 as compared to CY2022. Total value added from new residential units increased as well from \$613.0 million in CY2022 to \$822.6 million in CY2023 (?34.2 percent). Non-residential project value went from \$1,772.5 million in CY2022, a peak exceeding all years since CY2013, back down to \$672.8 million (?62.0%) in CY2023.

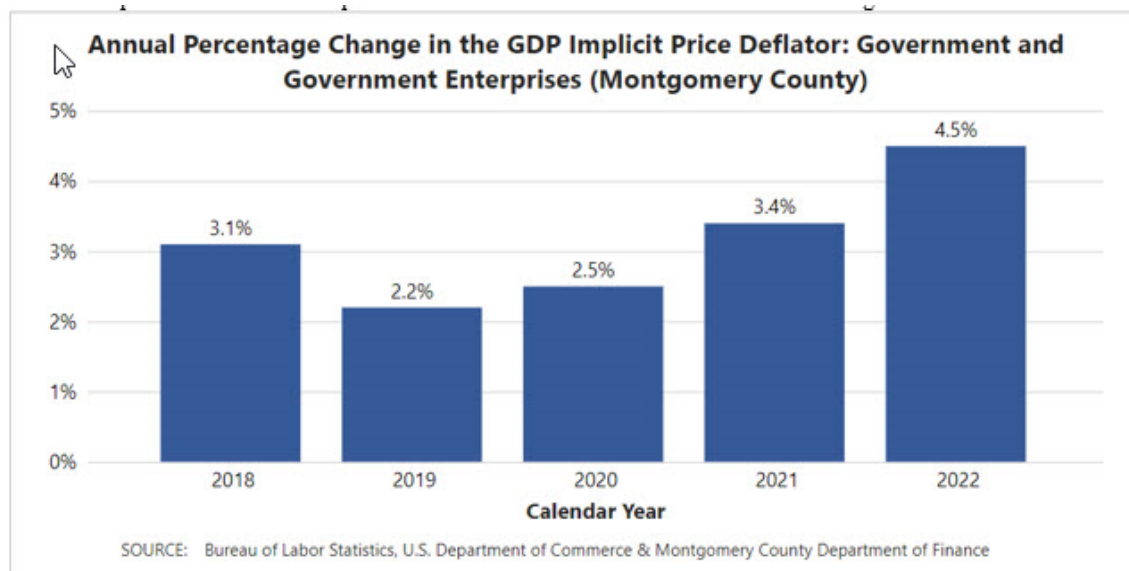




GDP Implicit Price Deflator - Government consumption expenditures and gross investment: State and local (implicit price deflator): Montgomery County

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 4.5 percent for Montgomery County in CY2022 (the latest year of available data). This increase in inflation was consistent with the nationwide spike in inflation that inspired the Federal Reserve to increase interest rates throughout CY2022.



CONCLUSION

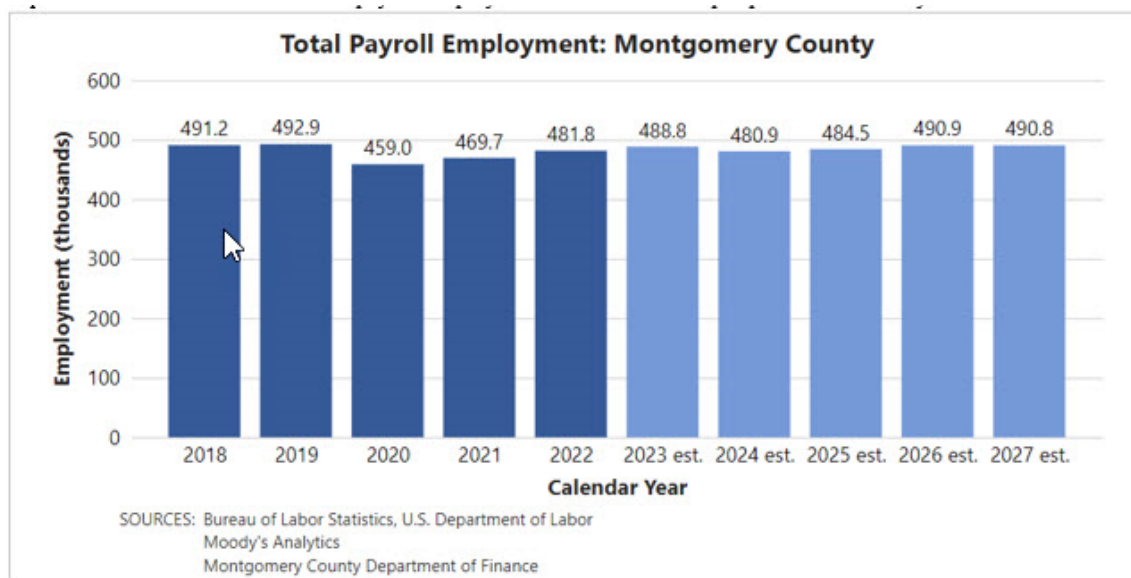
The national economy appears to have a healthier outlook compared to CY2023 and there has been improvement to many of

Montgomery County employment, personal income, and government inflation economic indicators. However, there remains much uncertainty about whether the trajectory of the local economy can be sustained for CY2024 and CY2025, in particular continued strong job and wage growth in light of very low unemployment rates .

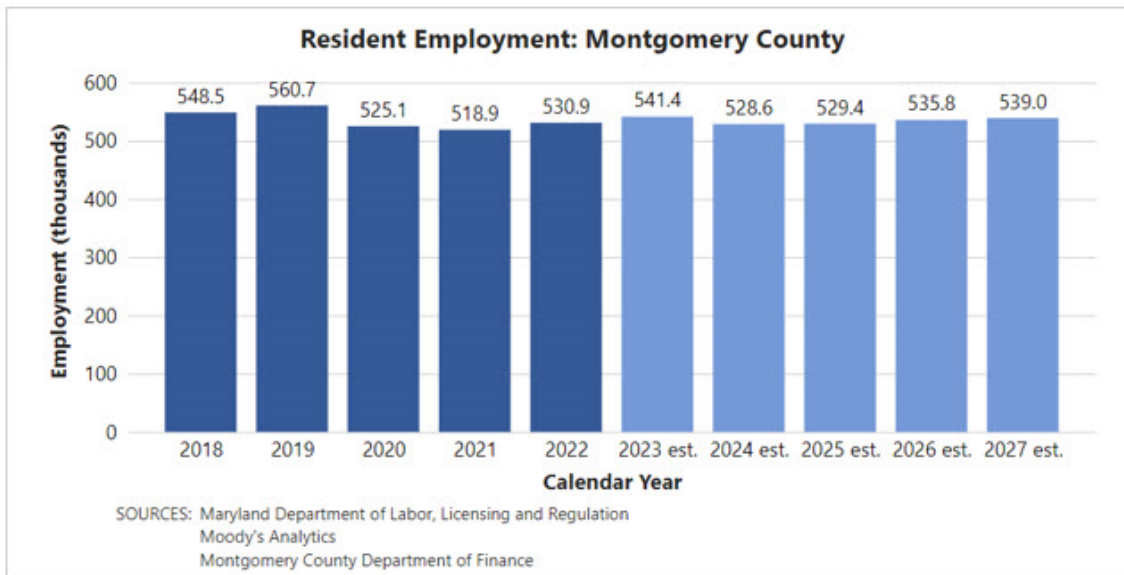
ECONOMIC OUTLOOK

The Department of Finance ('Finance') forecasts that Montgomery County will experience modest employment growth from CY2023 to CY2027 and will continue to see growth in total personal income. The sluggish labor market reflects the challenges the Washington DC region is facing regarding increasing employment levels due to the shortage of labor.

