

MEMORANDUM

TO: Transportation, Infrastructure, Energy and Environment/
Management and Fiscal Policy Committee

FROM: *MF* Michael Faden, Senior Legislative Attorney
Leslie Rubin, Legislative Analyst, Office of Legislative Oversight *LR*

SUBJECT: **Worksession:** Expedited Bill 15-10, Taxation – Fuel-Energy Tax – Rate and Resolution to change fuel/energy tax rates

Expedited Bill 15-10, Taxation – Fuel-Energy Tax – Rate, and the alternative resolution to change the fuel/energy tax rates, sponsored by the Council President at the request of the County Executive, was introduced on March 23, 2010. A public hearing was held on April 20.

Background/Summary This Bill and resolution, as proposed on March 15, would increase the current rates of the fuel-energy tax by 39.6% to raise an estimated additional \$50 million in FY11. For current energy tax revenue data, see the budget table on ©11.

The most recent increase in the rates of the fuel-energy tax took effect on July 1, 2008. Proposed by Councilmember Floreen as a carbon surtax, it raised the rates applied to electricity, fuel oil, and steam by 10%, gas by 5%, and coal by 20%, in order to raise an estimated additional \$11.1 million in FY09. Of the increased revenue, \$2.37 million was allocated to fund energy-related programs.

On April 22, the Executive proposed a second revised rate schedule (see ©21) that would increase each category of rates by 100%, rather than the 63.7% proposed on March 25 or the 39.6% proposed in the Executive's proposed operating budget. A 100% increase in the fuel/energy tax would raise a total of \$265.0 million in FY11, or about twice the tax revenue from FY10. If a tax increase is approved retroactive to May 1, 2010, it would also raise an additional \$21.4 million in FY10. With the April 22 proposed tax increase, the Executive also proposed a sunset for the tax at the end of FY12, when the tax would revert back to its current rates.

The Executive's April 22 proposed rate schedule supersedes the rate increases proposed both in his proposed operating budget (©10) and on March 25 (©12). For data on the impact of the proposed 100% increase, see ©22.

Schedule Council President Floreen has advised her colleagues that she plans to schedule Council action on the energy tax on May 19, when other revenue items are acted on. Council staff will recommend that the resolution, rather than the Bill, be the vehicle for any action on this item.

Additional Information

1) **How does PEPCO categorize its customers?** PEPCO publishes a documents that includes 20 different rate schedules for different types of services – two rate schedules for residential customers and 18 rate schedules for non-residential customers (see ©23).

2) **How many master-metered buildings are in the County?** Lesa Hoover from the Apartment and Office Building Association of Metropolitan Washington (AOBA) reports that in Montgomery County, *among AOBA members only*, there are 79 residential buildings and 60 of those buildings are master-metered. The 79 buildings include 19,175 units and 13,165 of the units are in master-metered buildings. Note, this data does not reflect all master-metered buildings in the County, but represents only data for master-metered buildings that are members of AOBA.

3) **Scenarios for allocating the tax burden differently between residential and non-residential customers.** At the Committees' April 21 worksession, Councilmembers asked County Government staff for different scenarios for allocating the tax burden differently between residential and non-residential customers. Department of Finance staff will have scenarios available for review at the April 29 worksession.

4) **Summary of Economic Issues.** In order to provide Councilmembers with additional information, Jacob Sesker, Planner Coordinator with the Montgomery County Planning Department, has examined the fuel/energy tax and provided a brief summary of potential economic issues raised by the proposed increase (see ©24). His summary includes examples to illustrate alternative distributions of the tax burden between residents and non-residents and includes questions that he has identified based on the proposed timing of a tax increase.

5) **Comparison of Montgomery County tax rates to nearby jurisdictions.** This packet includes three tables that compare the Executive's April 22 proposed fuel/energy tax with proposed FY11 energy tax rates in other nearby jurisdictions (see ©28-29). The table on ©28 compares the Executive's proposed April 22 tax rates for electricity and natural gas to proposed FY11 rates in Baltimore City, Prince George's County, Fairfax County, and the District of Columbia.

Note: In addition to the tax rates listed for Fairfax County on ©28, Fairfax County also has separate electricity rates for industrial customers and for master-metered apartments. In order from highest to lowest tax rates for electricity consumption, in Fairfax County, industrial customers pay the highest rate, followed, by residential, commercial, and master-metered apartments. Similarly, for tax rates for natural gas consumption in Fairfax County, residential customers pay the highest rate, followed by non-residential customers, followed by master-metered apartments. These additional Fairfax County tax rates are not included in the table because the other jurisdictions have no equivalent tax rates.

The tables on ©29 provide examples of the projected monthly electricity tax for select County businesses and residences, based on business and residential examples described in the written public hearing testimony of Charles Washington, PEPCO's Manager of Government Relations. These examples also include the projected monthly tax for these businesses and residences based on the proposed FY11 tax rates in the four jurisdictions identified above.

Issues

1) How much (if any) to increase this tax? The Executive's April 22 proposal would raise the current rates by 100% to raise an added \$132 million from this tax. Business representatives, who would be hit hardest because the business rates are 2 2/3 times the residential rates, oppose an increase of this magnitude (see Chevy Chase Land Co. letter, ©17; *Examiner* article, ©19).

2) When should any increase take effect? The Executive originally proposed that the new rates take effect on July 1, which has been customary when the rates are raised during the operating budget process. His April 22 revision proposed accelerating the effective date to May 1 so that some revenue would flow to the County during FY10. Executive staff asserted that the energy taxpayers, primarily Pepco, would be able to meet this timetable.

If the Council does not act on this Bill or resolution until May 19, as Council President Floreen has scheduled, the new rates could apply to energy delivered on or after May 1. The County Attorney believes, and Council staff concurs, that doing so would be legally permissible.

3) What are the options for changing the rate of master-metered residential apartment buildings? Currently, master-metered apartment buildings are taxed at the higher rate charged to non-residential consumers. There are three primary options for setting rates for master-metered residential apartment buildings, identified here in order of the greatest tax burden to the lowest: (a) tax them at the non-residential rate as established by the Council in May (status quo); (b) tax them at the non-residential rate currently in effect (do not raise their current tax rates); or (c) tax them at the residential rate.

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Expedited Bill No. 15-10
Concerning: Taxation – Fuel-Energy
Tax - Rate
Revised: 3-22-10 Draft No. 1
Introduced: March 23, 2010
Expires: September 23, 2011
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) increase the rates of the fuel-energy tax; and
- (2) generally amend County laws related to the fuel-energy tax.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-14, Fuel-energy tax

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 52-14 is amended as follows:

52-14. Fuel-energy tax.

