

MEMORANDUM

April 21, 2016

TO: Government Operations and Fiscal Policy Committee

FROM: Jacob Sesker, Senior Legislative Analyst ✂

SUBJECT: FY17 Operating Budget: NDAs – Leases; Working Families Income Supplement; State Property Tax Services; Restricted Donations; Grants to Municipalities in Lieu of Shares Tax; Future Federal/State Grants; Takoma Park Police Rebate; Municipal Tax Duplication

Relevant pages from the FY17 Recommended Operating Budget begin at page 68-1 in the Operating Budget book.

Staff Recommendations

- Approve the NDA-Leases
- Approve the NDA-Working Families Income Supplement
- Approve the NDA-State Property Tax Services
- Approve the NDA-Future Federal/State/Other Grants
- Approve the NDA-Grants to Municipalities in Lieu of Shares Tax
- Approve the NDA-Takoma Park Police Rebate
- Approve the NDA-Municipal Tax Duplication

Overview

This packet contains analysis of eight non-departmental accounts (NDAs): Leases; Working Families Income Supplement; State Property Tax Services; Restricted Donations; Future Federal/State/Other Grants; Grants to Municipalities in Lieu of Shares Tax; Takoma Park Police Rebate; and Municipal Tax Duplication.

NDA-Leases

The Department of General Services (Division of Real Estate) administers leases and use of leased space by the County, as well as County leases to non-government entities that lease County-owned space from the County. Currently, there are approximately 70 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated. *See Leases, © 1.*

Lease NDA	Expenditure	FTE
<i>FY16 Approved</i>	<i>\$22,608,195</i>	<i>0.00</i>
Increase cost: New leases (2424 Reddie Drive tenants)	+\$701,397	0.00
Enhance: DHCA 1401 Rockville Pike Lease and Move	+\$609,198	0.00
Increase cost: Maintenance and other leasing costs	+\$385,130	0.00
Increase cost: Scheduled lease escalation costs	+\$345,268	0.00
Increase cost: 2424 Reddie Drive tenant relocation	+\$95,207	0.00
Increase cost: New leases added in FY17	+\$43,450	0.00
Decrease cost: Chargebacks to departments	-\$160,175	0.00
Decrease cost: Improve safety and security for pre-trial services clients and employees	-\$731,661	0.00
Decrease cost: One-time costs of new leases added in FY16	-\$1,583,576	0.00
Decrease Cost: Terminations and relocations	-\$1,752,952	0.00
<i>FY17 CE Recommended</i>	<i>\$20,559,481</i>	<i>0.00</i>

The Executive requests \$20,559,481 for this NDA in FY17, a decrease of \$2,048,714 (-9.1%) from the FY16 Approved Budget of \$22,608,195. If DGS is able to identify additional FY18 lease savings, those savings will necessarily involve larger leases—currently, the 10 largest leases represent more than \$16 million in annual expenditure. While some lease consolidations (e.g., those associated with Wheaton Redevelopment) will offset debt service expenditures associated with specific capital projects, those consolidations will not necessarily reduce lease NDA expenditures.

Staff recommendation: Concur with County Executive

NDA-Working Families Income Supplement

This NDA provides County funds to supplement the State’s Earned Income Tax Credit. Twenty-two states, the District of Columbia, New York City, and Montgomery County, Maryland offer their residents an earned income tax credit (EITC). Montgomery County is the only county in the nation that offers this credit. Montgomery County pays the State of Maryland to administer the credit because the County “piggybacks” on the Maryland income tax (Montgomery County does not administer a separate income tax).

The Executive requests \$24,274,500 for the Working Families Income Supplement, an increase of \$3,177,200 (+15.1 percent) from the FY16 Approved budget of \$21,097,300. A portion of this increase (+\$1,213,725) is the result of increasing the match from 95% to 100%, consistent with Bill 8-13. A Montgomery County resident eligible to receive an earned income tax credit from the State

in the amount of \$583 would actually receive a check from the State for \$1,176 (\$583 from the State, and an additional \$583 from the County).

The remainder of the difference (\$1,963,475) is the result of a revision to the baseline estimate of the cost of the program at the FY16 required 95% match. **Note that the cost of the refunds and the number of recipients have both increased dramatically since 2010.** The average cost of refunds has increased by more than 17% in that time, with the number of recipients increasing by nearly 38%. These facts reflect growing need, but the growing need has contributed to the rising cost of government—the total cost of EITC refunds has increased by more than 60% since 2010.

WORKING FAMILIES INCOME SUPPLEMENT NDA (EITC)						
Fiscal Year	County Match	Admin. Cost	Cost of EITC Refunds	Total Cost	Total Recipients	Average EITC
2000	100.00%	\$11,813	\$2,199,592	\$2,211,405	12,322	\$178.51
2001	125.00%	\$9,740	\$2,544,412	\$2,554,152	10,917	\$233.08
2002	100.00%	\$10,921	\$3,952,062	\$3,962,983	14,122	\$279.86
2003	100.00%	\$10,732	\$4,585,128	\$4,595,860	14,814	\$309.51
2004	100.00%	\$12,910	\$6,012,089	\$6,024,999	18,074	\$332.64
2005	100.00%	\$14,109	\$7,907,451	\$7,921,560	20,805	\$380.08
2006	100.00%	\$25,376	\$10,236,647	\$10,262,023	20,789	\$492.40
2007	100.00%	\$16,027	\$9,970,176	\$9,986,203	20,210	\$493.33
2008	100.00%	\$17,577	\$12,910,993	\$12,928,570	26,584	\$485.66
2009	100.00%	\$15,361	\$9,000,906	\$9,016,267	19,559	\$460.19
2010	100.00%	\$19,448	\$15,063,537	\$15,082,985	30,189	\$498.97
2011	72.50%	\$32,726	\$12,920,388	\$12,953,114	33,840	\$381.81
2012	68.90%	\$33,231	\$12,805,177	\$12,838,409	34,290	\$373.44
2013	75.50%	\$34,058	\$14,686,507	\$14,720,565	34,876	\$421.11
2014	85.00%	\$38,663	\$16,847,181	\$16,885,860	37,281	\$451.90
2015 Act.	90.00%	\$40,811	\$18,916,413	\$18,960,549	38,824	\$488.37
2016 Est.	95.00%	\$41,650	\$21,359,150	\$21,400,800	40,076	\$534.01
2017 CE Rec.	100.00%	\$44,600	\$24,229,900	\$24,274,500	41,610	\$583.38

source: Montgomery County Department of Finance, Division of Treasury

Staff recommendation: Concur with Recommended Budget for WFIS NDA

NDA-State Property Tax Services

This NDA reimburses the State for certain costs associated with the property tax billing administration conducted by the Department of Finance. The Executive has recommended \$3,778,679

in FY17, an increase of \$314,069 versus the FY16 Approved budget. Twenty-five percent of that increase is attributable to implementation of a new program – the renter’s property tax relief supplement (Bill 21-15). *See Fiscal Impact Statement, ©2.*

Chapter 397 of the Budget Reconciliation and Financing Act of 2011 requires the counties (and Baltimore City) to reimburse SDAT for a percentage of certain costs associated with real property valuation and business personal property valuation. In FY17, the counties are required to reimburse SDAT for 50 percent of these costs. The reimbursement to SDAT is related to the following programs: the County’s share of property tax valuation costs; Montgomery County Homeowner’s Credit Supplement; the Homestead Credit Certification Program; and the renter’s property tax relief supplement. More than 90% of the reimbursement is for property tax assessments.

Program	FY15 (Act.)	FY16 (Bud)	FY16 (Est.)	FY17 (CE Rec)
SDAT Reimbursement	2,911,171	3,264,310	3,329,054	3,432,799
Homestead Credit Admin.	185,252	165,300	176,812	232,880
Homeowners Tax Credit Admin.	31,785	35,000	35,000	35,000
Renter’s Property Tax Relief				78,000
Total	3,128,208	3,464,610	3,540,866	3,778,679

Staff recommendation: Concur with Recommended Budget for State Property Tax NDA

NDA-Future Federal/State Grants

The Executive requests \$20 million for this NDA, which represents no change from FY16. This account is funded entirely from non-County sources. Having this account permits the County Government to accept and spend funds from grants without requesting a supplemental appropriation for many such grants, saving both time and paperwork.

The appropriation can only be spent if grants are received. If the County receives less than the appropriated amount, then no harm is done. If the County receives more, then the Council will have to process a supplemental appropriation. *See FY16 Future Federal/State Grants, © 4.*

Staff recommendation: Concur with Recommended Budget for Future Fed./State Grants NDA

NDA-Grants to Municipalities in Lieu of Shares Tax

This NDA funds payments required in accordance with State law. The Executive requests \$28,020 in FY15, no change relative to previous requests—the amount is based on the amount received by municipalities in FY68.

Staff recommendation: Concur with Recommended Budget for Grants to Municipalities NDA

NDA-Takoma Park Police Rebate

The Executive requests \$986,340 in FY17, a decrease of \$40,800 compared to the FY16 Approved Budget of \$945,540. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with full value assessment levied on real property. This provision of the County Code was enacted in 1949. While this statutory requirement relates to tax duplication, the tax duplication and grant payments to Takoma Park that relate to police services are split between the two separate NDAs.

Staff recommendation: Concur with Recommended Budget for Takoma Park Police NDA
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NDA-Municipal Tax Duplication

The Executive requests \$8,305,696 in FY17, an increase of \$421,512 when compared to the FY16 Approved Budget amount of \$7,884,184. **Of that increase, \$40,929 is attributable to speed camera revenue, with the remaining \$380,583 resulting from an increase in property tax duplication.** The factor driving that increase is the County's increased expenditure on reimbursable transportation expenses—expenditures for other reimbursable services increased only modestly. *See Municipal Tax Duplication NDA Budget, © 6-7.* Overall, the budget includes the following components: speed camera revenue (\$268,930); property tax duplication (\$5,506,242); and additional County grants (\$2,530,524). Almost all of the grants (99.9%) accrue to the benefit of Takoma Park, and more than 80% of the grants to Takoma Park relate to the police services reimbursement arrangement between Takoma Park and Montgomery County.

The County Executive used an approach that is conceptually similar to the one used for the last few years, while also incorporating Council changes to the FY16 budget. There were two changes in the FY17 recommended when compared to the FY16 recommended budget:

1. The first change in FY16 was to properly reflect the “parks maintenance” reimbursement formula. Implementing these FY16 Council changes resulted in a shift of some FY17 appropriation from the “additional county grant” column to the “tax duplication” column for Friendship Heights, Kensington, Section 3 of the Village of Chevy Chase, and Takoma Park (the four municipalities eligible for parks maintenance reimbursement).
2. The second change in FY16 was to properly reflect the tax duplication payment made to Takoma Park for police services that is made pursuant to a different section of law and in a separate budget account (Takoma Park Police Rebate, above). Implementing this change resulted in a shift (more than \$500,000) from the tax duplication column to the grant column but did not affect the bottom line appropriation for Takoma Park in either NDA.

Background

Most of the General Fund property tax that municipal taxpayers pay to the County is used to fund services the County provides to municipal and non-municipal taxpayers alike. A small portion of the General Fund property tax revenue that the County receives is County property tax paid by municipal taxpayers for services that the taxpayers actually receive from their municipality—this is the duplicated tax portion. In 1973, County Executive Gleason proposed creating a new program to “return

annually to each municipality an amount equal to the estimated duplicated taxes paid by its residents for eligible services.” *See Gleason Memorandum & Technical Appendices*, © 17.