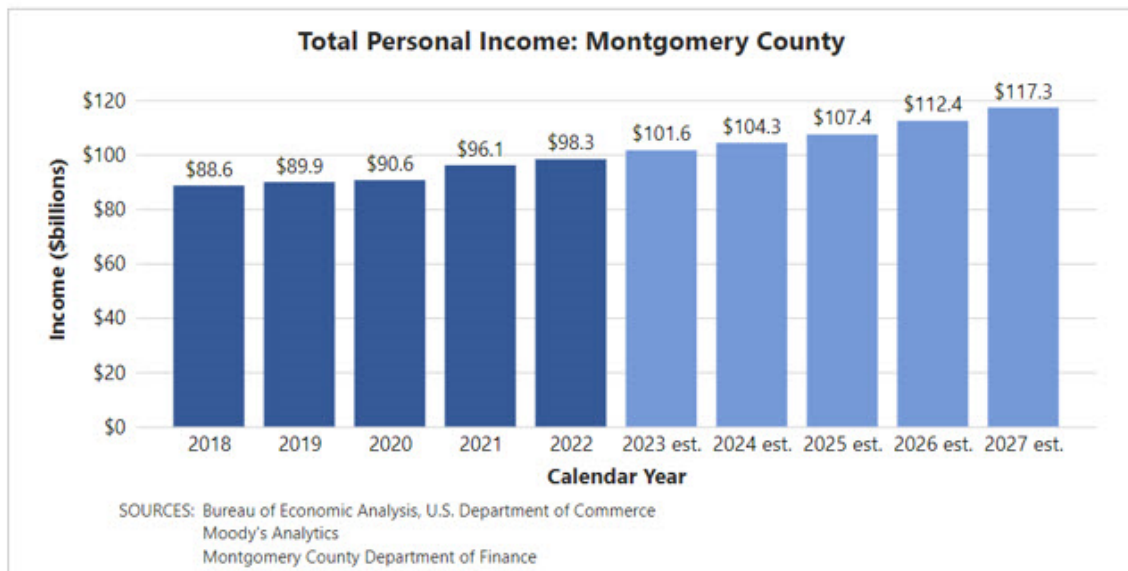
Employment. Based on payroll employment from Current Employment Statistics (CES) series from the Bureau of Labor Statistics (BLS) for the Silver Spring - Frederick - Rockville: MD metropolitan division and Moody's Analytics, Finance assumes that payroll employment will increase from CY2022 to CY2027 at an average annual rate of 0.4 percent. This is greater than the average annual rate of -0.5 percent experienced between CY2018 and CY2022 largely attributed to the impacts of COVID. Finance assumes payroll employment will not return to pre-pandemic levels by CY2027.



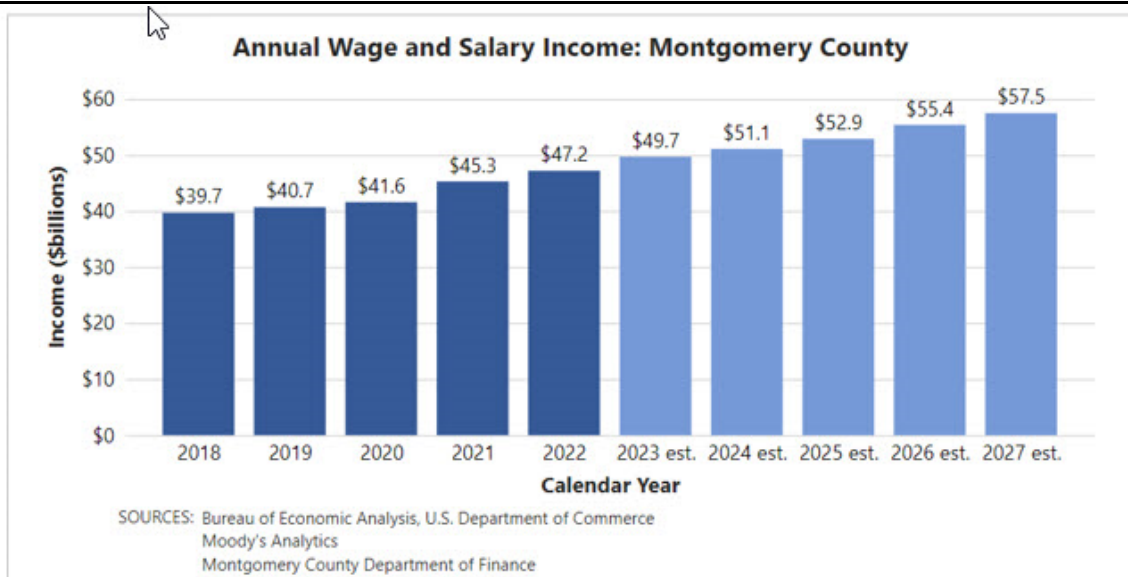
Finance assumes that resident employment will increase at an average annual rate of 0.3 percent from CY2022 to CY2027. That growth rate reverses the average annual rate of -0.8 percent between CY2018 and CY2022 which is primarily attributed to COVID-19 in CY2020 and CY2021. Finance estimates that resident employment will not attain its pre-pandemic levels by CY2027.



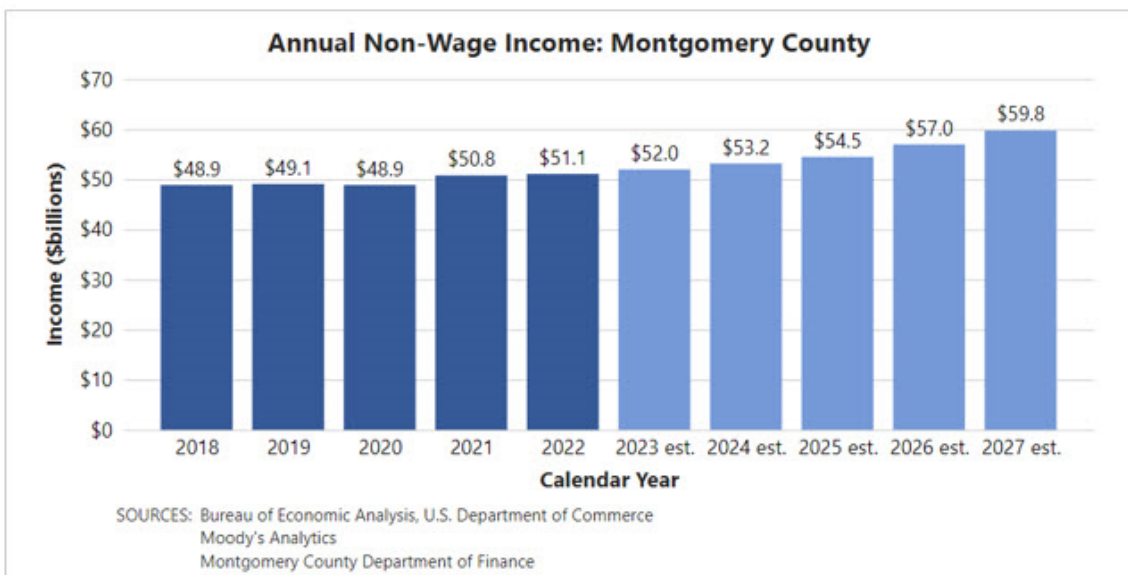
Personal Income. Finance assumes that total personal income in Montgomery County will increase at an average annual rate of 3.6 percent from CY2022 to CY2027 compared to an average annual growth rate of 2.7 percent from CY2018 to CY2022. The forecast indicates that personal income will continue growing despite a projected decrease in both payroll and resident employment from CY2023 to CY2024.