(a) A tax is levied and imposed on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County. Beginning on July 1, 2010, the tax rates in dollars are:

(1) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

<u>FUEL-ENERGY</u>	<u>TAX RATE</u>
<u>Electricity (per kilowatt hr)</u>	<u>\$0.0072924198</u>
<u>Natural Gas (per therm)</u>	<u>\$0.0628010617</u>
<u>Steam (per therm)</u>	<u>\$0.0822605134</u>
<u>Coal (per ton)</u>	<u>\$18.6267531744</u>
<u>Fuel oil (per gallon):</u>	
<u>No. 1</u>	<u>\$0.0899987212</u>
<u>No. 2</u>	<u>\$0.0933631594</u>
<u>No. 3</u>	<u>\$0.0933631594</u>
<u>No. 4</u>	<u>\$0.0955500442</u>
<u>No. 5</u>	<u>\$0.0974004852</u>
<u>No. 6</u>	<u>\$0.0995873700</u>
<u>Liquefied petroleum gas (per pound)</u>	<u>\$0.0135686262</u>

(2) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

<u>FUEL-ENERGY</u>	<u>TAX RATE</u>
<u>Electricity (per kilowatt hr)</u>	<u>\$0.0193251926</u>

<u>Natural Gas (per therm)</u>	<u>\$0.1664230814</u>
<u>Steam (per therm)</u>	<u>\$0.2179903605</u>
<u>Coal (per ton)</u>	<u>\$49.3578373320</u>
<u>Fuel oil (per gallon):</u>	
<u>No. 1</u>	<u>\$0.2384966112</u>
<u>No. 2</u>	<u>\$0.2474123724</u>
<u>No. 3</u>	<u>\$0.2474123724</u>
<u>No. 4</u>	<u>\$0.2532076172</u>
<u>No. 5</u>	<u>\$0.2581112858</u>
<u>No. 6</u>	<u>\$0.2639065305</u>
<u>Liquefied petroleum gas (per pound)</u>	<u>\$0.0359568595</u>

11 The County Council [must] may set the rates for various forms of fuel
12 and energy by resolution adopted according to the requirements of
13 Section 52-17(c). The Council may, from time to time, revise, amend,
14 increase, or decrease the rates, including establishing different rates
15 for fuel or energy delivered for different categories of final
16 consumption, such as residential or agricultural use. The rates must
17 be based on a weight or other unit of measure regularly used by [such]
18 persons in the conduct of their business. The rate for each form of
19 fuel or energy should impose an equal or substantially equal tax on the
20 equivalent energy content of each form of fuel or energy for a
21 particular category of use. The tax does not apply to the transmission
22 or distribution of electricity, gas, steam, coal, fuel oil, or liquefied
23 petroleum gas in interstate commerce through the County if the tax
24 would exceed the taxing power of the County under the United States
25 Constitution. The tax does not apply to fuel or energy converted to

26 another form of energy that will be subject to a tax under this Section.
27 The tax must not be imposed at more than one point in the
28 transmission, distribution, manufacture, production, or supply system.
29 The rates of tax apply to the quantities measured at the point of
30 delivery for final consumption in the County.

31 * * *

32 **Sec. 2. Expedited Effective Date.**

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

36 *Approved:*

37

38

39 _____
Nancy Floreen, President, County Council Date

40 *Approved:*

41

42

43 _____
Isiah Leggett, County Executive Date

44 *This is a correct copy of Council action.*

45

46

47 _____
Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 15-10 Taxation – Fuel-Energy Tax – Rate

- DESCRIPTION:** This Bill would increase the rates of the fuel-energy tax.
- PROBLEM:** In order to meet current fiscal challenges facing the County, the County must increase the amount of revenue available to maintain core Government programs and services.
- GOALS AND OBJECTIVES:** To enhance the amount of revenue available to support core government programs and services.
- COORDINATION:** Office of Management and Budget; Department of Finance
- FISCAL IMPACT:** To be requested.
- ECONOMIC IMPACT:** To be requested.
- EVALUATION:** Subject to the general oversight of the County Executive and the County Council.
- EXPERIENCE ELSEWHERE:**
- SOURCES OF INFORMATION:** Joseph Beach, Director of Management and Budget
Kathleen Boucher, Assistant Chief Administrative Officer
- APPLICATION WITHIN MUNICIPALITIES:** Tax laws apply County-wide.
- PENALTIES:** N/A



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 18, 2010

TO: Nancy Floreen, Council President
FROM: Isiah Leggett, County Executive 
SUBJECT: FY 2011 Budget Reconciliation and Financing Act

2010 MAR 19 AM 9:26
RECEIVED
MONTGOMERY COUNTY
COUNCIL

I am attaching for Council's consideration a Budget Reconciliation and Financing Act (BRFA) which makes changes to the County Code that are necessary to reconcile my recommended FY 2011 operating budget with projected FY 2011 revenues. This bill will help the County address its current fiscal challenges by increasing the amount of revenue available to maintain and enhance core government programs and services. I am also attaching a Legislative Request Report for the bill. A Fiscal Impact Statement will be transmitted to Council soon.

The BRFA consists of five primary components. First, it increases the energy tax rates. Second, it temporarily redirects the portion of recordation tax revenues that are currently reserved for County Government capital projects and rental assistance programs to the general fund for general purposes. Third, it allows revenues generated by the Water Quality Protection Charge to be used to pay debt service on bonds that fund stormwater management infrastructure projects. Fourth, it transfers responsibility for administering equal employment opportunity programs from the Office of Human Resources to the Office of Human Rights. Fifth, it authorizes the Fire and Rescue Service to impose an Emergency Medical Services (EMS) Transport Fee.

As the Council knows, the County's energy tax is actually a tax on fuel oil, natural gas, and electric utility providers which is passed on to all utility customers. Because the energy tax is a broad-based tax, its impact on families is reduced by the fact that it is paid by businesses and households, and all levels of government, including federal agencies located in the County (that currently do not pay any other major County tax). Additionally, the energy tax is a consumption tax based on energy usage. It is not based on the overall size of the utility bill or the cost per unit of energy used as billed to the consumer. Therefore, the amount of the tax can be lessened by reduced energy usage. Based on existing usage patterns for the average homeowner, my recommended FY 2011 budget assumes an average increase in the energy tax of approximately \$2.90 per month. I have also recommended additional funding in the Health and

Human Services budget for the County's Energy Assistance Program to minimize the impact to low-income households.

My recommended FY11 budget contains several efforts to restructure County Government to improve responsiveness and efficiency. One of these changes is the transfer of the Equal Employment Opportunity program from the Office of Human Resources to the Office of Human Rights. This shift takes advantage of existing staff resources to reduce costs and leverage the efforts of County staff to produce better outcomes for the community. This bill modifies the County code provisions relating to the responsibilities of the Office of Human Resources and Office of Human Rights to reflect this change.

