



Committee: GO

Committee Review: At a future date

Staff: Robert H. Drummer, Senior Legislative Attorney

Purpose: To receive testimony – no vote expected

Keywords: #ConsensusRevenues #BetterForecasting

AGENDA ITEM 9

February 23, 2021

Public Hearing

SUBJECT

Bill 6-21, Finance – Revenue Estimating Group - Established

Lead Sponsor: Councilmember Friedson

Co-Sponsors: Councilmembers Navarro and Katz

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Public Hearing on Bill – no vote expected

DESCRIPTION/ISSUE

Bill 6-21 would establish a Revenue Estimating Group to review and forecast County revenues and provide for membership and duties of the Group.

SUMMARY OF KEY DISCUSSION POINTS

This report contains:

Bill 6-21	©1
Legislative Request Report	©4
Md. State Finance and Procurement Code Ann. § 6-105	©5
Economic Impact statement	©8

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M E M O R A N D U M

February 18, 2021

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney

SUBJECT: Bill 6-21, Finance – Revenue Estimating Group - Established

PURPOSE: Public Hearing – No Council vote required

Bill 6-21, Finance – Revenue Estimating Group - Established, sponsored by Lead Sponsor Councilmember Friedson and Co-sponsored by Councilmembers Navarro and Katz, was introduced on February 2, 2021. A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for March 8, 2021.¹

Bill 6-21 would establish a Revenue Estimating Group to review and forecast County revenues and provide for membership and duties of the Group. The Group would consist of staff members from Finance, Office of Management and Budget, Council Central Staff, Office of Legislative Oversight, and the Office of the Chief Administrative Officer. The Group would be required to report their revenue projections to the Executive and the Council quarterly. The Bill is based on a similar group formed to provide revenue forecasts for the State, the Consensus Revenue Monitoring and Forecasting Group. See Md. State Finance and Procurement Code Ann. § 6-105 at (©5-7). The goal of the Bill is to increase the accuracy and usefulness of County revenue projections necessary for budget decision-making.

This packet contains:

Bill 6-21

Legislative Request Report

Md. State Finance and Procurement Code Ann. § 6-105

Economic Impact statement

Circle #

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¹#ConsensusRevenues #BetterForecasting

Bill No. 6-21
Concerning: Finance – Revenue
Estimating Group - Established
Revised: 1/26/2021 Draft No. 5
Introduced: February 2, 2021
Expires: August 2, 2022
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Friedson
Co-Sponsors: Councilmembers Navarro and Katz

AN ACT to:

- (1) establish a Revenue Estimating Group to review and forecast County revenues;
- (2) provide for membership and duties of the Group; and
- (3) generally amend the law governing the review and forecast of County revenues.

By adding

Montgomery County Code
Chapter 20, Finance
Article XVII
Section 20-84

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:

Sec. 1. Article XVII and Section 20-84 are added as follows:

Article XVII. Revenue Estimating Group.

20-84. Revenue Estimating Group.

(a) Definitions. As used in this Section:

Group means the Revenue Estimating Group established in this Section.

Revenue means all funds received by the County, including:

- (1) income tax;
- (2) property tax;
- (3) fuel energy tax;
- (4) recordation tax;
- (5) development impact tax;
- (6) room rental and transient tax;
- (7) telephone tax;
- (8) any other tax receipts authorized under law;
- (9) State grants;
- (10) Federal grants;
- (11) permit fees; and
- (12) any other funds that are reasonably expected.

(b) Group established. There is a Revenue Estimating Group.

(c) Membership. The Group must include one or more representatives from the following departments and offices:

- (1) Office of the Chief Administrative Officer;
- (2) Department of Finance;
- (3) Office of Management and Budget;
- (4) County Council Central Staff; and
- (5) Office of Legislative Oversight.

(d) Chair. The Chief Administrative Officer's representative must be the chair.

