

March 4, 2014

Motion to Adopt ADMINISTRATIVE-9

Authorization to Advertise Publication of the FY 2015 Budget and Required Tax Rates, the Effective Tax Rate Increase and the Advertised Capital Improvement Program for Fiscal Years 2015-2019 (With Future Fiscal Years to 2024)

In the County Executive's Recommendation for Admin-9 he states, *"The FY 2015 Advertised Budget Plan is balanced at the existing Real Estate Tax rate of \$1.085 per \$100 of assessed value. However, given the topics that will likely be the focus of the discussion on the budget, employee pay and the transfer to FCPS, it may be prudent for the Board to advertise a tax rate increase higher than the \$1.085 rate to allow the flexibility to address issues beyond the County Executive's budget recommendations."*

I am following that advice today by moving to ADVERTISE a tax rate that is two cents higher than the current tax rate.

This is an advertisement (not adoption) of a tax rate that will become the ceiling for any increase in the rate. The Board can adopt a lower rate, but not a rate that is higher than what we advertise today.

To refresh everyone's memory, every cent on the tax rate is equal to \$22 million in revenue. Each cent is equal to \$50.00 on the average homeowner's tax bill.

Because of rising residential assessments (the fair market value of property), should the current tax rate of \$1.085 be adopted in late April when the Board "marks up" and then formally adopts the budget, the average annual residential tax bill would increase by \$331.67.

If a two cent increase were to be adopted, which would put the tax rate at \$1.105, the average homeowner's annual real estate tax bill would increase by an additional \$100. *It is this Chairman's intention to seek ways to adopt a budget with a tax rate that is less than a two cent increase.*

There are a number of variables that will go into the eventual adoption of the Fiscal Year 2015 budget. I believe it is fair and prudent to advertise this higher threshold so that public discussion and debate is not cut off at the start.

Some of the variables that I would like to note:

The County Executive has included in his budget an across the board increase in employee compensation of 1.29 percent. I will work with my colleagues to identify funding to raise this to 2%.

While the School Board has requested an increase in their Transfer of \$98 million, or 5.7%, 2% (approximately \$34 million) of this has been addressed in the Advertised budget which includes a 2% increase in the School Transfer. Additionally between \$27 and \$32 million is included in the State Budget that the General Assembly will soon be adopting.

This results in an actual gap, or delta, of approximately \$32 million to fund the School Board's request.

The ending balance of \$10.64 million assumed in the County Executive's presentation is now estimated to be \$4.64 million due to lower than expected personal property revenue.

I know that members of this Board will also be asking for possible County savings or reductions to be put on the table so that the public knows that we are seeking savings in order to

fund the school's request and to keep tax bills at an affordable level for our constituents.

With that, Madam Vice Chairman I move to approve Administrative Item 9 based on an advertised tax rate of \$1.105 per \$100 of assessed value.