The EMS Transport Fee is needed to fund fire and rescue services in the County. Without this fee, emergency response to residents will be impaired. EMS Transport Fees are widely employed throughout the nation and by local governments throughout the Washington region. These jurisdictions have not experienced any indication that people decline to use emergency transports as a result of the imposition of an ambulance fee. By creating a prepaid fund for uninsured County residents, the legislation that I am transmitting imposes a fee only on County residents with health insurance which covers EMS Transports. This arrangement more equitably distributes the economic burden of providing EMS transport services in the County between residents and nonresidents. The legislation provides for a hardship waiver for nonresidents who fall below 300 percent of federal poverty guidelines.

To provide the Council with a complete picture of the EMS Transport Fee program created by this bill, I am attaching a copy of the proposed Executive Regulation to implement the fee. This proposed regulation will be published in the April 2010 County Register and submitted to Council after the 30-day public comment period ends on April 30.

Finally, I note that the BRFA is consistent with Bill 31-09, Consideration of Bills – One Subject (enacted on September 29, 2009), which requires that a bill “contain only one subject matter”. As noted in the Council staff packet for Bill 31-09, that bill was intended to adopt the “one subject rule” of the Maryland Constitution, which requires all laws enacted by the General Assembly to contain only one subject. The Maryland Attorney General has repeatedly concluded that budget reconciliation and financing bills do not conflict with the one subject rule. For example, in 2005, the Attorney General noted that “[f]or the past fourteen years, 15 budget reconciliation, budget reconciliation and financing acts or variations thereof, have been used to balance budgets, raise revenue, make fund transfers, redistribute funds, cut mandated appropriations and authorize or mandate appropriations.”¹ The Attorney General concluded that all of those bills were consistent with the one subject rule because the provisions of the bills were “clearly germane to the single subject of financing State and local government”. See *Panitz v. Comptroller of the Treasury*, 247 Md. 501 (1967) (Omnibus supplemental appropriation bill comprised a single subject for purposes of § 29 of Art III of the State Constitution even though

¹ See May 19, 2005 memorandum from Attorney General J. Joseph Curran, Jr. to Governor Robert Ehrlich regarding House Bill 147 (2005).

Nancy Floreen, Council President
March 18, 2010
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the bill combined such diverse elements as police aid to local government; teacher salaries and pensions; and general unrestricted grants to local government).

Attachments (3)

cc: Joseph Adler, Director, Office of Human Resources
Jennifer Barrett, Director, Finance Department
Joseph Beach, Director, OMB
Kathleen Boucher, ACAO
Richard Bowers, Fire Chief, MCFRS
Marc Hansen, Acting County Attorney
Robert Hoyt, Director, DEP
Richard Y. Nelson, Jr., Director, DHCA
James Stowe, Director, Office of Human Rights

Resolution No. _____
Introduced: March 23, 2010
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President

SUBJECT: Fuel/energy tax – rates

Background

1. Section 52-14 of the County Code levies a tax on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.
2. Section 52-14 also provides that the County Council may amend the fuel/energy tax rates by resolution, after a public hearing advertised as required by Section 52-17. A public hearing was held on this resolution on (date).
3. The Council finds that it is fair and equitable to continue different rates for fuels and energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes and for non-residential purposes.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

1. On and after July 1, 2010, the fuel/energy tax rates levied under Section 52-14 of the County Code are as shown on Schedule A, attached to this resolution.
2. This Resolution supersedes Resolution 16-553.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date

SCHEDULE A (starting July 1, 2010)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	\$0.0072924198
Natural Gas (per therm)	\$0.0628010617
Steam (per therm)	\$0.0822605134
Coal (per ton)	\$18.6267531744
Fuel oil (per gallon)	
No. 1	\$0.0899987212
No. 2	\$0.0933631594
No. 3	\$0.0933631594
No. 4	\$0.0955500442
No. 5	\$0.0974004852
No. 6	\$0.0995873700
Liquefied petroleum gas (per pound)	\$0.0135686262

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

FUEL-ENERGY	
Electricity (per kilowatt hr)	\$0.0193251926
Natural Gas (per therm)	\$0.1664230814
Steam (per therm)	\$0.2179903605
Coal (per ton)	\$49.3578373320
Fuel oil (per gallon)	
No. 1	\$0.2384966112
No. 2	\$0.2474123724
No. 3	\$0.2474123724
No. 4	\$0.2532076172
No. 5	\$0.2581112858
No. 6	\$0.2639065305
Liquefied petroleum gas (per pound)	\$0.0359568595

SCHEDULE C-2

Revenues Detailed By Agency

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
Special Funds Non-Tax Supported	275,448	575,000	575,000	575,000	—
Enterprise Funds Non-Tax Supported	12,326,760	14,150,000	12,409,600	14,578,300	3.0%
TOTAL M-NCPPC	122,395,151	123,746,840	121,219,010	110,709,610	-10.5%
OTHER					
SUMMARY					
GRAND TOTAL ALL FUNDS/AGENCIES	4,238,144,349	4,475,519,832	4,299,713,704	4,443,966,271	-0.7%

SCHEDULE C-3

Revenues Detailed By Agency, Fund and Type

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
TAX SUPPORTED					
MONTGOMERY COUNTY GOVERNMENT					
County General Fund					
Taxes					
Property Taxes					
Countywide Tax	1,103,000,368	1,217,556,500	1,211,041,980	1,249,091,200	2.6%
Storm Drainage Tax	3,767,095	4,481,190	4,454,790	4,502,330	0.5%
Tax Rebate	-142,295,619	-168,942,072	-167,612,040	0	—
Income Tax Offset Credit	0	0	0	-168,814,443	—
New Business Incentive Tax Credit	-2,616,227	-4,000,000	-4,000,000	-4,026,150	0.7%
County Homeowner Tax Credit Program	-952,394	-1,867,619	-3,197,651	-1,896,331	1.5%
Penalties and Interest on Taxes	1,370,122	1,479,356	1,479,356	1,478,098	-0.1%
Property Tax Electric Deregulation	0	555,345	555,345	277,673	-50.0%
Prior Year Tax	45,962	2,039,721	2,039,721	2,039,721	—
Other Taxes					
County Income Tax	1,291,716,935	1,214,770,000	1,094,555,000	1,160,880,000	-4.4%
Real Property Transfer Tax	64,771,739	64,970,000	68,670,000	75,650,000	16.4%
Recordation Tax Premium	0	6,509,000	0	8,221,000	26.3%
Recordation Tax	42,437,217	51,880,000	46,121,000	51,020,000	-1.7%
Solar Tax Credit	0	-500,000	-500,000	-500,000	—
→ Energy Tax	129,328,307	130,360,000	132,194,000	185,120,000	42.0%
Telephone Tax	30,906,025	32,840,000	29,542,000	30,589,000	-6.9%
Hotel/Motel Tax	16,829,254	20,014,000	15,813,000	17,353,000	-13.3%
Admissions Tax	2,169,201	2,130,000	2,058,000	2,043,000	-4.1%
TOTAL TAXES	2,540,477,985	2,574,275,421	2,433,214,501	2,613,028,098	1.5%
Licenses & Permits					
Business Licenses					
Hazardous Materials Permits	683,432	700,000	928,000	700,000	—
Traders Licenses	735,338	780,000	780,000	780,000	—
Miscellaneous - Landlord-Tenant	155	15,000	0	0	—
Clerk of the Court Business Licenses	239,386	215,000	215,000	215,000	—
Burglar Alarm Licenses	77,740	67,030	70,000	67,000	0.0%
Other Business Licenses	4,467,736	4,414,390	4,553,610	4,549,260	3.1%
Public Health Licenses	2,263,481	2,171,920	2,209,650	2,209,650	1.7%
Non-Business Licenses					
Residential Parking Permits	165,925	125,000	185,000	185,000	48.0%
Marriage License\Ceremony Fees	65,358	67,000	67,000	67,000	—
Marriage Licenses-Battered Spouses	248,566	300,000	250,000	250,000	-16.7%
Other Non-Business Licenses	2,800	0	0	0	—
Pet Animal Licenses	351,890	277,040	369,300	369,300	33.3%