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 4.0 percent from CY2022 to CY2027. This compares to the average annual growth rate of 4.4 percent from CY2018 to CY2022.

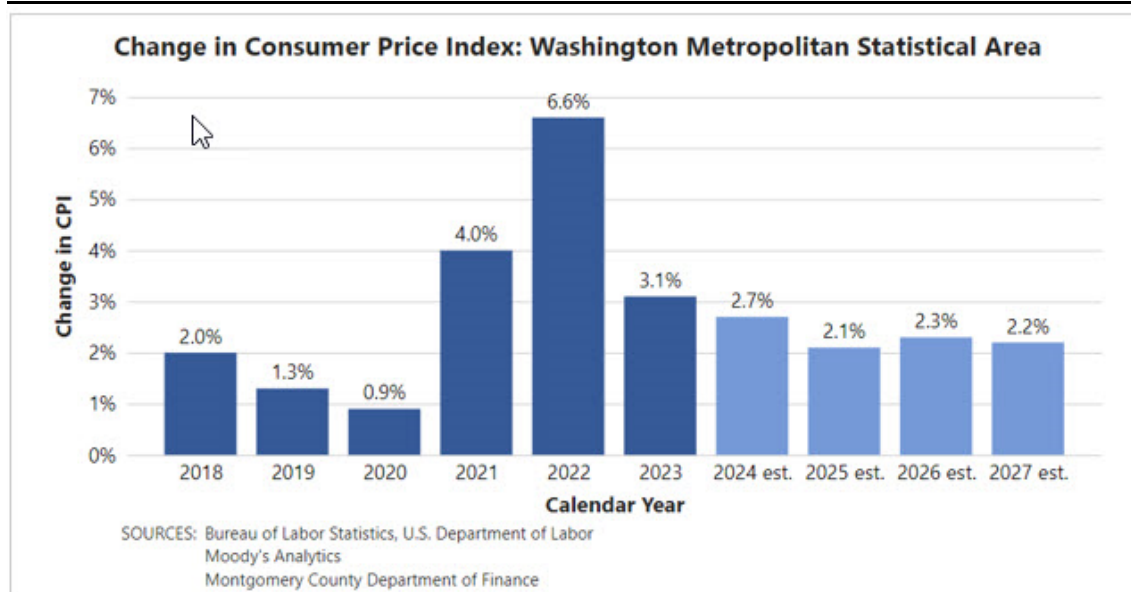


Non-Wage Income¹ Finance assumes that non-wage income in Montgomery County will increase at an average annual rate of 3.2 percent from CY2022 to CY2027. This compares to the average annual growth rate of 1.1 percent from CY2018 to CY2022.

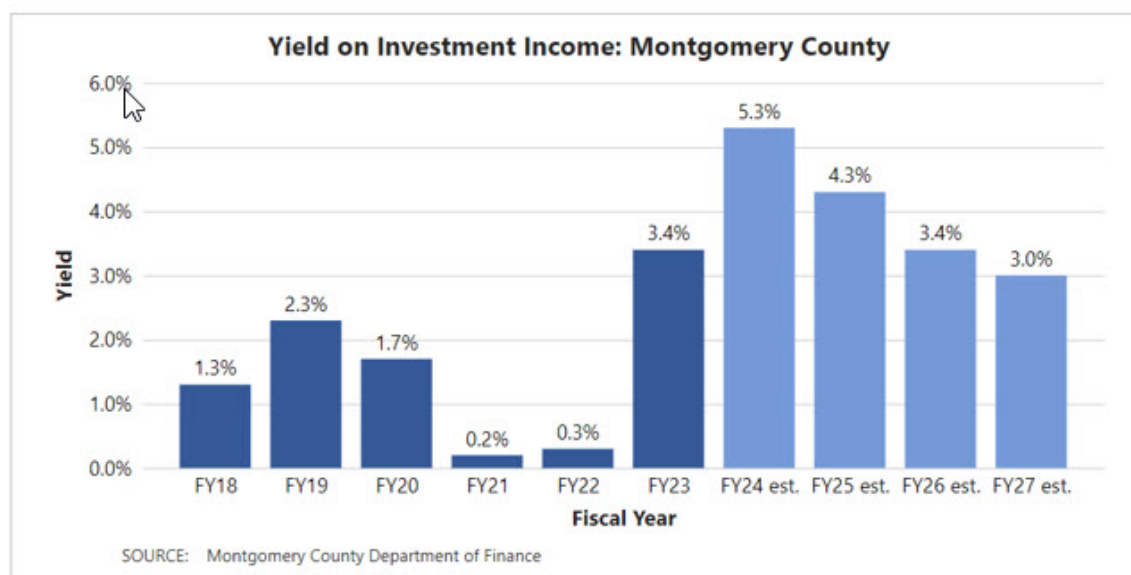


¹ Non-wage income is the sum of proprietor's income, supplements to wages and salaries, transfer receipts, dividends/interest/rents, adjustment for residence, less contributions for government social insurance.

Inflation (annual average). Finance assumes that the overall regional inflation index for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan statistical area will continue to moderate from the 3.1 percent inflation in CY2023 to an average annual inflation trend from CY2023 to CY2027 of 2.2 percent.



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 3.4 percent in investment income on its short-term portfolio for fiscal year (FY) 2023. The increases in 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 in FY22 and FY23 increased investment yields, which are anticipated to peak at 5.3 percent in FY24 before declining towards 3.0 percent as the targeted federal funds rate is forecast to gradually decline through FY24 to FY27.



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 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 FY25-30 CIP . Anticipated current revenue adjustments to the County Executive's Recommended FY25-30 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 FY23 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.

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.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Recommended FY25-30 CIP. 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 26.9 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, 2023, is 1.65 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 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.

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 (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. The FY25 Recommended Budget estimates that the Revenue Stabilization Fund balance will be \$647.0 million in FY24 and the balance is estimated to increase to \$676.2 million in FY25.

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 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 percent of AGR. This budget more than 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 cover one-time housing and other capital costs in FY24 and FY25 and to maintain services while we bridge the FY25 forecasted mild recession.

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 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 48.1 percent and 43.2 percent, respectively, of the estimated total tax revenues in FY25. The third category is the energy tax estimated for the General Fund with 4.0 percent share. In fact, these three revenue sources represent 95.3 percent of total tax revenues. Of the total tax-supported revenues, property tax and income tax are also the most important with 37.1 percent and 33.3 percent, respectively. The third category is intergovernmental revenues with a 19.0 percent share of the estimated total tax supported revenues in FY25. 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 2024) and a recommended \$692 Income Tax Offset Credit (ITOC), total estimated FY25 tax supported property tax revenues of \$2,285.6 million are 3.6 percent above the revised FY24 estimate. The general countywide rate for FY25 (Levy Year 2024) is \$0.7218 per \$100 of assessed real property, while a rate of \$1.8045 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 FY25 (Levy Year 2024) is \$1.0255 per \$100 of assessed real property. The weighted average tax rate for FY25 includes a \$0.0470 general fund property tax 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 \$0.0470 property tax 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 5.6 percent from a revised \$222.4 billion in FY24 to \$234.9 billion in FY25. The total property taxable assessment is comprised of i) real property and ii) personal property. For FY25, the Department of Finance estimates a real property taxable assessment of approximately \$230.7 billion, an increase of 5.8 percent from FY24, with the remaining \$4.3 billion from personal property - a decrease in personal property taxes of 3.1 percent from FY24.

