
Montgomery County, Maryland

**FY2016 THIRD QUARTERLY
REVENUE UPDATE**

Presentation to the Montgomery County Council

Department of Finance



Revenue Update

Three Quarter Fiscal Year Results

Total tax revenues, including investment income, totaled \$2.274 billion and up 7.6 percent compared to the same period in FY15. Revenues were up in all categories except for the fuel and energy tax.

- **Income Taxes:**

- Income tax revenues through March stood at \$845.0 million and approximately \$91.3 million (↑12.1%) above revenues for the same period in FY15. The increase was attributed to a change in the distribution formula in November based on tax year 2014, to the increase in the amount of revenues collected from taxpayers filing for an extension and reconciliation for tax year 2014, and to revenues from the municipal allocation.
- Revenues from extensions and reconciliation were \$142.8 million which was \$46.0 million above last fiscal year or up 47.5 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was \$1,127.0 million (↑5.1%) through March compared to the same period in FY15.

Revenue Update

Three Quarter Fiscal Year Results

- **Property Taxes (continued):**

- After the triennial reassessment rates for real property declined three years in a row, the real property taxable assessment increased 1.0 percent in FY14, increased 2.4 percent in FY15, and is estimated to increase 4.2 percent for FY16.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through March of FY16 were \$75.4 million, or 20.1 percent above last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$47.0 million, an increase of 22.7 percent from the three quarters of last fiscal year.
- The increase in the transfer tax was due to a increase in the total number of transfers, not including condo conversions which was up 12.5% during the three quarters of FY16 compared to last fiscal year, and an increase in the average tax which was up 7.4% compared to last fiscal year. The volume of residential transfer tax transactions was up 12.3 percent and the volume of non-residential transactions was up 54.2 percent.
- The increase in the recordation tax was attributed to the increase in residential recordation tax transactions (11.2%) compared to the three quarters of fiscal year 2015, and the volume of non-residential and other recordation tax transactions was up a combined 5.2 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 \$122.4 million compared to \$101.1 million for the same period last year (↑21.1%).

Revenue Update

Three Quarter Fiscal Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$177.1 million, which were 4.0% below the three quarters of FY15. The decline was solely attributed to the decline in the fuel and energy tax (↓6.1%).
- Fuel/energy tax collections totaled \$131.2 million during the three quarters of FY16 compared to \$139.7 million in FY15 (↓6.1%). The decrease in revenues is due to a decrease in consumption of electricity by residential customers and a decrease in natural gas by both residential and non-residential customers.
- Revenues from the telephone tax were \$32.0 million and 2.0 percent above the \$31.4 million during three quarters of FY15.
- Revenues from the hotel/motel tax were 2.0 percent above the same period last year reflecting higher occupancy and room rates.
- Revenues from the admissions tax were up 16.5 percent compared to the same period last year and largely attributed to an increase in revenues from golf related activities and admissions from other activities.
- Investment income from pooled investments increased nearly 132 percent over FY15. That increase was attributed to: 1) an increase in the average portfolio yield of 35 percent year to date compared to 17 percent in FY15, and 2) an increase of 10.6 percent in the average daily portfolio balance year to date over FY15.

Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			
	Fiscal Year 2016	Fiscal Year 2015	Variance FY16-FY15	Percent Change
<u>TAXES:</u>				
Income Tax	\$845,007,678	\$753,759,071	\$91,248,607	12.1%
Property Tax (General Fund only)	\$1,126,967,667	\$1,071,980,220	\$54,987,447	5.1%
Transfer Tax (1)	\$75,392,761	\$62,763,898	\$12,628,863	20.1%
Recordation Tax (2)	\$47,008,039	\$38,325,959	\$8,682,079	22.7%
Fuel/Energy Tax	\$131,210,020	\$139,721,686	(\$8,511,666)	-6.1%
Telephone Tax	\$32,040,160	\$31,425,504	\$614,656	2.0%
Hotel/Motel Tax	\$11,412,757	\$11,185,870	\$226,887	2.0%
Admissions Tax	\$2,404,096	\$2,063,089	\$341,007	16.5%
E-Cigarettes	\$247,931	\$0	\$247,931	n.m.
<u>MISCELLANEOUS:</u>				
Investment Income (3)	\$1,883,209	\$812,289	\$1,070,920	131.8%
<u>TOTAL</u>	\$2,273,574,317	\$2,112,037,587	\$161,536,730	7.6%

SOURCE: Revenue data excluding income taxes and admissions tax from the County's Oracle eBusiness system. Revenue data for the income tax and admission tax from the Maryland State Comptroller.

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