

Worksession

MEMORANDUM

May 17, 2016

TO: County Council

FROM: Jacob Sesker, Senior Legislative Analyst *JS*

SUBJECT: FY17 Property Tax: Amount of Revenue, Credit, and Rate

Staff Recommendations:

1. Set the amount of the credit at \$692.
2. Set the amount of revenue after finalizing key decisions on other revenues and expenditures.
3. Derive the rate from the credit and amount of revenue.

1. Background

The Council must set the amount of the property tax credit for income tax offset, the amount of property tax revenue that should be raised to fund the FY17 budget, and the weighted average property tax rate. **Decisions on any two of these will effectively determine the third**—for example, the weighted average property tax rate can be derived arithmetically by determining the amount of the property tax credit and the amount of property tax revenue.¹

From FY10 through FY16 the County Executive (CE) has proposed property tax revenue that is at or below the so-called Charter Limit.² When property tax revenue is to be set at the Charter Limit, a decision on the credit amount essentially solves the entire property tax equation—in such cases, both the amount of property tax revenue and the tax rate can be derived from the assessable base and a policy decision regarding the credit amount.

¹ These decisions ultimately take the form of a resolution to set the property tax credit for income tax offset and a tax levy resolution that includes the tax rates for all of the property taxes that are part of the weighted property tax rate.

² Charter §305 limits increases in real property tax revenue to the rate of inflation, excluding specified exceptions (new construction, development districts, etc.). Nine affirmative votes are required to exceed the Charter limit.

Because the CE’s recommended FY17 budget cannot be balanced without exceeding the Charter Limit, the Council’s FY17 decisions on the property tax rate, amount, and credit are more complicated. As of the writing of this memorandum, the Council must still make several decisions that affect or relate to the property tax, including:

- Will the Council decide to increase recordation tax rates?
- Will the Council change the level of “current revenue” funding for the FY17 capital budget?
- What final changes to revenues and expenditures will be included in the FY17 budget reconciliation?
- What impact will any changes to FY16 expenditures have on the resources available to fund the FY17 budget?

Not all of these decisions will be finalized on May 18. Council staff recommends setting the amount of the credit on May 18. While the Council should discuss the amount of property tax revenue and the property tax rate, a decision on either the amount of property tax revenue or the property tax rate should be delayed until after other revenue and expenditure decisions have been finalized.

2. FY17 summary

In FY17, the CE’s recommended budget assumes the first property tax increase above the Charter Limit since FY09. Initially, the CE recommended property tax revenue at \$1,738.7 million, or nearly \$140 million above the Charter Limit and \$73 million above the revenue generated by continuing the current rates. On April 6, he recommended reducing FY17 property tax revenue by \$33.7 million (to \$1,705.0 million) to reflect the FY17 savings that resulted from Maryland SB 766. SB 766 stretched out local government *Wynne* repayments to the State, thereby reducing the County’s FY17 income tax write-down.

Table 1: Rate, amount and credit – FY16 vs. FY17 scenarios

	Rate (\$/\$100)	Credit (\$)	Revenue (\$Millions)
FY16	0.9870	692	\$1,582.6
FY17 @ Charter Limit	0.9517	692	\$1,599.5
FY17 @ Current Rates	0.9870	692	\$1,665.4
FY17 @ CE's March 15	1.0264	692	\$1,738.7
FY17 @ CE's April 6	1.0084	692	\$1,705.0

The real property assessable base increased from \$170.5 billion in FY16 to \$179.3 billion in FY17. See © 7-9. Because of rising assessed values, the average residential taxpayer would experience a 3.8 percent increase in their annual property tax bill *at current rates*. That increase would be 8.68 percent at the CE’s March 15 rates, and 6.45 percent at the CE’s April 6 rates.

Table 2: Impact for average residence - FY16 vs. FY17 scenarios

	Average Assessment	Real Property Tax Rate	Income Tax Offset Credit	Property Tax Bill	Difference vs. FY16 (\$)	Difference vs. FY16 (%)
FY16	\$450,000	\$0.9870	\$692	\$3,750	\$0	0.00%
FY17 @ Charter Limit	\$464,441	\$0.9517	\$692	\$3,728	(\$21)	-0.57%
FY17 @ FY16 ("Current") Rates	\$464,441	\$0.9870	\$692	\$3,892	\$143	3.80%
FY17 @ CE's March 15 Rates	\$464,441	\$1.0264	\$692	\$4,075	\$326	8.68%
FY17 @ CE's April 6 Rates	\$464,441	\$1.0084	\$692	\$3,991	\$242	6.45%

3. Property tax credit – income tax offset

Under County Code §52-11B, the Council is authorized to set, by resolution, the amount or rate of a property tax credit to offset a portion of the income tax revenue resulting from a County income tax rate that is higher than 2.6 percent (the County income tax rate is currently 3.2 percent). The credit applies only to owner-occupied principal residences.

§52-11B(c): The County Council must set the amount or rate of the credit under this Section annually by resolution, adopted no later than the date the Council sets the property tax rates. A public hearing must be held, with at least 15 days' notice, before the Council adopts a resolution under this Section. The amount or rate of the credit must, in the Council's judgment, offset some or all of the income tax revenue resulting from a County income tax rate higher than 2.6%. The Council must set the amount of the credit at zero for any tax year in which the rate of the County income tax does not exceed 2.6%.

For FY17, Finance estimates that approximately 244,000 households will be eligible for the credit. At \$692 per eligible household,³ total credits for those households are estimated at \$169.4 million (not all households are eligible for the entire \$692 credit), making it the most significant tax credit expenditure in the County's annual operating budget.

Table 3: Weighted property tax rates and income tax offset credit (FY00/LY99 to current)

Fiscal Year	Weighted real property tax rate (per \$100)	Change	ITOC
2000	\$1.006	(\$0.011)	\$0
2001	\$1.006	\$0.000	\$0
2002	\$1.006	\$0.000	\$0
2003	\$1.005	(\$0.001)	\$0
2004	\$1.005	\$0.000	\$0
2005	\$0.995	(\$0.010)	\$0
2006	\$0.953	(\$0.042)	\$116
2007	\$0.903	(\$0.050)	\$221
2008	\$0.903	\$0.000	\$613

³ The Council sets the credit as a specific amount, rather than as a percentage of value, although both approaches are allowed by law.

