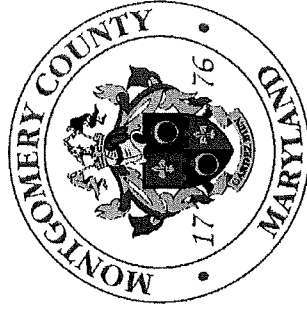

Montgomery County, Maryland

**FY2017 THIRD QUARTERLY
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 \$2.454 billion and up 7.9 percent compared to the same period in FY16. Revenues were up in all categories.

- **Income Taxes:**

- Income tax revenues through March stood at \$864.2 million and approximately \$19.2 million (↑2.3%) above revenues for the same period in FY16. The increase was attributed to a change in the distribution formula in November based on tax year 2015 and to the increase in the amount of revenues collected from taxpayers filing for an extension and reconciliation for tax year 2015.
- Revenues from extensions and reconciliation were \$149.3 million which was \$6.5 million above last fiscal year or up 4.6 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was \$1,267.1 million (↑12.4%) through March compared to the same period in FY16. The growth in revenues is attributed to a 7.0 percent increase in the G.F. real property tax rate from FY16 to FY17 and an estimated increase of 4.8 percent in the real property taxable assessment.

Revenue Update

Three Quarter Fiscal Year Results

- **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, increased 2.4 percent in FY15, increased 4.0 percent for FY16, and is estimated to increase 4.8 percent in FY17.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through March of FY17 were \$90.4 million, or 19.9 percent above last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$47.2 million, an increase of 0.4 percent from the three quarters of last fiscal year. The difference in the growth rates between the transfer and recordation taxes is attributed to a reduction in the G.F. tax rate for recordation taxes effective September 1, 2016.
- The increase in the transfer tax was due to an increase in the total number of transfers, not including condo conversions which was up 4.2 percent during the three quarters of FY17 compared to last fiscal year, and an increase in the average tax which was up 15.5 percent compared to last fiscal year. The volume of residential transfer tax transactions was up 3.4 percent and the volume of non-residential transactions was up 45.7 percent.
- The volume of residential recordation tax transactions increased 2.0 percent compared to the three quarters of fiscal year 2016, and the volume of non-residential and other recordation tax transactions was up a combined 38.7 percent compared to last fiscal year.
- The combined amount of revenues from the transfer and recordation taxes (excluding condo conversions, CIP portion, and rate premium) was \$137.6 million compared to \$122.4 million for the same period last year (↑12.4%).

Revenue Update

Three Quarter Fiscal Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, admissions, and e-cigarettes) totaled \$180.8 million, which were 2.0 percent above the three quarters of FY16.
- Fuel/energy tax collections totaled \$132.5 million during the three quarters of FY17 compared to \$131.2 million in FY16 (↑1.0%) reflecting the moderate weather and temperatures during the first three quarters.
- Revenues from the telephone tax were \$32.7 million and 2.2 percent above the \$32.0 million during three quarters of FY16 attributed to a 2.3 percent growth in cell phones.
- Revenues from the hotel/motel tax were 10.6 percent above the same period last year reflecting the presidential inauguration, higher occupancy rates, and higher room rates.
- Revenues from the admissions tax were up 8.5 percent compared to the same period last year, and revenues from e-cigarettes were up 40.4 percent.
- Investment income from pooled investments increased nearly 135.1 percent over FY16. That increase was attributed to: 1) an increase in the average portfolio yield of 0.67 percent year to date compared to 0.35 percent in FY16, and 2) an increase of 22.4 percent in the average daily portfolio balance year to date over FY16.

Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			Percent Change
	Fiscal Year 2017	Fiscal Year 2016	Variance FY17-FY16	
<u>TAXES:</u>				
Income Tax	\$864,191,191	\$845,007,678	\$19,183,514	2.3%
Property Tax (General Fund only)	\$1,267,106,213	\$1,126,967,667	\$140,138,546	12.4%
Transfer Tax (1)	\$90,416,628	\$75,392,761	\$15,023,867	19.9%
Recordation Tax (2)	\$47,215,890	\$47,008,039	\$207,851	0.4%
Fuel/Energy Tax	\$132,529,117	\$131,210,020	\$1,319,097	1.0%
Telephone Tax	\$32,744,483	\$32,040,160	\$704,323	2.2%
Hotel/Motel Tax	\$12,617,802	\$11,412,757	\$1,205,045	10.6%
Admissions Tax	\$2,609,209	\$2,404,096	\$205,113	8.5%
E-Cigarettes	\$347,979	\$247,931	\$100,048	40.4%
<u>MISCELLANEOUS:</u>				
Investment Income (4)	\$4,428,339	\$1,883,209	\$2,545,130	135.1%
TOTAL	\$2,454,206,851	\$2,273,574,317	\$180,632,534	7.9%

SOURCE: Revenue data excluding income taxes and admissions tax from the County's Oracle eBusiness system. Revenue data for the income tax and admission tax from the Maryland State Comptroller.

- NOTES: (1) Excludes revenue from condominium conversions
 (2) Excludes School CIP and tax premium allocation
 (3) Pooled investment income only