SCHEDULE A (starting May 1, 2010)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	\$0.0085513547
Natural Gas (per therm)	\$0.0736427923
Steam (per therm)	\$0.0964616479
Coal (per ton)	\$21.8424032568
Fuel oil (per gallon)	
No. 1	\$0.1055357497
No. 2	\$0.1094810114
No. 3	\$0.1094810114
No. 4	\$0.1120454315
No. 5	\$0.1142153254
No. 6	\$0.1167797455
Liquefied petroleum gas (per pound)	\$0.0159110610

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	\$0.0226614186
Natural Gas (per therm)	\$0.1951537137
Steam (per therm)	\$0.2556233669
Coal (per ton)	\$57.8787820290
Fuel oil (per gallon)	
No. 1	\$0.2796697368
No. 2	\$0.2901246802
No. 3	\$0.2901246802
No. 4	\$0.2969203935
No. 5	\$0.3026706124
No. 6	\$0.3094663255
Liquefied petroleum gas (per pound)	\$0.0421643116

Questions Related to the County Executive's Proposed Fuel/Energy Tax Increase

**Based on: (1) March 15th Proposed Operating Budget; and
(2) March 25, 2010 Memorandum from the County Executive to the Council President**

1. Please provide the set of assumptions used to calculate the projected increase in revenue from the Executive's proposed increase in the Fuel/Energy Tax. Include an explanation of whether and/or how the March 25th amendment to the proposal changes the calculation.
2. Please provide details of the calculation that led to the statement that, if approved by the Council, the higher tax will "increase the average residential utility bill by approximately \$5 per month"?

See spreadsheet attachment titled: Impact of Proposed FY11 Increase – REVISED 03-25-10.xls

3. What are the comparable calculations for the projected increase in the average non-residential and agricultural utility bills?

See spreadsheet attachment titled: Impact of Proposed FY11 Increase – REVISED 03-25-10.xls

4. Is 100% of the County's Fuel/Energy tax passed on to customers by the utilities? Do the utility companies add an additional amount on the customer's bill for collecting the Fuel/Energy tax on behalf of the County? If so, how much?

Yes, utilities companies passed on to customers the County's fuel/energy tax. The additional amount reflected on the customer's bill under the County line item is for the MD gross receipts tax and MD PSC assessment fee. Additional amount is about 2.20%

The County has no information regarding individual (non-regulated companies) that distribute fuel products to customers in the County (e.g., fuel oil # 2)

5. Is anyone (or any entity) exempt from the Fuel/Energy tax?

None of our fuel/energy tax providers are exempt from this tax.

6. Is multi-family housing charged at the residential rate or the non-residential rate? Is there any distinction between multi-family resident-owned housing (e.g., condominiums) and multi-family rental housing?

This varies among providers.

From a heating oil provider, a multi-family housing and rental housing is charged at the residential rate as long as they provide a living space.

On the other hand, PEPCO charges a residential rate for individually metered residential dwellings – and the commercial rate to multi-family dwellings (condos and apartments) that are master metered.

Washington Gas charges multi-family housing or rental at the residential rate.

7. When are tax revenues counted toward County revenue – when customers use fuel or when the tax revenues are paid to the County by the utilities?

Revenues are recognized when they are paid (monthly/quarterly) to the County by the taxpayer – i.e., provider/distributor of the fuel energy product.

8. **Please provide data for each table on the next page.** For FY11, please provide data based on the increase in the County Executive's March 15th proposed budget *and* data showing *the incremental change* between the tax increase in the Executive's proposed budget (39.6%) and increase in the Executive's March 25th proposal (63.7%).

See spreadsheet attachment titled: MFaden_LRubin.xls

Responses Requested by Tuesday, April 13, 2010

Fuel/Energy Tax Data Tables
April 15, 2010

Annual Tax Revenue, FY03-FY11 (\$ in millions)

Category	FY03	FY09	FY10*	FY11**	FY03-FY11 Projected	
					\$ Increase	% Increase
Residential	\$7.9	\$35.2	\$36.0	\$59.1	\$51.2	648%
Non-Residential	\$18.2	\$94.1	\$96.2	\$157.9	\$139.7	768%
Total	\$26.1	\$129.3	\$132.2	\$217.0	\$190.9	731%

*Projected

** Projected based on the County Executive's March 25th proposed tax increase

Source: Department of Finance, OLO Analysis

Average Annual Tax Bill, FY09-FY11

Consumer	FY10*	FY11**	\$ Increase	% Increase
Residential	\$99	\$161	\$62	63%
Non-Residential	\$2,618	\$4,157	\$1,539	59%

*Projected

**Projected based on the County Executive's March 25th proposed tax increase

Source: Department of Finance, OLO Analysis

Total Number of Consumers, FY10 and FY11

Category	FY10	FY11 Projected
Residential	362,000	367,000
Non-Residential	36,737	37,977

Source: Department of Finance

**Percentage of Total Tax Revenue
by Category, FY10 and FY11**

Category	FY10*	FY11*
Residential	27.2%	27.2%
Non-Residential	72.8%	72.8%
Total	100%	100%

*Projected

Source: Department of Finance – Based on the average of the prior four fiscal years

Annual Tax Revenue, FY03-FY11 (\$ millions)