Fiscal Year	Weighted real property tax rate (per \$100)	Change	ITOC
2009	\$0.903	\$0.000	\$579
2010	\$0.904	\$0.001	\$690
2011	\$0.904	\$0.000	\$692
2012	\$0.946	\$0.042	\$692
2013	\$0.991	\$0.045	\$692
2014	\$1.010	\$0.019	\$692
2015	\$0.996	(\$0.014)	\$692
2016	\$0.987	(\$0.009)	\$692
2017R	\$1.0084	\$0.0214	\$692

Historically, the amount of the credit has moved in one direction. The Council reduced the credit once since 2000—from \$613 in FY08 to \$579 in FY09, before increasing it to \$690 the following year. The Council has set the credit at its current level of \$692 when funding the FY11 to FY16 budgets, and the CE has proposed setting the credit at \$692 again for FY17. Property tax bill scenarios with a credit of \$692 are attached at © 10. Property tax bill scenarios with a credit of \$742 are attached at © 11.

- **If the Council increases the credit, then tax rates will have to increase in order to raise the same amount of revenue.**
- **If the Council decreases the credit, then rates can be reduced or additional resources will be available to fund the budgets.**

The Council must set the amount of the property tax credit by resolution. A resolution to set the credit at the CE’s recommended amount (\$692) is attached at © 1.

Council staff recommendation: The Council should set the amount of the credit on May 18. Council staff recommends setting the credit at \$692.

4. Amount of property tax revenue

The property tax is a significant and stable source of funding for the budgets. A ten-year history of revenue by category shows that property tax revenue as a percentage of total revenue has remained relatively constant over the past decade (between a low of 29.8 percent in FY08 and a high of 34.6 percent in FY10). *See Schedule F-2 (10-year history of revenue)*, © 2. Viewing the property tax in the context of all revenue is important because the County has a diverse revenue portfolio.⁴

The real (adjusted for inflation) average household tax burden in FY17 (\$6,093) would be higher than in FY16 (\$5,964) but below FY08 and FY09. *See Average Tax Burden*, © 3. Similarly, County taxes as a share of personal income in FY17 (4.16 percent) will be more or less in line with FY16 (4.18 percent) and FY15 (4.14 percent). *See County Taxes as a Share of Personal Income*, © 4.

The CE’s March 15 recommended amount (\$1,738.7 million) and his April 6 amount (\$1,705.0 million) would both represent significant increases when compared to FY16. From FY08 through

⁴ The County Executive’s FY17 recommended (March 15) Fiscal Plan Summary is attached at © 12. The Fiscal Plan Summary shows revenues from all sources and agency/non-agency uses of funds for the years FY17-22.

FY16, annual property tax revenue increased by 29 percent, in spite of the fact that most year-to-year changes were small. During that time, the largest year-to-year change was an increase of \$150.9 million from FY08 to FY09 (12 percent). The Council is considering an increase from FY16 to FY17 that could be either somewhat larger or smaller than the FY08 to FY09 increase.

Council staff recommendation: Set the amount of property tax revenue after finalizing other key decisions on revenues (e.g., recordation tax rates) and expenditures (e.g., reconciliation list items).⁵

5. Property tax rate

The property tax rate is a function of the taxable base (the value of taxable property), credits, and the amount of revenue to be raised by the property tax. The taxable real property base is known.⁶ If the credit is set, then the only remaining variable is the amount of property tax revenue that will be necessary to fund the budgets. **Once the Council has decided on both the credit amount and the amount of property tax revenue, the property tax rate can be derived arithmetically.** Alternatively, the Council could decide to set a rate and then derive the amount of revenue from the rate and credit. This alternative approach is both more complicated and more abstract.

The CE's recommended weighted average property tax rate in FY17 (\$1.0084 per \$100) is 2.14 cents higher than the FY16 rate (\$0.9870 per \$100). *See Schedule F-6 (Historical Analysis of Weighted Real Property Tax Rates), © 6.* This increase is large relative to the annual changes from FY13 to FY16, but below the size of the FY11 to FY12 increase of 4.2 cents, and also below the FY12 to FY13 increase of 4.5 cents.

The Council must approve a levy resolution with all of the property tax rates. Action on the levy resolution and all budget resolutions is scheduled for Thursday, May 26, 2016.

Council staff recommendation: Derive the rate from the decisions on the credit (May 18) and revenue amount (May 19).

- Attachments:
- © 1 Proposed resolution to set the income tax offset credit
 - © 2 Schedule F-2 (10-Year History of Revenue)
 - © 3 Average Tax Burden
 - © 4 County Taxes as a Share of Personal Income
 - © 5 Schedule F-5 (10-Year History of Property Tax Rates)
 - © 6 Schedule F-6 (Historical Analysis of Weighted Real Property Tax Rates)
 - © 7 Real Property Assessable Base
 - © 8 Personal Property Assessable Base
 - © 9 Assessable Base, Rates, Collection Factors and Revenue
 - © 10 Property Tax Bill Scenarios, \$692 Credit, Assessed Values (Incr. \$150k)
 - © 11 Property Tax Bill Scenarios, \$742 Credit, Assessed Values (Incr. \$150k)
 - © 12 Recommended FY17 Tax Supported Fiscal Plan Summary

F:\Sesker\project files\FY17 Property Tax\drafts\FY17 property tax options COUNCIL.doc

⁵ Alternatively, the Council could decide the amount of property tax revenue on May 18, and then use that amount as a limit on resources or to derive the amount of additional resources to be raised from other sources.

⁶ See Real Property Assessable Base, © 7; Personal Property Base, © 8; and Base, Rate, Collection Factors and Revenue, © 9.

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the request of the County Executive

SUBJECT: Property Tax Credit for Income Tax Offset

Background

1. County Code Section 52-11B authorizes the County Council by resolution to set the rate or amount of the property tax credit to offset certain income tax revenues resulting from a County income tax rate higher than 2.6%.
2. The County Executive has recommended the amount of property tax credit under County Code Section 52-11B for the tax year beginning July 1, 2016 to be \$692 for each eligible taxpayer.
3. A public hearing was held on April 26, 2016.

