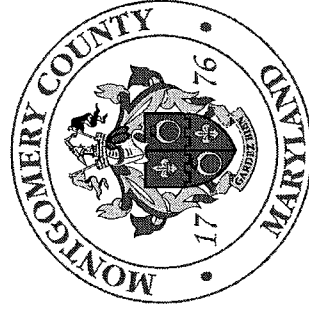

Montgomery County, Maryland

**FY2015 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 \$1.589 billion and down 6.4 percent compared to the same period in FY14 due primarily to decreases in revenues from the income tax (↓18.6%), the transfer and recordation tax (↓8.4%), and property tax (↓1.2%). However, the decrease in the General Fund portion of the property tax is attributed to the rate cut for the General Fund (↓3.6%) in FY15.

- **Income Taxes:**

- Income tax revenues through December stood at \$397.0 million and approximately \$90.7 million below revenues for the same period in FY14. The decrease was attributed to a change in the distribution formula for the quarterly distribution in November for tax year 2014 and to the significant decrease in the number and amount of revenues collected from taxpayers filing for an extension, and reconciliation for tax year 2013.
- The change in the formula by the Maryland Comptroller yielded a decrease of \$6.1 million (↓2.3%) below the FY15 Budget estimate but \$3.2 million (↑1.2%) above the November distribution in FY14. Revenues from extensions and reconciliation were \$96.3 million (55.0%) below the FY15 Budget estimate and \$88.5 million below last fiscal year or 52.8 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was \$1,012.7 million (↓1.2%) through December compared to the same period in FY14. The decrease is due to the rate cut in the General Fund from \$0.759 in FY14 to \$0.732 in FY15 (↓3.6%).

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 increased 1.0 percent in FY14 and is estimated to increase 3.0 percent for FY15.
- **Transfer and Recordation Taxes:**
 - Revenues from the transfer tax (excluding condominium conversions) through December of FY15 were \$44.3 million, or 6.6 percent below last fiscal year.
 - Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$27.3 million, a decrease of 11.1 percent over the first half of last fiscal year.
 - The decrease in the transfer tax is due primarily to a decrease in the total number of transfers, not including condo conversions, which were down 6.2% during the first half of FY15 compared to last fiscal year. The volume of residential recordation tax transactions was down 11.0 percent compared to the first half of fiscal year 2014, the volume of non-residential transactions was down 27.1 percent and the volume of other recordation tax transactions was down 20.0 percent compared to last fiscal year. While the volume was down for the three categories, the total average tax was up 9.7 percent.
 - The combined amount of revenues from the transfer and recordation taxes (excluding condo conversions, CIP portion, and rate premium) was \$71.7 million compared to \$78.2 million for the same period last year (↓8.4%).

Revenue Update

First Half Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$107.0 million, which were 0.3% above the first half of FY14.
- Fuel/energy tax collections totaled \$79.5 million during the first half of FY15 compared \$80.7 million in FY14. The decrease in revenues is due to the rate cut enacted by the County Council in May 2014.
- Revenues from the telephone tax were \$18.6 million and almost the same compared to the previous fiscal year. Revenues from the hotel/motel tax were 22.3 percent above the same period last year reflecting higher occupancy and room rates.
- Estimated revenues from the admissions tax were down 13.3 percent compared to the same period last year and largely attributed to a decline in revenues from movie theaters (↓20.1%)

Revenue Summary Sheet

MAJOR REVENUE COLLECTIONS				
	Fiscal Year 2015	Fiscal Year 2014	Variance FY15-FY14	Percent Change
<u>TAXES:</u>				
Income Tax	\$397,034,094	\$487,719,349	(\$90,685,255)	-18.6%
Property Tax (General Fund only)	\$1,012,650,596	\$1,024,821,429	(\$12,170,833)	-1.2%
Transfer Tax (1)	\$44,310,924	\$47,437,048	(\$3,126,124)	-6.6%
Recordation Tax (2)	\$27,345,855	\$30,758,268	(\$3,412,413)	-11.1%
Fuel/Energy Tax	\$79,499,732	\$80,694,165	(\$1,194,433)	-1.5%
Telephone Tax	\$18,599,432	\$18,457,870	\$141,562	0.8%
Hotel/Motel Tax	\$8,034,992	\$6,568,900	\$1,466,092	22.3%
Admissions Tax	\$876,398	\$1,010,889	(\$134,491)	-13.3%
<u>MISCELLANEOUS:</u>				
Investment Income (3)	\$374,401	\$257,271	\$117,130	45.5%
<u>TOTAL</u>	\$1,588,726,424	\$1,697,725,189	(\$108,998,765)	-6.4%

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) Pooled investment income only

