



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** To introduce agenda item – no vote expected  
**Keywords:**

AGENDA ITEM #2C  
December 7, 2021  
**Introduction**

## SUBJECT

Special Appropriation to the Fiscal Year 2022 Operating Budget, Montgomery County Government, Payments to Municipalities Non-Departmental Account, \$5,000,000 (Source of Funds: General Fund Reserves)

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

The subject appropriation will provide additional reimbursements to certain municipalities in the County (see ©1-4). The Council appropriated \$8,993,067 for property tax duplication reimbursements in FY22, which were provided to the municipalities in November 2021.

## SUMMARY OF KEY DISCUSSION POINTS

- Chapter 30A of the County Code creates a program that allows reimbursements to municipalities for those public services provided by municipalities that would otherwise be provided by the County. This reimbursement program addresses the issue of property tax duplication since both the County and the municipality levy a property tax, but only the municipality provides that service within its jurisdiction.
- The County's reimbursements under Chapter 30A are made annually to municipalities pursuant to procedures and formulas established in Council Resolution No. 13-650, dated September 10, 1996. Since FY13, the County has provided reimbursements to municipalities that exceed the amount required by the formulas in Council Resolution 13-650.
- The County Executive proposed new reimbursement formulas for the FY 2022 Operating Budget, but the municipalities claimed that the proposed formulas were not amenable.
- Councilmember Navarro, Chair of the Government Operations and Fiscal Policy Committee, recommended a path forward on property tax duplication in FY 2022 during the April 30, 2021 Government Operations and Fiscal Policy Committee (see ©5-6).

- The County Council anticipates receiving the revised formulas, including those for police services, from the County Executive before the recommended FY 2023 Operating Budget is released.
- This subject appropriation will fund additional reimbursements that municipalities state they are owed.

**This report contains:**

Proposed resolution

© #1-4

Councilmember Navarro memorandum

© #5-6

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Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council President Hucker, Councilmembers Navarro, Friedson, Katz,  
and Council Vice President Albornoz

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**SUBJECT:** Special Appropriation to the Fiscal Year 2022 Operating Budget  
Montgomery County Government, Payments to Municipalities Non-Departmental  
Account, \$5,000,000 (Source of Funds: General Fund Reserves)

**Background**

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. Chapter 30A of the Montgomery County Code creates a program that allows reimbursements to municipalities for those public services provided by municipalities that would otherwise be provided by the County.
3. The County's reimbursements under Chapter 30A are made annually to municipalities pursuant to procedures and formulas established in Council Resolution No. 13-650, dated September 10, 1996. These procedures and formulas were recommended by a task force of County and municipal representatives after reviewing the municipal property tax duplication formulas and reimbursements. Since FY13, the County has provided reimbursements to municipalities that exceed the amount required by the formulas in Council Resolution 13-650.
4. The County Executive proposed new reimbursement formulas for the FY 2022 Operating Budget, but the municipalities claimed that the proposed formulas were not amenable.
5. Councilmember Navarro, Chair of the Government Operations and Fiscal Policy Committee, recommended a path forward on property tax duplication in FY 2022 during the April 30, 2021 Government Operations and Fiscal Policy Committee. The path forward included: 1) approving the Executive's recommended \$9,122,411 appropriation for

reimbursements for property tax duplication to municipalities in FY 2022, an increase of \$824,632 from FY 2021; 2) considering an additional \$5,000,000 appropriation – the difference between the County Executive’s proposed appropriation and the estimated amount the municipalities state they are owed – if additional resources were identified in FY 2022; and 3) requesting that the County Executive work with representatives of municipalities to reach agreement on appropriate formulas for property tax duplication reimbursements and appropriate formulas for reimbursements related to the police services for certain municipalities.

- 6. The County Council anticipates receiving the revised formulas, including those for police services, from the County Executive before the recommended FY 2023 Operating Budget is released.
- 7. A FY 2022 Operating Budget special appropriation is requested for the Payments to Municipalities Non-Departmental Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$5,000,000	\$5,000,000	General Fund Reserves

- 8. This special appropriation will fund the reimbursements that municipalities state they are owed in FY 2022.
- 9. Notice of public hearing was given and a public hearing was held.

