AN EXPEDITED ACT to revise the criteria and process for adopting spending affordability guidelines for the annual operating budget.

By amending
Montgomery County Code
Chapter 20, Finance
Sections 20-59 through 20-63

The County Council for Montgomery County, Maryland approves the following Act:
Sec. 1. Sections 20-59 through 20-63 are amended as follows:

ARTICLE XI. SPENDING AFFORDABILITY - OPERATING BUDGETS


In this Article, the following terms have the meanings indicated:

(a) Operating budget means the total amount appropriated from current operating revenues for the ensuing fiscal year, including any current revenue funding for capital projects.

(b) Aggregate operating budget means the operating budget, minus any amounts appropriated for:

   (1) enterprise funds;
   (2) the Washington Suburban Sanitary Commission;
   (3) expenditures equal to tuition and tuition-related charges estimated to be received by Montgomery College; and
   (4) any grant which can only be spent for a specific purpose and which cannot be spent until receipt of the entire amount of revenue is assured from a source other than County government.

(c) Council means the County Council.

20-60. [Establishment] Adoption of Guidelines.

(a) General. [Spending] The Council must adopt spending affordability guidelines for the operating budget [must be established] in accordance with this Article.

(b) Content. The spending affordability guidelines for the operating budget must specify:

   (1) a ceiling on funding from ad valorem real property tax revenues; and
   (2) a ceiling on the aggregate operating budget.
(c) Procedures.

(1) The Council must adopt spending affordability guidelines for the operating budget by resolution not later than the [third] second Tuesday in [December] February of each year.

(2) The Council must hold a public hearing before it adopts the guidelines under paragraph (1).

(3) The Council may delegate responsibility for monitoring relevant affordability indicators to the Council's standing committee with jurisdiction over spending affordability matters.

(4) Not later than the second Tuesday after the General Assembly adjourns its regular session each year, the Council may amend the resolution establishing the guidelines to reflect a significant change in conditions. An amendment may increase or decrease any guideline. However, any increase of a guideline adopted under subsection (b)(2) must not exceed the projected net increase in available resources since the guideline was adopted, applying the tax rates that were assumed in adopting that guideline and considering the rates of any tax approved or repealed since that guideline was adopted.

20-61. Affordability Indicators.

(a) Factors. In adopting [its] guidelines, the Council should consider, among other relevant factors, the condition of the economy, the level of economic activity in the County, trends in personal income, and the impact of economic and population growth on projected revenues.

(b) Advice. To assist the Council in adopting [and revising the] guidelines, the Finance Director must each January, and at other times as necessary, consult with independent experts, who need not be
County residents, from major sectors of the County economy. The experts should advise on trends in economic activity in the County and how activity in each sector of the economy may affect County revenues. The Director must report the experts' views, if any are received, [annually] to the Executive and Council.

20-62. **Approval of Aggregate Operating Budget.**

Any aggregate operating budget that exceeds the ceiling on the aggregate operating budget [in effect after the second Tuesday after the General Assembly adjourns its regular session] adopted under Section 20-60(c) requires the affirmative vote of 7 Councilmembers for approval.

20-63. **Recommended Budget Allocations.**

(a) **Applicability.** [Except for funds or budgets not] For each fund or budget included [within] in the aggregate operating budget, in the resolution adopted under Section 20-60(c)(1) the Council must adopt [recommended] separate budget allocations for County government, the Board of Education, Montgomery College, and the Maryland-National Capital Park and Planning Commission, and for debt service and current revenue funding of capital projects.

(b) **Amendments.** To provide guidance to the standing committees of the Council in their budgetary deliberations, the Council may alter a recommended budget allocation by amending the resolution adopted under Section 20-60(c)(1) on or before the second Tuesday after the General Assembly adjourns its regular session.]

[(c)] **Expenditure Reductions.** If a budget [is] submitted to the County Council [that] exceeds a budget allocation adopted under subsection (a) [as revised under subsection (b)], the County Executive (for [all such budgets] the County government budget) and the governing
board of the agency that [initially] prepared the budget must [provide]
recommend by [the third Tuesday after the General Assembly
adjourns its regular session] March 31:

(1) prioritized expenditure reductions that would be
necessary to comply with the [recommended] adopted
budget allocation; and

(2) a summary of the effect on the agency's program of the
recommended prioritization.

[(d)] (c) Added Information. If the Executive or an agency submits a
proposed amendment to the operating budget to the Council after the
Executive has submitted the annual budget, and the proposed
amendment would cause the budget for County government or the
agency to exceed the budget allocation adopted under subsection (a)
[as revised under subsection (b)], the Executive or the respective
agency must include with the amendment the information required in
subsection [(c)] (b).
Sec. 2. Expedited Effective Date.

The Council declares that this Act is necessary for the immediate protection of the public interest. This Act takes effect on the date when it becomes law.

Approved:

Michael J. Knapp President, County Council

Approved:

Isiah Leggett, County Executive

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

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