



Committee: GO
Committee Review: At a future date
Staff: Christine Wellons, Legislative Attorney
Purpose: To introduce agenda item – no vote expected
Keywords: #TaxRevenue

AGENDA ITEM #10B
January 11, 2022
Introduction

SUBJECT

Expedited Bill 2-22, Montgomery County Municipal Revenue Program – Amendments

Lead Sponsors: Council President at the request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Expedited Bill 2-22 would:

- (1) alter the calculation of reimbursements to municipalities for eligible costs;
- (2) alter the requirements for municipalities to participate in the municipal revenue program;
- (3) provide for a timeline of when certain reimbursement activities must be accomplished;
- (4) amend reimbursements for the City of Takoma Park police services;
- (5) provide for a phased-in implementation period; and
- (6) generally amend the law related to the Montgomery County Municipal Revenue Program.

This report contains:

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Expedited Bill 2-22	© 1
LRR	© 8
County Executive Memorandum	© 10
Fiscal Impact Statement	© 19
Current Resolution Re: Duplication Formulas	© 25

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MEMORANDUM

January 6, 2022

TO: County Council

FROM: Christine Wellons, Legislative Attorney

SUBJECT: Expedited Bill 2-22, Montgomery County Municipal Revenue Program – Amendments

PURPOSE: Introduction – no Council votes required

Expedited Bill 2-22, Montgomery County Municipal Revenue Program – Amendments, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on January 11, 2022. A public hearing is tentatively scheduled for February 1, 2022 at 1:30 p.m.¹

Expedited Bill 2-22 would:

- (1) alter the calculation of reimbursements to municipalities for eligible costs;
- (2) alter the requirements for municipalities to participate in the municipal revenue program;
- (3) provide for a timeline of when certain reimbursement activities must be accomplished;
- (4) amend reimbursements for the City of Takoma Park police services;
- (5) provide for a phased-in implementation period; and
- (6) generally amend the law related to the Montgomery County Municipal Revenue Program.

BACKGROUND

The County Executive’s office has explained the goals of Expedited Bill 2-22 as follows: “The codification of municipal tax duplication formulas is a long overdue request from our municipalities. 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

¹#TaxRevenue

municipality provides that service within its jurisdiction. The County Executive is proposing revised formulas after negotiations with municipal leaders.”

BILL DESCRIPTION

Under Expedited Bill 2-22, a municipality would be reimbursed by the County based upon the County Executive’s approximation of the costs that the County would incur if it were to provide the municipality with transportation, police, crossing guards, and park maintenance services.

For transportation expenses, the reimbursements would be equal to the County’s average per mile or per item expenditures for the three most recent fiscal years multiplied by the number of miles or items in each municipality.

For park maintenance expenses, reimbursements for FY23 would be as follows:

- for Section 3 of the Village of Chevy Chase: \$4,800
- for the Town of Chevy Chase: \$11,453
- for the Village of Friendship Heights: \$89,813
- for the Town of Kensington: \$46,242; and
- for the City of Takoma Park: \$93,942.

These park maintenance reimbursements would increase on an annual basis based upon the Consumer Price Index.

Police expenses generally would be based upon “the costs the County would incur to provide police services in the municipality if the municipality did not provide police services, as determined by a quadrennial utilization assessment performed by the County, except that in no event [would] the reimbursement to any municipality providing such services be less than an amount equivalent to the cost to the County of one full-time officer.” Specifically, regarding the City of Tacoma Park, the annual reimbursement amount would be required to be at least \$4,020,521.

For Crossing Guards, reimbursements would be based upon “the costs the County would incur to provide crossing guard services in the municipality as determined by a quadrennial utilization assessment performed by the County.”

All reimbursements would be subject to appropriation by the County Council.

The bill also would specify the following annual timeline for municipal reimbursements:

- By September 15, the County would notify the municipalities of required documentation for the upcoming fiscal year;
- By November 15, the municipality would provide to the County a certification with the required supporting documentation;
- By February 15, the County would notify the municipalities of the anticipated reimbursement amount for the upcoming fiscal year; and
- By October 1, reimbursement payments for the relevant fiscal year would be paid.

This packet contains:	<u>Circle #</u>
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Expedited Bill No. 2-22
Concerning: Montgomery County
Municipal Revenue Program -
Amendments
Revised: January 5, 2022 Draft No. 1
Introduced: January 11, 2022
Expires: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President at the request of the County Executive

AN EXPEDITED ACT to:

- (1) alter the calculation of reimbursements to municipalities for eligible costs;
- (2) alter the requirements for municipalities to participate in the municipal revenue program;
- (3) provide for a timeline of when certain reimbursement activities must be accomplished;
- (4) amend reimbursements for the City of Takoma Park police services;
- (5) provide for a phased-in implementation period; and
- (6) generally amend the law related to the Montgomery County Municipal Revenue Program.

