
Montgomery County, Maryland

**FY2017 SECOND QUARTERLY
REVENUE UPDATE**

Presentation to the Montgomery County Council

Department of Finance



Revenue Update

First Half Year Results

Total tax revenues, including investment income, totaled \$1.883 billion and up 13.1 percent compared to the same period in FY16 due primarily to increases in revenues from the income tax (↑18.5%), the property tax (↑12.4%), and transfer tax (↑17.0%). The increase in the property tax is attributed to the rate increase for the General Fund in FY17.

- **Income Taxes:**

- Income tax revenues through December stood at \$479.6 million and approximately \$74.8 million above revenues for the same period in FY16. The increase was attributed to a change in the distribution formula for the quarterly distribution in November for tax year 2015. The dramatic gain is also attributed to the backlog in the number and amount of revenues collected from taxpayers filing for an extension for tax year 2014 that were not processed for the November distribution in FY16 which depressed the results for the first half of FY16.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest and excluding storm drainage) was \$1,199.9 million (↑12.4%) through December compared to the same period in FY16. The increase is due to the rate increase in the General Fund from \$0.7230 in FY16 to \$0.7734 in FY17 (↑7.0%). The increase in the General Fund for FY17 is also attributed to an increase in personal property tax collections due to the acceleration of certifying personal property tax records by the State Department of Assessments and Taxation.

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- **Property Taxes (continued):**

- The real property taxable assessment increased 4.0 percent in FY16 and is estimated to increase 4.8 percent for FY17.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through December of FY17 were \$61.8 million, or 17.0 percent above last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$32.5 million, a decrease of 1.1 percent over the first half of last fiscal year. The decrease is attributed to the rate cut in the General Fund.
- The increase in the transfer tax is due primarily to an increase in the number of commercial transfers which were up 57.0 percent during the first half of FY17 compared to last fiscal year while the number of residential transfers declined nearly 1 percent. The volume of residential recordation tax transactions was down nearly 14.0 percent compared to the first half of fiscal year 2016, the volume of non-residential transactions was up 44.7 percent and the volume of other recordation tax transactions was up 37.9 percent compared to last fiscal year.
- The combined amount of revenues from the transfer and recordation taxes (excluding condo conversions, CIP portion, and rate premium) was \$94.4 million compared to \$85.7 million for the same period last fiscal year (↑10.1%).

Revenue Update

First Half Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$107.2 million, which were 1.0 percent above the first half of FY16
- Fuel/energy tax collections totaled \$76.7 million during the first half of FY17 compared \$76.6 million in FY16 (↑0.1%).
- Revenues from the telephone tax were \$20.2 million and up 2.9 percent from the first half of FY16. Revenues from the hotel/motel tax were 4.4 percent above the same period last year reflecting higher occupancy rates.
- Revenues from the admissions tax were down 0.9 percent compared to the same period last year and largely attributed to a decrease in revenues from athletic events and facilities.

Revenue Update

First Half Year Results

- **Investment Income:**

- Total pooled investment income was \$2,629.9 million during the first half of this fiscal year compared to \$998.2 million during the first half of FY16 (↑163.5%).
- The dramatic increase is attributed to the average portfolio yield of 0.62 percent the first half of this fiscal year compared to 0.29 percent during the first half of FY16.
- The average daily portfolio balance of \$845.1 million increased 24.3 percent from the first half of FY16 to the first half of this fiscal year.

Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			
	Fiscal Year 2017	Fiscal Year 2016	Variance FY16-FY15	Percent Change
<u>TAXES:</u>				
Income Tax	\$479,590,867	\$404,745,900	\$74,844,967	18.5%
Property Tax (General Fund only)	\$1,199,937,332	\$1,067,380,532	\$132,556,800	12.4%
Transfer Tax (1)	\$61,843,666	\$52,838,098	\$9,005,568	17.0%
Recordation Tax (2)	\$32,543,244	\$32,889,192	(\$345,948)	-1.1%
Fuel/Energy Tax	\$76,684,961	\$76,575,611	\$109,350	0.1%
Telephone Tax	\$20,207,156	\$19,646,927	\$560,229	2.9%
Hotel/Motel Tax	\$8,567,241	\$8,202,293	\$364,948	4.4%
Admissions Tax	\$1,739,363	\$1,754,748	(\$15,385)	-0.9%
<u>MISCELLANEOUS:</u>				
Investment Income (3)	\$2,629,930	\$998,211	\$1,631,719	163.5%
<u>TOTAL</u>	\$1,883,743,759	\$1,665,031,512	\$218,712,248	13.1%

SOURCE: Revenue data from the County's Oracle eBusiness system and Treasury Division database.

- NOTES: (1) Excludes revenue from condominium conversions
 (2) Excludes School CIP and tax premium allocation
 (3) Pooled investment income only