Action

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

The amount of the property tax credit under County Code Section 52-11B for the tax year beginning July 1, 2016 is \$692 for each eligible taxpayer.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council



Schedule F-2

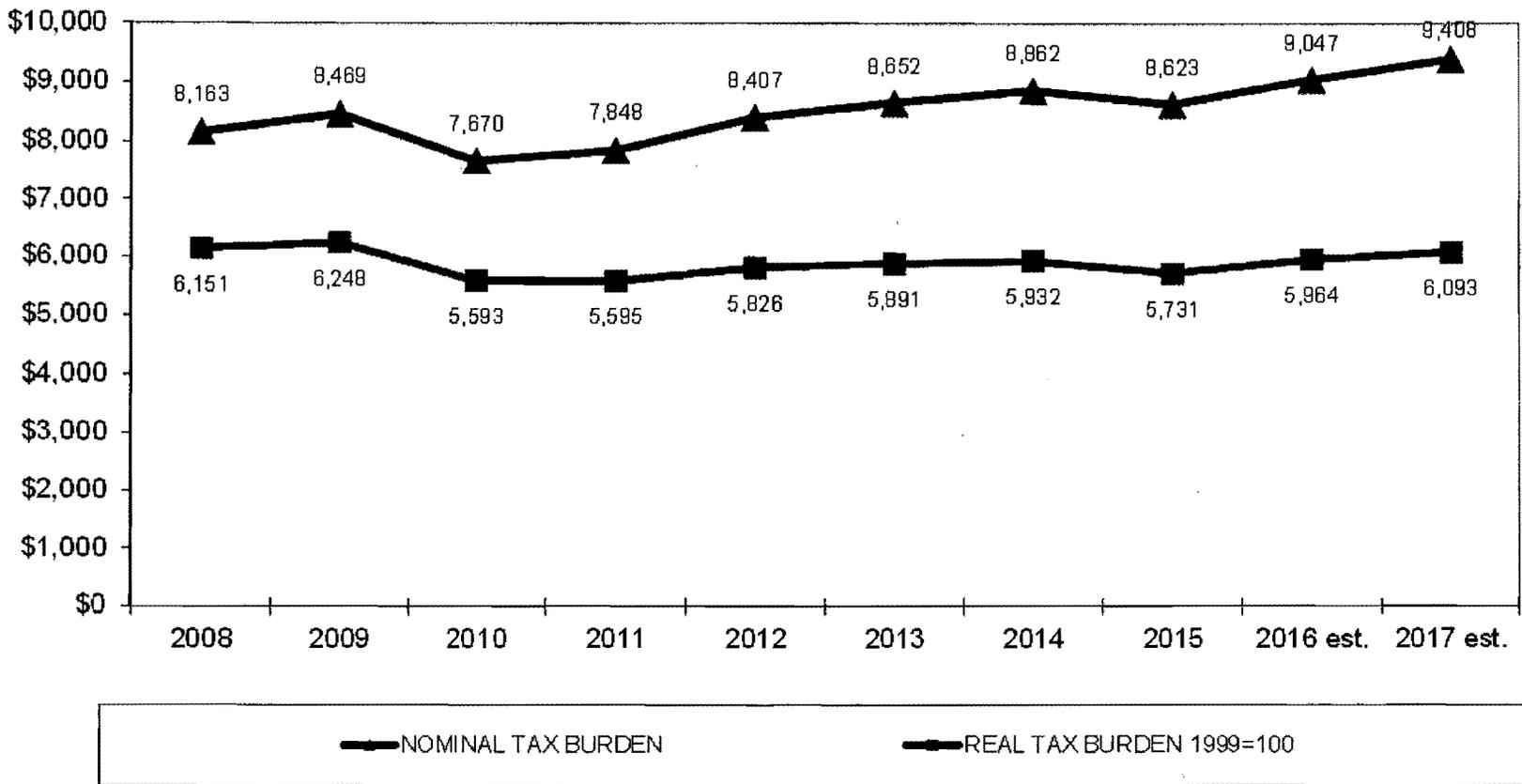
TEN YEAR HISTORY OF REVENUE BY MAJOR CATEGORY AND AS A PERCENT OF TOTAL REVENUE

(in millions)

FISCAL YEAR	PROPERTY TAX		INCOME TAX		TRANSFER TAX		OTHER TAXES		LICENSES & PERMITS		CHARGES FOR SERVICES		INTERGOV .AID		FINES & MISC REVENUE		TOTAL REVENUE
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
FY17 Recommended	1,738.7	32.4	1,453.9	27.1	184.1	3.4	280.8	5.2	60.9	1.1	413.9	7.7	1,079.4	20.1	150.6	2.8	5,362.3
FY16 Estimate	1,580.8	30.8	1,438.1	28.0	184.7	3.6	279.4	5.4	58.9	1.1	410.3	8.0	1,033.3	20.1	150.3	2.9	5,135.9
FY16 Approved	1,582.6	30.9	1,433.4	28.0	162.2	3.2	283.5	5.5	50.9	1.0	418.4	8.2	1,041.7	20.3	152.7	3.0	5,125.5
FY15 Actual	1,549.2	31.5	1,310.8	26.7	156.2	3.2	280.3	5.7	49.7	1.0	407.1	8.3	1,015.7	20.7	143.2	2.9	4,912.3
FY14 Actual	1,537.8	31.0	1,376.8	27.7	152.5	3.1	287.6	5.8	54.2	1.1	403.0	8.1	982.8	19.8	167.2	3.4	4,961.9
FY13 Actual	1,486.0	31.2	1,317.5	27.6	151.3	3.2	295.1	6.2	52.1	1.1	389.0	8.2	939.4	19.7	136.5	2.9	4,767.0
FY12 Actual	1,447.9	31.3	1,255.1	27.2	127.3	2.8	295.3	6.4	50.0	1.1	371.5	8.0	911.2	19.7	163.0	3.5	4,621.3
FY11 Actual	1,430.2	33.1	1,039.2	24.1	129.5	3.0	305.2	7.1	41.3	1.0	352.9	8.2	879.0	20.4	141.8	3.3	4,319.2
FY10 Actual	1,447.4	34.6	1,042.1	24.9	125.1	3.0	205.6	4.9	38.1	0.9	328.2	7.8	861.2	20.6	140.9	3.4	4,188.5
FY09 Actual	1,374.9	32.4	1,291.7	30.5	109.8	2.6	179.2	4.2	33.1	0.8	313.2	7.4	782.5	18.5	153.6	3.6	4,238.1
FY08 Actual	1,224.0	29.8	1,291.3	31.5	135.0	3.3	168.7	4.1	37.6	0.9	298.1	7.3	774.8	18.9	173.2	4.2	4,102.8

