

MEMORANDUM

TO: County Council

FROM: *MF* Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** Expedited Bill 35-13, Taxation – Fuel-Energy Tax – Timing of Payments

Expedited Bill 35-13, Taxation – Fuel-Energy Tax – Timing of Payments, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on December 10, 2013. A public hearing is tentatively scheduled for January 21, 2014 at 1:30 p.m.

Bill 35-13 would amend the timing for payment to the County of the fuel energy tax, as recently recommended by the State Public Service Commission, to allow payment by the last day of the next month rather than the 15th day.

This packet contains:	<u>Circle #</u>
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Expedited Bill No. 35-13
Concerning: Taxation – Fuel-Energy Tax
– Timing of Payments
Revised: [date] Draft No. [#]
Introduced: December 10, 2013
Expires: June 10, 2015
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) amend the timing for payment of the fuel energy tax; and
- (2) generally amend County law regarding the fuel energy tax

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-14

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. Section 52-14 C is amended as follows:

52-14. Fuel-Energy Tax.

* * *

(c) Every person who transmits, distributes, manufactures, produces, or supplies fuel or energy in the County must pay the tax and report any information required by the Director of Finance for each calendar month on or before the [fifteenth] last day of the following month. With the written permission of the Director [of Finance], a person who regularly owes taxes under this Section may pay the tax and make reports on a quarterly basis, on or before the [fifteenth] 15th day of April, July, October, and January in each year for the preceding 3 months.

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Craig L. Rice, President, County Council Date

Approved:

Isiah Leggett, County Executive Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 35-13

Taxation – Fuel-Energy Tax – Payment Timing

- DESCRIPTION:** This Bill would amend County law to allow Fuel Energy Tax payers to remit tax payments until the last day of the following month, instead of the 15th day of the following month.
- PROBLEM:** The current payment schedule does not give enough time for Utilities and other individuals and entities that pay the County's Fuel Energy Tax to collect the funds without having to increase their working capital requirements, which in turn adversely impacts rates that customers pay.
- GOALS AND OBJECTIVES:** To adjust payment timing requirements so that any financial hardship is mitigated.
- COORDINATION:** Department of Finance
- FISCAL IMPACT:** None
- ECONOMIC IMPACT:** None
- EVALUATION:** Subject to the general oversight of the County Executive and the County Council.
- EXPERIENCE ELSEWHERE:** Unknown.
- SOURCE OF INFORMATION:** Michael J. Coveyou, Chief, Division of Treasury, Department of Finance
- APPLICATION WITHIN MUNICIPALITIES:** None.
- PENALTIES:** None.




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

December 4, 2013

TO: Craig Rice, Council President

FROM: Isiah Leggett, County Executive 

SUBJECT: Expedited Bill xx-13: Taxation - Fuel-Energy Tax – Timing of Payments

I am transmitting to Council for introduction an expedited bill that moves the date for payment of the fuel energy tax from the fifteenth day of each month to the last day of each month with the LRR and Fiscal and Economic Impact statements. The current payment schedule does not give enough time for Utilities and other individuals and entities that pay the County's Fuel Energy Tax to collect the funds without having to increase their working capital requirements, which in turn adversely impacts rates that customers pay. This recommended amendment resolves that issue.

I would appreciate your consideration of this bill at your earliest convenience. If you have any questions or require additional information, please do not hesitate to contact Joseph Beach, Director, Department of Finance, at 240-777-8870.

Attachments

c: Joseph F. Beach, Director, Department of Finance

Fiscal Impact Statement
Bill XX-XX, Taxation – Fuel-Energy Tax – Timing of Payments

1. Legislative Summary.

This Bill will allow all taxpayers who pay fuel-energy tax to submit payments and any required information to the Director of Finance by the last day of the following calendar month. Current law allows taxpayers to remit payments and information by the fifteenth day of the following month.

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.

The Bill does not change the rate of the fuel-energy tax, only the timing of payments. There will be no effect on revenues or expenditures. Per the Department of Finance, no additional staff time or County resources are required for implementation of this Bill.

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

N/A

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

N/A

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

N/A

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

Per the Department of Finance, no additional staff time or County resources are required for implementation of this Bill.

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

Per the Department of Finance, no additional staff time or County resources are required for implementation of this Bill.

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

N/A

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

The bill does not change the rate of the fuel-energy tax, only the timing of payments. There will be no effect on revenues or expenditures.

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

N/A

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

The Bill does not change the rate of the fuel-energy tax, only the timing of payments. There will be no effect on revenues or expenditures. Per the Department of Finance, no additional staff time or County resources are required for implementation of this Bill.

12. Other fiscal impacts or comments.

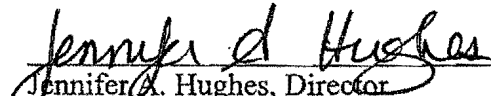
N/A

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

Jedediah Millard – Office of Management and Budget

Naeem Mia – Office of Management and Budget

Michael Coveyou – Department of Finance



Jennifer A. Hughes, Director
Office of Management and Budget

12/4/13
Date

Economic Impact Statement
Bill #-#, Taxation – Fuel-Energy Tax – Timing of Payments

Background:

This legislation would amend the timing for payment of the tax and generally amend County law regarding the fuel energy tax. The Bill amends current law by changing the date on which persons or companies; who transmit, distribute, manufacture, produce, or supply fuel of energy to the County; may now remit tax payments on the last day of the following month in which such collections are received by the persons or companies from fuel and energy customers.

1. The sources of information, assumptions, and methodologies used.

Not applicable

2. A description of any variable that could affect the economic impact estimates.

Not applicable

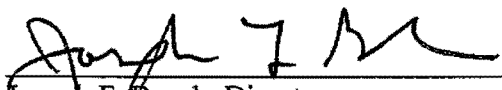
3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

This bill amends the timing of when fuel-energy tax payments are remitted to the County. Therefore, the Bill has no economic impact.

4. If a Bill is likely to have no economic impact, why is that the case?

This bill only amends the timing of payments of the fuel and energy tax collected by persons or companies and sent to the County.

5. The following contributed to and concurred with this analysis: David Platt and Michael Coveyou, Finance.



Joseph F. Beach, Director
Department of Finance

12/4/13
Date