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 1 increased 11.3 percent and commercial property increased 10.1 percent for levy year 2022 (FY23) followed by the triennial residential property reassessment for Group 2 that increased 19.8 percent and commercial property increased 19.4 percent for levy year 2023 (FY24). Based on data from

SDAT the triennial reassessment for real property is estimated to increase 21.7 percent for residential properties in Group 3 and is estimated to increase 19.6 percent for commercial property for levy year 2024 (FY25).

Income Tax

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 approximately 80 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.

Estimated FY25 income tax revenues of 2,051.1 million are 2.1 percent above the revised FY24 estimate. The FY25 estimate has been revised from \$2,023.7 million in the December Fiscal Plan to \$2,051.1 million reflecting current receipts and economic assumptions.

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 future patterns of estimated and final payments such as had occurred in FY22 and FY23.

Transfer and Recordation Taxes

Estimated FY25 revenues for the General Fund of \$139.6 million, which excludes the School Capital Improvement Program (CIP) portion, condominium conversions, and the tax premium, are 4.6 percent above the revised FY24 estimate. This reflects a FY25 estimate of \$94.7 million in the transfer tax and \$44.9 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 15.1 percent in CY24 but increase 2.2 percent in CY25. Over the same two years, median sales prices will decrease 1.3 percent in CY24 and then increase 0.4 percent in CY25 .

Energy Tax

Estimated FY25 revenues of \$191.3 million are 3.8 percent above the revised FY24 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.

As the effects of COVID have subsided through FY24 non-residential tax collections have returned 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 in FY20 and FY21.

Telephone Tax

Estimated FY25 revenues of \$55.8 million are 0.1 percent below the revised FY24 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 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

Estimated FY25 revenues of \$23.1 million are unchanged from the revised FY24 estimate , which incorporated a significant increase in the occupancy rate and increases in room rates in 2023. 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.

Admissions/Amusement Tax

Estimated FY25 revenues of \$4.4 million are 4.4 percent above the revised FY24 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 FY25 revenues from the E-Cigarettes tax of \$0.8 million are 9.3 percent above the revised FY24 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, FY25 revenues are estimated to be 43.0 percent lower than the peak of \$1.4 million in FY20.

OTHER TAX SUPPORTED 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 \$1.412 billion in FY25. This is a \$1.8 million decrease, or .13 percent, from the revised FY24 estimate. Non-tax revenues include intergovernmental revenues, investment income, licenses and permits, charges for services, 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 FY25. 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 FY25 assumes a \$6.2 million, or 0.53 percent, increase in intergovernmental revenues from the revised FY24 estimate, of which 82.7 percent of the \$1.173 billion in revenues would be allocated to the Montgomery County Public Schools, 5.7 percent to other intergovernmental, 4.7 percent to Montgomery Community College, and 3.5 percent to Mass Transit, and 3.4 percent to the remaining intergovernmental revenues.

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 FY25 assumes a 35.2 percent increase over the revised estimates for FY24, resulting in \$17.1 million in available resources in FY25.

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 FY25 assumes an increase of 8.9 percent over the revised estimates for FY24, resulting in \$59.2 million in available resources in FY25.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and parking fines (excluding the County's four Parking Districts). The Recommended Budget for F25 assumes that fines and forfeitures will increase 0.3 percent from the revised estimates for FY24, resulting in \$27.8 million in available resources in FY25.

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 FY25 assumes a 1.9 percent decrease in tuition from an estimated 65.2 million in FY24 to \$63.9 million in FY25 .

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 FY24 tax-supported investment income estimate of \$66.2 million assumes a yield of 5.32 percent and an average daily portfolio balance of \$1.950 billion. The FY25 projected estimate of tax-supported investment income of \$52.5 million assumes a yield of 4.30 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 rate a total of eleven times reaching an effective rate of 5.33 percent by August, 2023. The estimated investment income for FY24 and FY25 will reflect the actions by the FOMC and the County's average daily portfolio balance. The forecast incorporates expectations that the FOMC will begin to reduce the targeted federal funds rate in 2024 and that the corresponding effective rate will reduce from 5.33 percent to 4.2 percent by the end of the year.

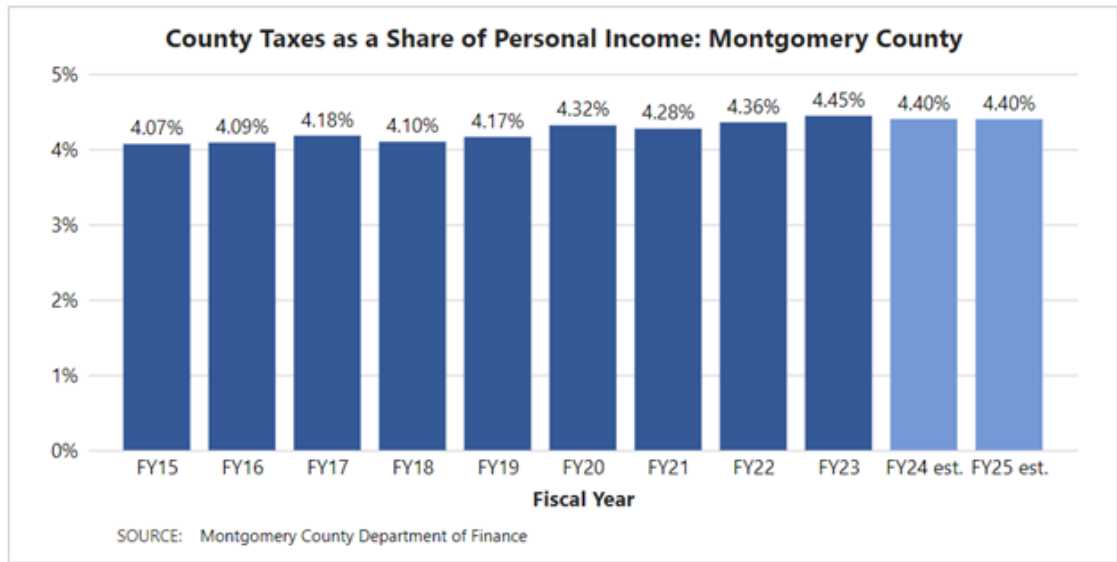
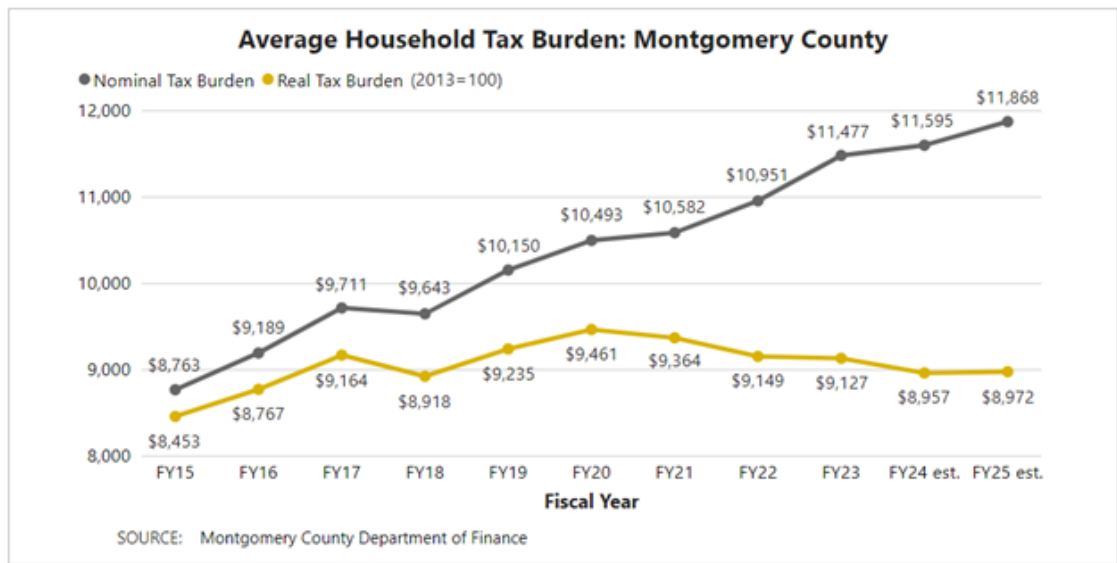
Other Miscellaneous

The County receives miscellaneous revenues from a variety of sources. For the Recommended Budget for FY25, miscellaneous revenues will decrease 11.9 percent from the revised estimates for FY24, resulting in \$18.5 million in available resources in FY25.