Beginning with the adoption of the original legislation in 1973, the County has made tax duplication payments each year to municipalities in order to achieve tax fairness between municipal and non-municipal taxpayers. Currently, the County’s tax duplication payments are made pursuant to a policy resolution adopted in 1996. Under that resolution, reimbursable services generally are reimbursed based on the percentage of County expenditures that are paid for with property tax revenues. *See Resolution 13-650*, © 26.

In the past five years, the County Executive’s March budget has included a separate column in the budget for the “additional County grant”. This column represents the portion of the total payment to each municipality that is greater than the tax duplication amount, i.e., reimbursement for that portion of the cost of service that is funded by non-duplicated taxes such as the income tax, which is a shared revenue source under State law rather than a duplicated tax. The County views this portion of the payment as a discretionary grant to municipalities that is not required by law or by implementing resolution (although, as noted above, the lion’s share of the additional grant relates to a police services agreement between Takoma Park and Montgomery County).

Municipalities, on the other hand, have generally viewed this “grant” amount as an entitlement, and instead advocate for a system through which they would be reimbursed for the full cost of eligible services. For example, in an October 2013 letter, the Montgomery County Chapter of the Maryland Municipal League advocated for the “full cost of service methodology provided for in current County law”, under which municipalities would be “fairly reimbursed for services that would otherwise be provided by the County, with the reimbursement amount reflecting the savings realized by the County.”

Council Legislative Attorney Josh Hamlin, in a 2014 memorandum, disagreed that the full cost of service methodology is what is “provided for in current County law.” *See Hamlin Memo*, © 29. Mr. Hamlin reviews not only the legislative history but also the subsequent history of the program’s implementation and reached the following conclusion: ***“In consideration of the legislative history of Chapter 30A and the implementing resolutions adopted by the County Council, and viewed in relation to the State law concerning income tax distribution and property tax duplication, the calculation of the reimbursement to municipalities based on the County’s actual, net property tax funded expenditures for eligible services is proper and consistent with the law’s intent.”***

The reimbursement method established under Resolution 13-650 (net County property tax funded savings approach) addresses the double taxation problem that can result when two governments can each charge a duplicated tax to pay for a service that only one government provides, without creating a double burden on the income tax. In contrast, reimbursing municipalities for the “full cost of service savings” would in essence create a double burden on the County’s income tax revenue. This double burden would arise because the services in the County’s tax supported general fund (such as education, libraries, and police) are funded in part with income tax revenue. Under Maryland Tax - General Article §2-607, municipalities receive a 17% share of County income tax attributable to municipal taxpayers. Revenue in the County’s General Fund consists of not only County property tax revenue, but also 100% of the County income tax of non-municipal taxpayers and 83% of the County income tax of municipal taxpayers. With respect to the income tax, there is no duplication because the 17% share is part of—rather than in addition to—the full 100% County income tax.

The tables at © 34-35 illustrate the double burden on income tax revenue generated by non-municipal taxpayers. Using as an example FY13 expenditures by the Montgomery County Government Tax Supported General Fund (which include libraries, police, community development, etc.), the tables illustrate that the per capita cost to non-municipal taxpayers is \$1,026, while the per capita cost to municipal taxpayers is \$930. Put differently, municipal taxpayers receive a discount on services funded by the County's General Fund relative to non-municipal taxpayers (paying approximately 92¢ per \$1 of service expenditure).¹ See Tables, © 34-35.

Working Group

A working group comprised of six members worked with Council Staff during FY15 to gather information and provide feedback regarding policy alternatives. The dialogue between those attending the meetings was open and transparent. The six members included three citizen members and three members representing the local chapter of the Maryland Municipal League: Joan Fidler (Taxpayers League), Cleo Tavani (resident of Friendship Heights), Dan Wilhelm (resident of unincorporated Colesville), Suzanne Ludlow (City Manager of Takoma Park), Marnie Shaul (Councilmember, Town of Somerset), and Barb Matthews (then City Manager of Rockville).

Ms. Ludlow led a small group comprised of representatives from municipalities that provide police services, to determine if those municipalities could agree on a proposal for reimbursement for all municipalities that provide police services. To date, that sub-group has not submitted a proposal to the County.

Staff recommendation: Concur with Recommended Budget - Municipal Tax Duplication NDA

- Attachments: © 1 Leases
© 2 Fiscal Impact Statement, Bill 21-15
© 4 FY16 Future Federal/State/Other Grants Report
© 17 Gleason Memo & Technical Appendix
© 26 Resolution 13-650
© 29 Hamlin Memo
© 34 Tables-Municipal Income Tax Subsidy Calculations

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¹ The calculation is $\$1 - (\$1 \times 47.3\% \times 17\%) = \0.92 .

Location/Occupant	Use	Sq. Foot	lease % Incr	FY16 Appr.	FY17 Proj. Rent	4.17/ef FY17 Proj. Maint	Total FY17	<= 2% CPI assumed unless noted otherwise	New Comments
8513 Piney Branch Rd	TESS Center	4,800	1.0300	113,498	101,637	20,018	121,653		
Metropolitan CAM Charge	BCC Center Office/Day care	6,000	1.0275	116,802	116,802		116,802		
255 Rockville Pike - Big Lease	General Offices	128,509	n/a	5,385,521	5,594,287		5,594,287		
255 Rockville Pike - Treasury Lease	Treasury Division	15,262	n/a	806,459	837,668		837,668		16,883,838 16,164,447
51 Monroe Street, 802	Inspector General	2,070	1.0450	81,579	77,156		77,156		
18410 Munceaster Road	Aq History Farm/Coop Extension	15,070	1.0300	177,417	147,575	0	147,575		New lease is full service
Care Pkg - 255 Rock Pk & E Middle Ln	85 spaces		n/a	148,180	148,180		148,180		
1108 Spring Street	DOT Parking Maint.	2,486	n/a	57,089	58,231		58,231		
8516 Anniversary Circle	Warehouse	14,400	1.0300	129,981	128,839	4,772	134,611		
8536 Anniversary Circle	Records Center	28,000	1.0300	230,980	234,879	6,149	241,028		
9210 Corporate Blvd	DGS Admin	14,405	n/a	486,827	489,055		489,055		
1901 Research Blvd	DFRS Stress Management	706	1.0300	29,749	31,625		31,625		
1300 Quince Orchard	ECC	54,874	n/a	1,374,717	1,146,458	400,000	1,546,458		
Page Elementary	Integrated Childcare	1,888	n/a	24,187	24,187		24,187		
11711 Joseph Mill Road	Viers Mill Childcare	3,981	n/a	40,170	40,170		40,170		
12260 McDonald Chapel Dr.	Thurgood Marshall Childcare	3,816	n/a	50,164	50,164		50,164		
Gen Haven Elementary	Integrated Childcare	2,461	n/a	31,983	31,983		31,983		
Sergeant Shriver (Conn. Pk) ES	Integrated Childcare	1,867	n/a	24,535	24,535		24,535		
1820 Franwall Ave. - Arcola ES	Integrated Childcare	1,965	n/a	25,537	25,537		25,537		
12612 Gateway Dr. - Gateway ES	Integrated Childcare	1,673	n/a	21,742	21,742		21,742		
7511 Holly Ave - Takoma Park ES	Integrated Childcare	1,575	n/a	20,468	20,468		20,468		
Walker Road ES	Integrated Childcare	1,780	n/a	21,000	22,250		22,250		
12250 Wilkins Ave	Homeless Shelter	8,900	1.0350	184,015	154,994	37,113	182,107		
451 Hungerford Additional Parking	Parking		1.0300	20,425	20,425		20,425		
8630 Fenton St	Health Center	21,063	n/a	532,717	549,420		549,420		
1335 Piccard Dr	Health Center	27,500	1.0300	741,906	0		0		relocated to 1401 Rockville Pk - line 74
7300 Calhoun Drive	Juvenile Asmnt. Ctr.	63,594	1.0275	1,615,185	1,791,552		1,791,552		
Bethesda Metro Center	DTS Antenna		n/a	14,834	14,983		14,983		
Berkshire Towers - Lockwood Dr	DTS Antenna		fixed	34,200	34,200		34,200		fixed thru 7/19
NRC Bldg - White Flint	DTS Antenna		1.0400	55,167	57,375		57,375		
Kanwood CC, River Road	DTS Antenna		1.0500	159,053	167,805		167,805		
17101 Darnestown-Germantown Rd/Sangamore Rd	DTS Antenna		fixed	112,190	111,000		111,000		
21200 Martinsburg Rd - Mirant	DTS Antenna		n/a	89,752	89,752		89,752		
Riverbend Antenna - Fairfax	DTS Antenna		n/a	2,851	2,851		2,851		
6801 New Hampshire Ave, Takoma Pk	DTS Antenna		n/a	109,644	110,707		110,707		
12500 Ardennes	Corrections - Pre-Trial Services	21,778	1.0275	721,808	0		0		Relocated to Pre Release Center
19627 Fisher Ave.	Providence Library	7,000	1.0275	256,205	190,862		190,862		
455 E. Guide Dr.	DGHS Storage		1.0275	6,398	7,006		7,006		
47 State Circle, Annapolis	Legislative Affairs	1,895	1.0250	78,701	75,334		75,334		
51 Monroe St, suite 1700	HHS Children/Youth/Family	7,517	1.0350	270,196	0		0		relocated to 1401 Rockville Pk - line 74
2729 University Blvd	Wheaton Day Laborers	1,863	1.0300	110,503	106,507	7,769	114,276		
111 Rockville Pike	DED space plus plng	13,013	n/a	531,202	95,890		95,890		based on 2 mos - exp 9/30/16
701-C Dover Road	MCFRS Warehouse	33,451	1.0300	890,215	580,000	139,491	719,491		
11 N. Washington Street, 4th floor	HHS	10,000	n/a	426,300	0		0		relocated to 1401 Rockville Pk - line 74
22610 Gateway Center	Clarkburg Interim FS	9,823	1.0300	224,362	192,545	40,962	233,506		
2-1 & 2-4 Metropolitan Court	Libraries Materials Mngmnt	19,800	1.0300	264,986	196,245		82,566		
7-1 Metropolitan Ct	Meracy Clinic	7,200	1.0350	220,498	199,823	30,024	229,847		
8434 Helgerman	Police Speed Camera Van	2,958	1.0300	42,634	43,807		43,807		
14935 Southman	MCFRS and MCPD	117,000	1.0300	2,308,339	1,811,489	487,890	2,299,379		MCPD move in 8/15
51 Monroe St. 3rd Floor	ERP Office plus plng	10,342	n/a	301,864	311,839		311,839		
17 B Firstfield	MCFRS Stress Management	1,005	1.0300	30,307	30,161		30,161		
4901-43 Nicholson Ct	Transit Small Buses	25,000	1.0396	979,436	910,552	0	910,552		Maint being charged to Fleet
23201 Stringtown Road	Clarkburg Cottage	1,350	1.0300	18,850	13,911	5,630	19,541		
600 E. Jefferson St	Family Justice Center	23,907	n/a	893,720	984,730		984,730		
600 E. Jefferson St	Family Justice Center Expansion	5,550	n/a	50,539	156,856		156,856		
18753 N. Frederick Ave.	Board of Elections	54,190	1.0300	1,127,115	951,589	225,972	1,177,861		adding expansion space from 2016
18753 N. Frederick Ave.	Board of Elections Expansion	13,843	1.0300	190,919	190,919		190,919		
51 Monroe, Plaza	MC-311	10,511	n/a	314,550	0		0		relocated to 1401 Rockville Pk - line 74
45 W. Watkins Mill Road	Interim 6th District Police Station	18,924	1.0300	446,501	484,589	78,913	543,982		
981 Rollins	OAS	24,186	1.0300	847,423	789,392	100,772	870,704		
451 Hungerford, Suite 700	HHS - Families Foremost	4,172	1.0300	98,704	100,272		100,272		
7676 New Hampshire Ave	HHS - Youth Opportunity Center	2,303	1.0400	61,245	64,079		64,079		
Rockville Town Center Garage	Library parking		n/a	79,477	81,861		81,861		
199 E. Montgomery	Shewitt	6,654	1.0350	239,380	239,380		239,380		
2301 Research Blvd	Police Stress Management Unit	2,114	n/a	55,000	55,000		55,000		
5320 Mainhall	HHS Shelter	8,362	1.0275	255,408	255,408	34,870	290,279		FY15 Base Rent abated 50%
Rockville Town Center Garage	HHS Parking		n/a	21,700	21,700		21,700		
11435 Grandview	Interim Fire Station	8,574	1.0300	0	44,666		44,666		2mos occupancy in FY17
1401 Rockville Pike	CRCAMC311/HHS/DHCA	102,894	1.0250	1,996,528	412,952		1,022,150		
Payments for Operating Expenses, Taxes, Common Area Maintenance			n/a	300,000	200,000		200,000		
Sub Total Existing Leases	FY16 based on 890,266 sf	1,002,415		27,533,259	22,248,178	1,715,243	24,572,619		
Added Leases In FY17									
1401 Rockville Pike	Proyecto Salud & Adult Behav Health						701,397		
1106 Viers Mill Rd	CAA & Women's Cancer			0	0		95,207		
13801 Rippling Brook -Bel Pro ES	Integrated Childcare	1,700	n/a	0	21,250		21,250		
9615 Dewitt Ave	Carroll House	12,900	n/a	0	22,200	53,793	75,993		Association Dues (abated first 5 years)
Sub Total Added Leases		14,600			43,450	53,793	893,847		
Other Leasing costs									
Shift Utilities Cost to Utilities NDA				-121,404	-92,652		-92,652		
Shift Funds from MCPD for Southman				0	0		0		
Shift Funds from Catholic Charities/Marinelli				0	0		0		
Contractor for Property Database		N/A		100,000	100,000		100,000		
Closed School Revenue Sharing		N/A		215,500	365,000		365,000		
Moving & buildout expenses		N/A		100,000	100,000		100,000		
Subtotal Other Leasing costs				294,096	565,000		472,348		
Total Gross Leases Budget		1,017,015		27,827,355	22,856,628	1,769,036	25,938,814		
LESS CHARGEBACKS:		Sq. Feet							
255 Rockville Pike - Big Lease	Permitting Services	59,973					2,610,858		
255 Rockville Pike - Big Lease	DEP - WOPF	14,545					520,841		
255 Rockville Pike - Big Lease	CUPF	7,185					312,721		
255 Rockville Pike - Treasury Lease	DEP - WOPF	2,585					141,901		
1109 Spring Street	DPWT Parking Maint.	2,486					58,231		
8653 Grovemont	MCFRS SCBA						0		
451 Hungerford Additional Parking	Parking/HHS	N/A					20,425		
455 E. Guide Drive	DSWS Storage	N/A					7,006		
1901 Research	DFRS Stress Management	706					31,625		
8536 Anniversary Circle	DGS Ops Records Center	26,000					241,028		
51 Monroe St. 3rd Floor	ERP Office plus parking	9,669					311,839		
4901-43 Nicholson Ct	Transit Small Buses	25,000					910,552		
7676 New Hampshire Ave	HHS - Youth Opportunity Center	2,303					64,079		
Rockville Town Center Garage	Library parking	N/A					81,861		
Rockville Town Center Garage	HHS Parking	N/A					21,700		
11435 Grandview	Interim Fire Station	8,574					44,666		
Subtotal Chargebacks	FY16 based on 148,149 sf	159,026					5,379,334		
TOTAL NET LEASES BUDGET							20,559,481		