Category	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10*	FY11 Projected	
									March 15 Budget	March 25 Proposal
Residential	\$7.9	\$21.5	\$32.0	\$32.0	\$32.3	\$32.2	\$35.2	\$36.0	\$50.4	\$59.1
Non-Residential	\$18.2	\$52.1	\$82.9	\$85.6	\$86.5	\$86.1	\$94.1	\$96.2	\$134.7	\$157.9
Total	\$26.1	\$73.6	\$114.9	\$117.7	\$118.8	\$118.3	\$129.3	\$132.2	\$185.1	\$217.0

*Projected

Source: Department of Finance

Impact of Proposed Increase to Energy Tax

Average Impact to Residential and Non-Residential Taxpayers

Based on latest figures available for energy consumption (2009 Energy Tax data), housing units (2008 Census Bureau data) and business establishments (2007 Census Bureau data)

Residential

Fuel Type	Units	Units Consumed	Tax Rate	Current Tax	Proposed 63.7% Increase		For Each 1% Increase
					Total	Difference	
Electricity	kWh	12,808	0.005224	\$66.91	\$109.53	\$42.62	\$0.67
Heating Fuel	Therm	624	0.044986	\$28.08	\$45.97	\$17.89	\$0.28
Total				\$94.99	\$155.49	\$60.51	\$0.95
Average Monthly Increase						\$5.04	

Non-Residential

Fuel Type	Units	Units Consumed	Tax Rate	Current Tax	Proposed 63.7% Increase		For Each 1% Increase
					Total	Difference	
Electricity	kWh	204,614	0.013843	\$2,832.53	\$4,636.85	\$1,804.32	\$28.33
Heating Fuel	Therm	5,325	0.119214	\$634.86	\$1,039.26	\$404.40	\$6.35
Total				\$3,467.39	\$5,676.12	\$2,208.73	\$34.67
Average Monthly Increase						\$184.06	

Some Examples

	Current Tax	Proposed 63.7% Increase		For Each 1% Increase
		Total	Difference	
3,000 sq. ft., 4-bedroom, 3.5 bath house (DEP employee)	\$89.68	\$146.80	\$57.12	\$0.90
Council Office Building (142,480 sq. ft.)	\$47,075.00	\$77,061.78	\$29,986.78	\$470.75
East County Government Center (13,700 sq. ft.)	\$3,537.86	\$4,577.99	\$1,040.13	\$35.38

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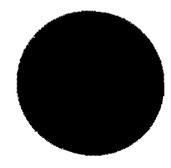
Guthrie, Lynn

From: Floreen's Office, Councilmember
Sent: Monday, April 19, 2010 2:26 PM
To: Montgomery County Council
Subject: FW: Energy Tax and SS clean and safe

2010 APR 20 AM 9:06

RECEIVED
MONTGOMERY COUNTY
COUNCIL

056085



-----Original Message-----

From: Nona L. Olson [mailto:nlo@cclandco.com]
Sent: Monday, April 19, 2010 1:43 PM
To: Floreen's Office, Councilmember; Andrew's Office, Councilmember; Berliner's Office, Councilmember; Eirich's Office, Councilmember; Ervin's Office, Councilmember; Knapp's Office, Councilmember; Leventhal's Office, Councilmember; Navarro's Office, Councilmember; Trachtenberg's Office, Councilmember
Cc: 'Jane Redicker'
Subject: Energy Tax and SS clean and safe

Good afternoon Councilmembers

Montg County Energy Tax

I have attached a spreadsheet showing the impact that the proposed Montgomery County Energy Tax rate increase would have on simply 5 meters serving some of our commercial office buildings. These are not necessarily the only meters serving each building, but I wanted to present something so that the full impact of this rate increase is understood. It is a HUGE increase for both building owners and for tenants who in some cases, but not all, may share a portion of building expenses. Everyone is looking for extra money but this burden against businesses is unwarranted. This is also on top of the Capacity & Transmission Surcharge that appeared on our March Pepco bills through our supplier, which after being phased in over the next couple of months will cost the five buildings referenced on the spreadsheet \$269,405. ***I urge you to vote no on increasing the Montgomery County Energy Tax.***

Silver Spring Safe and Clean Expenses

Businesses have invested in and made a commitment to Silver Spring by opening their businesses or retail operations in an area that not too long ago had nothing going for it. Those same businesses pay a CBD tax for special services to ensure that there is no gap between what's needed and what's delivered. Silver Spring is a people hub with the metro, the Marc train and good retail and commercial activity. The businesses count on clean and safe streets and parking lots, and pay extra to offset the normal issues that occur when there are lots of people coming from outside the area. Those people continue to come because they also can count on clean and safe streets and parking lots. Every effort needs to be made to ensure that folks come back and visit again, and continue to made investments and commitments to the Silver Spring area. Silver Spring's common area maintenance and safety programs can not be compromised because everyone knows that reversing an image is a time consuming and costly event in itself. ***I urge you not to compromise the progress that Silver Spring has made by reducing the coverage times for the Clean and Safe Team.***

Thank you for your consideration of these important issues.

Leslie Olson
Board member
Greater Silver Spring Chamber of Commerce

N. Leslie Olson, RPA
Assistant Vice President
The Chevy Chase Land Company
2 Wisconsin Circle, Suite 560
Chevy Chase, Maryland 20815
tel 301-654-2292
fax 301-654-2291
nlo@cclandco.com

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MONTGOMERY COUNTY ENERGY TAX (MCET)

Property Address	billing period	KWH used	0.0141501		0.022661419		annual increase
			existing MCET	existing charge	proposed MCET	new charge	
2 Wisc Circle	1/28/10-2/24/10	492978	0.0141501	\$6,975.69	0.022661419	\$11,171.58	\$50,350.71
8401 Ct Ave	2/4/10-3/5/10	337448	0.0141501	\$4,774.92	0.022661419	\$7,647.05	\$34,465.56
2 Bethesda Metro	1/4/10-2/1/10	383222	0.0141501	\$5,422.63	0.022661419	\$8,684.35	\$39,140.69
7316 Wisc Ave	2/26/10-3/30/10	139200	0.0141501	\$1,969.69	0.022661419	\$3,154.47	\$14,217.31
5440 Western Ave	11/25/09-12/30/09	261000	0.0141501	\$3,693.17	0.022661419	\$5,914.63	\$26,657.52
NEW INCREASE							\$164,831.80



Local

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Businesses push back against 64 percent -- or more -- energy tax hike

By: Alan Suderman
Examiner Staff Writer
April 20, 2010

Montgomery County Executive Ike Leggett may be looking to increase energy taxes even more than the 64 percent raise he already proposed.

Leggett is set to present a revised budget Thursday to cover a recent write-down of more than \$160 million in income tax revenues that bring the county's budget gap to nearly \$1 billion.

