Montgomery County, Maryland

FY2015 SECOND QUARTERLY
REVENUE UPDATE
Presentation to the Montgomery County Council

Department of Finance
The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was $1.0127 million (1.2% increase over December 2013 compared to the same period in FY14). The decrease is due to the rate cut in the General Fund from $0.739 in FY13 to $0.732 in FY15 (1.36% decrease in FY14). Revenue from extensions and reconciliation were $916.3 million (54.0%) below the FY15 budget estimate and $69.8 million (11.2%) below the November distribution in FY14. The change in the formula by the Maryland Comptroller yielded a decrease of $4.1 million (23.3%).

Revenues from extensions and reconciliation were $88.5 million below last fiscal year or 52.8 percent.

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Income 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 due to the significant decrease in revenues for the last quarter of 2013.

Income Tax: $1.481 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 transter and reconciliation tax (18.6%) and property tax (11.2%).

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 transter and reconciliation tax (18.6%) and property tax (11.2%).

First Half Year Results

Revenue Update
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• **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%).
in revenues from movie theaters (20.1%).

- Estimated revenues from the admissions tax were down 13.3 percent for the same period last year and largely attributed to a decline reflecting higher occupancy and room rates.

- Revenue from telephone tax were $18.6 million and almost the same compared to the previous fiscal year.

- Revenue from FUEL/energy tax collections totaled $79.5 million during the first half of FY14, above the first half of FY13.

- 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.

- Consumption Taxes:

First Half Year Results

Revenue Update
# Revenue Summary Sheet

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

**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