

Resolution No.:	<u>15-1401</u>
Introduced:	<u>April 18, 2006</u>
Adopted:	<u>April 18, 2006</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Revisions to Spending Affordability Guidelines for the FY07 Operating Budget

Background

1. Charter section 305 and Chapter 20 of the Montgomery County Code require the Council to set spending affordability guidelines for the operating budget for the next fiscal year.

2. The guidelines must specify:
 - a) A ceiling on property tax revenues, which are used to fund the aggregate operating budget.

 - b) A ceiling on the aggregate operating budget. The aggregate operating budget is the total appropriation from current operating revenues, including appropriations for capital projects but excluding appropriations for: enterprise funds, the Washington Suburban Sanitary Commission, specific grants for which the spending is contingent on the grants, and expenditures equal to the estimated tuition and tuition-related charges at Montgomery College.

 - c) The agency spending allocations for the County Government, Montgomery County Public Schools, Montgomery College, and the Maryland-National Capital Park and Planning Commission. As noted above, the College's allocation excludes expenditures equal to the estimated tuition and tuition-related charges.

3. The legislation lists a number of economic and financial factors to be considered in adopting the guidelines, requires a public hearing before the Council adopts guidelines, and requires that the Council adopt guidelines no later than the third Tuesday in December for the fiscal year starting the following July 1.

4. On December 13, 2005, in resolution 15-1262, the Council approved the following guidelines for the FY07 Operating Budget.

a) The ceiling on property tax revenues, at the staff estimate of the Charter limit, achieved entirely by reducing the property tax rate:

Total	\$1,161.406
Less Parking Districts tax	10.354
All other	\$1,151.052

b) The ceiling on the aggregate operating budget and the agency allocations:

MCPS	\$1,687.6
Montgomery College	114.3
County Government	1,097.9
MNCPPC	89.4
County Debt Service	224.7
MNCPPC Debt Service	4.4
Current Revenue, PAYGO	36.0
Current Revenue, specific projects	14.6
Unallocated Resources	63.2
AGGREGATE OPERATING BUDGET	\$3,332.1

5. Although not a guideline, the components of reserve at the end of FY07 for the tax-supported funds are:

Revenue Stabilization Fund	\$106.2
Designated reserve	3.0
Undesignated reserve	100.6
Total reserve	\$209.8

6. The legislation permits the Council to revise the guidelines no later than the second Tuesday after the State General Assembly adjourns its regular session. The General Assembly adjourned on Monday, April 10, 2006. The limit on the increase in the aggregate operating budget is the projected net increase in resources, 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. On April 18, 2006, the Council revised the guidelines, as shown in the Action section.

Action

The County Council for Montgomery County approves the following resolution:

1. The revised spending affordability guidelines for the FY07 Operating Budget in **millions** of dollars are:

a) The ceiling on property tax revenues, including property taxes on new construction and on personal property. The Council calculated the ceiling at the staff estimate of property tax at the Charter limit achieved entirely by reducing the rate.

Total	\$1,159.219
Less Parking Districts tax	10.307
All other	\$1,148.912

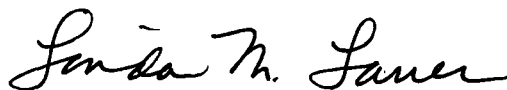
- b. The ceiling on the aggregate operating budget and the agency spending allocations are:

MCPS	\$1,710.1
Montgomery College	121.0
County Government	1,170.3
MNCPPC	89.6
County Debt Service	219.7
MNCPPC Debt Service	4.5
Current Revenue, PAYGO	26.4
Current Revenue, other	70.6
AGGREGATE OPERATING BUDGET	\$3,412.2

2. Although not a guideline, the components of reserve at the end of FY07 for the tax-supported funds are:

Revenue Stabilization Fund	\$107.8
Designated reserve	18.7
Undesignated reserve	104.4
Total reserve	\$230.9

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council