By amending

Montgomery County Code
Chapter 30A, Montgomery County Municipal Revenue Program
Sections 30A-1, 30A-2, 30A-3, 30A-4, 30A-5, and 30A-6

Chapter 35, Police
Section 35-5

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:

1 **Sec. 1. Sections 30A-1, 30A-2, 30A-3, 30A-4, 30A-5, and 30A-6, and Section**
 2 **35-5 are amended as follows:**

3 **30A-1. Established.**

4 There is hereby established a program to reimburse municipalities within the
 5 [county] County for those public services provided by the municipalities
 6 which would otherwise be provided by the [county] County government.

7 **30A-2. Qualification of municipal public services for county reimbursement.**

8 Municipal public services shall qualify for county reimbursement if the
 9 following conditions are met:

- 10 (1) [The] the municipality provides the service to its residents and
 11 taxpayers[,];
- 12 (2) the service would be provided by the [county] County if it were
 13 not provided by the municipality[,];
- 14 (3) except for police services, the service is not actually provided by
 15 the [county] County within the municipality; [and]
- 16 (4) the comparable [county] County service is funded from tax
 17 revenues derived partially from taxpayers in the participating
 18 municipality; and
- 19 (5) the municipality actually funds the service.

20 **30A-3. Determination of amount of reimbursement.**

21 (a) In general. Subject to the provisions of section 30A-4 and subsections
 22 (b) through (e) of this section, each participating municipality shall be
 23 reimbursed by an amount determined by the [county executive] County
 24 Executive to approximate the amount [of municipal tax revenues
 25 required to fund the eligible services. The amount of reimbursement
 26 shall be limited to the amount the county executive estimates the county

27 would expend if it were providing the services] the County would incur
 28 to provide transportation, police, crossing guards, and park
 29 maintenance services in the municipality.

30 (b) Transportation. For transportation-related expenses, reimbursements
 31 must be equal to the County's average per mile or per item expenditures
 32 for the three most recent fiscal years multiplied by the number of miles
 33 or items in each municipality.

34 (c) Park maintenance. For park maintenance related expenses:

35 (1) reimbursements for fiscal year 2023 must be:

36 (A) for Section 3 of the Village of Chevy Chase: \$4,800;

37 (B) for the Town of Chevy Chase: \$11,453;

38 (C) for the Village of Friendship Heights: \$89,813;

39 (D) for the Town of Kensington: \$46,242; and

40 (E) for the City of Takoma Park: \$93,942; and

41 (2) reimbursements for subsequent fiscal years must be increased
 42 above the amounts specified under paragraph (1) by the annual
 43 percentage change to the Consumer Price Index for the
 44 Washington, D.C. Metropolitan Area, as determined by the United
 45 States Department of Labor, Bureau of Labor Statistics.

46 (d) Police. Subject to Section 35-5, reimbursements for police expenses
 47 must be the greater of an amount equal to:

48 (1) the costs the County would incur to provide police services in
 49 the municipality if the municipality did not provide police
 50 services, as determined by a quadrennial utilization assessment
 51 performed by the County; or

52 (2) the cost to the County of one full-time officer.

53 (e) Crossing guards. For Crossing Guards, reimbursements must be
 54 based on the costs the County would incur to provide crossing guard
 55 services in the municipality as determined by a quadrennial utilization
 56 assessment performed by the County.

57 **30A-4. Limitations on expenditures.**

58 All expenditures by the [county] County under the authority of this chapter
 59 shall be subject to the limits of the funds appropriated by the [county council]
 60 County Council.

61 **30A-5. [Application to participate in program] Timeline of annual**
 62 **certifications, notifications, and payments.**

63 (a) No later than September 15 of the preceding fiscal year, in accordance
 64 with Section 6-305(f) of the Tax-Property Article of the Maryland
 65 Code, the County will advise all municipalities within the County of
 66 any reasonable supporting documentation required to provide sufficient
 67 detail for the County to calculate the reimbursement.

68 (b) Any municipality within the [county] County which desires to
 69 participate in the [county] County municipal revenue program [shall]
 70 will submit not later than November 15 of [each] the preceding fiscal
 71 year to the [county] County [an application which shall be in such form
 72 and contain such information as may be required by the county
 73 executive] a certification of eligible services and the documentation
 74 required under subsection (a).

75 (c) The County will notify each municipality of the reimbursement
 76 amounts it will receive in each fiscal year no later than February 15 of
 77 the preceding fiscal year.

78 (d) Reimbursement payments to municipalities will be made once per year,
79 no later than October 1 of that fiscal year.

80 (e) The County will provide each municipality participating in the
81 municipal revenue program with the calculations supporting the
82 reimbursement payment.

