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**Montgomery County, Maryland**

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**FY2014 SECOND QUARTERLY  
REVENUE UPDATE**

**Presentation to the Montgomery County Council**

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**Department of Finance**

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# Revenue Update

## First Half Year Results

**Total tax revenues, including investment income, totaled \$1.701 billion and up 10.1 percent compared to the same period in FY13 due primarily to revenues from the income tax (↑10.6%), property tax (↑7.4%), and the transfer and recordation tax (↑22.9%). However, because of the change in the collection cycle for the fuel-energy tax from quarterly collections in FY13 to monthly collections in FY14 during the first half of the fiscal year, the year-over-year comparison will overstate the percent change. Excluding fuel-energy collections, total tax revenues totaled \$1.621 billion and up 8.8 percent compared to FY13.**

- **Income Taxes:**

- Income tax revenues through December stood at \$487.7 million and approximately \$46.7 million above revenues for the same period in FY13. The increase was attributed to a change in the distribution formula for the quarterly distribution in November, taxpayers filing for an extension, and reconciliation for tax year 2012.
- The change in the formula by the Maryland Comptroller yielded an increase of \$7.7 million (↑3.1%) above the November distribution in FY13. Revenues from extensions and reconciliation were \$22.9 million above last fiscal year or 15.8 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest, and storm drainage) was \$1,028.3 million (↑7.4%) through December compared to the same period in FY13. The higher collection is attributed to an increase in the taxable assessable base for real property from the prior year and an increase in the rate for the General Fund (excluding storm drainage) from \$0.724 per \$100 assessed value to \$0.759 per \$100 assessed value.

# Revenue Update

## First Half Year Results

- **Property Taxes (continued):**

- After the triennial reassessment rates for real property declined three years in a row, the real property taxable assessment for FY14 is estimated to increase 1.0 percent. The first increase in four years.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through December of FY14 were \$47.4 million, or 27.0 percent above last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$30.8 million, an increase of 17.2 percent over the first half of last fiscal year.
- The increase in the transfer tax is primarily due to an increase in the total number of transfers, not including condo conversions, which were up 21.0% during the first half of FY14 compared to last fiscal year. The volume of residential recordation tax transactions was up 19.5 percent compared to the first half of fiscal year 2013 and the volume of non-residential transactions was up 24.7 percent. However, the volume of other recordation tax transactions (includes mortgage refinancing) was down nearly 56 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 \$78.2 million compared to \$63.6 million for the same period last year (↑22.9%).

# Revenue Update

## First Half Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$106.7 million, which were 29.0% above the first half of FY13. However, as stated earlier, because of the change in the collection cycle for the fuel/energy tax, the year-over-year comparison for consumption taxes overstate collections and the percent change.
- Fuel/energy tax collections totaled \$80.7 million during the first half of FY14 compared \$55.9 million in FY13. The dramatic increase is attributed to the collection cycle and overstates the true year-over-year comparison.
- Revenues from the telephone tax were \$18.5 million and the same compared the previous fiscal year. Revenues from the hotel/motel tax were 9.6 percent below the same period last year.
- Revenues from the admissions tax were down 5.0 percent compared to the same period last year and largely attributed to revenues from movie theaters (↓6.8%)

# Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			
	Fiscal Year 2014	Fiscal Year 2013	Variance FY14-FY13	Percent Change
<b><u>TAXES:</u></b>				
Income Tax	\$487,719,349	\$441,012,504	\$46,706,845	10.6%
Property Tax (General Fund only)	\$1,028,334,732	\$957,724,726	\$70,610,006	7.4%
Transfer Tax (1)	\$47,437,048	\$37,362,219	\$10,074,829	27.0%
Recordation Tax (2)	\$30,758,268	\$26,244,901	\$4,513,367	17.2%
Fuel/Energy Tax (3)	\$80,694,165	\$55,941,467	n.m.	n.m.
Telephone Tax	\$18,457,870	\$18,466,550	(\$8,680)	0.0%
Hotel/Motel Tax	\$6,568,900	\$7,263,598	(\$694,698)	-9.6%
Admissions Tax	\$1,010,889	\$1,063,564	(\$52,675)	-5.0%
<b><u>MISCELLANEOUS:</u></b>				
Investment Income (4)	\$257,271	\$33,459	\$223,812	668.9%
<b><u>TOTAL (5)</u></b>	<b>\$1,701,238,492</b>	<b>\$1,545,112,988</b>	<b>\$156,125,504</b>	<b>10.1%</b>

SOURCE: Revenue data from the County's Oracle eBusiness system.

- NOTES: (1) Excludes revenue from condominium conversions  
 (2) Excludes School CIP and tax premium allocation  
 (3) Comparison of fuel-energy tax is not meaningful (n.m.) because of change in collections from a quarterly collection cycle in FY13 to a monthly collection cycle in FY14.  
 (4) Pooled investment income only  
 (5) Total revenue collections for FY14 overstate the comparison with FY13 because of change in the collections cycles for the fuel-energy tax.