



FREDERICK COUNTY COUNCIL

Local Government Fiscal and Policy Note

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

Bill Number/Reference:	21-11
Bill Title:	Frederick County Real Property Tax Credit
Local Government Agency:	Finance Division
Prepared By:	Erin White, Diane Fox, Melanie Thom
Title:	Division Director Finance, Director Treasury, Director Accounting
Phone Number:	301-600-1193, 301-600-1114, 301-600-2217
E-Mail Address:	ewhite@frederickcountymd.gov , dfox@frederickcountymd.gov , mthom@frederickcountymd.gov
Due Date:	October 19, 2021
Date Submitted:	October 12, 2021

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Date:						
Please respond to the questions below. If you prefer to provide responses or additional information in a separate file or document, send the file or document in a separate e-mail to rcherney@frederickcountymd.gov with the bill number/reference in the subject line.						
1.	Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, <u>please explain why.</u>					
<p>This bill serves to grant a real property tax credit at \$175 per property for owner-occupied property owners on record as of July 1, 2021 with an assessed value of \$328,512 or less.</p> <p>Implementation of the credit would reduce real property tax revenues and increase expenses as shown below.</p>						
2.	Please indicate whether the proposed legislation will affect small businesses in Frederick County, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.					
This legislation is not expected to impact small business because it applies to the primary residence of individuals.						
FISCAL IMPACT SUMMARY – SHOW (DECREASE) IN PARENTHESES						
<u>REVENUES</u>						
3.	Analysis of estimated increase (or decrease) in government revenues. Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increases/decreases to begin in later years.					
	<u>Source</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
	Property tax revenue	(\$7,613,025)				
	TOTAL \$	(\$7,613,025)				
	Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.					
<p>There are 43,503 owner-occupied residences in the County with an assessed value of \$358,512 or less. We have calculated the total decrease in property tax revenue on 43,503 properties at \$175 per property to be \$7,613,025(43,503 X \$175 = \$7,613,025).</p>						

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<u>EXPENDITURES</u>					
4.	Analysis of estimated increase (or decrease) in government expenditures. Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.				
<u>A. Salaries & Wages</u>		<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
FTE Employees - ____ # of positions					
Fringe Benefits					
TOTAL (Salaries, wages & benefits)					
<p>Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type employee will be; and (3) why existing personnel cannot absorb the additional work. Please also certify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.</p> <p>This legislation will not require additional staff, however, there will be a significant amount of staff hours required to issue these checks. Treasury and Accounting staff have projected to spend 1,102 staff hours on this effort. This time includes working with print vendor/bank on printing and mailing checks, review and load data into financial software, answer constituent phone calls, research and process returned checks, research owner addresses, process stop payments and void checks, maintenance of records for escheatment on stale checks, etc.. The total cost of staff time without fringe benefits is estimated to be \$31,000.</p>					
<u>B. Other Operating Expenses</u>		<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Technical/Special Fees, Grants/Subsidies					
Communications-Phone, Postage		\$19,000			
Travel, Food, Auto, Fuel & Utilities					
Contractual Services					
Supplies					
Equipment-Replacement					
Equipment-Additional					
Land & Structures, Fixed Charges					
Other - Printing		6,000			
TOTAL (Expenditures)		\$25,000			
On the next page, please provide brief descriptions/breakdowns of the above "Other Operating Expenses."					
Please explain below any additional calculations or assumptions made in estimating the "Other Operating Expenses" that will help us to understand the amounts and timing of the expenses.					
Estimated cost to print and mail 43,503 checks.					

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4. (cont'd)

C. Operating Expense Descriptions/Breakdowns

Please provide below a short description of the specific purpose of each expense listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2022 amount with a short description of each expense (for example, if \$2,500 is listed for Communications – Phone, Postage, a statement such as “\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.”)

Fiscal 2022 Expenditures

Technical/Special Fees, Grants & Subsidies description/breakdown	\$
Communications – Phone, Postage description/breakdown Estimated postage cost for 43,503 checks	\$19,000
Travel, Food, Auto Operations, Fuel & Utilities description/breakdown	\$
Contractual Services description/breakdown	\$
Supplies description/breakdown	\$
Equipment-Replacement description/breakdown	\$
Equipment-Additional description/breakdown	\$
Land & Structures, Fixed Charges description/breakdown	\$
Other (Please Specify) description/breakdown Estimated printing cost for 43,503 checks	\$6,000

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<u>ADDITIONAL POLICY IMPLICATIONS/CONCERNS</u>

Please submit BY E-MAIL to: Ragen Cherney, Legislative Director/Chief of Staff
Frederick County Council • E-Mail: RCherney@FrederickCountyMD.gov