83 **30A-6. County tax rate in certain municipalities.**

84 (a) *Reduced tax rate.* Pursuant to [section] Section 6-305 of the Tax-
85 Property Article[, Annotated Code of] the Maryland Code, before June
86 30 the [county council] County Council may set for the coming taxable
87 year a general [county] County property tax rate on assessments of
88 properties in any municipality at a rate that is less than the general
89 [county] County tax rate on assessments of properties in parts of the
90 [county] County outside of the municipality if the municipality:

91 (1) [Lies] lies partly in Montgomery County and partly in another
92 county;

93 (2) [Performs] performs fire and rescue services in whole or in part
94 in lieu of the county performing those services; and

95 (3) [The] the conditions in subsection (d) are met.

96 (b) *Performance of services.* The municipality may perform fire and rescue
97 services by actually providing the services or by paying for all or part
98 of the costs and expenses of fire and rescue services.

99 (c) *Amount of tax rate.* The general County property tax rate on
100 assessments of properties in the municipality must be less than the
101 general County property tax rate on assessments outside of the
102 municipality by the amount of the tax rate established for the Fire Tax
103 District for the same taxable year.

- 104 (d) *Conditions for reduced rate.* The municipality, on or before June 15,
 105 must present satisfactory written evidence to the County Council
 106 demonstrating that the municipality for the coming taxable year:
- 107 (1) [Has] has levied a general municipal property tax on all
 108 assessments of properties in the municipality equal to the tax rate
 109 proposed to be set for the Fire Tax District for the coming taxable
 110 year; and
- 111 (2) [Will] will collect and remit to Montgomery County the full
 112 amount of taxes imposed on assessments of properties in the
 113 municipality under paragraph (d)(1) in partial payment of the
 114 costs and expenses of providing fire and rescue services in the
 115 municipality.
- 116 (e) *Allocation of funds.* Taxes received from the municipality must be
 117 allocated by the County as follows:
- 118 (1) [Taxes] taxes on assessments of properties in the Montgomery
 119 County section of the municipality will be placed in the General
 120 Fund.
- 121 (2) [Taxes] taxes on assessments of properties in the other county's
 122 section of the municipality will be placed in the Fire Tax District
 123 Fund.

124 **35-5. Takoma Park [Rebate] reimbursement.**

- 125 (a) If the County [and the City of Takoma Park agree that the substation
 126 located in the City is abolished, the County] does not provide police
 127 protection in the City of Takoma Park, and the City provides its own
 128 citywide police protection, [the Director of Finance must, during each
 129 fiscal year that this agreement is in effect, pay to the City treasurer, in

130 quarterly installments, that portion of the revenue from the County tax
 131 levied on each \$100.00 of assessable:

- 132 (1) personal property in the City which is produced by 12 cents of
 133 the tax rate levied on personal property; and
 134 (2) real property in the City which is produced by 4.8 cents of the
 135 tax rate levied on real property] reimbursements to the City for
 136 police services must be the greater of the amount calculated
 137 under Section 30A-3 or \$4,020,521.

138 (b) If [any agreement referred to in subsection (a) is terminated or
 139 modified] the County resumes police services in the City of Takoma
 140 Park after a fiscal year begins, the amount paid under [it] subsection (a)
 141 must be prorated according to the number of days in that fiscal year that
 142 the [agreement has been in effect] County provides the services.

143 (c) Nothing in this Section limits the jurisdiction of the County police in
 144 the City of Takoma Park.

145 **Sec. 2. Expedited Effective Date.** The Council declares that this legislation is
 146 necessary for the immediate protection of the public interest. This Act takes effect on
 147 the date on which it becomes law.

148 **Sec. 3. Transition.** The County Executive may phase in the implementation
 149 of Section 1 of this Act over a three-year period after the effective date. In fiscal year
 150 2023, subject to Section 30A-4, the County must fund the reimbursements at no less
 151 than 80% of the amounts specified under Section 1. In fiscal year 2024, subject to
 152 Section 30A-4, the County must fund the reimbursements at no less than 90% of the
 153 amounts specified under Section 1. Beginning in fiscal year 2025, the County must
 154 fully fund the reimbursements specified under Section 1, subject to Section 30A-4.

LEGISLATIVE REQUEST REPORT

Bill No. 2-22

Municipal Tax Duplication Bill

DESCRIPTION: Bill 2-22 will codify the calculation of property tax reimbursements to municipalities for eligible costs; alter the requirements for municipalities to participate in the program; provide for a timeline of when certain reimbursement activities must be accomplished; eliminate the duplicative rebate program for the City of Takoma Park police services; and provide a phased implementation for reimbursement by FY 2025.

PROBLEM: The codification of municipal tax duplication formulas is a long overdue request from our municipalities. 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 Executive is proposing revised formulas after negotiations with municipal leaders.