* Totals do not include uses of prior year reserves or transfers

AVERAGE HOUSEHOLD TAX BURDEN MONTGOMERY COUNTY BY FISCAL YEAR

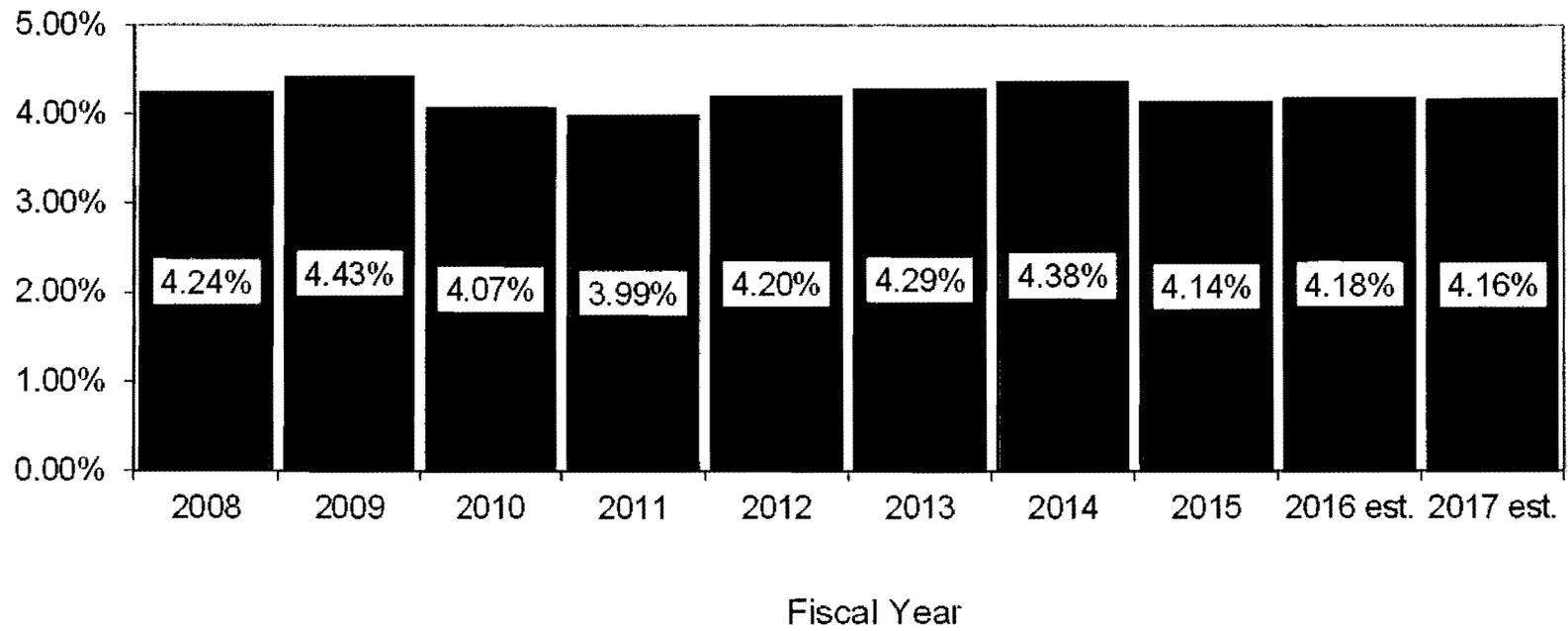


— NOMINAL TAX BURDEN

— REAL TAX BURDEN 1999=100

Prepared by Montgomery County Department of Finance

COUNTY TAXES AS A SHARE OF PERSONAL INCOME MONTGOMERY COUNTY



Prepared by Montgomery County Department of Finance



Schedule F-5

TEN YEAR HISTORY OF PROPERTY TAX RATES FOR TYPICAL PROPERTY OWNER

Tax Rate Per \$100 Assessed Value

FISCAL YEAR	COUNTY	MASS TRANSIT	FIRE	RECREATION	STORM DRAINAGE	M -NCPPC	TOTAL COUNTY	STATE	TOTAL TAX RATE
FY17 - Real	0.7754	0.0510	0.1130	0.0230	0.0030	0.0728	1.0382	0.1120	1.1502
FY17 - Personal	1.9385	0.1275	0.2825	0.0575	0.0075	0.1820	2.5955	n/a	2.5955
FY16 - Real	0.7230	0.0600	0.1160	0.0230	0.0030	0.0742	0.9992	0.1120	1.1112
FY16 - Personal	1.8075	0.1500	0.2900	0.0575	0.0075	0.1855	2.4980	n/a	2.4980
FY15 - Real	0.732	0.040	0.136	0.023	0.003	0.074	1.008	0.112	1.120
FY15 - Personal	1.830	0.100	0.340	0.058	0.008	0.185	2.520	n/a	2.520
FY14 - Real	0.759	0.042	0.125	0.020	0.003	0.072	1.021	0.112	1.133
FY14 - Personal	1.897	0.105	0.313	0.050	0.008	0.181	2.554	n/a	2.554
FY13 - Real	0.724	0.048	0.134	0.021	0.003	0.073	1.003	0.112	1.115
FY13 - Personal	1.810	0.120	0.335	0.052	0.008	0.183	2.508	n/a	2.508
FY12 - Real	0.713	0.038	0.121	0.018	0.003	0.066	0.959	0.112	1.071
FY12 - Personal	1.783	0.095	0.303	0.045	0.008	0.166	2.400	n/a	2.400
FY11 - Real	0.699	0.037	0.097	0.018	0.003	0.061	0.915	0.112	1.027
FY11 - Personal	1.747	0.092	0.242	0.045	0.007	0.153	2.286	n/a	2.286
FY10 - Real	0.683	0.037	0.105	0.019	0.003	0.069	0.916	0.112	1.028
FY10 - Personal	1.707	0.092	0.262	0.047	0.007	0.173	2.288	n/a	2.288
FY09 - Real	0.661	0.040	0.116	0.022	0.003	0.073	0.915	0.112	1.027
FY09 - Personal	1.652	0.100	0.290	0.055	0.007	0.182	2.286	n/a	2.286
FY08 - Real	0.627	0.058	0.126	0.024	0.003	0.078	0.916	0.112	1.028
FY08 - Personal	1.567	0.145	0.315	0.060	0.007	0.195	2.289	n/a	2.289



Schedule F-6

HISTORICAL ANALYSIS OF WEIGHTED REAL PROPERTY TAX RATES MONTGOMERY COUNTY

Average Weighted Rate Per \$100 of Assessed Value

Fiscal Year	Total	Maryland	Municipalities	Montgomery County
2017	\$1.1859	\$0.1120	\$0.0475	\$1.0264
2016	\$1.1420	\$0.1120	\$0.0430	\$0.9870
2015	\$1.152	\$0.112	\$0.044	\$0.996
2014	\$1.167	\$0.112	\$0.045	\$1.010
2013	\$1.148	\$0.112	\$0.045	\$0.991
2012	\$1.101	\$0.112	\$0.043	\$0.946
2011	\$1.060	\$0.112	\$0.044	\$0.904
2010	\$1.057	\$0.112	\$0.041	\$0.904
2009	\$1.055	\$0.112	\$0.040	\$0.903
2008	\$1.057	\$0.112	\$0.042	\$0.903

Notes:

"Montgomery County" is the weighted average of proposed rates for the tax-supported property revenues and do not include parking lot districts.