Fiscal Impact Statement
Bill 21-15, Finance – Renters' Property Tax Relief Supplement

1. Legislative Summary.

Bill 21-15 would require the Director of Finance (Director) to pay a Renters' Property Tax Relief Supplement to certain residents who qualify for a payment from the State under the State "Renters' Tax Credit Program." The State payment to renters is modeled after the Homeowners' Tax Credit (commonly referred to as the "Circuit Breaker"), and is based on the premise that a portion of rent paid by renters is attributable to property tax paid by the owner of the property. The purpose of the State payment is to return some of that money to renters in the same way it is returned to homeowners through the Circuit Breaker payment. Eligibility for the County supplement would be tied to eligibility for the State payment. The County supplement under the Bill would be 50% of the State payment, which is capped at \$750.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The Maryland State Department of Assessments and Taxation (SDAT) provided data on the program starting in FY07, with the exception of FY10 and FY13. The Department of Finance interpolated data for the number of applicants, number of renters receiving a credit, and the total program cost for those missing years. Based on actual and estimated data from FY10-14, Finance estimates an average of 704 applicants with 515 renters receiving the credit and an average total program cost of \$127,400. This results in an average individual credit of \$248 for the State program, annually.

Based on the values above, Finance estimates that Bill 21-15 will provide an additional \$63,700 in supplemental tax credits to renters with an average individual credit of \$124. Added to the State credit, an eligible renter would receive an average total credit of \$372, annually.

At \$20 per check, an administrative cost of \$10,300 would be incurred by Finance for preparation, printing, and mailing of checks to individual recipients.

SDAT is able to provide the Director with a full list of recipients of the State credit, and Finance can administer the program within current staffing levels, but would require approximately \$4,000 in overtime to successfully manage the program.

Overall, the total annual fiscal impact is approximately \$78,000, with \$63,700 in direct payments to eligible renters and \$14,300 for administration.

There would be no change in revenues as a result of Bill 21-15.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

At this time it is difficult to accurately project the cost of the program over the next six fiscal years as there are many variables that could affect the cost of the program from year to year. Please see #10 below.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. **An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

Not applicable.

6. **Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

Expenditures could be affected if future legislation is passed that increases (or decreases) the amount of the County's match to the State credit, or if the State's cap is increased (or decreased).

7. **An estimate of the staff time needed to implement the bill.**

Please see paragraph four in #2 above.

8. **An explanation of how the addition of new staff responsibilities would affect other duties.**

Please see paragraph four in #2 above.

9. **An estimate of costs when an additional appropriation is needed.**

Not applicable.

10. **A description of any variable that could affect revenue and cost estimates.**

There are several variables that, if changed, could affect expenditures related to Bill 21-15. These include, but are not limited to, the following: number of eligible Montgomery County residents, amount of State credit, amount of State cap, amount of County match, and ability of SDAT to share recipient data with Finance.

11. **Ranges of revenue or expenditures that are uncertain or difficult to project.**

Not applicable.

12. **If a bill is likely to have no fiscal impact, why that is the case.**

The fiscal impact of Bill 21-15 is explained in #2 above.

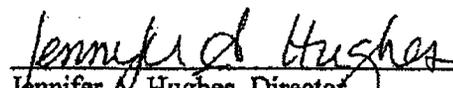
13. **Other fiscal impacts or comments.**

Not applicable.

14. **The following contributed to and concurred with this analysis:**

David Platt, Rob Hagedoorn, Michael Coveyou: Department of Finance

Jedediah Millard: Office of Management and Budget


Jennifer A. Hughes, Director
Office of Management and Budget

6/5/15
Date

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
CEX CLD 072115 BUDGET ES 160 0F15014	7/21/2015	New award Budget for FY16, according to the Grant Agreement, \$146,121 and PNG shows the prior year amount for FY16 of \$133,650, a difference of (\$12,471). The Executive Supplemental makes the adjustment	-12,471
COR DMD 091715 BUDGET ES 160	9/17/2015	DOCR received Award Letter dated 5/18/2015 from GOCCP for \$31,179 from Byrne Justice Grant for Medication Assisted Treatment/Reentry. On 7/28/15, DOCR requested a grant modification which was approved.	-31,179
DHS DAQ 072715 Budget ES 160 2002466	7/27/2015	Additional funding for FFY14 UASI Training Equipment (MDERS)	-29,635
DHS DAQ 082515 BUDGET ES 160 2002468/	8/25/2015	FFY 2015 EMPG Grant Funding Continuation	-333,712
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	CONTINUATION OF THE UASI REGIONAL PLANNING GRANT	-330,134
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	CONTINUATION OF THE UASI EXERCISE AND TRAINING OFFICER	-134,644
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI NIMS Compliance Officer award	-136,755
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI VOLUNTEER & CITIZEN CORPS PROGRAMS	-262,200
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI HOSPITAL INFECTIOUS DISEASE PROTECTION CACHE (ERS)	-103,500
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI HOSPITAL INFECTIOUS DISEASE SANITATION EQUIPMENT (ERS)	-272,500
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI LinX Sustainment Grant	-835,000
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI RADIO CACHE (MAINTENANCE) FOR MONTGOMERY COUNTY AND NCR	-164,947
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR 2ND MOBILE COMMAND VEHICLE FOR MCFRS AND MCPD	-890,000
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR PLANNING	-151,500
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR TRAINING AND EXERCISE	-50,000



FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
DHS DAQ 10262015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR EOC ENHANCEMENT	-85,000
DHS DAQ 10272015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR MCPD Special Operations Command Room (SOD)	-150,000
DHS DAQ 10272015 BUDGET ES 160 20025	10/27/2015	Continuation of the UASI FUNDS RESPONSE ENHANCEMENT FOR FIRE RESCUE	-230,000
DHS DAQ 10272015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS RESPONSE ENHANCEMENT FOR HEALTH SERVICES	-268,925
DHS DAQ 10272015 BUDGET ES 160 20025	10/26/2015	Continuation of the UASI FUNDS FOR SEARCH AND RESCUE ATV's	-60,000
DHS DAQ 10272015 BUDGET ES 160 20025	10/27/2015	Continuation of the UASI FUNDS K9 THERMAL IMAGING AWARD	-92,000
DHS DAQ 11022015 Budget ES 160 2002566	11/22/2015	Continuation of the UASI FUNDS FOR PATIENT TRACKING MAINTENANCE	-464,760
DHS DAQ 9212015 BUDGET ES 160 200247	9/21/2015	Continuation of the FFY15 SHSGP Grant	-359,158
DHS DAQ 9302015 BUDGET ES 160 200248	9/30/2015	2015 - 2016 Hazardous Materials Emergency Preparedness (HMEP) Grant	-4,000
DOT ALT 011116 BUDGET CS 001	1/11/2016	Supplemental appropriation to the Bikeshare program to leverage reimbursable State grants to to County and to the City	-491,102
FIN EG 022916 BUDGET DECREASE FOR	2/29/2016	TO RECONCILE BUDGET WITH AWARD EXPENDITURES AND REVENUE FY14 AND FY15	389,412
FIN EG 091015 BUDGET ES 160 F61204A 10	9/10/2015	This Executive Supplemental to Head Start Grant, F61204A/1002501, is necessary to bring the County's ERP system into conformity with the approved award.	-37,968
FIN EG 091115 BUDGET FREEZE 160 F6414	9/11/2015	THIS BUDGET FREEZE TO EARLY CHILDHOOD MENTAL HEALTH, F64145/1002406, IS NECESSARY TO BRING THE COUNTY'S ERP SYSTEM INTO CONFORMITY WITH THE APPROVED AWARD BUDGET	1,500
FIN JMB 030116 0F78800/1002526 BUDGET	3/1/2016	0F78800/1002526 BUDGET INCREASE TO REFLECT TOTAL RENT COLLECTED	-152,638
FIN JMB 120315 2002572/1002593 HEALTH	12/3/2015	BUDGET LOAD FOR HEALTHY OUT OF SCHOOL TIME GRANT IMPLEMENTATION	-5,000