GOALS AND OBJECTIVES: Implement a negotiated agreement with Municipal leaders on municipal tax duplication reimbursement. Municipalities will be reimbursed on expenditures on transportation maintenance, police and crossing guard services, and parks maintenance.

COORDINATION: Montgomery County Chapter of the Maryland Municipal League
The Office of the County Executive

FISCAL IMPACT: Office of Management and Budget

**ECONOMIC:
IMPACT**

EVALUATION: N/A

EXPERIENCE: N/A
ELSEWHERE

SOURCE OF
INFORMATION: Ken Hartman, Director of Strategic Partnership

APPLICATION
WITHIN
MUNICIPALITIES: YES

PENALTIES:




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

December 23, 2021

TO: Gabe Albornoz, President
County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Bill XX-22, Municipal Tax Duplication

I am transmitting the attached Bill XX-22, Municipal Tax Duplication for the Council's consideration.

The codification of municipal tax duplication formulas is a long overdue need for our municipalities. Since June, Executive Branch representatives have met bi-weekly with the Montgomery County Chapter of the Maryland Municipal League to develop the formulas and draft Bill. I thank our municipal leaders for a constructive partnership throughout the process. The attached Bill represents our shared consensus on the best path forward. It builds upon my efforts to improve the process as introduced in my FY 2021 recommended budget and includes funding for all municipal police activities for the first time.

Under this Bill, municipal expenditures on transportation maintenance, police and crossing guard services, and parks maintenance will be reimbursed by the County. These services benefit all County residents and would be provided by the County if the municipality did not provide them. Municipalities noted that previous reimbursements included animal control, elderly services, and human rights services and have compromised on not including them if there is a commitment to the full implementation strategy proposed in this Bill.

In addition to codifying the calculation of property tax reimbursements to municipalities for eligible costs, the Bill also alters the requirements for municipalities to participate in the program and provides for a timeline of certain reimbursement activities. It eliminates the duplicative rebate program for the City of Takoma Park police services and provides a phased implementation for reimbursement by FY 2025.

I look forward to the Council's favorable consideration and am committed to fund the property tax duplication reimbursement as set forth in the Bill in my recommended FY 2023 budget. I thank Councilmember Katz for his leadership on this matter and fully support Councilmember Navarro's introduction of a \$5 million special appropriation to the County Government's FY 2022 Operating Budget for reimbursements for property tax duplication to municipalities.

Please feel free to contact me if you have any questions.

Bill No. XX – 22, Municipal
Tax Duplication Bill
Concerning: _____
Revised: _____ Draft No. _____
Introduced: _____
Expires: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

AN ACT to:

- (1) codify the calculation of reimbursements to municipalities for eligible costs;
- (2) alter the requirements for municipalities to participate in the program;
- (3) provide for a timeline of when certain reimbursement activities must be accomplished;
- (4) eliminate the duplicative rebate program for the City of Takoma Park police services; and
- (5) provide a phased implementation for reimbursement by FY 2025.

By amending

Montgomery County Code
Chapter 30A, Montgomery County Municipal Revenue Program
Sections 30A-1 through 30A-6

Chapter 35, Police
Section 35-5

Boldface	<i>Heading or a 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. Sections 30A-1 through 30A-6 and 35-5 are amended as follows:

Sec. 30A-1. Established.

There is hereby established a program to reimburse municipalities within the [county] County for those public services provided by the municipalities which would otherwise be provided by the [county] County government.

Sec. 30A-2. Qualification of municipal public services for [county] County reimbursement.

Municipal public services shall qualify for [county] County reimbursement if the following conditions are met:

[(1)](a) [The] the municipality provides the service to its residents and taxpayers,

[(2)](b) the service would be provided by the [county] County if it were not provided by the municipality,

[(3)](c) except for police services, the service is not actually provided by the [county] County within the municipality, [and]

[(4)](d) the comparable [county] County service is funded from tax revenues derived partially from taxpayers in the participating municipality, and

(e) the municipality actually funds the services.

Sec. 30A-3. Determination of amount of reimbursement.

(a) Subject to the provisions of section 30A-4, each participating municipality shall be reimbursed by an amount determined by the [county executive] County Executive to approximate the amount [of municipal tax revenues required to fund the eligible services. The amount of reimbursement shall be limited to the amount the county

26 executive estimates the county would expend if it were providing the
 27 services] the County would incur to provide transportation, police,
 28 crossing guards, and park maintenance services in that municipality.

29 (b) For transportation-related expenses, reimbursements must be equal to
 30 the County’s average per mile or per item expenditures for the three
 31 most recent fiscal years multiplied by the number of miles or items in
 32 each municipality.

