



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

M E M O R A N D U M

March 11, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: County Reimbursement under the Montgomery County Municipal Revenue Program – County Code, Chapter 30A

For a number of years, the County and its municipalities have not been in agreement on how to calculate the payments provided to them under the Municipal Tax Duplication Program. Over the past two years, I have negotiated an agreement with the municipalities that will revise the formula for the payment calculation. The resolution that currently governs the payment methodology is almost 25 years old and needs to be revised to reflect this negotiated agreement.

My FY22 Recommended Operating Budget provides for a two-year phase in of this new methodology. Along with the budget, I am submitting a proposed resolution to alter the calculation methodology consistent with what has been negotiated with the municipalities.

Should you have any questions, please feel free to reach out to Estela Boronat de Gomes in the Office of Management and Budget.

I appreciate your prompt consideration of this action.

Attachment: Resolution

c: Jennifer Bryant, Director, Office of Management and Budget

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: County Reimbursements under the Montgomery County Municipal Revenue Program

Background

1. Chapter 30A of the Montgomery County Code 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 No. 13-650, dated September 10, 1996.
3. In an effort to simplify the formulas then in use, Resolution No. 13-650 accepted the recommendations in the final report of the Montgomery County Task Force to study the Municipal Tax Duplication Reimbursement Program.
4. The Municipal Tax Duplication Reimbursement Program includes payments for transportation, police, crossing guards, and park maintenance.
5. To augment the tax duplication payments made to each municipality, the County has frequently relied upon discretionary grants to each municipality, the amounts of which vary from year to year.
6. The County worked with municipalities to derive a new formula for the tax duplication reimbursement program, which would provide funding that more aligns with municipalities' annual expenditures.

Action

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

1. Resolution No. 13-650 is hereby rescinded in its entirety and no further payments shall be made to any municipality pursuant to the formulas set forth therein.
2. The payments set forth in this Resolution will be fully implemented beginning in Fiscal Year 2023. For Fiscal Year 2022, the total increase calculated for each municipality by the below methodology over the Fiscal Year 2021 budget, will be multiplied by fifty percent.
3. Reimbursement payments to municipalities will be made once per year, by October 1st.
4. Municipalities will not be required to submit expenditures, but will be required to provide annual certification of eligible services.
5. Reimbursements for Fiscal Year 2022 will be based upon Fiscal Year 2020 actual, audited expenditures. Reimbursements for any subsequent fiscal year shall be similarly based upon the actual, audited expenditures using the same two-year interval.
6. The formulas for the Municipal Tax Duplication Formula shall be as follows:
 - (a) For transportation, reimbursements shall be sixty percent of the County's actual per mile or per item expenditures, multiplied by the number of miles or items in each municipality.
 - (b) For park maintenance, reimbursements shall be based upon the same formula currently used. Specifically, for Fiscal Year 2022, the calculations for the reimbursements for each municipality shall be as follows:
 - (i) For Section 3 of the Village of Chevy Chase: \$724.00
 - (ii) For the Town of Chevy Chase: \$11,273.00
 - (iii) For the Village of Friendship Heights: \$88,497.00
 - (iv) For the Town of Kensington: \$45,504.00
 - (v) For the City of Takoma Park: \$92,463.00

For all subsequent fiscal years, the amounts set forth above shall be increased in an amount equal to the amount of the annual percentage change to the

Consumer Price Index (CPI) for the preceding 12-month period using the CPI issued for the Washington, D.C. Metropolitan Area by the United States Department of Labor, Bureau of Labor Statistics.

- (c) For police and crossing guards, reimbursements shall be based on the costs that the County would incur to provide those services within municipalities that have a full service, independent municipal police agency. Reimbursements shall be reduced by any rebate payment made for such services under Section 35-5 of the County Code.
7. To the extent the County Council is required to meet annually to discuss with each municipality the rate for assessments or the tax duplication reimbursement program, the Council delegates this duty to the County Executive or his delegate, who shall then report back to the County Council.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council