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
FIN JMB 121515 FREEZE 2000780/1002176	12/15/2015	FREEZE UNUSED BUDGET	8,804
FIN SS 011316 Executive Supplement for FY1	1/13/2016	Executive Supplement to match budget with Notice of Grant Award	-1,812
FIN SS 011516 Executive Supplement for CCT	1/15/2016	Executive Supplement to match budget with Notice of Grant Award	-48,400
FIN SS 020216 New Grant Budget for CCT Pr	2/2/2016	Original Budget in Notice of Grant Award	-21,350
FIN SS 020216 New Grant Budget for CCT Pr	2/2/2016	Original Budget in Notice of Grant Award	-29,000
FIN SS 022316 FY16 SHF CHILD SUPPORT	2/23/2016	To Load Budget for FY16 Child Support Grant	-799,320
FIN SS 062515 BUDGET FR 160 F10001A 10	6/25/2015	Budget Load - FY16 Family Law Grant	19,091
FIN SS 111815 To Load Match Budget for DO	11/18/2015	FIN SS 111815 To Load Match Budget for DOT AW#1002384	-250,000
FIN TDH 120315 1002592 LOAD FY16 BUD	12/3/2015	Load FY16 Budget	-63,136
FRS JRC 031716 BUDGET ES 160 2002623	3/17/2016	THIS BUDGET ENTRY IS TO APPROPRIATE FUNDING FOR THE GRANTOR'S 50% MATCH OF THE FY16 MIEMSS MATCHING GRANT AWARD. THIS IS A STATE GRANT, AND IS NOT A PASS-THRU GRANT FROM THE FEDERAL GOVERNMENT.	-12,963
FRS JRC 092815 BUDGET ES 160 2002479	9/28/2015	THIS BUDGET ENTRY IS TO APPROPRIATE THE FEDERAL COST SHARE OF \$308,096 FOR THE FY14 FEMA AFG FIRE PREVENTION & SAFETY GRANT AWARD.	-308,096
FRS JRC 100715 BUDGET ES 160 2002497	10/7/2015	THIS BUDGET ENTRY IS TO APPROPRIATE FUNDING FOR THE FY15 INSTALLMENT OF THE ANNUAL URBAN SEARCH AND RESCUE (US&R) PROGRAM (CONTINUATION GRANT).	-1,184,082
FRS JRC 100815 BUDGET ES 160 2002517	10/8/2015	THIS BUDGET ENTRY IS TO APPROPRIATE FUNDING FOR THE ACTIVATION OF 5 MEMBERS OF THE URBAN SEARCH AND RESCUE (US&R) TEAM, WHO WERE SENT TO COLUMBIA, SOUTH CAROLINA FOR SEARCH AND RESCUE ACTIVITIES RESULTING FROM HURRICANE JOAQUIN.	-75,000

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
FRS JRC 102015 BUDGET ES 160 2002521	10/20/2015	THIS BUDGET ENTRY IS TO APPROPRIATE FUNDING FOR THE FY16 MIEMSS EMD GRANT AWARDED TO MCFRS. THIS IS A STATE GRANT, AND IS NOT A PASS-THRU GRANT FROM THE FED. GOVT.	-3,410
FRS JRC 120815 BUDGET ES 160 2002592	12/8/2015	THIS BUDGET ENTRY IS TO APPROPRIATE FUNDING FOR THE FY16 MIEMSS ALS TRAINING GRANT AWARDED TO MCFRS. THIS IS A STATE GRANT, AND IS NOT A PASS-THRU GRANT FROM THE FED. GOVT.	-23,000
HCA TJG 02122016 BUDGET ES 161 0F7701	2/12/2016	This budget executive supplemental to the FY11 CDBG Federal Entitlement Program is necessary to bring the FY11 CDBG budget up to the level of the federal appropriation.	-100,002
HCA TJG 02122016 BUDGET ES 161 0F7701	2/12/2016	This budget executive supplemental to the FY12 CDBG Federal Entitlement Program is necessary to bring the FY12 CDBG budget up to the level of the federal appropriation	-100,103
HCA TJG 02122016 BUDGET ES 161 0F7701	2/12/2016	This budget executive supplemental to the FY13 CDBG Federal Entitlement Program is necessary to bring the FY13 CDBG budget up to the level of the federal appropriation.	-148,206
HCA TJG 02122016 BUDGET FR 400 076782	2/12/2016	Budget freeze to the County's FY11 CDBG Federal Entitlement Program	100,000
HCA TJG 02122016 BUDGET FR 400 076782	2/12/2016	Budget freeze to the County's FY12 CDBG Federal Entitlement Program	100,000
HCA TJG 02122016 BUDGET FR 400 076782	2/12/2016	Budget freeze to the County's FY13 CDBG Federal Entitlement Program	100,000
HCA TJG 08202015 BUDGET FR 160 0F7701	8/20/2015	DHCA receives an annual ESG (Emergency Shelter (or Solutions) Grant). The FY15 projected grant amount was \$403,810. The actual award amount was \$339,770.	64,040
HHS AFL 070815 BUDGET FR 160 0F64127	7/8/2015	This Budget Freeze to the Sexual Assault Prevention Grant, 0F64127 1002123 is necessary to bring the County's ERP system into conformity with the approved award.	2,913
HHS AFL 102715 BUDGET ES 160 F60017A	10/27/2015	This Executive Supplement to the VOCA grant, F60017A is necessary to bring the County's ERP system into conformity with the approved award.	-43,590

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS CSH 010616 BUDGET ES 163 2000616	1/6/2016	This Budget Executive Supplemental to the FY15 Ryan White Part A, Oral Health grant, 2000616/1002161, is necessary to bring the County's ERP system into conformity with the approved award.	-287,174
HHS CSH 020516 BUDGET FR 163 F62078A	2/5/2016	This Budget Freeze to the CDC Breast and Cervical Cancer Grant, F62078A/1002393, is necessary to bring the County's ERP system into conformity with the approved award.	114,413
HHS CSH 032816 BUDGET ES 163 F62078A	3/28/2016	This Budget Executive Supplemental to the CDC Breast and Cervical Cancer Grant, F62078A/1002393, is necessary to bring the County's ERP system in conformity with the approved award.	88,000
HHS CSH 092115 BUDGET ES 163 F64049A	9/22/2015	This Budget Executive Supplemental to the Caring for Two Grant/Children with Special Needs, F64049A/1002444 is necessary to bring the County's ERP system into conformity with the approved award.	-701
HHS CSH 092215 BUDGET ES 163 F62087A	9/22/2015	This Budget Executive Supplemental to the Administrative Care Coordination Grant, F62087A/1002426 is necessary to bring the County's ERP system into conformity with the approved award.	-75,000
HHS CSH 100215 BUDGET ES 163 F64073A	10/2/2015	This Budget Executive Supplemental to the Oral Cancer Grant, F64073A/1002407 is necessary to bring the County's ERP system into conformity with the approved award.	-49,000
HHS CSH 100615 BUDGET FR 163 200A206	10/6/2015	This Budget Freeze to the Tobacco Enforcement Grant, 200A260/1002459 is necessary to bring the County's ERP system into conformity with the approved award.	5,000
HHS CSH 100715 BUDGET ES 163 2002513	10/7/2015	This Budget load to the Ebola Virus Disease Preparedness & Response Grant, 2002513/1002559 is necessary to bring the County's ERP system into conformity with the approved award.	-67,000
HHS CSH 101515 BUDGET ES 163 2002515	10/15/2015	The Executive Budget Supplemental to the Addressing Chronic Diseases Grant, 2002515/1002560, is necessary to bring the County's ERP system into conformity with the approved award.	-125,000

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS CSH 122415 BUDGET ES 163 F62053A	12/24/2015	This Budget Executive Supplemental to the PWC/MD Kids Count Grant, F62053A/1002388 is necessary to bring the County's ERP System into conformity with the approved award.	-548,335
HHS EBF 010516 BUDGET FR 163 20A1431	1/5/2016	This Freeze to the FY16 Recovery Supp Expansion Grant, 20A1431/1002398, is necessary to bring the County's ERP system into conformity with the approved award.	218,449
HHS EBF 010816 BUDGET ES 160 2002444	1/8/2016	This Executive Supplement to the FY16 Overdose Misuse Prevention Program (OMPP) Grant, 2002444/1002599, is necessary to bring the County's ERP system into conformity with the approved award.	-45,000
HHS EBF 020216 BUDGET ES 163 200A773	2/2/2016	This Executive Supplement to the Federal Treatment Grant 200A773/1002382 necessary to bring the County's ERP system in to conformity with the approved award.	-240,000
HHS EBF 020216 BUDGET FR 160 F61506A	2/2/2016	This Freeze to the Substance Prevention Grant F61506A/1002335 is necessary to bring the County's ERP system in to conformity with the approved award.	5,448
HHS EBF 020516 BUDGET ES 160 2002595	2/5/2016	This Executive Supplement to the OEND grant, 2002595/1002600 is necessary to bring the County's ERP system in to conformity with the approved award.	-30,072
HHS EBF 112015 BUDGET ES 163 F64044A	11/20/2015	This Executive Supplement to the FY16 General Treatment Grant 0F64044A/1002440 is necessary to bring the County's ERP system in to conformity with the approved award.	-322,760
HHS ENR 121415 BUDGET ES 160 F61305A	12/14/2015	This Executive Supplemental for additional funds for ETHS increase from \$215,340 to \$258,103	-42,763
HHS ENR 122215 BUDGET ES 160 0F61206	12/22/2015	This Executive Supplemental for additional funds for FFY15 CSBG Amendment Part C from \$452,336 to \$456,393	-4,057
HHS KW 091715 BUDGET ES 163 F60032A	9/17/2015	This Executive Supplemental to the CMH-Services Grant, F60032A/1002375 is necessary to bring the county's ERP system into conformity with the attached approved award letter.	-15,420