33 (c) For park maintenance related expenses:

34 (1) reimbursements for Fiscal Year 2023 must be as follows:

35 (A) for Section 3 of the Village of Chevy Chase: \$4,800

36 (B) for the Town of Chevy Chase: \$11,453

37 (C) for the Village of Friendship Heights: \$89,813

38 (D) for the Town of Kensington: \$46,242

39 (E) for the City of Takoma Park: \$93,942

40 (2) for all subsequent fiscal years, the amounts set forth above must
 41 be increased in an amount equal to the amount of the annual
 42 percentage change to the Consumer Price Index (CPI) for the
 43 preceding 12-month period using the CPI issued for the
 44 Washington, D.C. Metropolitan Area by the United States
 45 Department of Labor, Bureau of Labor Statistics.

46 (d) Subject to Section 35-5, for Police, reimbursements must be based on
 47 the costs the County would incur to provide police services in the
 48 municipality if the municipality did not provide police services, as
 49 determined by a quadrennial utilization assessment performed by the
 50 County, except that in no event may the reimbursement to any

51 municipality providing such services be less than an amount equivalent
 52 to the cost to the County of one full-time officer.

53 (e) For Crossing Guards, reimbursements must be based on the costs the
 54 County would incur to provide crossing guard services in the
 55 municipality as determined by a quadrennial utilization assessment
 56 performed by the County.

57 **Sec. 30A-4. Limitations on expenditures.**

58 All expenditures by the [county] County under the authority of this chapter
 59 shall be subject to the limits of the funds appropriated by the [county council] County
 60 Council.

61 **Sec. 30A-5. [Application to participate in program] Timeline of annual**
 62 **certification, notification, and payment.**

63 (a) No later than September 15 of the preceding fiscal year, in accordance
 64 with Maryland Code Section 6-305(f), the County shall advise all
 65 municipalities within the County of any reasonable supporting
 66 documentation required to provide sufficient detail for the County to
 67 calculate the reimbursement.

68 (b) Any municipality within the [county] County which desires to
 69 participate in the [county] County municipal revenue program shall
 70 submit not later than November 15 of the preceding fiscal year [of each
 71 year] to the [county] an application which shall be in such form and
 72 contain such information as may be required by the county executive]
 73 County a certification of eligible services and the supporting
 74 documentation requested by the County in Section 30A-5(a) to
 75 calculate the reimbursement.

76 (c) The County must notify each municipality of the reimbursement
 77 amounts it will receive in each fiscal year no later than February 15 of
 78 the preceding fiscal year.

79 (d) Reimbursement payments to municipalities must be made once per
 80 year, no later than October 1 of that fiscal year.

81 (e) The County will provide each municipality participating in the
 82 municipal revenue program with the calculations supporting the
 83 reimbursement payment.

84 **Sec. 30A-6. County tax rate in certain municipalities.**

85 (a) *Reduced tax rate.* Pursuant to section 6-305 of the Tax-Property
 86 Article, Annotated Code of Maryland, before June 30 the [county
 87 council] County Council may set for the coming taxable year a general
 88 [county] County property tax rate on assessments of properties in any
 89 municipality at a rate that is less than the general [county] County tax
 90 rate on assessments of properties in parts of the [county] County outside
 91 of the municipality if the municipality:

92 (1) [Lies] lies partly in Montgomery County and partly in another
 93 county;

94 (2) [Performs] performs fire and rescue services in whole or in part
 95 in lieu of the [county] County performing those services; and

96 (3) [The] the conditions in subsection (d) are met.

97 (b) *Performance of services.* The municipality may perform fire and rescue
 98 services by actually providing the services or by paying for all or part
 99 of the costs and expenses of fire and rescue services.

100 (c) *Amount of tax rate.* The general County property tax rate on

101 assessments of properties in the municipality must be less than the
 102 general County property tax rate on assessments outside of the
 103 municipality by the county of tax rate established for the Fire Tax
 104 District for the same taxable year.

105 (d) *Conditions for reduced rate.* The municipality, on or before June 15,
 106 must present satisfactory written evidence to the County Council
 107 demonstrating that the municipality for the coming taxable year:

108 (1) [Has] has levied a general municipal property tax on all
 109 assessments of properties in the municipality equal to the tax rate
 110 proposed to be set for the Fire Tax District for the coming taxable
 111 year; and

112 (2) [Will] will collect and remit to Montgomery County the full
 113 amount of taxes imposed on assessments of properties in the
 114 municipality under paragraph (d)(1) in partial payment of the
 115 costs and expenses of providing fire and rescue services in the
 116 municipality.

117 (e) *Allocation of funds.* Taxes received from the municipality must be
 118 allocated by the County as follows:

119 (1) [Taxes] taxes on assessments of properties in the Montgomery
 120 County section of the municipality will be placed in the General
 121 Fund[.], and

122 (2) [Taxes] taxes on assessments of properties in the other county's
 123 section of the municipality will be placed in the Fire Tax District
 124 Fund.