"Municipalities" are the weighted average of approximately 23 municipal districts and are based on actual tax rates and taxable assessments for FY16.

MONTGOMERY COUNTY DEPARTMENT OF FINANCE

MARCH 2016

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**COUNTYWIDE AND SPECIAL DISTRICT AREA ASSESSABLE BASES
REAL PROPERTY
MONTGOMERY COUNTY**

SCHEDULE D

	Actual FY2015	Estimated FY 2016 (\$000's)	Estimated FY 2017 (\$000's)	Estimated FY 2018 (\$000's)	Estimated FY2019 (\$000's)	Estimated FY2020 (\$000's)	Estimated FY2021 (\$000's)	Estimated FY2022 (\$000's)
Countywide:	163,656,758,206	170,581,100	179,259,900	188,299,600	195,540,600	201,615,500	207,860,800	215,335,300
Storm Drainage	138,479,509,432	144,338,600	151,682,200	159,331,300	165,458,300	170,598,600	175,883,100	182,207,700
Mass Transit	163,656,758,206	170,581,100	179,259,900	188,299,600	195,540,600	201,615,500	207,860,800	215,335,300
Recreation	143,259,636,479	149,321,000	156,918,100	164,831,200	171,169,700	176,487,400	181,954,400	188,497,300
M-NCP&PC-Metro	142,418,523,986	148,444,300	155,996,800	163,863,400	170,164,700	175,451,200	180,886,100	187,390,600
M-NCP&PC-Regional	142,418,523,986	148,444,300	155,996,800	163,863,400	170,164,700	175,451,200	180,886,100	187,390,600
M-NCP&PC-Land Acq.	163,656,758,206	170,581,100	179,259,900	188,299,600	195,540,600	201,615,500	207,860,800	215,335,300
Fire Consolidated	163,656,758,206	170,581,100	179,259,900	188,299,600	195,540,600	201,615,500	207,860,800	215,335,300
Urban - Bethesda	3,847,149,875	4,009,900	4,213,900	4,426,400	4,596,600	4,739,400	4,886,200	5,061,900
Urban - Silver Spring	3,069,940,569	3,199,800	3,362,600	3,532,200	3,668,000	3,782,000	3,899,200	4,039,400
Urban - Wheaton	562,540,579	586,300	616,100	647,200	672,100	693,000	714,500	740,200
Bradley NAD	41,635,200	43,400	45,600	47,900	49,700	51,200	52,800	54,700
Cabin John NAD	10,503,534	10,900	11,500	12,100	12,600	13,000	13,400	13,900
Parking Districts:								
Bethesda (Com.)	1,630,658,385	1,699,700	1,786,200	1,876,300	1,948,500	2,009,000	2,071,200	2,145,700
Bethesda (Unimp.)	268,588,628	280,000	294,200	309,000	320,900	330,900	341,200	353,500
Silver Spring (Com.)	2,164,406,576	2,256,000	2,370,800	2,490,400	2,586,200	2,666,500	2,749,100	2,848,000
Silver Spring (Unimp.)	330,116,738	344,100	361,600	379,800	394,400	406,700	419,300	434,400
Mont. Hills (Com.)	31,149,779	32,500	34,200	35,900	37,300	38,500	39,700	41,100
Mont. Hills (Unimp)	501,700	500	500	500	500	500	500	500
Wheaton (Comm.)	214,931,472	224,000	235,400	247,300	256,800	264,800	273,000	282,800
Wheaton (Unimp.)	873,700	900	900	900	900	900	900	900

Montgomery County Department of Finance November 2015

GROWTH RATES		2.4%	4.2%	5.1%	5.0%	3.8%	3.1%	3.1%	3.6%
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**COUNTYWIDE AND SPECIAL DISTRICT AREA ASSESSABLE BASES
PERSONAL PROPERTY
MONTGOMERY COUNTY**

	Actual FY 2015	Estimated FY 2016 (\$000's)	Estimated FY 2017 (\$000's)	Estimated FY 2018 (\$000's)	Estimated FY 2019 (\$000's)	Estimated FY 2020 (\$000's)	Estimated FY 2021 (\$000's)	Estimated FY 2022 (\$000's)
Countywide:	3,655,133,210	3,836,900	3,802,800	3,771,260	3,816,700	3,849,700	3,900,800	3,924,200
Storm Drainage	2,855,620,634	2,997,600	2,971,000	2,946,300	2,981,800	3,007,600	3,047,600	3,065,800
Mass Transit	3,655,133,210	3,836,900	3,802,800	3,771,260	3,816,700	3,849,700	3,900,800	3,924,200
Recreation	2,980,124,210	3,128,300	3,100,500	3,074,800	3,111,900	3,138,800	3,180,400	3,199,500
M-NCP&PC-Metro.	2,963,935,430	3,111,300	3,083,700	3,058,100	3,094,900	3,121,700	3,163,100	3,182,100
M-NCP&PC-Regional	2,963,935,430	3,111,300	3,083,700	3,058,100	3,094,900	3,121,700	3,163,100	3,182,100
M-NCP&PC-Land Acq.	3,655,133,210	3,836,900	3,802,800	3,771,260	3,816,700	3,849,700	3,900,800	3,924,200
Fire Consolidated	3,655,133,210	3,836,900	3,802,800	3,771,260	3,816,700	3,849,700	3,900,800	3,924,200
Urban - Bethesda	212,742,460	223,300	221,300	219,500	222,100	224,100	227,000	228,400
Urban - Silver Spring	132,661,910	139,300	138,000	136,900	138,500	139,700	141,600	142,400
Urban - Wheaton	31,882,820	33,500	33,200	32,900	33,300	33,600	34,000	34,200
Bradley NAD	0	0	0	0	0	0	0	0
Cabin John NAD	0	0	0	0	0	0	0	0
Parking Districts:								
Bethesda (Com.)	176,897,550	185,700	184,000	182,500	184,700	186,300	188,800	189,900
Bethesda (Unimp.)	21,182,210	22,200	22,000	21,800	22,100	22,300	22,600	22,700
Silver Spring (Com.)	130,068,050	136,500	135,300	134,200	135,800	137,000	138,800	139,600
Silver Spring (Unimp.)	1,544,290	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Mont. Hills (Com.)	2,511,090	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Mont. Hills (Unimp)	0	0	0	0	0	0	0	0
Wheaton (Comm.)	9,907,080	10,400	10,300	10,200	10,300	10,400	10,500	10,600
Wheaton (Unimp.)	3,166,680	3,300	3,300	3,300	3,300	3,300	3,300	3,300