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS LES 011916 CS 001	1/19/2016	This FY16 Council Supplemental for Children's Opportunity Fund Non-Department Account Resolution 18-332 Approved 11/17/15 from General Fund Reserves	-750,750
HHS LY 012816 BUDGET ES 164 2002601 1	1/28/2016	This Budget Exec supplement to the FY16 Supplemental State grant, 2002601/1002603 is needed to bring the county's ERP system into conformity with the approved award.	-35,144
HHS LY 021716 BUDGET ES 164 0F6160A 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with approved award amount for the Title III, AAA 0F6160A/1002449.	-10,517
HHS LY 021716 BUDGET ES 164 0F6160B 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with approved award amount for the Title III, AAA 0F6160B/1002449	-83,099
HHS LY 021716 BUDGET ES 164 0F6160C 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with approved award amount for the Title III, AAA 0F6160C/1002449.	-388,589
HHS LY 021716 BUDGET ES 164 0F6160D 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with approved award amount for the Title III, AAA 0F6160D/1002449	-55,089
HHS LY 021716 BUDGET ES 164 0F6160E 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with approved award amount for the Title III, AAA 0F6160E/1002449	-15,023
HHS LY 021716 BUDGET ES 164 0F6160F 1	2/17/2016	This FY16 Budget Exec Supplemental is needed to align with the approved award amount for the Title III, AAA 0F6160F/1002449 grant.	-24,173
HHS LY 021716 BUDGET FR 164 0F6160B 1	2/17/2016	This FY16 Budget Freeze is needed to align with approved award amount for the Title III AAA, 0F6160B/1002449.	90,411
HHS LY 021716 BUDGET FR 164 0F6160C 1	2/17/2016	This FY16 Budget Freeze is needed to align with the approved award amount for the Title III AAA, 0F6160C/1002449.	440,847
HHS LY 021716 BUDGET FR 164 0F6160D 1	2/17/2016	This FY16 Budget Freeze is needed to align with the approved award amount for Title III AAA, 0F6160D/1002449.	802
HHS LY 021716 BUDGET FR 164 0F6160E 1	2/17/2016	This FY16 Budget Freeze is needed to align with approved award amount for the Title III AAA, 0F6160E/1002449.	382
HHS LY 021716 BUDGET FR 164 0F6160F 1	2/17/2016	This FY16 Budget Freeze is needed to align with approved award amount for the Title III AAA, 0F6160F/1002449.	24,425

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS LY 071415 BUDGET ES 164 2002463 1	7/14/2015	This Budget Executive Supplemental to the FY15 HHS Deficiency Funding Grant, 2002463/1002516 is necessary to bring the County's ERP system into conformity with the approved award.	-59,559
HHS LY 081315 BUDGET ES 164 2000643 1	8/13/2015	This Budget Executive Supplemental to the FY15 HHS NSIP Nutrition Grant, 2000643/1002116 is necessary to bring the County's ERP system into conformity with the approved award.	-68,922
HHS LY 090115 BUDGET ES 164 200A519 1	9/1/2015	This Budget Executive Supplemental to the FY16 MAP Grant, 200A519/1002379 is necessary to bring the County's ERP system into conformity with the known allocation amount from MDOA.	-21,918
HHS LY 091815 BUDGET ES 164 200A644 1	9/18/2015	This Budget Exec Supplement to the carryover prior year revenue to FY16 Senior Nutrition grant award 200A644/1002409.	-135,000
HHS LY 091815 BUDGET ES F61600A 1002	9/18/2015	This Budget Exec Supplement to the FY16 Senior Nutrition grant F61600A/1002355 is necessary to bring the County's ERP system into conformity with the approved award.	-71,115
HHS LY 091825 BUDGET FR 164 2000644 1	9/18/2015	FY16 Senior Nutrition grant award 200A644/1002409.	135,000
HHS LY 110515 BUDGET ES 164 0F6160A 1	11/5/2015	This Budget Exec Supplement to the FY15 AAA, 0F6160A/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	-27,199
HHS LY 110515 BUDGET ES 164 0F6160B 1	11/5/2015	This Budget Exec Supplement to the FY15 AAA, 0F6160B/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	-67,843
HHS LY 110515 BUDGET ES 164 0F6160D 1	11/5/2015	This Budget Exec Supplement to the FY15 AAA, 0F6160D/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	-31,735
HHS LY 110515 BUDGET ES 164 0F6160F 1	11/5/2015	This Budget Exec Supplement to the FY15 AAA, 0F6160F/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	-27,334
HHS LY 110515 BUDGET ES 164 2000632 1	11/5/2015	This Budget Exec Supplement to the FY15 AAA, 2000632/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	-4,515



FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS LY 110515 BUDGET FR 164 0F6160A 1	11/5/2015	This Budget Freeze to the FY15 AAA Grant, 0F6160A/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	49,845
HHS LY 110515 BUDGET FR 164 0F6160B 1	11/5/2015	This Budget Freeze to the FY15 AAA Grant, 0F6160B/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	100,737
HHS LY 110515 BUDGET FR 164 0F6160D 1	11/5/2015	This Budget Freeze to the FY15 AAA Grant, 0F6160D/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	28,047
HHS LY 110515 BUDGET FR 164 0F6160E 1	11/5/2015	This Budget Freeze to the FY15 AAA Grant, 0F6160E/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	4,303
HHS LY 110515 BUDGET FR 164 0F6160F 1	11/5/2015	This Budget Freeze to the FY15 AAA Grant, 0F6160F/1002158 is necessary to bring the County's ERP system into conformity with the approved award.	26,005
HHS NDD 011916 BUDGET ES 165 2000633	1/19/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 2nd QTR Update Distribution - CWS	-26,634
HHS NDD 011916 BUDGET ES 165 2000636	1/19/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 2nd QTR Update Distribution - FIA	-167,762
HHS NDD 011916 BUDGET ES 165 2000639	1/19/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 2nd QTR Update Distribution - FLEX	-163,069
HHS RSB 092315 BUDGET FR 160 F64095A	9/23/2015	This freeze to the Infant and Toddlers grant, F64095A/1002403, is necessary to bring the county's ERP system into conformity with the approved award.	1,689
HHS RSB 100915 BUDGET ES 160 200A342	10/9/2015	This Executive Supplemental to the Multicultural Intervention for Victims of Child Abuse grant, 200A342/1002408 is necessary to bring the County's ERP system into conformity with the approved award.	-53,220

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS RSB 112415 BUDGET FR 160 F64040A	11/24/2015	This Freeze BE to the FY16 HHS Child Care Resource and Referral Professional Development and Capacity Building grant, F64040A/1002417, is necessary to bring the county's ERP system into conformity with the approved award.	48,684
HHS RSB 112515 BUDGET FR 160 20A1338	11/25/2015	This Freeze BE to the FY16 MCCCCR& R Infants & Toddlers Grant, 20A1338/1002450 in necessary to bring the County's ERP system into conformity with the approved award.	11,316
HHS RSB 121015 BUDGET ES 160 0F64040	12/10/2015	This Executive Supplemental to the Child Care Resource and Referral Grant, 0F64040/1000625, is necessary to bring the County's ERP system into conformity with the anticipated revenue collection for the grant.	-48,684
HHS TAD 081015 BUDGET ES 160 20A2071	8/10/2015	This Executive Supplemental to the Maryland Health Benefit Exchange grant, 20A2071/100245, is necessary to bring the County's ERP System into conformity with the approved award.	-1,124,357
HHS TAD 081015 BUDGET FR 160 2001651	8/10/2015	This Freeze Appropriation to the FY15 Maryland Health Benefit grant, 2001651/1002167, is necessary to bring the County's ERP system in to conformity with the approved award.	329,677
HHS TAD 081015 BUDGET FR 160 20A1651	8/10/2015	This budget-freeze to the Maryland Health Benefit Exchange grant, 20A1651/1002401 is necessary to bring the County's ERP system into conformity with the approved award.	3,991,771
HHS TPP 022416 BUDGET ES 165 2000636	2/24/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 3rd QTR Update Distribution - FIA	-50,300
HHS TPP 022416 BUDGET FR 165 2000635	2/24/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 3rd QTR Update Distribution - AS	1,897
HHS TPP 022416 BUDGET FR 165 2001091	2/24/2016	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 3rd QTR Update Distribution - FIA	164,200
HHS TPP 092215 BUDGET ES 165 2000633	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	-338,600
HHS TPP 092215 BUDGET ES 165 2000635	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	-72,058

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS TPP 092215 BUDGET ES 165 2000636	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	-672,978
HHS TPP 092215 BUDGET ES 165 2000638	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary Distribution	-32,037
HHS TPP 092215 BUDGET ES 165 2000639	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution - Flex	-32,470
HHS TPP 092215 BUDGET ES 165 2001089	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	-19,451
HHS TPP 092215 BUDGET ES 165 2001090	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution - AS	-18,525
HHS TPP 092215 BUDGET ES 165 2001091	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution - FIA	-67,083
HHS TPP 092215 BUDGET ES 165 2001092	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution - FIA	-244,722
HHS TPP 092215 BUDGET ES 165 2001094	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution - LGA	-3,984
HHS TPP 092215 BUDGET FR 165 2000633	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	131,548
HHS TPP 092215 BUDGET FR 165 2000635	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	15,503
HHS TPP 092215 BUDGET FR 165 2000636	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	237,955
HHS TPP 092215 BUDGET FR 165 2000638	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	25,962

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
HHS TPP 092215 BUDGET FR 165 2001087	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	14,574
HHS TPP 092215 BUDGET FR 165 2001088	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	99,237
HHS TPP 092215 BUDGET FR 165 2001091	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	1,772
HHS TPP 092215 BUDGET FR 165 2001092	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	383,247
HHS TPP 092215 BUDGET FR 165 2001094	9/22/2015	TO ALIGN BUDGET LOAD WITH DHR HB669 GRANT AWARD FOR FY16 Preliminary and 1st QTR Update Distribution	18,742
LIB LLB 121815 BUDGET ES 160 F71011A	12/18/2015	The Department received a new award for staff development and training and to develop leadership skills for branch managers.	-24,607
POL SAO 070115 EX BUDGET FY16 GOCC	7/1/2015	Budget load for FY16 GOCCP SOCM award	-41,600
POL SAO 071015 ES 0F47048.1002515 ES F	7/10/2015	Load FY16 Vehicle Theft Enforcement & Prevention Award	-165,000
POL SAO 072315 ES 0F47075.1002517 ES F	7/23/2015	Budget entry for the FY16 Gun Violence Reduction Initiative.	-65,000
POL SAO 082115 ES BUDGET LOAD 20008	8/21/2015	Load original FFY15 BJA Taser Award Budget	-133,969
POL SAO 082115 ES GAN Load 0f47014 100	8/21/2015	Load \$5,000 GAN for FY15 Commercial Vehicle Inspection Award	-5,000
POL SAO 092715 ES BUDGET LOAD 20009	9/27/2015	Load BUDGET FOR FY16 SHA WASHINGTON METRO AWARD RENEWAL	-260,400
POL SAO 102115 ES BUDGET LOAD 20025	10/21/2015	Load original FFY15 GOCCP HOPE Award	-35,000
POL SAO 102115 ES BUDGET LOAD 20025	10/21/2015	Load original budget FY16 BJAG FFY15 DNA Backlog Award	-101,010
POL SAO 111315 ES BUDGET LOAD 20025	11/13/2015	Load original budget FY16 LETS Award	-1,984
POL SAO 120315 ES BUDGET LOAD 20025	12/3/2015	Load original budget FY16 CVI Award	-25,000
SAO LJR 081815 BUDGET ES 160 F11014A	8/18/2015	The Drug Court award for FY16 increased from 22,986 to 24,226.39.	-1,240
SAO LJR 081815 BUDGET FR 160 20A1282	8/18/2015	The GVRG FY16 award was reduced from 38,314 to 35,000.	3,314
SHF DFF 03032016 ES 160	3/3/2016	GOCCP LETS TRAINING for VAWA	-1,011

