Queen Anne’s County

TOTAL PROPOSED BUDGET $138,061,406

- Property Tax: 49%
- Income Tax: 37%
- Other Local Taxes: 7%
- Transfers In & Fund Bal: 1%
- Service Charges: 2%
- Miscellaneous: 1%
- Intergovernmental: 2%
Queen Anne's County Revenues

- Property Tax
- Income Tax
- Total Revenue

Years: 2006 to 2017

Revenues in millions of dollars.

- Total Revenue shows a steady increase over the years.
- Property Tax has a moderate increase with some fluctuations.
- Income Tax shows a slight increase over the years with some fluctuations.

"Queen Anne’s County"
Queen Anne’s County & State Income Tax Percentage Change

-20.0% -15.0% -10.0% -5.0% 0.0% 5.0% 10.0% 15.0% 20.0% 25.0%


Queen Anne’s County
State
Income Tax Percentage Change

*State Income Tax Adjusted by One Year

- Queen Anne’s County
- State
St. Mary's County & State Income Tax Percentage Change

- St. Mary's County
- State
Montgomery County & State Income Tax Percentage Change

- Montgomery
- State
Wicomico County & State Income Tax Percentage Change
Dorchester County & State Income Tax Percentage Change

-40.0% -30.0% -20.0% -10.0% 0.0% 10.0% 20.0% 30.0%


Dorchester
State
Income Tax Percentage Change (Eastern Shore)

- Talbot
- Kent
- Caroline
- Cecil
- Dorchester
- Wicomico
- Queen Anne's
- State
Income Tax Percentage Change (Western Shore)

- Frederick
- Montgomery
- Anne Arundel
- Howard
- Washington
- St. Mary's
- State
Queen Anne's County Household Income Distribution

- **1990**: HH Income < 25,000: 2.0%, HH Income $100,000-$149,000: 4.5%, HH Income $25,000-$49,999: 11.1%, HH Income $50,000-$99,999: 6.3%
- **2000**: HH Income < 25,000: 6.3%, HH Income $100,000-$149,000: 11.1%, HH Income $25,000-$49,999: 22.6%, HH Income $50,000-$99,999: 15.4%
- **2010**: HH Income < 25,000: 13.8%, HH Income $100,000-$149,000: 17.2%, HH Income $25,000-$49,999: 18.8%, HH Income $50,000-$99,999: 15.4%
- **2015**: HH Income < 25,000: 10.9%, HH Income $100,000-$149,000: 19.3%, HH Income $25,000-$49,999: 23.7%, HH Income $50,000-$99,999: 23.2%
- **2019**: HH Income < 25,000: 8.4%, HH Income $100,000-$149,000: 25.4%, HH Income $25,000-$49,999: 31.5%, HH Income $50,000-$99,999: 30.9%
Income Tax & Oriole Victories Percentage Change

- Oriole Victories
- State Income Tax
- County Income Tax

Years: 2007 to 2017
Queen Anne's County Income Tax Distributions as Percentage of Actual (Current Year Estimate)
Property Tax Considerations

- SDAT provides constant yield assessable base in February, used for calculation of property tax for budget year
- Property tax estimates are predictable for budget year; less so for outyears

Other considerations in property tax calculations
- Enterprise Zones
- Tax Credits
- Municipal Rebate
- Tax Increment Financing
- New Development
## Queen Anne’s County