**Action**

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

A special appropriation to the FY 2022 Operating Budget for the Payments to Municipalities Non-Departmental Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$5,000,000	\$5,000,000	General Fund Reserves

Schedule A details the reimbursement amount for each municipality per the base formulas in Council Resolution 13-650.

This appropriation is needed to act without delay in the public interest.

This is a correct copy of Council action.

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Selena Mendy Singleton, Esq.  
Clerk of the Council

### Schedule A

<b>Municipality</b>	<b>Additional Grant for FY 2022</b>
Brookeville	\$7,406.53
Chevy Chase, Sec. III	\$25,001.16
Chevy Chase View	\$37,771.30
Chevy Chase Village	\$89,350.94
Town of Chevy Chase	\$114,054.29
Drummond	\$4,221.57
Friendship Heights	\$13,372.10
Gaithersburg	\$1,188,916.45
Garrett Park	\$44,405.84
Glen Echo	\$18,995.25
Kensington	\$115,332.85
Laytonsville	\$25,713.40
Martin's Additions	\$24,549.79
North Chevy Chase	\$23,131.52
Oakmont	\$2,999.40
Poolesville	\$233,706.70
Rockville	\$2,526,792.47
Somerset	\$52,293.25
Takoma Park	\$410,883.44
Washington Grove	\$41,101.75
<b>Total</b>	<b>\$5,000,000.00</b>



**MONTGOMERY COUNTY COUNCIL**

**ROCKVILLE, MARYLAND**

**COUNCILMEMBER NANCY NAVARRO  
DISTRICT 4**

**CHAIR, GOVERNMENT OPERATIONS AND  
FISCAL POLICY COMMITTEE**

**EDUCATION AND CULTURE COMMITTEE**

**MEMORANDUM**

April 23, 2021

**TO:** Members of the County Council

**FROM:** Nancy Navarro, Councilmember

**SUBJECT:** A path forward on the property tax duplication reimbursement formulas

On April 30, 2021, the Government Operations and Fiscal Policy (GO) Committee will be reviewing funding for the County's property tax duplication reimbursement agreement with the municipalities. I appreciate all the hard work that has taken place in this arena under the leadership of Councilmember Sidney Katz who is the Council's lead on property tax duplication efforts.

The good news is that there has been some progress; the County Executive's recommended FY 2022 Operating Budget includes an increase of \$824,632 for a total of \$9,122,411 in reimbursements and grants to the municipalities. The County Executive forwarded a proposed resolution that contains revised formulas that, according to him, were the negotiated agreements with the municipalities. At the April 13 meeting of the County Council and the leadership of the municipalities, the municipal leaders stated that they had not seen the County Executive's resolution and would like more time to review it and collaborate on a final solution with the County Executive. I agree that all parties need additional time and effort to reach agreement on revised formulas that address this issue.

We are close to a solution and have a unique opportunity to fix this decades long problem. The County Executive's proposed resolution is a good starting point. **I recommend that the Council consider the following approach to preserve the progress made and hopefully reach agreement before the FY23 budget:**

1. Approve the County Executive's increase of \$824,632 in the FY22 budget, for a total of \$9,122,411.
2. Add to Category 2, the sum of \$5,000,000 (in three tranches of \$2,000,000, \$1,500,000 and \$1,500,000 respectively) to represent the difference between the County Executive's proposal and the estimated amount the municipalities state they are owed.
3. Request that the County Executive work with representatives of the municipalities to reach agreement on:
  - The appropriate formulas for property tax duplication reimbursements, which may or may not include any phase-in approach as proposed by the County Executive this year; and
  - The appropriate formulas for reimbursements related to the County's and certain municipalities' police services.

The expectation is for these negotiations to conclude by August 2021, so the County Executive can transmit the agreed upon formulas via a proposed resolution and the narrowly defined amendments to the County Code for the police services. If the Council could receive these document as we return in September 2021, then the GO Committee will have ample time to review and finalize before the FY23 budget is prepared.

As chair of the GO committee, I sincerely look forward to a just and equitable solution that puts this problem behind us once and for all. Please feel free to contact me if you have any questions or ideas about this issue.

Copy to:  
Marc Elrich, County Executive  
Rich Madaleno, Chief Administrative Officer  
Marlene Michaelson, Executive Director