FUTURE FEDERAL/STATE/OTHER GRANTS NDA

FY16 Appropriation Transfers

BE Number	Received	Title	Amount
SHF DFF 102715 BUDGET ES 160 2001747 1	11/2/2015	TO LOAD IN ORACLE THE FFY2016 MHSO LAW ENFORCEMENT GRANT - SHERIFF'S OFFICE	-10,000
SHF DFF 11022015 BUDGET ES 160	11/2/2015	TO LOAD IN ORACLE THE FY 2015 VAWA-2015-1119 GRANT - SHERIFF'S OFFICE	-42,000
SHF DFF 11052015 BUDGET ES 160 200064	11/5/2015	FY16 Grant from Montgomery County Family Justice Center (Other/Non-Profit Organization) \$17,000	-17,000
SHF DFF 12042015 BUDGET ES 160 0F4800	12/4/2015	To Load in Oracle FY16 US Marshals CARFTF Grant Award	-25,000
TRN KAZ 09242015 BUDGET CS F50019A	10/5/2015	FY2016 MEDICAID TRANSPORTATION GRANT SUPPLEMENTAL, PER GRANT AGREEMENT TO MATCH BUDGET	-352,671
Total			-9,924,469
Balance in NDA - From \$20 Million appropriation			10,075,531

Office Of The County Executive

MEMORANDUM

Date May 25, 1973

To County Council
From James P. Gleason, County Executive
Subject: Montgomery County Municipal Revenue Program

Over the past year, I have explored with the Municipal Advisory Board possible inequities existing in the taxes paid by municipal and non-municipal County residents. We have concluded after careful analysis that municipal citizens pay twice for certain services - to the County and to their local jurisdiction - while receiving these services only from the municipality.

I am proposing, therefore, a new "Montgomery County Municipal Revenue Program" to overcome this inequity. Under this program, the County would return annually to each municipality an amount equal to the estimated duplicated taxes paid by its residents for eligible services. The approximate impact in FY 74 on municipalities would vary from a minimum of \$1,000 to a high of \$190,000-\$200,000 depending on final calculations using FY 73 data. The total cost to the County in FY 74 is estimated at \$260,000-\$300,000.

To establish this new initiative in intergovernmental relations, new legislation must be added to the Montgomery County Code. My proposed legislation, attached herewith, would establish the program; provide that the County, subject to budgetary constraints, shall reimburse municipalities for duplicated taxes paid by their residents; and set forth criteria for determining eligible services. No law exists at present to enable the County to begin such a program.

While I am not proposing this as emergency legislation, I urge the Council to expedite deliberations on this bill in order that once it becomes effective a supplemental appropriation, to be funded from unappropriated surplus earmarked by the Council, can be acted upon and payments can be made to the municipalities in the fall.

SUMMARY

MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

May 29, 1973

PROJECT BACKGROUND

- Have attempted to identify services for which municipal residents may be paying twice;
- Have focused on street-related services;
- Proposal ready for Council action.

PROPOSAL FOR FY 74:

- Grant to municipalities, whichever is greater:
 - \$1,000, or
 - Two-thirds the amount the municipality must raise from its own taxes to provide the eligible services.
- In future years, County will take over performance of services upon municipality's request by October 1 of preceding FY;
- Grant requires legislation and supplemental appropriation.

SCHEDULE

- May: submission of legislation to County Council.
- June - July: Council deliberations, enactment.
- August - September: submission of FY 73 data by municipalities.
- September: legislation effective.
- September: submission of supplemental appropriation request by County Executive.
- October: passage of supplemental appropriation and payments to municipalities.

FINAL REPORT ON THE MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

Prepared for Presentation at Meeting of
May 24, 1973 With Representatives of the Municipalities Advisory Board

Since the February meeting, the County staff, with the assistance of municipal officials, has refined its analysis of possible tax duplications existing between the County and municipalities. The results of that effort are shown on the attached pages. This report has been prepared to supply municipal representatives with the findings to date and to serve as a final proposal, outlined below, for removing the tax inequities found to exist.

Additional analysis has supported the initial conclusion that tax duplication was limited to the service areas of street maintenance, curb and gutter work, sidewalk repair, snow removal, street lighting, and traffic control. Municipal net expenditures for these services in FY 72, from local funds and after the deduction of applicable shared revenues, ranged from \$-0- to \$283,450, for a total of \$379,900. These net expenditures in many cases include provision of a service level comparable to that of the County, supplementary levels of service desired by municipal residents, and/or diseconomies related to the municipalities' smaller size. Consequently, further adjustments as described in Appendix B on Methodology, beyond the deduction of shared revenues, must be made to determine the extent of actual tax duplication.

Several methods of overcoming tax inequities have been explored. One of these is the assumption by the County of service currently performed by municipalities. Another is a direct grant from the County to municipalities in an amount calculated to remove the inequity. In the latter case, it should be pointed out that County legislation will be required, in addition to a budget appropriation, before such grants can be paid.

As a result of the County staff's analysis, the data presented in Appendix A illustrate the method of calculation and the impact on the municipalities. The amounts in the "Impact" columns assume a grant to each municipality of \$1,000 or two-thirds of net expenditures for street-related services; the two-thirds factor being used to recognize that any grant would be smaller than the net expenditures (except for the \$1,000 floor) because of municipal supplementary service or diseconomies.

The final proposal is as follows:

1. The County will assume at the beginning of the FY (July 1) the performance of any or all of the street-related services considered in this study upon request of the municipality provided the request is made in writing no later than the preceding October 1st; or
2. The County will provide a direct grant of the following amounts, whichever is greater:
 - a. \$1,000; or
 - b. the estimated tax overlap defined as two-thirds the amount which a municipality must raise from its own taxes to provide the eligible services.

Calculations of the direct grant for FY 74 will be made by the County based on FY 73 data supplied by the municipalities in a form and manner prescribed by the County.

In order for grants to be paid, legislation will be proposed to the County Council for enactment this summer. Subsequent to passage of the legislation, a supplemental appropriation will be recommended by the County Executive. The amount and timing of this supplemental will depend in part on timely receipt from the municipalities of data for year ending June 30, 1973. Assuming passage of the supplemental appropriation, payments would be made to the municipalities.

MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM B/

Calculation of Overlap

Impact of County
Grant Proposal
(Illustr. only)

Municipality	Municipal Expenditures				Total Expend	Less: Shared Gas, Racing Rev.	Less: Shared Inc. Tax, Other Rev.	Est. Net Expend.	Amt. Tax Discon. Suppl. Serv. c/	Est. Overlap, County Level of Serv. c/	Amount	Mun. Tax Rate Equiv.
	Road-Ways	Signs, Traffic Devices	Street Lighting									
Barnesville	167		1,021	1,188	(713)	(254)	221	74	147	1,000	15c	
Brookeville	4,075		700	4,775	(482)	(4,186)	107	36	71	1,000	18c	
Chevy Chase #3	5,746	173	1,657	7,576	(3,755)	(1,785)	2,036	678	1,356	1,360	2c	
Chevy Chase #4	36,878	1,915	6,115	44,908	(10,025)	(13,872)	21,011	6,997	14,014	14,010	7c	
Chevy Chase Village	6,640		10,119	16,759	(15,272)	(700)	787	262	525	1,000	4/10c	
Martin's Add, Ch.Ch	6,616		2,189	8,805	(6,249)	(1,215)	1,341	447	894	1,000	1c	
Vill of N. Ch. Ch.	7,639		1,411	9,050	(3,446)	(242)	5,361	1,786	3,575	3,580	9c	
Galthersburg	87,748	2,503	15,152	105,403	(34,193)	(34,234)	36,976	12,313	24,663	24,660	2c	
Garrett Park	9,789		2,120	11,909	(9,037)	(1,614)	1,258	419	839	1,000	2c	
Glen Echo	485	499	1,702	2,686	(2,282)	(152)	252	84	168	1,000	7c	
Kensington	73,792	400	11,731	85,923	(15,160)	(77,763)	b/ (7,000)	(2,331)	(4,669)	1,000	4/10c	
Laytonsville	946		1,404	2,350	(1,160)	(1,253)	b/ (63)	(21)	(42)	1,000	6c	
Oakmont	8		493	501	(299)	(485)	b/ (283)	(94)	(189)	1,000	10c	
Poolsville	544		1,988	2,532	(1,613)	(860)	60	20	40	1,000	2c	
Rockville	408,151	75,709	100,300	584,160	(194,860)	(105,850)	283,450	94,389	189,061	189,060	5c	
Somerset	15,559		3,737	19,296	(4,948)	(4,476)	9,872	3,288	6,584	6,580	5c	
Takoma Park	64,452	1,151	23,754	89,357	(59,121)	(5,516)	24,720	8,232	16,488	16,490	3c	
Washington Grove	3,588		1,716	5,304	(5,353)	(159)	b/ (208)	(69)	(139)	1,000	2c	
TOTAL	732,823	82,350	187,309	1,002,482	(367,968)	(254,616)	379,898	126,510	253,388	266,740	-	

Median Grant \$1,000

Median Tax Rate Equivalent 3c

a/ Prepared by Montgomery County Budget and Research Section, February - May 1973. See Appendix on Methodology for explanation of calculations.

b/ Negative amount indicates no local tax funds required.

c/ See appendix on Methodology.

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Appendix B

MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

METHODOLOGY AND GENERAL COMMENTS

In the Fall of 1972, County Executive James P. Gleason directed the Montgomery County Budget and Research Section to examine, with the assistance of the County's municipalities, local government services and fiscal burdens affecting residents of municipalities compared with County citizens living outside incorporated areas. This study originated in the growing concern on the part of the County Executive and municipal officials that municipal residents were suffering a tax inequity by being taxed twice, once by the County and again by their municipal government, but receiving services only once.

Drawing primarily on the FY 1972 State Fiscal Research Bureau reports and other supplementary information submitted by the municipalities, as well as on the assistance of the County Departments of Transportation and Finance, the Budget Office has attempted over the past several months to clarify both service and fiscal situations currently affecting municipal residents vis-a-vis their non-municipal counterparts. The examination has focused on four aspects: a) the determination of service areas where tax duplication may exist; b) the calculation of the estimated overlaps; c) the development of alternatives to overcome duplications and d) the fiscal impact, on both the County and the municipalities, of the various alternatives. The methodology and certain general comments on each of these aspects are outlined below in support of the data and conclusions shown in the preceding portions of this report.

Determination of Service Areas Where Tax Duplication Exists:

The examination of services centered on identifying those for which municipal residents were paying both to the County and to their local government but which were being provided only by the municipalities; i.e., those for which tax duplication existed. The following criteria were used:

1. Municipal "General Government" and "Miscellaneous" activities (the latter including insurances and miscellaneous items) were excluded on the grounds that these are a basic requirement for citizens wanting their own special local government.