	Assessable Base		Tax Rate		Collection Factor		Property Tax Credits	Net Property Tax Revenue		
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property		Real Property	Personal Property	Total
	Estimated FY 2017 (\$000's)	Estimated FY 2017 (\$000's)	Estimated FY 2017 (/\$100)	Estimated FY 2017 (/\$100)	Estimated FY 2017 (%)	Estimated FY 2017 (%)		Estimated FY 2017 (\$000's)	Estimated FY 2017 (\$000's)	Estimated FY 2017 (\$000's)
Countywide:	179,259,900	3,802,800	\$0.7754	\$1.9385	99.1%	97.4%		\$1,199,077.39	\$71,800.63	\$1,270,878.02
Storm Drainage	151,682,200	2,971,000	\$0.0030	\$0.0075	98.9%	97.5%		\$4,500.41	\$217.25	\$4,717.67
Mass Transit	179,259,900	3,802,800	\$0.0510	\$0.1275	98.9%	97.5%		\$90,416.90	\$4,727.36	\$95,144.26
Recreation	156,918,100	3,100,500	\$0.0230	\$0.0575	98.9%	97.5%		\$35,694.16	\$1,738.22	\$37,432.38
M-NCP&PC-Metro.	155,996,800	3,083,700	\$0.0548	\$0.1370	98.9%	97.5%		\$84,545.90	\$4,119.05	\$88,664.95
M-NCP&PC-Regional	155,996,800	3,083,700	\$0.0170	\$0.0425	98.9%	97.5%		\$26,227.74	\$1,277.81	\$27,505.55
M-NCP&PC-Land Acq.	179,259,900	3,802,800	\$0.0010	\$0.0025	98.9%	97.5%		\$1,772.88	\$92.69	\$1,865.57
Fire Consolidated	179,259,900	3,802,800	\$0.1130	\$0.2825	98.9%	97.5%		\$200,335.49	\$10,474.34	\$210,809.82
Urban - Bethesda	4,213,900	221,300	\$0.0120	\$0.0300	98.9%	97.5%		\$500.11	\$64.73	\$564.84
Urban - Silver Spring	3,362,600	138,000	\$0.0240	\$0.0600	98.9%	97.5%		\$798.15	\$80.73	\$878.88
Urban - Wheaton	616,100	33,200	\$0.0300	\$0.0750	98.9%	97.5%		\$182.80	\$24.28	\$207.07
Bradley NAD	45,600	0	\$0.0000	\$0.0000	98.9%	97.5%		\$0.00	\$0.00	\$0.00
Cabin John NAD	11,500	0	\$0.0000	\$0.0000	98.9%	97.5%		\$0.00	\$0.00	\$0.00
Credits & Misc.										
Homeowner Tax Credit+Senior Credit										(\$4,945)
Energy Credits										(\$3,144)
Income Tax Offset										(\$169,354)
Other Credits										(\$3,884)
Prior Year										(\$180)
Penalties & Interest										\$3,112
Sub-total Credits & Misc										(\$178,394)
Total								\$1,644,052	\$94,617	\$1,738,669

6

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$300,000	\$2,269	
FY17 @ Charter Limit	0.9517	692	\$309,627	\$2,255	(\$14)
FY17 @ Current Rates	0.9870	692	\$309,627	\$2,364	\$95
FY17 @ CE's March 15	1.0264	692	\$309,627	\$2,486	\$217
FY17 @ CE's April 6	1.0084	692	\$309,627	\$2,430	\$161

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$450,000	\$3,750	
FY17 @ Charter Limit	0.9517	692	\$464,441	\$3,728	(\$21)
FY17 @ Current Rates	0.9870	692	\$464,441	\$3,892	\$143
FY17 @ CE's March 15	1.0264	692	\$464,441	\$4,075	\$326
FY17 @ CE's April 6	1.0084	692	\$464,441	\$3,991	\$242

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$600,000	\$5,230	
FY17 @ Charter Limit	0.9517	692	\$619,254	\$5,201	(\$29)
FY17 @ Current Rates	0.9870	692	\$619,254	\$5,420	\$190
FY17 @ CE's March 15	1.0264	692	\$619,254	\$5,664	\$434
FY17 @ CE's April 6	1.0084	692	\$619,254	\$5,552	\$322

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$750,000	\$6,711	
FY17 @ Charter Limit	0.9517	692	\$774,068	\$6,675	(\$36)
FY17 @ Current Rates	0.9870	692	\$774,068	\$6,948	\$238
FY17 @ CE's March 15	1.0264	692	\$774,068	\$7,253	\$543
FY17 @ CE's April 6	1.0084	692	\$774,068	\$7,113	\$403

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$900,000	\$8,191	
FY17 @ Charter Limit	0.9517	692	\$928,881	\$8,148	(\$43)
FY17 @ Current Rates	0.9870	692	\$928,881	\$8,476	\$285
FY17 @ CE's March 15	1.0264	692	\$928,881	\$8,842	\$651
FY17 @ CE's April 6	1.0084	692	\$928,881	\$8,674	\$483

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$1,050,000	\$9,672	
FY17 @ Charter Limit	0.9517	692	\$1,083,695	\$9,622	(\$50)
FY17 @ Current Rates	0.9870	692	\$1,083,695	\$10,004	\$333
FY17 @ CE's March 15	1.0264	692	\$1,083,695	\$10,431	\$760
FY17 @ CE's April 6	1.0084	692	\$1,083,695	\$10,236	\$564

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$1,200,000	\$11,152	
FY17 @ Charter Limit	0.9517	692	\$1,238,508	\$11,095	(\$57)
FY17 @ Current Rates	0.9870	692	\$1,238,508	\$11,532	\$380
FY17 @ CE's March 15	1.0264	692	\$1,238,508	\$12,020	\$868
FY17 @ CE's April 6	1.0084	692	\$1,238,508	\$11,797	\$645

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$300,000	\$2,269	
FY17 @ Charter Limit	0.9517	742	\$309,627	\$2,205	(\$64)
FY17 @ Current Rates	0.9870	742	\$309,627	\$2,314	\$45
FY17 @ CE's March 15	1.0264	742	\$309,627	\$2,436	\$167
FY17 @ CE's April 6	1.0084	742	\$309,627	\$2,380	\$111

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$450,000	\$3,750	
FY17 @ Charter Limit	0.9517	742	\$464,441	\$3,678	(\$71)
FY17 @ Current Rates	0.9870	742	\$464,441	\$3,842	\$93
FY17 @ CE's March 15	1.0264	742	\$464,441	\$4,025	\$276
FY17 @ CE's April 6	1.0084	742	\$464,441	\$3,941	\$192