Business leaders said they are concerned that Leggett will rely on raising energy taxes to help bridge that gap, and County Council staff said they "would not be surprised" to see another proposed increase.

Leggett's spokesman, Patrick Lacefield, said the revised budget is "still a work in progress."

Revenues collected from the energy tax have jumped from \$26.1 million in fiscal 2003 to \$132 million in fiscal 2010. Leggett's current proposed increase would raise revenues to \$217 million a year, or a 731 percent increase since fiscal 2003.

Power up

">
Examples of annual energy tax rates increases:

Size of building	Current tax	Proposed tax	Difference
3,000 sq. ft. house	\$89.68	\$146.80	\$57.12
13,700 sq. ft. office building	\$3,537.86	\$4,577.99	\$1,040.13
142,000 sq. ft. office building	\$47,075.00	\$77,061.78	\$29,986.78

">

Leggett first proposed a 40 percent energy tax increase last month. Two weeks later, he bumped that up to 63.7 percent because bond-rating agencies complained that the county's reserves were too low. He said he favored an energy tax increase over a property tax increase since it would affect households less and federal agencies housed in Montgomery would pay for much of the increased revenues.

But business advocates say the energy tax increases would stunt job growth, cause struggling small businesses to fail, and deter companies from moving into the county, according to local business

advocates.

"This is a make-it or break-it thing," said Ginanne Italiano, president of the Greater Bethesda-Chevy Chase Chamber of Commerce.

Leggett's proposed energy tax increase would raise the average non-residential energy bills by \$2,200 a year, according to county data. Average residential electric and natural gas bills, which have tax rates about a two-and-a-half times lower than non-residential customers, would rise by \$60 a year.

For more energy-hungry businesses, such as restaurants or biotech companies, the bill could be much larger. Lisa Fadden, vice president of the Montgomery County Chamber of Commerce, said the increase for some biotech companies could amount to more than \$500,000 a year.

"It's huge ... those are the people we are trying to attract here," Fadden said, referencing the county's recent efforts at bolstering public investment in local biotech companies.

asuderman@washingtonexaminer.com

More from Alan Suderman

- [Businesses push back against 64 percent -- or more -- energy tax hike](#)
- [Montgomery pay increases much higher than private sector](#)
- [Leggett approves pay increases for helicopter police](#)
- [Montgomery County unions at odds over furlough plan](#)
- [CASA fights against budget cuts](#)

Topics

[Washington Examiner](#) , [Ike Leggett](#) , [energy taxes](#) , [Ginanne Italiano](#) , [Greater Bethesda-Chevy Chase Chamber of Commerce](#) , [Lisa Fadden](#) , [Montgomery County Chamber of Commerce](#)



SCHEDULE A (starting May 1, 2010)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

FUEL-ENERGY	TAX RATE
Electricity (per kilowatt hr)	\$0.0104475928
Natural Gas (per therm)	\$0.0899728678
Steam (per therm)	\$0.1178517384
Coal (per ton)	\$26.6858928000
Fuel oil (per gallon)	
No. 1	\$0.1289379960
No. 2	\$0.1337581080
No. 3	\$0.1337581080
No. 4	\$0.1368911808
No. 5	\$0.1395422424
No. 6	\$0.1426753152
Liquefied petroleum gas (per pound)	\$0.0194392926

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

FUEL-ENERGY	
Electricity (per kilowatt hr)	\$0.0276865224
Natural Gas (per therm)	\$0.2384284834
Steam (per therm)	\$0.3123071068
Coal (per ton)	\$70.7132340000
Fuel oil (per gallon)	
No. 1	\$0.3416856894
No. 2	\$0.3544589862
No. 3	\$0.3544589862
No. 4	\$0.3627616292
No. 5	\$0.3697869424
No. 6	\$0.3780895852
Liquefied petroleum gas (per pound)	\$0.0515141254

**Fuel/Energy Tax Data Tables
April 29, 2010**

Annual Tax Revenue, FY03-FY11 (\$ in millions)

Category	FY03	FY09	FY10*	FY11**	FY03-FY11 Projected	
					\$ Increase	% Increase
Residential	\$7.9	\$35.2	\$36.0	\$72.2	\$64.3	714%
Non-Residential	\$18.2	\$94.1	\$96.2	\$192.8	\$174.6	859%
Total	\$26.1	\$129.3	\$132.2	\$265.0	\$238.9	815%

*Projected based on current tax rate

** Projected based on the County Executive's April 22nd proposed tax increase

Source: Department of Finance, OLO Analysis

Average Annual Tax Bill, FY09-FY11

Consumer	FY10*	FY11**	\$ Increase	% Increase
Residential	\$99	\$197	\$98	99%
Non-Residential	\$2,618	\$5,077	\$2,459	94%

*Projected

**Projected based on the County Executive's April 22nd proposed tax increase

Source: Department of Finance, OLO Analysis

Total Number of Consumers, FY10 and FY11

Category	FY10	FY11 Projected
Residential	362,000	367,000
Non-Residential	36,737	37,977

Source: Department of Finance

**Percentage of Total Tax Revenue
by Category, FY10 and FY11**

Category	FY10*	FY11*
Residential	27.2%	27.2%
Non-Residential	72.8%	72.8%
Total	100%	100%

*Projected

Source: Department of Finance – Based on the average of the prior four fiscal years

Annual Tax Revenue, FY03-FY11 (\$ millions)

Category	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10*	FY11 Projected		
									March 15 Budget	March 25 Proposal	April 22 nd Proposal
Residential	\$7.9	\$21.5	\$32.0	\$32.0	\$32.3	\$32.2	\$35.2	\$36.0	\$50.4	\$59.1	\$72.2
Non-Residential	\$18.2	\$52.1	\$82.9	\$85.6	\$86.5	\$86.1	\$94.1	\$96.2	\$134.7	\$157.9	\$192.8
Total	\$26.1	\$73.6	\$114.9	\$117.7	\$118.8	\$118.3	\$129.3	\$132.2	\$185.1	\$217.0	\$265.0

*Projected

Source: Department of Finance

Summary of PEPCO Rate Schedules

Rate Schedule
Residential Rate Schedules
Residential Service
Time Metered Residential Service
Non-Residential Rate Schedules
General Service
Temporary or Supplementary Service
Time Metered Medium General Service – Low Voltage – Type II
Time Metered Medium General Service – Low Voltage – Type III
Time Metered Medium General Service – Primary Service – Type II
Time Metered Medium General Service – Primary Service – Type III
Time Metered General Service - Low Voltage
Time Metered General Service – Primary Service
Time Metered General Service – High Voltage
Time Metered Rapid Transit Service
Electric Vehicle Service
Outdoor Lighting Service
Street Lighting Service
Charges for Servicing Street Lights Served from Overhead Lines
Charges for Servicing Street Lights Served from Underground Lines
Telecommunications Network Service
Cogeneration and Small Power Production Interconnection Service
Standby Service