2. Only municipal services which correspond to County General Fund - financed services were eligible for consideration since residents of incorporated areas neither receive services from, nor pay taxes to, special districts such as the Suburban District or in certain cases, the Recreation District.
3. Only municipal services which correspond to tax-supported County services were eligible since municipal residents' taxes are not used to finance self-supporting County activities such as protective inspections, animal control, and refuse collection.
4. Only levels of municipal service comparable to that provided by the County outside incorporated areas would be eligible. Expenditures for supplementary levels or for diseconomies related to the municipalities' smaller size were considered the responsibility of municipal residents. An example is the police service provided by several municipalities which was considered supplementary to that supplied by the County both inside and outside local boundaries.

These criteria were applied in the review of both municipal and County services in the search for possible tax overlaps. It should be noted here that the existence of similarly-named functions in both the County and a municipality does not necessarily mean that duplication exists or that municipal residents receive no benefit from the County service. Many County services, such as environmental protection, regardless of the location of specific projects, affect the general condition of the County and have "spill-over" benefits to incorporated areas. Consequently, they should be supported in part by County tax revenue from municipal residents.

Based on this analysis, tax duplication appeared to exist in the service areas of street maintenance, curb and gutter work, sidewalk maintenance and snow removal - all of which are included in the Roadways category in Appendix A of this report. In addition, traffic control and street lighting were involved.

Calculation of Estimated Tax Duplication or Overlap

Tax duplication was defined to mean that amount of local funds that municipalities must raise from their own resources to provide the County level of service within their boundaries. To reach this figure, total municipal expenditures for the services listed above were compiled. Certain deductions were then made. These deductions are based on the fact that because they are in existence, and perform certain services, municipalities are entitled by law to receive certain shared revenues which otherwise would go to the County.

These revenues include State-shared gasoline tax and motor vehicle registration revenue and State-shared racing revenue, both of which are ear-marked for use on street-related services. In addition, a portion of County-shared income taxes, traders' permit fees, admission/amusement taxes, and payments in-lieu-of bank shares taxes, all of which may be used as municipalities choose, are distributed to municipalities instead of to the County. The sharing of these revenues with municipalities reduces the funds that must be raised from local sources for street-related services, and in effect represents a return to municipalities of all or a portion of the County taxes their residents pay for the County level of those same services. Therefore, to derive the net expenditures for the services in question, applicable portions of ear-marked and other shared revenues were subtracted from total expenditures for those services. (In several cases, at least in FY 72, negative amounts resulted indicating that shared revenues more than covered municipal expenditures with no local funds required).

One other calculation must be made at this point to determine what portion of the net expenditures is due to diseconomies resulting from the municipalities' smaller size or to the provision of supplementary levels of service. This can be found by comparing the total expenditures of a municipality for the services in question with the estimated cost to the County of providing the County level of service within that municipality, finding the percentage that the difference represents of the municipality's total street expenditures, and multiplying that percentage times the net expenditures. This will determine that portion of the net expenditures attributable to diseconomies or supplementary service. The balance is the amount of overlap resulting from the provision by the municipality of the County's level of service within its own boundaries. It is this latter amount which represents the degree of tax inequity existing. (Note: If a municipality spends less than the estimated cost to the County of providing the service, the difference would result from the provision of a lower level of service or the same level more efficiently.)

The above calculations assume the availability of accurate, comparable data from the County and the municipalities. Experience has indicated that such information would be very difficult to come by. Therefore, a factor of two-thirds was applied against net expenditures to estimate the municipality's expenditures to provide the County level of service. The remaining one-third is assumed to represent that portion of net expenditures related to diseconomies of scale or supplemental levels of service. These calculations notwithstanding, a minimum grant of \$1,000 is proposed. This "floor" recognizes the efforts made by municipalities and the possibility that the fiscal data available, no matter how accurate, might not fully describe those efforts.

Development of Alternatives for Overcoming Existing Inequities

Several means were explored of reducing or eliminating tax duplications found to exist. One method would be the assumption by the County of services currently provided by municipalities. This would be beneficial to residents of incorporated areas in those cases where the County, due to economies of scale, could provide the service at lower cost. On the other hand, if municipal residents want a higher level of service than the County normally provides, they might want to continue supplying the service themselves. In addition, many of the same men and pieces of equipment are used by municipalities to provide services which the County provides via the Suburban District Fund, e.g., street cleaning and tree care. For municipalities to request these services from the County, they would need to pay the Suburban District tax (8¢ in FY 73).

An alternative to County assumption of municipal services is the payment of direct grants to municipalities in an amount calculated to overcome the tax inequities. The calculation of the inequities is discussed above; the amount of the grants would be the same unless adjusted by provision of a minimum or maximum limit.

Fiscal Impact of Grants

The fiscal impact on municipalities, both the dollar amount and the local tax rate equivalent, is shown on Appendix A for an illustrative proposal that would provide a \$1,000 floor payment or two-thirds the net expenditures made for streets. The total impact on the County of the illustrative proposal would be approximately \$267,000.

Resolution No.: 13-650
Introduced: Sept. 10, 1996
Adopted: Sept. 10, 1996

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: County Reimbursements under the Montgomery County Municipal Revenue Program - Task Force Report and Recommendations.

Background

1. Chapter 30A of the Montgomery County Code (1994) provides for a program which reimburses municipalities and special taxing districts for those public services provided by the municipalities which would otherwise be provided by the County.
2. Reimbursements under Chapter 30A have been made pursuant to a procedure established under Resolution 8-2222, dated October 17, 1978, which was revised and supplemented by Resolution 9-1752, dated April 27, 1982.
3. In March 1995 County Executive Douglas M. Duncan appointed County and municipal representatives to serve on the Montgomery County Task Force to Study the Municipal Tax Duplication Reimbursement Program. This Task Force was charged with reviewing the procedures and formulas used to determine the amount of the reimbursements and with making recommendations to improve these procedures and formulas.
4. The Task Force submitted its Final Report and recommendations, a copy of which is attached, to County Executive Douglas M. Duncan, on June 5, 1996.
5. The goals of the Task Force were to determine:
 - a. Whether the complex formulas used to calculate the reimbursements could be simplified;
 - b. Whether reimbursements could be made in a way that would provide greater

predictability to each municipality in planning the following year's budget;

- c. Whether a single reimbursement could be made.
6. The Task Force recommends that the following formulas be used to determine the reimbursements for the following services provided by the municipalities:
- a. **Transportation.** Reimbursements shall be a percentage of the County's actual, audited per mile or per item expenditure, multiplied by the number of miles or items in each municipality. The percentage reflects the percentage of the County expenditures that are paid for with property tax revenues.
 - b. **Park Maintenance.** Reimbursements will be based upon the same formula currently used.
 - c. **Code Enforcement.** Reimbursements will be based upon the net County property tax supported code enforcement expenditures per dwelling or per parcel.
 - d. **Other services.** Reimbursements will be based upon the net County property tax supported expenditures.

Action

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

1. The Final Report of the Task Force to Study the Municipal Tax Duplication Reimbursement Program is accepted and the recommendations, as outlined in the report, are accepted for funding within the Municipal Revenue Program
2. The recommendations contained in the Report will be implemented beginning in Fiscal Year 1997.
3. Reimbursement payments to municipalities will be made once a year, by October 1.
4. Reimbursements for Fiscal Year 1997 will be based upon Fiscal Year 1995 actual, audited expenditures from the County's comprehensive annual financial report. Thereafter annual reimbursements will continue to be based upon the actual audited expenditures using a similar two year interval.
5. Municipalities will not be required to submit their expenditures but will be required to provide annual certification of eligible services
6. The Task Force will meet annually to review the municipal revenue program.

7. To the extent that the County Council is required to meet annually and discuss with each municipality the rate for assessments or the tax reimbursement program, the Council delegates this duty to the County Executive or his delegate, who should then report back to the County Council.

This is a correct copy of Council action.

/s/

Mary A. Edgar, CMC
Secretary of the Council

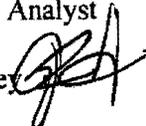
APPROVED:

/s/

Douglas M. Duncan
County Executive

MEMORANDUM

December 5, 2014

TO: Jacob Sesker, Senior Legislative Analyst
FROM: Josh Hamlin, Legislative Attorney 
SUBJECT: Calculation of municipal reimbursement under the County Municipal Revenue Program

Question

You have asked whether the County reimbursement to municipalities under Chapter 30A, Montgomery County Municipal Revenue Program, may be calculated based on the County's actual, net, property tax¹ funded expenditures on an eligible service?

Background

The history and provisions of the State income tax distribution law, the State tax duplication law, and the County tax duplication law are discussed at some length in the memorandum dated August 30, 2002 from Associate County Attorney Betty N. Ferber to Robert K. Kendal, Director of the Office of Management and Budget (the "Ferber memorandum"). This memorandum will briefly summarize the provisions of these laws without exploring their history, except where the legislative history contributes to the resolution of the question.

State Law

There are two general provisions of State law pertinent to this discussion: income tax distribution and property tax duplication.² With regard to income tax, State law³ requires the State Comptroller to distribute to each municipal corporation the greater of 17% of the county income tax liability of the municipal corporation's residents or 0.37% of the Maryland taxable income of those residents. The State property tax duplication law⁴ was originally enacted in 1975 to address the tax inequity arising from municipal residents paying property tax to both the

¹ References to property tax include both real and personal property tax unless otherwise specified.

² For a full discussion of these provisions, see the above-referenced Ferber memorandum.

³ MD Tax-General Code, § 2-607.

⁴ MD Tax-Property Code, § 6-305 applies to several counties, including Montgomery County, and mandates a "tax setoff" in certain circumstances. Other counties are subject to the permissive provisions of § 6-306.

County and the municipality.⁵ It requires certain counties, Montgomery County included, to grant a tax setoff⁶ to a municipal corporation “if it can be demonstrated that a municipal corporation performs services or programs instead of similar county services or programs.” The operative provision of the law, for determining the county property tax rate in a municipality is as follows:

“in determining the county property tax rate to be set for assessments of property in a municipal corporation, the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and
- (2) the extent that the similar services and programs are funded by property tax revenues.”

County Law

The Montgomery County Municipal Revenue Program, Chapter 30A of the County Code (the “Program”), was enacted in 1973, and has largely remained unchanged since that time. The Program was established “to reimburse municipalities within the county for those public services provided by the municipalities which would otherwise be provided by the county government.” Section 30A-3 provides that “each participating municipality shall be reimbursed by an amount determined by the county executive to approximate the amount of municipal tax revenues required to fund the eligible services,” but limited to “the amount the county executive estimates the county would expend if it were providing the services.” Section 30A-4 then further subjects any reimbursements made under the Program to the limits of the funds appropriated by the County Council.

The Program has been implemented through a series of resolutions⁷ which have adopted recommendations of Task Forces established to consider the operation of the Program, and set forth the municipal expenditures to be reimbursed and the procedures for determining the amount of the reimbursement. In 1982, the Council adopted the second of these resolutions, Resolution 9-1752, which accepted and adopted the recommendations of the Task Force on County-Municipality Financial Relationships. One of the guiding principles followed by the 1982 Task Force in making its recommendations was that “the reimbursement is for *property tax duplication* and is, therefore, *limited to expenses financed with property tax revenues* paid by all County taxpayers.” (Emphasis supplied)

The most recent of the resolutions, Resolution 13-650, adopted in 1996, accepted the report and recommendations of the Montgomery County Task Force to Study the Municipal Tax

⁵ The County property tax is established in MD Tax-Property Code, § 6-302. The municipal corporation property tax is established in MD Tax-Property Code, § 6-303.