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$600,000	\$5,230	
FY17 @ Charter Limit	0.9517	742	\$619,254	\$5,151	(\$79)
FY17 @ Current Rates	0.9870	742	\$619,254	\$5,370	\$140
FY17 @ CE's March 15	1.0264	742	\$619,254	\$5,614	\$384
FY17 @ CE's April 6	1.0084	742	\$619,254	\$5,502	\$272

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$750,000	\$6,711	
FY17 @ Charter Limit	0.9517	742	\$774,068	\$6,625	(\$86)
FY17 @ Current Rates	0.9870	742	\$774,068	\$6,898	\$188
FY17 @ CE's March 15	1.0264	742	\$774,068	\$7,203	\$493
FY17 @ CE's April 6	1.0084	742	\$774,068	\$7,063	\$353

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$900,000	\$8,191	
FY17 @ Charter Limit	0.9517	742	\$928,881	\$8,098	(\$93)
FY17 @ Current Rates	0.9870	742	\$928,881	\$8,426	\$235
FY17 @ CE's March 15	1.0264	742	\$928,881	\$8,792	\$601
FY17 @ CE's April 6	1.0084	742	\$928,881	\$8,624	\$433

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$1,050,000	\$9,672	
FY17 @ Charter Limit	0.9517	742	\$1,083,695	\$9,572	(\$100)
FY17 @ Current Rates	0.9870	742	\$1,083,695	\$9,954	\$283
FY17 @ CE's March 15	1.0264	742	\$1,083,695	\$10,381	\$710
FY17 @ CE's April 6	1.0084	742	\$1,083,695	\$10,186	\$514

	Rate (\$/100)	Credit (\$)	Assessed Value	Property Tax Bill	Change vs. FY16
FY16	0.9870	692	\$1,200,000	\$11,152	
FY17 @ Charter Limit	0.9517	742	\$1,238,508	\$11,045	(\$107)
FY17 @ Current Rates	0.9870	742	\$1,238,508	\$11,482	\$330
FY17 @ CE's March 15	1.0264	742	\$1,238,508	\$11,970	\$818
FY17 @ CE's April 6	1.0084	742	\$1,238,508	\$11,747	\$595

**County Executive's Recommended FY17-22 Public Services Program
Tax Supported Fiscal Plan Summary**

(\$ In Millions)														
	App. FY16 5-21-15	Est. FY16 3-15-16	% Chg. FY16-17 App/Rec	Rec. FY17 3-15-16	% Chg. FY17-18	Projected FY16	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22
Total Revenues														
1 Property Tax	1,582.6	1,580.8	9.9%	1,738.7	2.3%	1,779.2	3.0%	1,833.3	3.2%	1,892.5	3.1%	1,951.7	3.3%	2,016.5
2 Income Tax	1,433.4	1,438.1	1.4%	1,453.9	3.5%	1,505.5	7.9%	1,624.4	5.6%	1,714.9	4.5%	1,792.8	4.2%	1,868.3
3 Transfer/Recordation Tax	153.8	174.7	13.2%	174.1	3.2%	179.7	4.5%	187.8	3.8%	194.9	7.7%	209.9	6.8%	224.2
4 Other Taxes	280.3	276.2	-0.7%	278.3	1.4%	282.3	1.3%	285.8	1.1%	289.0	1.1%	292.3	1.2%	295.9
5 Other Revenues	990.1	985.8	3.8%	1,027.8	-0.9%	1,018.4	0.2%	1,020.2	0.2%	1,022.6	0.6%	1,028.3	0.6%	1,034.2
6 Total Revenues	4,440.3	4,455.6	5.2%	4,672.8	2.0%	4,765.0	3.9%	4,951.5	3.3%	5,113.9	3.2%	5,275.1	3.1%	5,439.0
7														
8 Net Transfers In (Out)	24.9	24.9	-41.8%	14.5	2.3%	14.8	2.5%	15.2	2.7%	15.6	2.7%	16.0	2.7%	16.5
9 Total Revenues and Transfers Available	4,465.2	4,480.5	5.0%	4,687.3	2.0%	4,779.8	3.9%	4,966.7	3.3%	5,129.5	3.2%	5,291.2	3.1%	5,455.4
10														
11 Non-Operating Budget Use of Revenues														
12 Debt Service	354.0	346.9	9.8%	388.8	3.4%	402.0	4.2%	418.8	4.0%	435.8	3.8%	452.4	2.8%	464.8
13 PAYGO	34.0	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0	0.0%	34.0
14 CIP Current Revenue	57.7	61.9	-31.1%	39.8	96.9%	78.3	7.9%	84.5	-11.2%	75.0	3.6%	77.7	-7.5%	71.9
15 Change In Other Reserves	-50.8	-16.8	-5.7%	-53.7	99.8%	-0.1	257.9%	0.2	49.6%	0.2	-5.0%	0.2	4.3%	0.2
16 Contribution to General Fund Undesignated Reserves	-22.0	-38.9	169.9%	15.4	111.4%	32.6	-93.1%	2.2	281.0%	8.5	-15.3%	7.2	-2.8%	7.0
17 Contribution to Revenue Stabilization Reserves	24.2	24.1	5.2%	25.5	5.1%	26.8	8.1%	28.9	-18.8%	23.5	-60.7%	9.2	5.4%	9.7
18 Set Aside for other uses (supplemental appropriations)	2.0	-0.4	-100.0%	0.0	n/a	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19 Total Other Uses of Resources	399.0	410.9	12.7%	449.7	32.0%	593.5	-0.8%	588.7	1.4%	597.1	0.8%	600.8	1.2%	607.7
20 Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)	4,066.2	4,089.6	4.2%	4,237.6	-1.2%	4,186.4	4.6%	4,378.1	3.5%	4,532.4	3.5%	4,690.4	3.4%	4,847.7
21														
22 Agency Uses				171.3										
23														
24 Montgomery County Public Schools (MCPS)	2,176.5	2,145.8	6.2%	2,311.6										
25 Montgomery College (MC)	252.2	247.8	1.9%	257.1										
26 MNCPPC (w/o Debt Service)	117.4	117.1	2.2%	120.0										
27 MCG	1,520.1	1,558.8	1.9%	1,548.9										
28 Agency Uses	4,068.2	4,069.6	4.2%	4,237.6	-1.2%	4,186.4	4.6%	4,378.1	3.5%	4,532.4	3.5%	4,690.4	3.4%	4,847.7
29 Total Uses	4,465.2	4,480.5	5.0%	4,687.3	2.0%	4,779.8	3.9%	4,966.7	3.3%	5,129.5	3.2%	5,291.2	3.1%	5,455.4
30 (Gap)/Available	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0

Assumptions:

1. FY17 average weighted property tax rate is 3.94 cents higher than FY16. FY18-22 property taxes are at the Charter Limit with a \$692 credit. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Recommended FY17-22 Capital Improvements Program and additional proposed current revenue amendments.
4. State Aid, including MCPS and Montgomery College, is not projected to increase in FY17-22.

