
Montgomery County, Maryland

**FY2012 THIRD QUARTER REVENUE
UPDATE**

Presentation to the Montgomery County Council

Department of Finance



Revenue Update

Three Quarter Fiscal Year Results

Total tax revenues, including investment income, totaled \$2.006 billion and were 7.5% above the same period in FY11 due primarily to revenues from the income tax (↑28.1%) and the fuel and energy tax (↑4.7%).

- **Income Taxes:**

- Income tax revenues through March stood at \$731.2 million and approximately \$160.3 million above revenues for the same period in FY11. The increase was attributed to a change in the distribution formula for the quarterly distribution in November, taxpayers filing for an extension, and reconciliation for tax year 2010.
- The change in the formula by the Maryland Comptroller yielded an increase of \$29.8 million (↑14.0%) above the November distribution in FY11. Revenues from extensions and reconciliation were \$117.8 million above last fiscal year or nearly 700 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest) was \$1.038 billion (↓1.8%) through March compared to the same period in FY11. The decline is attributed to a decrease in the taxable assessable base for real property from the prior year.

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- **Property Taxes (continued):**

- Because the triennial reassessment rates for real property declined three years in a row, the real property taxable assessment is estimated to decline 3.6 percent in FY12 – the first such decline in recent history.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through March of FY12 were \$51.5 million, or 2.7% below the same period last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$30.4 million, a decrease of 4.5% over last fiscal year.
- The decrease in the transfer tax is due primarily to a decline in revenues from residential transactions (↓8.0%). The total volume of transfers, not including condo conversions, was down 8.9% during the three quarters of FY12 compared to the same period last fiscal year. The total volume of recordation tax transactions (excluding CIP portion and rate premium) was down 7.2% compared to the three quarters of fiscal year 2011. The decrease in recordation tax transactions was attributed to a 9.4 percent decrease in the volume of residential activity and 6.7 percent decline in the volume of refinancing.
- The combined amount of revenues from the transfer and recordation taxes (excluding condo conversions, CIP portion, and rate premium) was \$81.8 million compared to \$84.7 million for the same period last year (↓3.4%).

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- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$155.0 million, which were 1.6% above the three quarters of FY11. The slight increase is solely attributed to fuel/energy tax collections.
- Fuel/energy tax collections totaled \$112.5 million and 4.7% above the same period in FY11.
- Revenues from the telephone tax were \$30.3 million and 4.9% below the previous fiscal year. The decrease revenues is attributed to a significant decline in revenues from landlines.
- Revenues from the hotel/motel tax were 7.9% below the same period last fiscal year.
- Revenues from the admissions tax were down 2.3% compared to the same period last fiscal year.

Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			
	Fiscal Year 2012	Fiscal Year 2011	Variance FY12-FY11	Percent Change
<u>TAXES:</u>				
Income Tax	\$731,174,039	\$570,905,488	\$160,268,551	28.1%
Property Tax (General Fund only)	\$1,038,039,585	\$1,057,439,086	(\$19,399,501)	-1.8%
Transfer Tax (1)	\$51,455,275	\$52,888,684	(\$1,433,409)	-2.7%
Recordation Tax (2)	\$30,372,970	\$31,820,559	(\$1,447,589)	-4.5%
Fuel/Energy Tax	\$112,481,364	\$107,452,774	\$5,028,589	4.7%
Telephone Tax	\$30,265,392	\$31,813,306	(\$1,547,914)	-4.9%
Hotel/Motel Tax	\$11,064,835	\$12,007,935	(\$943,101)	-7.9%
Admissions Tax	\$1,216,808	\$1,245,524	(\$28,716)	-2.3%
<u>MISCELLANEOUS:</u>				
Investment Income (3)	\$25,988	\$310,229	(\$284,241)	-91.6%
<u>TOTAL</u>	\$2,006,096,255	\$1,865,883,586	\$140,212,669	7.5%

SOURCE: Revenue data excluding income taxes 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