125 **Sec. 35-5. Takoma Park [Rebate] Reimbursement.**

126 (a) If [the County and the City of Takoma Park agree that the substation
 127 located in the City is abolished,] the County does not provide police
 128 protection in the City of Takoma Park, and the City provides its own
 129 citywide police protection, reimbursements to the City of Takoma Park
 130 for such police services must be the greater of the calculation set forth
 131 in Section 30A-3 or \$4,020,521. [the Director of Finance must, during
 132 each fiscal year that this agreement is in effect, pay to the City treasurer,
 133 in quarterly installments, that portion of the revenue from the County
 134 tax levied on each \$100.00 of assessable:

- 135 (1) personal property in the City which is produced by 12 cents of
- 136 the tax rate levied on personal property; and
- 137 (2) real property in the City which is produced by 4.8 cents of the
- 138 tax rate levied on real property.]

139 (b) If [any agreement referred to in subsection (a) is terminated or
 140 modified] the County resumes police protection in the City of Takoma
 141 Park after a fiscal year begins, the amount paid under [it] Section 30A-
 142 3 must be prorated according to the number of days in that fiscal year
 143 during which the County provides police protection [that the agreement
 144 has been in effect].

145 (c) Nothing in this Section limits the jurisdiction of the County police in
 146 the City of Takoma Park.

147 **Sec. 2. Phased Implementation Period.**

148 The County Executive may phase in the full implementation of the
 149 requirements of Section 1 over a three-year period. In Fiscal Year 2023, subject to
 150 Section 30A-4, the County must fund the reimbursements set forth herein at no less

151 than 80%. In Fiscal Year 2024, subject to Section 30A-4, the County must fund the
152 reimbursements set forth herein at no less than 90%. For all subsequent years, the
153 County must fully fund the reimbursements set forth herein, subject to Section 30A-
154 4.

155 **Sec. 3. Effective Date.**

156 This Act takes effect on the date on which it becomes law.

157157

Fiscal Impact Statement
Bill XX-22, Chapter 30A—Montgomery County Municipal Revenue Program—
Amendments

1. Legislative Summary.

Bill XX-22 changes the reimbursement calculation for those public services provided by the municipalities which would otherwise be provided by the County Government.

The bill (1) codifies the calculation of reimbursement to municipalities for eligible cost; (2) alters the requirements for municipalities to participate in the program; (3) provides for a timeline of when certain reimbursement activities must be accomplished; (4) eliminates the duplicative rebate program for the city of Takoma Park police services, and (5) provides a phased implementation for reimbursement by FY25.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

According to Bill XX-22 the formulas for the Municipal Tax Duplication shall be as follow:

For transportation related expenses, reimbursement must be equal to the County's average actual per mile or per item expenditures for the three most recent fiscal years multiplied by the number of miles or items in each municipality. For the FY22 Approved Budget, the Transportation reimbursement represented sixty percent of the County's per mile or per item expenditures, multiplied by the number of miles or items in each municipality.

For park maintenance related expenses, the reimbursement will be the amounts specified in the Bill adjusted for the Consumer Price Index (CPI) in all subsequent fiscal years.

For police, reimbursements must be based on the cost the County would incur to provide those services. To determine this amount, the County must perform a quadrennial utilization assessment of each municipality providing police services to determine the cost the County would have incurred to perform those eligible services.

For Crossing Guards, reimbursement must be based on the cost the County would incur to provide those services. To determine this amount, the County must perform a quadrennial utilization assessment of each municipality providing crossing guard services to determine the cost the County would have incurred to perform those eligible services.

Table 1 compares the FY22 Approved Payments to Municipalities (\$10,119,832), including the Takoma Park Police Payment NDA, with the calculation proposed by Bill XX-22 at full implementation (\$20,534,146). The total shown reflects a three-year average for transportation related expenses, as specified in the bill. It also includes preliminary FY21 actual expenditures. To the extent that final audited FY21 expenditures differ than what is shown below, the total will change accordingly.

Table 1
Payments to Municipalities FY22 Approved vs. Bill XX-22 at Full Implementation

