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**Montgomery County, Maryland**

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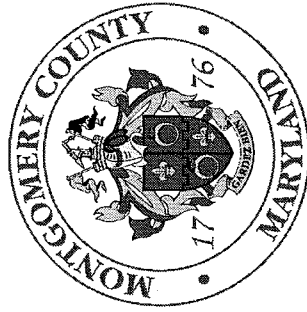
**FY2015 THIRD QUARTERLY  
REVENUE UPDATE**

Presentation to the Montgomery County Council

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**Department of Finance**

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# Revenue Update

## Three Quarter Fiscal Year Results

Total tax revenues, including investment income, totaled \$2.112 billion and down 4.5 percent compared to the same period in FY14. Revenues were down in all categories except for hotel/motel tax and investment income.

- **Income Taxes:**

- Income tax revenues through March stood at \$753.8 million and approximately \$77.2 million (↓9.3%) below revenues for the same period in FY14. The decrease was attributed to a change in the distribution formula for the quarterly distribution in November for tax year 2014 and to the significant decrease in the number and amount of revenues collected from taxpayers filing for an extension, and reconciliation for tax year 2013.

- Revenues from extensions and reconciliation were \$79.1 million which was \$88.5 million below the last fiscal year or down 52.8 percent.

- **Property Taxes:**

- The General Fund (G.F.) portion of property tax collections (including penalties and interest but excluding storm drainage) was \$1,072.0 million (↓0.3%) through March compared to the same period in FY14. The decrease is due to the rate cut in the General Fund from \$0.759 in FY14 to \$0.732 in FY15 (↓3.6%).

# 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 and is estimated to increase 3.0 percent for FY15.

- **Transfer and Recordation Taxes:**

- Revenues from the transfer tax (excluding condominium conversions) through March of FY15 were \$62.8 million, or 7.7 percent below last fiscal year.
- Revenues from the recordation tax (excluding the CIP portion and the rate premium) were \$38.3 million, a decrease of 8.4 percent from the three quarters of last fiscal year.
- The decrease in the transfer tax was due primarily to a decrease in the total number of transfers, not including condo conversions, which was down 4.6% during the three quarters of FY15 compared to last fiscal year. The volume of residential transfer tax transactions was down 4.4 percent and the volume of non-residential transactions was down 17.7 percent.
- The decrease in the recordation tax was attributed to the decline residential recordation tax transactions (↓8.9%) compared to the three quarters of fiscal year 2014, and the volume of other recordation tax transactions was down a modest 0.3 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 \$101.1 million compared to \$109.9 million for the same period last year (↓8.0%).

# Revenue Update

## Three Quarter Fiscal Year Results

- **Consumption Taxes:**

- Total revenues from the consumption taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$184.4 million, which were 5.6% below the three quarters of FY14.
- Fuel/energy tax collections totaled \$139.7 million during the three quarters of FY15 compared to \$146.5 million in FY14. The decrease in revenues is primarily due to the rate cut enacted by the County Council in May 2014.
- Revenues from the telephone tax were \$31.4 million and 12.6 percent below the \$35.9 million during three quarters of FY14. However, the telephone tax in FY14 included a one-time payment of \$5.5 million. Excluding that payment, tax revenues increased 3.3 percent in FY15 over the three quarters of FY14
- Revenues from the hotel/motel tax were 6.6 percent above the same period last year reflecting higher occupancy and room rates.
- Revenues from the admissions tax were down 11.3 percent compared to the same period last year and largely attributed to a decline in revenues from motion pictures (↓17.9%) and coin-operated amusement (↓57.2%).

# Revenue Summary Sheet

	MAJOR REVENUE COLLECTIONS			Percent Change
	Fiscal Year 2015	Fiscal Year 2014	Variance FY15-FY14	
<b><u>TAXES:</u></b>				
Income Tax	\$753,759,071	\$830,909,008	(\$77,149,937)	-9.3%
Property Tax (General Fund only)	\$1,071,980,220	\$1,075,136,959	(\$3,156,739)	-0.3%
Transfer Tax (1)	\$62,763,898	\$67,993,106	(\$5,229,208)	-7.7%
Recordation Tax (2)	\$38,325,959	\$41,856,778	(\$3,530,819)	-8.4%
Fuel/Energy Tax	\$139,731,686	\$146,518,886	(\$6,787,200)	-4.6%
Telephone Tax (3)	\$31,425,504	\$35,936,453	(\$4,510,949)	-12.6%
Hotel/Motel Tax	\$11,185,870	\$10,492,979	\$692,892	6.6%
Admissions Tax	\$2,063,089	\$2,325,213	(\$262,123)	-11.3%
<b><u>MISCELLANEOUS:</u></b>				
Investment Income (4)	\$812,289	\$447,982	\$364,307	81.3%
<b><u>TOTAL</u></b>	\$2,112,047,587	\$2,211,617,364	(\$99,569,777)	-4.5%

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) Telephone tax in fiscal year 2014 includes a one time payment of \$5,525,682.62. Excluding that payment, telephone tax revenues were \$30,410,770 in FY14 or an increase of 3.3 percent in FY15.  
 (4) Pooled investment income only