**County Executive's Recommended FY17-22 Public Services Program
Tax Supported Fiscal Plan Summary**

(\$ In Millions)

	App. FY16	Est. FY16	% Chg. FY16-17	Rec. FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21	% Chg. FY21-22	Projected FY22
31 Beginning Reserves														
32 Unrestricted General Fund	149.8	156.5	-21.5%	117.6	13.1%	133.0	24.5%	165.6	1.4%	167.8	5.1%	176.4	4.1%	183.6
33 Revenue Stabilization Fund	230.7	230.6	10.4%	254.7	10.0%	280.2	9.6%	307.0	9.4%	335.9	7.0%	359.4	2.6%	368.7
34 Total Reserves	380.5	387.2	-2.1%	372.4	11.0%	413.2	14.4%	472.6	8.6%	503.8	6.4%	535.8	3.1%	552.3
35														
36 Additions to Reserves														
37 Unrestricted General Fund	-22.0	-38.9	169.9%	15.4	111.4%	32.6	-93.1%	2.2	281.0%	8.5	-15.3%	7.2	-2.8%	7.0
38 Revenue Stabilization Fund	24.2	24.1	5.2%	25.5	5.1%	26.8	8.1%	28.9	-18.8%	23.5	-60.7%	9.2	5.4%	9.7
39 Total Change in Reserves	2.2	-14.8	1792.9%	40.9	45.2%	59.4	-47.5%	31.2	2.8%	32.0	-48.6%	16.5	1.8%	16.8
40														
41 Ending Reserves														
42 Unrestricted General Fund	127.8	117.6	4.1%	133.0	24.5%	165.6	1.4%	167.8	5.1%	176.4	4.1%	183.6	3.8%	190.6
43 Revenue Stabilization Fund	254.9	254.7	9.9%	280.2	9.6%	307.0	9.4%	335.9	7.0%	359.4	2.6%	368.7	2.6%	378.4
44 Total Reserves	382.7	372.4	8.0%	413.2	14.4%	472.6	6.6%	503.8	8.4%	535.8	3.1%	552.3	3.0%	569.0
45 Reserves as a % of Adjusted Governmental Revenues	8.2%	7.9%		8.4%		9.4%		9.7%		10.0%		10.0%		10.0%
46 Other Reserves														
47 Montgomery College	3.5	9.1	27.1%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5	0.0%	4.5
48 M-NCPPC	4.3	9.1	22.4%	5.2	-8.9%	4.7	3.0%	4.9	3.2%	5.0	3.1%	5.2	3.3%	5.4
49 MCPS	0.0	33.2	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
50 MCG Special Funds	0.9	13.6	67.7%	1.5	24.5%	1.8	1.4%	1.8	5.1%	1.9	4.1%	2.0	3.8%	2.1
51 MCG + Agency Reserves as a % of Adjusted Govt Revenues	8.4%	9.3%		8.6%		9.7%		9.9%		10.3%		10.2%		10.2%
52 Retiree Health Insurance Pre-Funding														
53 Montgomery County Public Schools (MCPS)	61.7	61.7		63.1		61.3		59.0		56.7		54.4		54.4
54 Montgomery College (MC)	1.4	1.4		1.5		1.6		1.6		1.5		1.6		1.6
55 MNCPPC	1.8	1.8		1.8		1.8		1.8		1.8		1.8		1.8
56 MCG	43.5	43.5		43.5		42.0		40.4		39.5		38.6		38.6
57 Subtotal Retiree Health Insurance Pre-Funding	108.5	108.6		109.9		106.7		102.7		99.6		96.4		96.4
58 Adjusted Governmental Revenues														
59 Total Tax Supported Revenues	4,440.3	4,455.6	5.2%	4,672.8	2.0%	4,765.0	3.9%	4,951.5	3.3%	5,113.9	3.2%	5,275.1	3.1%	5,439.0
60 Capital Projects Fund	123.6	123.6	5.8%	130.7	-4.6%	124.8	-1.8%	122.5	-18.9%	99.3	4.5%	103.8	6.7%	110.7
61 Grants	120.1	120.1	-3.6%	116.8	2.3%	118.5	2.5%	121.4	2.7%	124.7	2.7%	128.1	2.7%	131.6
62 Total Adjusted Governmental Revenues	4,684.0	4,699.3	5.0%	4,919.3	1.8%	5,008.3	3.7%	5,195.5	2.7%	5,337.9	3.2%	5,507.0	3.2%	5,661.2

AGENDA ITEM #1
May 19, 2016

Addendum

MEMORANDUM

May 19, 2016

TO: County Council

FROM: Jacob Sesker, Senior Legislative Analyst *JS*

SUBJECT: **Addendum:** FY17 Property Tax: Amount of Revenue, Credit, and Rate

Based on the Council's past and pending decisions, property tax revenue of \$1,738.7 million is necessary to fund the FY17 budgets. To generate this revenue, the Council will set the property tax rate at \$1.0264 per \$100 of assessed value, 3.94 cents above FY16 rates. The 3.94-cent increase is below the 4.0-cent increase in neighboring Fairfax County. On May 18, the Council agreed to set the property tax credit for income tax offset at \$692. Attached at © 1 is a resolution stating the Council's intent to adopt a levy resolution in which the weighted average of all real property tax rates is equal to \$1.0264.

For the average taxable assessment in FY17, \$464,441, the property tax will be \$4,075, up \$326 (8.7 percent). Of this amount, \$143 is the result of rising assessments, and \$183 is attributable to the rate increase. Actual property tax bills will vary, depending upon factors including assessed value and eligibility for specific state and local property tax credits.

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Weighted Average Real Property Tax Rate for FY17

Background

1. The County Council discussed the FY17 property tax on May 18 and May 19, 2016.
2. On May 18, 2016, Councilmembers supported a property tax credit for income tax offset of \$692 for FY17.
3. On May 19, 2016, Councilmembers supported funding the FY17 budgets with property tax revenue at \$1,738.7 million.
4. A weighted average real property tax rate of \$1.0264 per \$100 of assessed value is necessary to generate FY17 property tax revenue of \$1,738.7 million.
5. The Council will approve the FY17 property tax levy resolution on May 26, 2016.

Action

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

The Council intends to adopt a levy resolution for the tax year beginning July 1, 2016 in which the weighted average of the real property tax rates is equal to \$1.0264 per \$100 of assessed value.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council