Municipality	TOTAL FY22 Current Calculation *	Police	Crossing Guard	Park	Transportation	New Bill Calculation-100%**	Police	Crossing Guard	Park	Transportation
Brookeville	9,792				9,792	18,983				18,983
Chevy Chase, Sec. III	36,899			4,488	32,411	68,361			4,800	63,561
Chevy Chase View	49,990				49,990	96,909				96,909
Chevy Chase Village	119,389				119,389	358,618	127,177			231,441
Town of Chevy Chase	155,664			10,708	144,956	294,199			11,453	282,746
Drummond	5,587				5,587	10,831				10,831
Friendship Heights	89,067			84,072	4,995	113,285			89,913	23,372
Gaithersburg	1,442,171				1,442,171	4,373,723	1,586,573			2,787,150
Garrett Park	58,709				58,709	113,811				113,811
Glen Echo	25,142				25,142	48,739				48,739
Kensington	185,566			43,229	142,337	322,064			46,232	275,832
Laytonsville	28,612				28,612	55,466				55,466
Martin's Additions	32,494				32,494	62,991				62,991
North Chevy Chase	30,582				30,582	59,285				59,285
Oakmont	3,970				3,970	7,696				7,696
Poolesville	298,927				298,927	662,286				662,286
Rockville	2,923,531				2,923,531	8,241,450	2,653,655			5,587,795
Somerset	68,829				68,829	132,000				132,000
Takoma Park	3,373,744	2,757,266	269,856	87,840	258,782	5,387,991	4,020,521	267,521	93,942	1,006,007
Washington Grove	54,401				54,401	105,460				105,460
TOTAL ***	8,993,067	2,757,266	269,856	230,337	5,735,608	20,534,146	8,387,926	267,521	246,341	11,632,359
Takoma Park NDA Sec 35-5	1,126,765									
Total FY22 Current Calculation included TP Police NDA	10,119,832									

* FY22 Approved Budget represents 60% of transportation expenditures calculation, 100% of police and crossing guard calculation (including the Takoma Park Police NDA), and 95% of parks calculation

** Bill XX-21 represents the cost of the bill at full implementation and does not take into account the phasing in of implementation as specified in the bill.

The bill further allows the County Executive to phase-in the implementation period of the bill provided that the phased in amount is at least 80 percent in FY23, 90 percent in FY24, and 100 percent in FY25 and beyond.

Table 2 represents payments by Municipality under each level of funding.

Table 2
Phased-in Implementation of Bill XX-22

Municipality	FY22 Approved	FY23 80% Phase-in	FY24 90% Phase-in	FY25 100% Phase-in	Full Phase-in vs. FY22 Approved
Brookeville	9,792	15,186	17,084	18,983	9,190
Chevy Chase, Sec. III	36,899	54,688	61,525	68,361	31,462
Chevy Chase View	49,990	77,527	87,218	96,909	46,918
Chevy Chase Village	119,389	286,894	322,756	358,618	239,229
Town of Chevy Chase	155,664	235,359	264,779	294,199	138,535
Drummond	5,587	8,665	9,748	10,831	5,244
Friendship Heights	89,067	90,628	101,957	113,285	24,218
Gaithersburg	1,442,171	3,498,978	3,936,351	4,373,723	2,931,552
Garrett Park	58,709	91,049	102,430	113,811	55,102
Glen Echo	25,142	38,992	43,865	48,739	23,597
Kensington	185,566	257,651	289,858	322,064	136,497
Laytonsville	28,612	44,373	49,919	55,466	26,854
Martin's Additions	32,494	50,393	56,692	62,991	30,497
North Chevy Chase	30,582	47,428	53,357	59,285	28,703
Oakmont	3,970	6,157	6,926	7,696	3,726
Poolesville	298,927	529,829	596,057	662,286	363,359
Rockville	2,923,531	6,593,160	7,417,305	8,241,450	5,317,920
Somerset	68,829	105,600	118,800	132,000	63,171
Takoma Park	4,500,509	4,310,393	4,849,192	5,387,991	887,482
Washington Grove	54,401	84,368	94,914	105,460	51,058
TOTAL	10,119,832	16,427,317	18,480,732	20,534,146	10,414,314

Note: For illustrative purposes only. Table 2 assumes constant expenditures for category calculations at the FY23 preliminary calculation level. To the extent that the actual expenditures for each of these categories change in future years, the computation would change accordingly.

Table 3 shows the annual increase in the Payment to Municipalities.

**Table 3
Annual Increase in Payments to Municipalities Under Phased Implementation**

	Total Payment to Municipalities	Increased Payment Compared to FY22 Approved	Budget Year
Total FY22 Approved (including Takoma Park Police NDA)	\$ 10,119,832		
80% Phase-in	\$ 16,427,317	\$ 6,307,485	FY23
90% Phase-in	\$ 18,480,732	\$ 8,360,900	FY24
100% Phase-in	\$ 20,534,146	\$ 10,414,314	FY25

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Bill XX-22 will not impact County revenues. Table 4 shows the expenditures by fiscal year for the next six fiscal years starting in FY23.

**Table 4
Estimated Expenditures Under Bill XX-22**

Annual Payments Increase with Proposed Bill XX-22 Compared to FY22 Appropriation	
FY23	\$ 16,427,317
FY24	\$ 18,480,732
FY25	\$ 20,534,146
FY26	\$ 20,534,146
FY27	\$ 20,534,146
FY28	\$ 20,534,146
6 Year Total	\$ 117,044,635

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

The bill is not expected to impact retiree pension or group insurance costs.