⁶ “Tax setoff” is defined § 6-305(a) as “(1) the difference between the general county property tax rate and the property tax rate that is set for assessments of property in a municipal corporation; or (2) a payment to a municipal corporation to aid the municipal corporation in funding services or programs that are similar to county services or programs.” The “reimbursement” referred to in County law is a tax setoff as so defined.

⁷ Resolution 8-2222 (1978), Resolution 9-1752 (1982), and Resolution 13-650 (1996).

Duplication Reimbursement Program. The 1996 Task Force report accepted via Resolution 13-650 included the following statement:

“The basis for the reimbursement program should be the amount the County would spend to provide a duplicated service rather than the amount spent by a municipality to provide the service. Therefore, *the rebate to the municipalities should be based on the County’s actual, net, property tax funded expenditures* for a given service. The reimbursement formula should not include services provided by a municipality but not provided by the County.” (Emphasis supplied)

Thus, since 1982, the Program has been implemented under the premise that the Program is a “property tax duplication” reimbursement program, and that only County property tax funded expenditures should be considered within its context.

Discussion

State law does not require any particular formula for a tax setoff, and specifically contemplates property tax funded services

As noted above, the State tax duplication law applicable to the County, MD Tax-Property Code § 6-305, requires the County to provide a tax setoff if a municipal corporation demonstrates that it performs certain services in lieu of similar services performed by the County. However, the State law does not provide a specific formula for the setoff beyond the mandatory consideration of the services provided by the municipality instead of similar county services and the extent that the similar services are funded by *property tax* revenues. By the express language of the State law, and further evidenced by its location in the Tax-Property Article, the State *mandate* is limited to County property tax funded services.

The limitation of the tax setoff requirement to property tax funded services is consistent with the generally accepted goal of the tax duplication law: relieving municipal taxpayers of the tax inequity created by paying the same tax, *i.e.*, property tax, while only receiving the service once. Property tax is the only tax that is paid to both the municipality and the County, and hence is the only tax *duplication*. This stands in stark contrast to the income tax which, by operation of State law, is already distributed directly to the municipality. Under MD Tax-General Code § 2-608, the County receives its income tax distribution only after various distributions are made, including the distribution to municipalities of the municipal share of the County’s income tax revenue, as described above. The fact that municipalities receive a share of the total County income tax revenue makes tax duplication in this area an impossibility. To include income tax funded County services in the tax setoff calculation would result in a different tax inequity: the municipalities essentially receiving double compensation for the provision of the portion of services funded by income tax revenues.⁸

⁸ It is worth noting that the Ferber memorandum, while expressing a view that “technically” the County’s cost for an eligible service may not be limited to the portion attributed to the property tax, references the real property transfer tax and fuel energy tax as examples of other County taxes imposed on municipal taxpayers. The omission of a reference the income tax evidences an understanding that, in any event, income tax funded services should *not* be included in the tax setoff calculation.

County law permits the exclusion of income tax and other non-property tax revenue sources

The County's enactment of Chapter 30A predates the State property tax duplication law, and does not specifically reference property tax at all. However, the legislative history indicates that the Program was, from the outset intended to be a property tax duplication program. Before a full discussion of this history, it is necessary to clarify that any reference to County expenditures is a reference to the *limitation* on the amount of the reimbursement, not the amount of the reimbursement. The amount of the reimbursement is "an amount determined by the county executive to approximate the amount of *municipal tax revenues* required to fund the eligible services." (Emphasis supplied) This distinction is important, because the discussion up to this point has been about how the amount is calculated, *not* on the limitation expressed in County law. The implementing resolutions each provide for a means of calculating the reimbursement, not limiting it.

If the reimbursement under Chapter 30A is to approximate the amount of municipal tax revenues required to fund the eligible services, then what are "municipal tax revenues?" The legislative history of the Bill that ultimately became Chapter 30A gives a clear indication that the term "municipal tax revenues" is synonymous with revenues that a municipality raises from *its own taxes*, and that are paid both to the County and the municipality, *i.e.*, property taxes. This understanding, and the intent of the law, is evident from the following references:

- Memorandum from County Executive James P. Gleason, dated May 25, 1973, which accompanied Bill 32-73: "We have concluded after careful analysis that municipal citizens pay twice for certain services – to the County and *to their local jurisdiction* – while receiving these services only from the municipality." The purpose of the program would be to "return annually to each municipality an amount equal to the estimated *duplicated* taxes paid by its residents for eligible services."⁹
- The proposal for FY 1974 was a grant in the amount of the greater of: (1) \$1,000; or (2) two-thirds of the amount the municipality *must raise from its own taxes* to provide the eligible services.¹⁰
- Repeated references to tax "duplication" or "overlap" throughout legislative history: Final report on the Montgomery County Municipal Revenue Program¹¹:
 - "The estimated overlap defined as two-thirds the amount which a municipality must raise from its own taxes to provide the eligible services."¹²
 - Chart showing the calculation of the "overlap," nets out "shared gas, racing revenue" and "shared income tax, other revenue."¹³
 - "... municipal residents were suffering a tax inequity by being *taxed twice*, once by the County and again by their municipal government, but receiving services only once."¹⁴

⁹ OLO Report, "Municipal Tax Duplication and Revenue Sharing in Montgomery County MD," Appendix ©119.

¹⁰ Id., ©120.

¹¹ Id., ©121-127.

¹² Id., ©122.

¹³ Id., ©123.

¹⁴ Id., ©124.

Not only is the intent that the Program be a property tax duplication program evident from the legislative history of the law's formative stages, but it is also consistent with the law's subsequent history. As noted above, the two most recent implementing resolutions, in 1982 and 1996, have reflected the view that the Program seeks to address the issue of double taxation within the context of property tax. The reimbursement of expenses financed with property tax revenues, based on the County's actual, net, property tax funded expenditures represents the Council's understanding of the intent of Chapter 30A. As expressed in the Ferber memorandum:

The actual formulas and procedures for making payments to municipalities in Montgomery County were not contained in Chapter 30A, but in Resolutions that the County Council approved since enactment of Chapter 30A, in 1978, 1982 and 1996. In each of these years the County Council has had an opportunity to revisit the legislation, and the formulas and procedures used to justify the payments to municipalities. By approving each Task Force's Report in these Resolutions, the County Council has in effect approved the methods used over the years for calculating the payments, and determined that those methods were consistent with Chapter 30A and its legislative intent.

Conclusion

In consideration of the legislative history of Chapter 30A and the implementing resolutions adopted by the County Council, and viewed in relation to the State law concerning income tax distribution and property tax duplication, the calculation of the reimbursement to municipalities based the County's actual, net, property tax funded expenditures for eligible services is proper and consistent with the law's intent.¹⁵

¹⁵ It is possible to reach a technical conclusion, as was expressed in the Ferber memorandum, that the *limitation* contained in the second sentence of §30A-3, "to the amount the county executive estimates the county would expend if it were providing the services," may not be limited to the portion attributed to the property tax, but the upper limit of the reimbursement is not the subject of this discussion.

General Fund Revenues in FY13

Unit of measure

Revenue	Amount	% of total
Property tax	1,036,526,750	37.2%
County Income Tax	1,317,533,090	47.3%
Real Property Transfer Tax	84,391,394	3.0%
Recordation Tax	57,635,661	2.1%
Energy Tax	223,948,716	8.0%
Hotel/Motel Tax	18,910,872	0.7%
Telephone Tax	45,696,525	1.6%
Other	3,178,502	0.1%
Total taxes	2,787,821,510	100.0%

Data is located on Schedule C-3 of the PSP Budget

Income Tax Revenue	Amount	% of total
Income tax to the County	1,317,533,090	97.2%
Income tax to the municipalities	37,642,038	2.8%
Total income taxes	1,355,175,128	48.6%

Income Tax Revenue Attributable to Municipal Taxpayers	Amount	% of total
Paid to municipalities	37,642,038	17.0%
Paid to county	183,781,715	83.0%
Total income tax revenue attributable to municipal taxpayers	221,423,753	100.0%

Income Tax Revenue to County	Amount	% of total
From non-municipal taxpayers	1,133,751,375	86.1%
From municipal taxpayers	183,781,715	13.9%
Total income tax revenue to County	1,317,533,090	100.0%

Montgomery County General Fund Tax-Supported Expenditures	Amount	% of total
General Government	(140,475,247)	13.8%
Public Safety	(338,449,159)	33.4%
Transportation	(58,922,461)	5.8%
Health and Human Services	(177,994,724)	17.5%
Libraries, Culture and Recreation	(30,879,652)	3.0%
Community Development and Housing	(13,874,693)	1.4%
Environment	(1,489,826)	0.1%
NDA's	(229,902,360)	22.7%
Utilities	(22,680,448)	2.2%
Total MCG General Fund	(1,014,668,570)	100%

Example: MCG Tax Supported General Fund

Revenue	Amount	% of total
Property tax	(377,259,129)	37.2%
County Income Tax	(479,535,512)	47.3%
Real Property Transfer Tax	(30,715,487)	3.0%
Recordation Tax	(20,977,345)	2.1%
Energy Tax	(81,509,423)	8.0%
Hotel/Motel Tax	(6,882,890)	0.7%
Telephone Tax	(16,631,921)	1.6%
Other	(1,156,862)	0.1%
Total taxes	(1,014,668,570)	100.0%

Total: income tax funded portion	(479,535,512)	100.00%
From non-municipal taxpayers	(412,645,459)	86.1%
From municipal taxpayers	(66,890,053)	13.9%

Proportional expenditures for GF Tax Supported MCG	2013 Population	% of total	Proportional cost	Income tax cost	% of proportional cost
Municipal	168,157	16.7%	(169,824,258)	(66,890,053)	39.4%
Non-municipal	836,552	83.3%	(844,844,312)	(412,645,459)	48.8%
Total population	1,004,709	100.0%	(1,014,668,570)	(479,535,512)	47.3%

Per capita cost of GF Tax Supported MCG	2013 Population	Per capita cost	Inc. tax@47.3%	Actual Income Tax	Non-income Tax Funded	Total Per Capita Cost	Share
Municipal	168,157	(1,009.91)	(\$477.29)	(\$397.78)	(\$532.62)	(\$930.41)	(\$156,454,840)
Non-municipal	836,552	(1,009.91)	(\$477.29)	(\$493.27)	(\$532.62)	(\$1,025.89)	(\$858,213,730)
Total population	1,004,709	(1,009.91)	(\$477.29)	(\$477.29)	(\$532.62)	(\$1,009.91)	(\$1,014,668,570)

Subsidy	
Total Per Capita Cost to Municipal Residents	(930.41)
Total Per Capita Cost to Non-Municipal Residents	(1,025.89)
Total Per Capita Cost (Municipal and Non-Municipal)	(1,009.91)
Subsidy (Per Capita) to Municipal Taxpayers	(79.51)
Total MCG Tax Supported GF Subsidy to Municipal Taxpayers (Income Tax)	(13,369,417)
Subsidy as % of Service Cost	7.87%
Subsidy (Per Capita) from Non-Municipal Taxpayers	(15.98)