TRENDS AND PROJECTIONS

| Demographic and Planning Indicators | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| POPULATION | | | | | | | | |
| Annual Increase | 1,056,800 | 1,061,096 | 1,065,410 | 1,072,219 | 1,079,072 | 1,085,969 | 1,092,910 | 1,099,895 |
| Population Growth Since 2014 | 4,279 | 4,296 | 4,314 | 6,809 | 6,853 | 6,897 | 6,941 | 6,985 |
| County Resident Births (Prior Calendar Year) (a) | 3.8% | 4.2% | 4.7% | 5.3% | 6.0% | 6.7% | 7.4% | 8.0% |
| HOUSEHOLDS | | | | | | | | |
| Household Annual Growth (%) | 12,160 | 12,310 | 12,440 | 12,550 | 12,660 | 12,780 | 12,900 | 13,020 |
| Household Growth Since 2014 | 393,658 | 396,033 | 398,423 | 401,974 | 405,558 | 409,173 | 412,820 | 416,500 |
| Household Growth Since 1992 | 0.6% | 0.6% | 0.6% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| Household Size | 7.9% | 8.5% | 9.2% | 10.2% | 11.2% | 12.1% | 13.1% | 14.2% |
| RESIDENT EMPLOYMENT (Jan = Calendar Year) | | | | | | | | |
| Resident Employment Annual Growth (%) | 35.2% | 36.0% | 36.8% | 38.0% | 39.3% | 40.5% | 41.8% | 43.0% |
| Resident Employment Growth Since 2014 | 2.68 | 2.68 | 2.67 | 2.67 | 2.66 | 2.65 | 2.65 | 2.64 |
| Resident Employment Per Household | 541,360 | 528,623 | 529,408 | 535,761 | 538,975 | 541,873 | 544,607 | 546,800 |
| Jobs in County (a) | 2.0% | -2.4% | 0.1% | 1.2% | 0.6% | 0.5% | 0.5% | 0.4% |
| PERSONAL INCOME (\$ Millions) | | | | | | | | |
| Per Capita Personal Income | 4.0% | 1.6% | 1.8% | 3.0% | 3.6% | 4.1% | 4.7% | 5.1% |
| Annual Growth (%) | 1.38 | 1.33 | 1.33 | 1.33 | 1.33 | 1.32 | 1.32 | 1.31 |
| CONSUMER PRICE INDEX (CPI) - Fiscal Year | | | | | | | | |
| CONSUMER PRICE INDEX (CPI) - Calendar Year (%) | 513,800 | 518,400 | 522,900 | 527,400 | 532,000 | 536,500 | 541,100 | 545,600 |
| ASSESSABLE TAX BASE (\$ Millions) | \$101,840 | \$104,270 | \$107,450 | \$112,410 | \$117,310 | \$122,070 | \$126,450 | \$130,670 |
| INVESTMENT INCOME YIELD (%) | \$96,180 | \$98,270 | \$100,850 | \$104,840 | \$108,710 | \$112,410 | \$115,700 | \$118,800 |
| MONTGOMERY COLLEGE ENROLLMENTS (B) | 3.0% | 2.2% | 2.6% | 4.0% | 3.7% | 3.4% | 2.9% | 2.7% |
| Full Time Equivalents Students (Sept = Calendar Year) (C) | 5.06% | 2.94% | 2.19% | 2.27% | 2.29% | 2.21% | 2.25% | 2.27% |
| Annual Growth in FTES (%) | 3.11% | 2.73% | 2.11% | 2.34% | 2.23% | 2.23% | 2.26% | 2.27% |
| CONSUMER PRICE INDEX (CPI) - Calendar Year (%) | | | | | | | | |
| CONSUMER PRICE INDEX (CPI) - Fiscal Year | \$214,055 | \$222,427 | \$234,925 | \$243,755 | \$250,716 | \$255,860 | \$259,485 | \$267,796 |
| Annual Growth (%) | 3.5% | 3.9% | 5.6% | 3.8% | 2.9% | 2.1% | 1.4% | 3.2% |
| INVESTMENT INCOME YIELD (%) | | | | | | | | |
| INVESTMENT INCOME YIELD (%) | 3.39% | 5.32% | 4.30% | 3.25% | 3.00% | 3.00% | 3.00% | 3.00% |
| MCPs ENROLLMENT (Sept = Calendar Year) | 160,554 | 160,223 | 161,580 | 163,382 | 164,106 | 165,461 | 166,554 | 167,543 |
| Annual Growth (%) | -0.3% | -0.2% | 0.8% | 1.1% | 0.4% | 0.8% | 0.7% | 0.6% |
| Annual Increase (Decrease) | -548 | -331 | 1,357 | 1,802 | 724 | 1,355 | 1,093 | 989 |
| MONTGOMERY COLLEGE ENROLLMENTS (B) | | | | | | | | |
| Annual Growth (%) | 17,780 | 17,980 | 18,214 | 18,436 | 18,583 | 18,848 | 18,848 | 18,848 |
| Full Time Equivalents Students (Sept = Calendar Year) (C) | 3.8% | 1.1% | 1.3% | 1.2% | 0.8% | 1.4% | 0.0% | 0.0% |
| Annual Growth in FTES (%) | 14,533 | 14,984 | 15,183 | 15,515 | 15,726 | 15,954 | 15,954 | 15,954 |
| Annual Growth in FTES (%) | 0.6% | 3.1% | 1.3% | 2.2% | 1.4% | 1.4% | 0.0% | 0.0% |

- (a) Projections related to County Resident Births and Jobs in the County are provided by M-NCPPC and are as of March 2024.
- (b) Projections related to Montgomery College Enrollments are provided by Montgomery College and include projections through FY28.
- (c) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and include projections through FY28.
- Since no projections are provided for FY29 or FY30, the projections for FY28 were used.