(e) Duties. The Group must:

(1) review and analyze the attainment of revenue on a quarterly basis;

(2) develop revenue forecasts and any necessary revisions to those forecasts;

(3) perform any studies or analyses requested by the Executive or the Council President;

(4) develop a methodology to forecast revenue; and

(5) provide quarterly reports on revenue projections to the Executive and the Council each year on:

(A) February 15;

(B) May 15;

(C) September 15; and

(D) December 15.

(f) Staff. The Director of the Department of Finance must provide staff support for the Group.

(g) Meetings. The Group must meet at least one time each quarter.

LEGISLATIVE REQUEST REPORT

Bill 6-21

Finance – Revenue Estimating Group – Established

DESCRIPTION:	Bill 6-21 would establish a Revenue Estimating Group to review and forecast County revenues and provide for membership and duties of the Group.
PROBLEM:	Accurate revenue projections are crucial to adopting a budget. The Council needs more input into revenue projections on a periodic basis.
GOALS AND OBJECTIVES:	Increase the accuracy and usefulness of revenue projections.
COORDINATION:	CAO, Finance, OMB, OLO
FISCAL IMPACT:	To be provided
ECONOMIC IMPACT:	To be provided
RACIAL EQUITY AND SOCIAL JUSTICE IMPACT:	To be provided
EVALUATION:	To be provided
EXPERIENCE ELSEWHERE:	Maryland has a similar group to estimate State revenues.
SOURCE OF INFORMATION:	Robert H. Drummer, Senior Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	N/A
PENALTIES:	N/A



User Name: Drummer Bob

Date and Time: Tuesday, December 22, 2020 5:29:00 PM EST

Job Number: 132763572

Document (1)

1. [*Md. STATE FINANCE AND PROCUREMENT Code Ann. § 6-105*](#)

Client/Matter: -None-

Md. STATE FINANCE AND PROCUREMENT Code Ann. § 6-105

Statutes current through legislation effective November 6, 2020

**MD - Annotated Code of Maryland > STATE FINANCE AND PROCUREMENT > DIVISION I.
STATE FINANCE > TITLE 6. REVENUES > SUBTITLE 1. STUDIES AND ESTIMATES**

§ 6-105. Consensus Revenue Monitoring and Forecasting Group.

(a) Definitions. --

(1) In this section the following words have the meanings indicated.

(2) "Group" means the Consensus Revenue Monitoring and Forecasting Group established under this section.

(3)

(i) "State share of nonwithholding income tax revenues" means the State share of income tax quarterly estimated and final payments with returns made by individuals, as defined in [§ 10-101 of the Tax - General Article](#).

(ii) "State share of nonwithholding income tax revenues" does not include:

1. the county share of income tax quarterly estimated and final payments with returns made by individuals;
2. income tax payments made by corporations;
3. income tax refunds paid to individuals or corporations; or
4. income tax withholding.

(b) Group established. -- There is a Consensus Revenue Monitoring and Forecasting Group.

(c) Membership. -- The Group consists of:

- (1) the Chief and staff of the Bureau as designated by the Chief;
- (2) the Deputy Comptroller with responsibility for tax administration and staff as designated by the Deputy Comptroller with responsibility for tax administration;
- (3) staff of the Office of the Treasurer as designated by the Treasurer;
- (4) staff of the Department of Budget and Management as designated by the Secretary of Budget and Management;
- (5) staff of the Department of Transportation as designated by the Secretary of Transportation; and
- (6) staff of the Office of Policy Analysis of the Department of Legislative Services as designated by the Director of the Office.

(d) Chair. -- The Chief shall chair the Group.

