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**Montgomery County, Maryland**

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**FY2018 THIRD QUARTERLY  
REVENUE UPDATE**

**Presentation to the Montgomery County Council**

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**Department of Finance**

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# Revenue Update

## Three Quarter Fiscal Year Results

**Total tax revenues, including investment income, totaled \$2.405 billion and down 2.0 percent compared to the same period in FY17. Revenues were down in the income tax, transfer and recordation taxes, hotel-motel tax, and admissions tax.**

- **Income Taxes:**

- Income tax revenues through March 2018 stood at \$838.5 million and approximately \$25.7 million (↓3.0%) below revenues for the same period in FY17. The decrease was attributed to a change in the distribution formula in November 2017 based on tax year 2016 and to the decrease (↓29.4%) in the amount of revenues collected from taxpayers filing for an extension and reconciliation for tax year 2016.
- Revenues from extensions and reconciliation were \$95.5 million which was \$39.8 million below last fiscal year or down 29.4 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was \$1,268.5 million (↑0.1%) through March compared to the same period in FY17. The meager growth in General Fund revenues is attributed to a 3.2 percent decrease in the G.F. real property tax rate from FY17 to FY18 and an estimated increase of 3.9 percent in real property taxable assessments.

# 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, 2.4 percent in FY15, 4.0 percent for FY16, 4.3 percent in FY17, and is estimated to increase 3.9 percent in FY18.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through March of 2018 were \$72.1 million, or 20.2 percent below last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$34.7 million, a decrease of 26.5 percent from the same three quarters of last fiscal year.
- The decrease in the transfer tax was due to a decrease in the total number of transfers, not including condo conversions which was down 8.9 percent during the three quarters of FY18 compared to last fiscal year, and a decrease in the average tax which was down 11.8 percent compared to last fiscal year. The volume of residential transfer tax transactions was down 8.7 percent and the volume of non-residential transactions was down 16.9 percent.
- The volume of residential recordation tax transactions decreased 6.2 percent compared to the three quarters of fiscal year 2017, and the volume of non-residential and other recordation tax transactions was down a combined 33.4 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 \$106.8 million compared to \$137.6 million for the same period last year (↓22.4%).

# Revenue Update

## Three Quarter Fiscal Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, admissions, and e-cigarettes) totaled \$183.4 million, which were 1.4 percent above the same three quarters of FY17.
- Fuel/energy tax collections totaled \$134.6 million during the three quarters of FY18 compared to \$132.5 million in FY17 (↑1.6%) reflecting the moderate weather and temperatures during the first three quarters.
- Revenues from the telephone tax were \$33.4 million and 2.0 percent above the \$32.7 million during three quarters of FY17 attributed to a 3.5 percent growth in cellular phones.
- Revenues from the hotel/motel tax were 1.5 percent below the same period last year. The average monthly occupancy rate was 64.8 percent in FY18 and the same rate in FY17. The average monthly room rate was \$125 in FY18 slightly below the average monthly room rate of \$126 in FY17.
- Revenues from the admissions tax were down 4.9 percent compared to the same period last year, but revenues from e-cigarettes were up 38.2 percent.

- **Investment Income:**

- From pooled investments increased 82.5 percent over FY17. That increase was attributed solely to an increase in the average portfolio yield of 1.22 percent year to date compared to 0.67 percent in FY17.

# Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			
	July - March FY2018	July - March FY2017	Variance FY2018-FY2017	Percent Change
<b><u>TAXES:</u></b>				
Income Tax	\$838,519,565	\$864,191,191	(\$25,671,626)	-3.0%
Property Tax (General Fund only)	\$1,268,492,552	\$1,267,106,213	\$1,386,339	0.1%
Transfer Tax (1)	\$72,142,414	\$90,416,628	(\$18,274,214)	-20.2%
Recordation Tax (2)	\$34,682,286	\$47,215,890	(\$12,533,604)	-26.5%
Fuel/Energy Tax	\$134,604,085	\$132,529,117	\$2,074,968	1.6%
Telephone Tax	\$33,398,634	\$32,744,483	\$654,151	2.0%
Hotel/Motel Tax	\$12,430,891	\$12,617,802	(\$186,910)	-1.5%
Admissions Tax	\$2,481,949	\$2,609,209	(\$127,260)	-4.9%
E-Cigarettes	\$480,869	\$347,979	\$132,890	38.2%
<b><u>MISCELLANEOUS:</u></b>				
Investment Income (3)	\$8,080,158	\$4,428,339	\$3,651,819	82.5%
<b><u>TOTAL</u></b>	\$2,405,313,404	\$2,454,206,851	(\$48,893,447)	-2.0%

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