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

| KEY REVENUE CATEGORIES | App. FY24 5-25-23 | Est. FY24 3-14-24 | % Chg. FY24-25 Rec/App | Rec. FY25 3-14-24 | % Chg. FY25-26 | Projected FY26 | % Chg. FY26-27 | Projected FY27 | % Chg. FY27-28 | Projected FY28 | % Chg. FY28-29 | Projected FY29 | % Chg. FY29-30 | Projected FY30 |
|--|----------------------|----------------------|---------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TAXES | | | | | | | | | | | | | | |
| 1 Property Tax | 2,107.0 | 2,205.4 | 8.5% | 2,285.6 | 3.6% | 2,367.1 | 2.6% | 2,429.4 | 2.1% | 2,479.7 | 1.5% | 2,516.1 | 1.5% | 2,601.4 |
| 2 Income Tax | 1,925.1 | 2,008.2 | 6.5% | 2,061.1 | 4.2% | 2,137.0 | 4.2% | 2,226.1 | 4.0% | 2,314.3 | 4.0% | 2,406.6 | 4.0% | 2,496.7 |
| 3 Transfer Tax | 118.1 | 90.5 | -13.8% | 94.7 | 8.1% | 102.4 | 10.9% | 113.5 | 6.7% | 121.1 | 6.4% | 128.8 | 6.4% | 134.7 |
| 4 Recreational Tax | 56.5 | 42.9 | -20.6% | 44.9 | 8.1% | 48.5 | 10.9% | 53.8 | 6.7% | 57.4 | 6.4% | 61.0 | 4.6% | 63.8 |
| 5 Energy Tax | 193.2 | 184.2 | -1.0% | 191.3 | 0.3% | 191.8 | 0.2% | 192.1 | 0.2% | 192.5 | 0.2% | 192.7 | 0.1% | 193.0 |
| 6 Telephone Tax | 55.6 | 55.9 | 0.3% | 55.8 | 0.2% | 55.9 | 0.2% | 56.0 | 0.2% | 56.1 | 0.2% | 56.2 | 0.1% | 56.3 |
| 7 Hotel/Motel Tax | 22.1 | 23.1 | 4.7% | 23.1 | 4.5% | 24.1 | 0.0% | 24.1 | 0.0% | 24.1 | 0.0% | 24.1 | 0.0% | 24.1 |
| 8 Admissions Tax | 3.9 | 4.2 | 12.7% | 4.4 | 3.9% | 4.6 | 3.8% | 4.7 | 3.8% | 4.9 | 3.8% | 5.1 | 3.8% | 5.3 |
| 9 E-Cigarette Tax | 1.0 | 0.8 | -21.3% | 0.8 | 8.6% | 0.9 | 7.9% | 1.0 | 7.3% | 1.0 | 6.8% | 1.1 | 6.4% | 1.2 |
| 10 Total Local Taxes | 4,482.5 | 4,615.2 | 6.0% | 4,751.7 | 3.8% | 4,932.3 | 3.4% | 5,100.8 | 2.9% | 5,251.1 | 2.7% | 5,391.9 | 3.4% | 5,576.6 |
| INTERGOVERNMENTAL AID | | | | | | | | | | | | | | |
| 11 Highway User | 10.6 | 10.7 | 20.3% | 12.7 | 0.0% | 12.7 | 0.0% | 12.7 | 0.0% | 12.7 | 0.0% | 12.7 | 0.0% | 12.7 |
| 12 Police Protection | 17.2 | 16.4 | -4.8% | 16.4 | 0.0% | 16.4 | 0.0% | 16.4 | 0.0% | 16.4 | 0.0% | 16.4 | 0.0% | 16.4 |
| 13 Libraries | 5.1 | 5.1 | 1.5% | 5.2 | 0.0% | 5.2 | 0.0% | 5.2 | 0.0% | 5.2 | 0.0% | 5.2 | 0.0% | 5.2 |
| 14 Health Services Case Formula | 5.2 | 5.6 | 8.1% | 5.6 | 0.0% | 5.6 | 0.0% | 5.6 | 0.0% | 5.6 | 0.0% | 5.6 | 0.0% | 5.6 |
| 15 Mass Transit | 41.3 | 41.3 | 0.7% | 41.6 | 0.0% | 41.6 | 0.0% | 41.6 | 0.0% | 41.6 | 0.0% | 41.6 | 0.0% | 41.6 |
| 16 Public Schools | 932.2 | 932.2 | 4.1% | 970.3 | 0.0% | 970.3 | 0.0% | 970.3 | 0.0% | 970.3 | 0.0% | 970.3 | 0.0% | 970.3 |
| 17 Community College | 57.5 | 57.5 | -4.9% | 54.7 | 0.0% | 54.7 | 0.0% | 54.7 | 0.0% | 54.7 | 0.0% | 54.7 | 0.0% | 54.7 |
| 18 Other | 62.1 | 58.4 | 7.8% | 67.0 | 0.0% | 67.0 | 0.0% | 67.0 | 0.0% | 67.0 | 0.0% | 67.0 | 0.0% | 67.0 |
| 19 Total Intergovernmental Aid | 1,131.1 | 1,167.1 | 3.7% | 1,173.4 | 0.0% | 1,173.4 | 0.0% | 1,173.4 | 0.0% | 1,173.4 | 0.0% | 1,173.4 | 0.0% | 1,173.4 |
| FEES AND FINES | | | | | | | | | | | | | | |
| 20 Licenses & Permits | 12.7 | 12.7 | 34.6% | 17.1 | 1.5% | 17.4 | 1.5% | 17.6 | 1.5% | 17.9 | 1.5% | 18.2 | 1.5% | 18.4 |
| 21 Charges for Services | 55.4 | 54.4 | 6.8% | 59.2 | 1.8% | 60.3 | 1.8% | 61.4 | 1.8% | 62.5 | 1.8% | 63.6 | 1.8% | 64.8 |
| 22 Fines & Forfeitures | 30.2 | 27.7 | -8.0% | 27.8 | 1.6% | 28.2 | 1.6% | 28.7 | 1.6% | 29.1 | 1.6% | 29.6 | 1.6% | 30.1 |
| 23 Montgomery College Tuition | 61.7 | 65.2 | 3.6% | 63.9 | 1.6% | 65.1 | 1.8% | 66.3 | 1.8% | 67.5 | 1.8% | 68.7 | 1.8% | 69.9 |
| 24 Total Fees and Fines | 160.0 | 159.9 | 5.0% | 168.0 | 1.7% | 171.0 | 1.8% | 174.0 | 1.7% | 177.0 | 1.7% | 180.0 | 1.7% | 183.2 |
| MISCELLANEOUS | | | | | | | | | | | | | | |
| 25 Investment Income | 36.5 | 66.2 | 43.8% | 52.5 | -23.4% | 40.2 | -7.2% | 37.3 | 0.1% | 37.4 | 0.1% | 37.4 | 0.1% | 37.5 |
| 26 Other Miscellaneous | 15.5 | 21.0 | 2.2% | 18.5 | 2.3% | 19.9 | 2.3% | 19.3 | 2.2% | 19.8 | 2.3% | 20.2 | 2.3% | 20.7 |
| 27 Total Miscellaneous | 52.0 | 87.2 | 36.5% | 71.0 | -16.7% | 59.1 | -4.2% | 56.7 | 0.8% | 57.1 | 0.9% | 57.6 | 0.9% | 58.1 |
| 28 TOTAL REVENUES | 5,825.6 | 6,029.5 | 5.8% | 6,164.1 | 2.8% | 6,335.8 | 2.7% | 6,504.8 | 2.4% | 6,658.6 | 2.2% | 6,802.9 | 2.8% | 6,991.3 |
| 29 Total Tax Supported Revenues | 5,825.6 | 6,029.5 | 5.8% | 6,164.1 | 2.8% | 6,335.8 | 2.7% | 6,504.8 | 2.4% | 6,658.6 | 2.2% | 6,802.9 | 2.8% | 6,991.3 |
| 30 Capital Projects Fund | 196.6 | 196.6 | 15.7% | 227.4 | 16.8% | 265.5 | 38.0% | 386.5 | -22.6% | 283.7 | -9.0% | 258.0 | -24.8% | 194.8 |
| 31 Grants | 158.5 | 159.5 | 0.6% | 160.5 | 2.3% | 164.1 | 2.3% | 167.9 | 2.2% | 171.6 | 2.3% | 175.5 | 2.3% | 179.4 |
| 32 MCO Adjusted Revenues | 6,181.7 | 6,385.5 | 6.0% | 6,551.9 | 3.3% | 6,765.4 | 4.0% | 7,039.2 | 1.1% | 7,113.9 | 1.7% | 7,236.4 | 1.9% | 7,365.5 |