Source: PEPCO Rate Schedules for Electric Service in Maryland, March 1, 2010

April 27, 2010

MEMORANDUM

TO: The Honorable Nancy Floreen, Chair
Transportation, Infrastructure, Energy & Environment (T&E)
Montgomery County Council

The Honorable Duchy Trachtenberg, Chair
Management and Fiscal Policy (MFP)
Montgomery County Council

FROM: Jacob Sesker, Planner Coordinator (301-650-5619)

SUBJECT: Summary of Economic Issues-Fuel/Energy Tax

The proposed budget includes additional revenues of approximately \$100 million attributable to an increase in the Fuel/Energy Tax. As a matter of perspective, that \$100 million gap is equivalent to more than 8% of the total countywide real property tax revenues. That gap will be closed by increasing taxes or decreasing spending¹ or some combination of the two; however, actual increases in property tax are unlikely. To the extent that the gap is partially closed by tax increases, those increases will be in the form of increases to excise taxes².

The Executive has now proposed an increase of 100% in the Fuel/Energy tax rates, which follows the earlier proposals to increase the rates by 39.6% and then 63.7%. For each of the three successive proposals, the Executive has proposed increasing the rates by the same percentage for all fuel types and for all end users.

The following represents a brief outline of the economic issues raised by this proposed tax increase. In brief, those issues are uniformity/equity, and timing (onset and sunset). Further discussion, and possibly analysis, is almost certain to occur over the next two weeks. Answering these questions will likely require further coordination between the County Executive, Council staff, and the Planning Department.

¹ An issue not addressed in this memo is the economic impact of reductions in government services, some of which do negatively impact businesses and the overall business climate in a jurisdiction.

² Excise taxes are taxes on the exercise of a privilege (e.g. distribution of energy, consumption of alcohol, etc.). In contrast to property taxes, there is no Maryland requirement that excise taxes be uniform (i.e. that commercial and residential rates be the same). In addition, there are no Charter limitations on increases in excise taxes. Excise taxes, like all taxes, are primarily tools for raising revenue. Excise taxes may often be perceived as a way to influence behavior as well—for that reason many excise taxes are referred to as “sin taxes.”

Uniformity

a. Commercial versus residential

The question raised by many members of the business community in compelling written testimony submitted at the April 21st public hearing was whether the increase in the Fuel/Energy Tax unfairly burdens the business community. If the County leans more heavily on the Fuel/Energy Tax to raise revenues, the portion of tax revenues (all sources, i.e. property, income, development impact, and other excise taxes) generated by commercial uses will increase. A question for further analysis is whether that increase will be exacerbating an existing inequality between commercial and residential, or narrowing an existing gap.

In this case, the current Fuel/Energy Tax rates for commercial users are 2.65 times higher than the rates charged for energy distributed to residential users³. Because the Executive has proposed equal rate increases for residential and commercial, that relationship would remain the same if the proposal were adopted.

Alternative distributions of the increase could fall anywhere within a range. The examples below are intended to illustrate alternative distributions of the burden where the total amount of revenue raised by the tax remains constant:

Executive's Proposal

	FY11 Consumers	FY 11 Average Tax Paid	FY 11 Projected Revenue	% Rate Increase
Residential	367,000	\$198.93	\$73,005,747	100%
Commercial	37,977	\$5,236.56	\$198,868,900	100%
Total-All Uses			\$271,874,646	

Example 1: Maintain FY10 Commercial Rate

	FY11 Consumers	FY 11 Average Tax Paid	FY 11 Projected Revenue	% Rate Increase
Residential	367,000	\$469.86	\$172,440,197	372%
Commercial	37,977	\$2,618.28	\$99,434,450	0%
Total-All Uses			\$271,874,646	

Example 2: Maintain FY 10 Residential Rate

	FY11 Consumers	FY 11 Average Tax Paid	FY 11 Projected Revenue	% Rate Increase
Residential	367,000	\$99.46	\$36,502,873	0%
Commercial	37,977	\$6,197.74	\$235,371,773	137%
Total-All Uses			\$271,874,646	

³ For comparison, in Fairfax County the rate charged to commercial users is 1.25 times higher than the rate charged to residential users.

Example 3: Achieve 50/50 Split Overall

	FY11 Consumers	FY 11 Average Tax Paid	FY 11 Projected Revenue	% Rate Increase
Residential	367,000	\$370.40	\$135,937,323	272%
Commercial	37,977	\$3,579.46	\$135,937,323	37%
Total-All Uses			\$271,874,646	

Example 4: Split Executive's Proposed Increase 50/50

	FY11 Consumers	FY 11 Average Tax Paid	FY 11 Projected Revenue	% Rate Increase
Residential	367,000	\$288.41	\$105,846,106	190%
Commercial	37,977	\$4,371.81	\$166,028,540	67%
Total-All Uses			\$271,874,646	

b. Multi-family versus single-family residential

A potential question for further consideration is whether an amended Fuel/Energy Tax should mandate that energy distributors treat multi-family residential dwellings as residential dwellings for purposes of charging the Fuel/Energy Tax.

PEPCO charges commercial rates to “master metered” multi-family dwellings (condos and apartments). In essence this means that some residents of multi-family structures are paying a Fuel/Energy Tax rate that is 2.65 times higher than nearby residents of single-family structures. Residents of multi-family dwelling units have lower incomes than residents of single-family dwelling units, and therefore have less disposable income with which to absorb a tax increase.

Timing

Two possible issues for additional discussion are: (1) whether to introduce this increase gradually, and (2) the timing and wording of a sunset provision.

The Executive has proposed that the increase be effective on May 1, 2010, and that the entire proposed increase sunset at the end of FY12 (i.e. the increase would be effective for 26 months). Excise taxes are first and foremost tools for raising revenue. The revenue is needed now, and as such the Executive has proposed that the rate change be effective immediately.

Sudden increases in regulatory costs (e.g. taxes) often result in one party bearing the entire unforeseen burden. That burden might fall entirely on the landowner or entirely on the tenant, but in either case the parties might have allocated costs and risks differently in negotiating the lease if the possibility of a significant increase in a specific cost had been apparent at the time of the lease negotiation. While the economy can adjust to these changes over time, adjustments in the short-term are difficult.

Sunset provisions may provide clarity for parties who are negotiating long-term leases in FY11 and FY12 regarding their costs/risks in the short-term and in the long-term. Clarity and a

commitment to sunset certainly would aid in the negotiation of long-term leases that are to occur during the next two fiscal years.