5. An estimate of expenditures related to County’s information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

The bill is not expected to impact the County’s IT or ERP systems.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

The bill does not authorize future spending but requires the inclusion of the municipal payment calculation in the Executive's Recommended Budget each year.

7. An estimate of the staff time needed to implement the bill.

The bill is not expected to materially impact staff duties.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

The bill is not expected to materially impact staff duties.

9. An estimate of costs when an additional appropriation is needed.

See the answer to Number 3.

10. A description of any variable that could affect revenue and cost estimates.

The bill is not expected to impact County revenues. The cost estimates in this Fiscal Impact Statement use preliminary FY21 actual expenditures. To the extent that final audited FY21 expenditures differ from this amount, the calculated payments would adjust accordingly. Furthermore, for illustrative purposes this estimate assumes that the calculated amount for FY23 (at full implementation) would remain constant for the next six fiscal years. To the extent that future calculations differ from the FY23 calculation because actual County expenditures used in the computation of the payment change, or to the extent that the next quadrennial assessment of police and crossing guard needs differ from current assumptions, the actual payments to municipalities would adjust concomitantly.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.

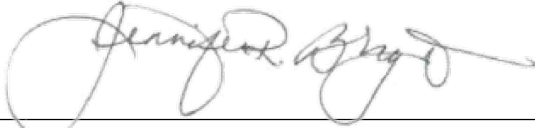
Not applicable.

13. Other fiscal impacts or comments.

None.

14. The following contributed to and concurred with this analysis:

Estela Boronat de Gomes, Office of Management and Budget



**Jennifer R. Bryant, Director
Office of Management and Budget**

12/23/21

Date

Resolution No.: 13-650

Introduced: Sept. 10, 1996

Adopted: Sept. 10, 1996

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: County Reimbursements under the Montgomery County Municipal Revenue Program - Task Force Report and Recommendations

Background

1. Chapter 30A of the Montgomery County Code (1994) provides for a program which reimburses municipalities and special taxing districts for those public services provided by the municipalities which would otherwise be provided by the County.
2. Reimbursements under Chapter 30A have been made pursuant to a procedure established under Resolution 8-2222, dated October 17, 1978, which was revised and supplemented by Resolution 9-1752, dated April 27, 1982.
3. In March 1995 County Executive Douglas M. Duncan appointed County and municipal representatives to serve on the Montgomery County Task Force to Study the Municipal Tax Duplication Reimbursement Program. This Task Force was charged with reviewing the procedures and formulas used to determine the amount of the reimbursements and with making recommendations to improve these procedures and formulas.
4. The Task Force submitted its Final Report and recommendations, a copy of which is attached, to County Executive Douglas M. Duncan, on June 5, 1996.
5. The goals of the Task Force were to determine:
 - a. Whether the complex formulas used to calculate the reimbursements could be simplified;
 - b. Whether reimbursements could be made in a way that would provide greater

predictability to each municipality in planning the following year's budget;

- c. Whether a single reimbursement could be made.
6. The Task Force recommends that the following formulas be used to determine the reimbursements for the following services provided by the municipalities:
- a. **Transportation.** Reimbursements shall be a percentage of the County's actual, audited per mile or per item expenditure, multiplied by the number of miles or items in each municipality. The percentage reflects the percentage of the County expenditures that are paid for with property tax revenues.
 - b. **Park Maintenance.** Reimbursements will be based upon the same formula currently used.
 - c. **Code Enforcement.** Reimbursements will be based upon the net County property tax supported code enforcement expenditures per dwelling or per parcel.
 - d. **Other services.** Reimbursements will be based upon the net County property tax supported expenditures.

Action

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

1. The Final Report of the Task Force to Study the Municipal Tax Duplication Reimbursement Program is accepted and the recommendations, as outlined in the report, are accepted for funding within the Municipal Revenue Program
2. The recommendations contained in the Report will be implemented beginning in Fiscal Year 1997.
3. Reimbursement payments to municipalities will be made once a year, by October 1.
4. Reimbursements for Fiscal Year 1997 will be based upon Fiscal Year 1995 actual, audited expenditures from the County's comprehensive annual financial report. Thereafter annual reimbursements will continue to be based upon the actual audited expenditures using a similar two year interval.
5. Municipalities will not be required to submit their expenditures but will be required to provide annual certification of eligible services
6. The Task Force will meet annually to review the municipal revenue program.

7. To the extent that the County Council is required to meet annually and discuss with each municipality the rate for assessments or the tax reimbursement program, the Council delegates this duty to the County Executive or his delegate, who should then report back to the County Council.

This is a correct copy of Council action.

/s/

Mary A. Edgar, CMC
Secretary of the Council

APPROVED:

/s/

Douglas M. Duncan
County Executive