County Executive's Recommended FY25-30 Public Services Program Tax Supported Fiscal Plan Summary

| (\$ in Millions) | | | | | | | | | | | | | | | |
|--------------------------------------|---|--------------|------------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------|
| | App. FY24 | Est. FY24 | % Chg. FY24-25 App/Rec | Rec. FY25 3-14-24 | % Chg. FY25-26 | Projected FY26 | % Chg. FY26-27 | Projected FY27 | % Chg. FY27-28 | Projected FY28 | % Chg. FY28-29 | Projected FY29 | % Chg. FY29-30 | Projected FY30 | |
| Total Revenues | | | | | | | | | | | | | | | |
| 1 | Property Tax | 2,107.0 | 2,205.4 | 8.5% | 2,285.6 | 3.6% | 2,367.1 | 2.6% | 2,429.4 | 2.1% | 2,479.7 | 1.5% | 2,516.1 | 3.4% | 2,601.4 |
| 2 | Income Tax | 1,925.1 | 2,008.2 | 6.5% | 2,051.1 | 4.2% | 2,137.0 | 4.2% | 2,226.1 | 4.0% | 2,314.3 | 4.0% | 2,406.6 | 3.7% | 2,486.7 |
| 3 | Transfer/Reconciliation Tax | 174.6 | 133.4 | -20.0% | 139.6 | 8.1% | 150.9 | 10.9% | 167.3 | 6.7% | 178.5 | 6.4% | 189.9 | 4.6% | 198.6 |
| 4 | Other Taxes | 275.8 | 275.4 | -0.2% | 275.4 | 0.7% | 277.3 | 0.3% | 278.0 | 0.2% | 278.6 | 0.2% | 279.3 | 0.2% | 279.9 |
| 5 | Other Revenues | 1,343.1 | 1,414.2 | 5.2% | 1,412.4 | -0.6% | 1,403.5 | 0.0% | 1,404.0 | 0.2% | 1,407.5 | 0.3% | 1,411.0 | 0.3% | 1,414.7 |
| 6 | Total Revenues | 5,825.6 | 6,029.5 | 5.8% | 6,164.1 | 2.8% | 6,335.8 | 2.7% | 6,504.8 | 2.4% | 6,658.6 | 2.2% | 6,802.9 | 2.8% | 6,991.3 |
| 7 | Net Transfers In (Out) | 5.6 | -3.1 | 222.8% | 18.1 | 2.3% | 18.5 | 2.3% | 19.0 | 2.2% | 19.4 | 2.3% | 19.8 | 2.3% | 20.3 |
| 8 | Total Revenues and Transfers Available | 5,831.2 | 6,026.4 | 6.0% | 6,182.2 | 2.8% | 6,354.3 | 2.7% | 6,523.7 | 2.4% | 6,678.0 | 2.2% | 6,822.7 | 2.8% | 7,011.5 |
| Non-Operating Budget Use of Revenues | | | | | | | | | | | | | | | |
| 11 | Debt Service | 446.7 | 439.9 | 3.2% | 460.9 | 1.7% | 468.6 | 1.2% | 474.3 | 1.4% | 481.2 | 1.8% | 489.8 | -0.5% | 487.3 |
| 12 | PAYGO | 32.8 | 58.7 | -5.0% | 31.2 | -6.3% | 29.2 | -0.7% | 29.0 | 0.0% | 29.0 | -3.4% | 28.0 | 0.0% | 28.0 |
| 13 | CIP Current Revenue | 101.4 | 148.7 | 71.5% | 173.8 | -46.6% | 92.8 | 40.6% | 130.4 | -11.5% | 115.4 | -3.1% | 111.8 | 9.9% | 122.9 |
| 14 | Change in Other Reserves | -32.3 | -6.6 | 69.6% | -9.8 | 102.9% | 0.3 | -15.7% | 0.2 | -13.5% | 0.2 | -44.6% | 0.1 | 164.3% | 0.3 |
| 15 | Contribution to General Fund Undesignated Reserves | -160.2 | -111.0 | -43.1% | -229.2 | 64.9% | -80.5 | 131.6% | 25.4 | -62.9% | 9.4 | 17.0% | 11.0 | 8.6% | 12.0 |
| 16 | Contribution to Revenue Stabilization Reserves | 26.2 | 37.0 | 11.3% | 29.2 | -100.0% | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | 0.0 | 0.0 |
| 17 | Set Aside for other uses (supplemental appropriations) | -1.7 | -0.9 | 72.3% | -0.5 | 4278.1% | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 |
| 18 | Total Other Uses of Resources | 412.9 | 565.8 | 10.3% | 455.6 | 16.4% | 530.4 | 28.1% | 679.4 | -3.6% | 655.3 | 0.8% | 660.7 | 1.5% | 670.5 |
| 19 | Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses) | 5,418.3 | 5,460.5 | 5.7% | 5,726.6 | 1.7% | 5,823.9 | 0.4% | 5,844.3 | 3.1% | 6,022.7 | 2.3% | 6,162.0 | 2.9% | 6,341.0 |
| Agency Uses | | | | | | | | | | | | | | | |
| 20 | Montgomery County Public Schools (MCPS) | 2,954.0 | 2,937.2 | 4.1% | 3,076.4 | 1.7% | 5,823.9 | 0.4% | 5,844.3 | 3.1% | 6,022.7 | 2.3% | 6,162.0 | 2.9% | 6,341.0 |
| 21 | Montgomery College (MC) | 281.0 | 262.9 | 1.0% | 283.8 | 2.8% | 6,354.3 | 2.7% | 6,523.7 | 2.4% | 6,678.0 | 2.2% | 6,822.7 | 2.8% | 7,011.5 |
| 22 | MNCPPC (w/o Debt Service) | 163.4 | 162.5 | 6.1% | 173.4 | 8.6% | 2,193.1 | | | | | | | | |
| 23 | MCG | 2,020.0 | 2,097.9 | 8.6% | 2,193.1 | | | | | | | | | | |
| 24 | Agency Uses | 5,418.3 | 5,460.5 | 5.7% | 5,726.6 | 1.7% | 5,823.9 | 0.4% | 5,844.3 | 3.1% | 6,022.7 | 2.3% | 6,162.0 | 2.9% | 6,341.0 |
| 25 | Total Uses | 5,831.2 | 6,026.4 | 6.0% | 6,182.2 | 2.8% | 6,354.3 | 2.7% | 6,523.7 | 2.4% | 6,678.0 | 2.2% | 6,822.7 | 2.8% | 7,011.5 |
| 26 | (Gap)/Available | 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. Property tax revenues include a 4.7 cent tax that is authorized by Maryland Code, Education § 5-104 (d)(1) to be used exclusively for MCPS. Other taxes are at current rates.
- Reserve contributions are consistent with legal requirements and the minimum policy target, which is 10% of Adjusted Governmental Revenues (AGR). Any reduction in reserves in this version of the Fiscal Plan is to meet the County's minimum policy target for reserves and not a specific plan to reduce reserves to the policy level. Each annual budget recommendation will include specifics on budgeted reserves for that fiscal year.
- PAYGO, debt service, and current revenue reflect the Recommended FY25-30 Capital Improvements Program.
- State Aid, including MCPS and Montgomery College, is not projected to increase from FY25-30.