An additional issue discussed in testimony was concern that consumption would change and that therefore revenues are not likely to meet projections. While revenues often exceed or fall short of projections, energy consumption is relatively inelastic and is unlikely to change significantly during the next 26 months as a result of this tax increase.

JS:tv jns_energytax_04_2710

cc: Steve Farber
Leslie Rubin

Comparison of Fuel/Energy Tax Rates, Current and FY11 Proposed

	Electricity Rates		Natural Gas Rates		Projected Fuel/Energy Tax Revenue, FY11 (\$ in millions) (percent of total tax revenue)
	Residential	Non-Residential	Residential	Non-Residential	
Montgomery County					\$264.9 (8.6%)
Current Rate	0.0052237964	0.0138432612	0.0449864339	0.1192142417	
FY11 Proposed Rate**	0.0104475928	0.0276865224	0.0899728678	0.2384284834	
% Change Current-Proposed	100%	100%	100%	100%	
Baltimore City					\$30.8 (2.8%)
Current Rate	0.0020070000	0.0062700000	0.0238300000	0.0810770000	
FY11 Proposed Rate	0.0020900000	0.0065290000	0.0248170000	0.0844360000	
% Change Current-Proposed	4%	4%	4%	4%	
Prince George's County*					\$56.8 (4.3%)
Current Rate	0.0080900000		0.0829060000		
FY11 Proposed Rate	0.0069230000		0.0700090000		
% Change Current-Proposed	-14%		-16%		
Fairfax County					\$45.6 (1.6%)
Current Rate (no proposed increase)	0.0060500000	0.0059400000	0.0525900000	0.0479400000	
% Change Current-Proposed	0%	0%	0%	0%	
District of Columbia					\$152.3 (3.1%)
Current Rate (no proposed increase)	0.0070000000	0.0077000000	0.0707000000	0.0777700000	
% Change Current-Proposed	0%	0%	0%	0%	
Rate Comparison with Montgomery County, FY2011 Rates					
Baltimore City					
Rate Difference	0.0083575928	0.0211575224	0.0651558678	0.1539924834	
% Higher in MC (Lower)	400%	324%	263%	182%	
Prince George's County***					
Rate Difference	0.0035245928	0.0207635224	0.0199638678	0.1684194834	
% Higher in MC (Lower)	51%	300%	29%	241%	
Fairfax County					
Rate Difference	0.0043975928	0.0217465224	0.0373828678	0.1904884834	
% Higher in MC (Lower)	73%	366%	71%	397%	
District of Columbia					
Rate Difference	0.0034475928	0.0199865224	0.0192728678	0.1606584834	
% Higher in MC (Lower)	49%	260%	27%	207%	

* The tax rates in Prince George's County's proposed FY11 operating budget do not distinguish between residential and non-residential rates.

** Montgomery County Executive's April 22nd proposed tax increase.

*** Comparison of both Montgomery County residential and non-residential rates with Prince George's County's single rate.

Sources: Montgomery County Executive's Proposed FY11 Operating Budget and April 22, 2010 FY10 and FY11 Budget Adjustments; Baltimore City Fiscal 2011 Preliminary Budget Plan; Prince George's County Proposed Operating Budget Fiscal Year 2011; Fairfax County Code; Fairfax County Website; Fairfax County FY2011 Advertised Budget Plan; District of Columbia Code; District of Columbia Website; District of Columbia FY 2011 Proposed Budget and Financial Plan; Maryland Association of Counties (MACO) FY 2010 Budget and Tax Rates Survey

Calculation of Monthly Fuel/Energy Tax for Electricity Usage by Actual Montgomery County Businesses and Homes

Business and home examples provided by Charles Washington, PEPCO's Manager of Government Affairs. Tax calculations based on the Montgomery County Executive's proposed fuel/energy tax rate on April 22, 2010 and on the proposed FY11 rates in other jurisdictions.

Examples of Monthly Electricity Tax – Non-Residential

Type of Business	Location	Actual Kilowatt Hours Used – March 2010	Hypothetical Monthly Fuel/Energy Tax Based on Proposed FY11 Rate in...				
			Montgomery County	District of Columbia	Prince George's County	Baltimore City	Fairfax County
Biotech Company	not identified	5,112,805	\$144,556	\$65,766	\$35,396	\$33,382	\$30,370
Hotel	Bethesda	392,488	\$10,867	\$5,049	\$2,717	\$2,563	\$2,331
Office Building	Rockville	365,876	\$10,130	\$4,706	\$2,533	\$2,389	\$2,173
Grocery Store	Silver Spring	232,721	\$6,443	\$2,993	\$1,611	\$1,519	\$1,382
Apartment Building	Bethesda	194,347	\$5,381	\$2,500	\$1,345	\$1,269	\$1,154
Non-profit – Serving Children	not identified	129,920	\$3,597	\$1,671	\$899	\$848	\$772
Restaurant	Silver Spring	28,640	\$793	\$368	\$198	\$187	\$170
Ice Cream Parlor	Germantown	9,960	\$276	\$128	\$67	\$65	\$59
Coffee Shop	Rockville	8,118	\$225	\$104	\$56	\$53	\$48
Florist	Takoma Park	1,584	\$44	\$20	\$11	\$10	\$9

Examples of Monthly Electricity Tax – Residential

Type of Home	Location	Size	Actual Kilowatt Hours Used – March 2010	Hypothetical Monthly Fuel/Energy Tax Based on Proposed FY11 Rate in...				
				Montgomery County	District of Columbia	Prince George's County	Fairfax County	Baltimore City
House	Germantown	6 BR, 5 BA	5420	\$57	\$38	\$38	\$33	\$11
Townhouse	Silver Spring	1,428 square feet	3370	\$35	\$24	\$23	\$20	\$7
House	Potomac	7,150 square feet	1868	\$20	\$13	\$13	\$11	\$4
House	Rockville	4 BR, 3.5 BA	1180	\$12	\$8	\$8	\$7	\$2
House	Gaithersburg	3,600 square feet	650	\$7	\$5	\$4	\$4	\$1
Apartment	Bethesda	789 square feet	258	\$3	\$2	\$2	\$2	\$1

Sources for both tables: Businesses and electricity usage taken from April 20, 2010 written testimony from Charles Washington, PEPCO Manager of Government Affairs; Montgomery County Executive's Proposed FY11 Operating Budget and April 22, 2010 FY10 and FY11 Budget Adjustments; Baltimore City Fiscal 2011 Preliminary Budget Plan; Prince George's County Proposed Operating Budget Fiscal Year 2011; Fairfax County Code; Fairfax County Website; Fairfax County FY2011 Advertised Budget Plan; District of Columbia Code; District of Columbia Website; District of Columbia FY 2011 Proposed Budget and Financial Plan; OLO analysis