(e) Duties of Group. -- The Group and its constituent units shall:

- (1) review and analyze attainment of revenues on a monthly basis;
- (2) advise and collaborate with the Bureau:

- (i) in the development of revenue forecasts and any necessary revisions to those forecasts; and
 - (ii) in the performance of any pertinent studies or analyses as requested by the Chief or as directed by the Board; and
 - (3) develop and recommend to the Bureau a methodology for determining the State share of nonwithholding income tax revenues for each fiscal year.
- (f) Duties of Comptroller and Bureau.** -- To assist the Group in performing its function, the Comptroller and the Bureau shall:
- (1) within 7 calendar days after the end of each month, provide to members of the Group detailed data on revenue collections; and
 - (2) before any document relating to the work of the Bureau is published, provide a draft of the document to the members of the Group for review and comment.

History

2007 Sp. Sess., ch. 2, § 8; [2017, chs. 4](#), [550](#).

Annotations

Notes

EFFECT OF AMENDMENTS. --

Chapters 4 and 500, Acts 2017, effective July 1, 2017, are identical. Each redesignated (a) as (a)(1) and (a)(2); added (a)(3) and (e)(3) and added designations accordingly; and made minor stylistic changes.

EDITOR'S NOTE. --

Section 22, ch. 2, Acts 2007 Sp. Sess., provides that the act shall take effect January 1, 2008.

Annotated Code of Maryland

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Economic Impact Statement

Office of Legislative Oversight

BILL 6-21

Finance – Revenue Estimating Group – Established

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 6-21 would have an insignificant impact on economic conditions in the County.

BACKGROUND

The goal of Bill 6-21, introduced on January 19, 2021, is to enhance the accuracy and usefulness of County revenue projections.¹ If enacted, the bill would create a Revenue Estimating Group comprised of staff from OLO, the Department of Finance, the Office of Management and Budget, Council Central Staff, and the Office of the Chief Administrative Officer. The duties of the Revenue Estimating Group would include the following:

- Review and analyze revenue attainment on a quarterly basis;
- Develop and revise revenue forecasts;
- Perform studies or analyses requested by the Executive or the Council President;
- Develop a revenue forecast methodology; and
- Provide quarterly reports on revenue projections to the Executive and the Council.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

While the Revenue Estimating Group would likely improve the accuracy of County revenue projections, OLO does not anticipate that more accurate projections would change the size of the County budget or budgetary priorities. For this reason, enacting Bill 6-21 is not expected to have direct economic impacts on private organizations or residents in the County.

No methodologies were used in this statement. The claims made in subsequent sections are based on the judgment of OLO analysts.

VARIABLES

Not applicable.

¹ Montgomery County Council, Bill 6-21, Finance – Revenue Estimating Group – Established, Introduced on January 19, 2021, Montgomery County, Maryland. See bill in Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllms/Download/FilePage?FileName=2697_1_14196_Bill_6-2021_Introduction_20210202.pdf.

Economic Impact Statement

Office of Legislative Oversight

IMPACTS

WORKFORCE ■ TAXATION POLICY ■ PROPERTY VALUES ■ INCOMES ■ OPERATING COSTS ■ PRIVATE SECTOR CAPITAL INVESTMENT ■ ECONOMIC DEVELOPMENT ■ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organization

OLO believes that Bill 6-21 would have insignificant economic impacts on private organizations in the County in terms of the Council's priority indicators, namely business income, workforce, operating costs, capital investments, property values, taxation policy, economic development, and competitiveness.²

Residents

OLO believes that Bill 6-21 would have no economic impacts on County residents in terms of the Council's priority indicators.

QUESTIONS FOR CONSIDERATION

Not applicable.

WORKS CITED

Montgomery County Council. Bill 10-19, Legislative Branch – Economic Impact Statements – Amendments. Enacted on July 30, 2019. Montgomery County, Maryland.

Montgomery County Council. Bill 6-21, Finance – Revenue Estimating Group – Established. Introduced on January 19, 2021. Montgomery County, Maryland.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

² For the Council's priority indicators, see Montgomery County Council, Bill 10-19 Legislative Branch – Economic Impact Statements – Amendments, Enacted on July 30, 2019, Montgomery County, Maryland, 3.