County Executive's Recommended FY25-30 Public Services Program Tax Supported Fiscal Plan Summary

| (\$ in Millions) | | | | | | | | | | | | | | | |
|--|--------------|--------------|-------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | App. FY24 | Est. FY24 | % Chg. FY24-25 | Rec. FY25 | % Chg. FY25-26 | Projected FY26 | % Chg. FY26-27 | Projected FY27 | % Chg. FY27-28 | Projected FY28 | % Chg. FY28-29 | Projected FY29 | % Chg. FY29-30 | Projected FY30 | |
| Beginning Reserves | | | | | | | | | | | | | | | |
| Unrestricted General Fund | 244.7 | 423.3 | 27.6% | 312.3 | -73.4% | 83.1 | -96.8% | 2.6 | 960.7% | 28.1 | 33.6% | 37.5 | 29.4% | 48.5 | |
| Revenue Stabilization Fund | 604.0 | 610.0 | 7.1% | 647.0 | 4.5% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | |
| Total Reserves | 848.7 | 1033.3 | 13.0% | 959.3 | -20.8% | 759.3 | -10.6% | 678.8 | 3.7% | 704.3 | 1.3% | 713.7 | 1.5% | 724.7 | |
| Additions to Reserves | | | | | | | | | | | | | | | |
| Unrestricted General Fund | -160.2 | -111.0 | -43.1% | -229.2 | 64.9% | -80.5 | 131.6% | 25.4 | -62.9% | 9.4 | 17.0% | 11.0 | 8.6% | 12.0 | |
| Revenue Stabilization Fund | 26.2 | 37.0 | 11.3% | 29.2 | -100.0% | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | |
| Total Change in Reserves | -134.0 | -74.0 | -49.3% | -200.0 | 59.8% | -80.5 | 131.6% | 25.4 | -62.9% | 9.4 | 17.0% | 11.0 | 8.6% | 12.0 | |
| Ending Reserves | | | | | | | | | | | | | | | |
| Unrestricted General Fund | 84.5 | 312.3 | -1.7% | 83.1 | -96.8% | 2.6 | 960.7% | 28.1 | 33.6% | 37.5 | 29.4% | 48.5 | 24.7% | 60.5 | |
| Revenue Stabilization Fund | 630.2 | 647.0 | 7.3% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | 0.0% | 676.2 | |
| Total Reserves | 714.7 | 959.3 | 6.2% | 759.3 | -10.6% | 678.8 | 3.7% | 704.3 | 1.3% | 713.7 | 1.5% | 724.7 | 1.7% | 736.7 | |
| Reserves as a % of Adjusted Governmental Revenues | 11.6% | 15.0% | | 11.6% | | 10.0% | | 10.0% | | 10.0% | | 10.0% | | 10.0% | |
| Other Reserves | | | | | | | | | | | | | | | |
| Montgomery College | 27.8 | 64.4 | 90.8% | 53.0 | 0.0% | 53.0 | 0.0% | 53.0 | 0.0% | 53.0 | 0.0% | 53.0 | 0.0% | 53.0 | |
| MNCPPC | 6.4 | 16.7 | 18.7% | 7.6 | 3.5% | 7.8 | 2.6% | 8.0 | 2.1% | 8.2 | 1.5% | 8.3 | 3.4% | 8.6 | |
| MCPS | 0.0 | 0.0 | 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 | 0.8 | -9.5 | 37.0% | 1.1 | 2.0% | 1.2 | 3.6% | 1.2 | 3.4% | 1.3 | -0.3% | 1.2 | 2.4% | 1.3 | |
| MCG + Agency Reserves as a % of Adjusted Govt Revenues | 12.1% | 16.1% | | 12.5% | | 10.9% | | 10.9% | | 10.9% | | 10.9% | | 10.9% | |
| Retiree Health Insurance Pre-Funding | | | | | | | | | | | | | | | |
| Montgomery County Public Schools (MCPS) | 62.3 | 62.3 | | 59.1 | | 59.1 | | 59.1 | | 59.1 | | 59.1 | | 59.1 | |
| Montgomery College (MC) | 0.0 | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| MNCPPC | 3.3 | 3.3 | | 3.5 | | 3.0 | | 2.7 | | 2.4 | | 2.2 | | 2.2 | |
| MCG | 0.0 | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Subtotal Retiree Health Insurance Pre-Funding | 65.6 | 65.6 | | 62.6 | | 62.1 | | 61.8 | | 61.5 | | 61.3 | | 61.3 | |
| Adjusted Governmental Revenues | | | | | | | | | | | | | | | |
| Total Tax Supported Revenues | 5,825.6 | 6,029.5 | 5.8% | 6,164.1 | 2.8% | 6,335.8 | 2.7% | 6,504.8 | 2.4% | 6,658.6 | 2.2% | 6,802.9 | 2.8% | 6,991.3 | |
| Capital Projects Fund | 196.6 | 196.6 | 15.7% | 227.4 | 16.8% | 265.5 | 38.0% | 366.5 | -22.6% | 283.7 | -9.0% | 259.0 | -24.5% | 194.8 | |
| Grants | 159.5 | 159.5 | 0.6% | 160.5 | 2.3% | 164.1 | 2.3% | 167.9 | 2.2% | 171.6 | 2.3% | 175.5 | 2.3% | 179.4 | |
| Total Adjusted Governmental Revenues | 6,181.7 | 6,385.5 | 6.0% | 6,551.9 | 3.3% | 6,765.4 | 4.0% | 7,039.2 | 1.1% | 7,113.9 | 1.7% | 7,236.4 | 1.8% | 7,365.5 | |

FY25 FEE AND FINE CHANGES*

| DEPARTMENT/FEE AND FINE | FY25 REVENUE CHANGE | METHOD OF CHANGE | NOTE |
|--|---------------------|--------------------|---|
| Department of Environmental Protection | | | |
| Solid Waste Disposal Charge | 8,160,639 | Council Resolution | Increase the single-family per-household rate from \$293.26 to \$310.92, the multi-family per-household rate from \$18.04 to \$19.12, and the non-residential properties rate from \$627.68 to \$631.31. |
| Water Quality Protection Charge | \$3,844,680 | Council Resolution | Increase the rate per-equivalent residential unit (ERU) from \$126.00 to \$136.50. |
| Department of Housing and Community Affairs | | | |
| Accessory Dwelling Unit Class 3 Licensing Fee | \$1,122 | Council Resolution | Increase the licensing fee per-Accessory Dwelling Unit (ADU) from \$122 per-ADU to \$125 per-ADU. |
| Condominium Licensing Fee | \$30,000 | Council Resolution | Increase the Condo licensing fee from \$70 per-unit to \$73 per-unit. |
| Multi-family Rental Housing Licensing Fee | \$3,887,808 | Council Resolution | Increase the multi-family rental licensing fee from \$52 per-unit to \$100 per-unit. |
| Single-family Rental Licensing Fee | \$91,500 | Council Resolution | Increase the single-family licensing fee from \$125 per-unit to \$130 per-unit. |
| Short-term Rental Licensing Fee | \$455,000 | Council Resolution | Increase the short-term rental licensing fee from \$150 per-unit to \$500 per-unit. |
| Short-term Rental Civil Citation | \$8,000 | Council Resolution | Responsibility for enforcing County Codes Chapter 54 per Bill 22-23 shifted from HHS to DHCA in Bill 22-23. The fine increases from \$500 for an initial offense and \$750 for a repeat offense to \$1,000 for initial and repeat offenses, and each day in violation constitutes an offense. |
| GRAND TOTAL | 16,478,749 | | |

* All changes are assumed to be effective July 1, 2024.
Revenues above do not include implementation costs.

THIS PAGE INTENTIONALLY LEFT BLANK