### Property & Income Tax Variance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Property Tax</th>
<th></th>
<th></th>
<th></th>
<th>Income Tax</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>% Variance</td>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>% Variance</td>
<td></td>
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<tr>
<td>2006</td>
<td>43,106,992</td>
<td>44,630,519</td>
<td>3.5%</td>
<td>27,888,290</td>
<td>31,633,987</td>
<td>13.4%</td>
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<tr>
<td>2007</td>
<td>44,465,440</td>
<td>46,180,114</td>
<td>3.9%</td>
<td>30,088,290</td>
<td>34,980,663</td>
<td>16.3%</td>
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<td></td>
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<tr>
<td>2008</td>
<td>48,200,170</td>
<td>49,975,236</td>
<td>3.7%</td>
<td>35,973,956</td>
<td>34,767,725</td>
<td>-3.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>54,396,626</td>
<td>55,337,698</td>
<td>1.7%</td>
<td>36,000,993</td>
<td>35,983,344</td>
<td>0.0%</td>
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<tr>
<td>2010</td>
<td>59,326,899</td>
<td>59,204,132</td>
<td>-0.2%</td>
<td>36,033,311</td>
<td>29,647,125</td>
<td>-17.7%</td>
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<tr>
<td>2011</td>
<td>59,934,809</td>
<td>60,061,951</td>
<td>0.2%</td>
<td>32,980,024</td>
<td>29,527,496</td>
<td>-10.5%</td>
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</tr>
<tr>
<td>2012</td>
<td>65,852,256</td>
<td>65,881,777</td>
<td>0.0%</td>
<td>31,100,000</td>
<td>35,969,879</td>
<td>15.7%</td>
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<tr>
<td>2013</td>
<td>65,415,329</td>
<td>65,516,659</td>
<td>0.2%</td>
<td>32,428,656</td>
<td>39,438,906</td>
<td>21.6%</td>
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<td></td>
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<tr>
<td>2014</td>
<td>63,889,716</td>
<td>64,666,451</td>
<td>1.2%</td>
<td>38,984,963</td>
<td>40,326,921</td>
<td>3.4%</td>
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</tr>
<tr>
<td>2015</td>
<td>64,108,847</td>
<td>64,643,520</td>
<td>0.8%</td>
<td>41,878,992</td>
<td>42,889,715</td>
<td>2.4%</td>
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<tr>
<td>2016</td>
<td>64,979,662</td>
<td>64,912,515</td>
<td>-0.1%</td>
<td>44,767,650</td>
<td>46,424,552</td>
<td>3.7%</td>
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<tr>
<td>2017</td>
<td>66,145,298</td>
<td>66,466,862</td>
<td>0.5%</td>
<td>46,448,552</td>
<td>48,578,044</td>
<td>4.6%</td>
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<td></td>
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</tbody>
</table>
Queen Anne's County Budget vs. Actual Percentage Variance

- Income Tax
- Property Tax
Queen Anne's County Recordation & Transfer Tax Revenue

- **Recordation Taxes**
- **Transfer Taxes**
Queen Anne's County Transfer & Recordation Percentage Change

- Blue line: Recordation
- Red line: Transfer

Year: 2006 to 2018
Queen Anne's County Fund Balance

- Unassigned Fund Balance
- Total Fund Balance
- Rainy Day Fund
- Revenue Stabilization

Graph showing the fund balance of Queen Anne's County from 2006 to 2017.
Notes for Smaller Counties

- Resources-staffing
- Volatility
- Sensitivity to change, development
- Approaches to forecasting
  - Trend analysis
  - Data analytics, forecasts (or call Andy)
  - Form a committee! (e.g. Spending Affordability Committee)
• Pitfalls of overestimating (shortfalls, budget cuts)

• Pitfalls of underestimating (potential surpluses, conservative forecasting)

• Surpluses, fund balance and taxpayers

• Surpluses, fund balance and ratings
A Few General Points About Estimating

• Volatility, capping growth, and estimating to achieve the same result (restrained growth)

• Conservative estimates may produce surpluses by limiting budget growth, but resulting fund balances, stability in fiscal management and meeting your revenue estimates weigh heavily in ratings

• Is intuition involved or is it all analytics?

• Counties often use State income tax estimates as a benchmark—taking the BRE estimate and generally moderating growth (because of uncertainty and volatility)
Maryland Counties Income Tax Average Percentage Change 2013-2016

* Income Tax Rate Increase
Why do simple methods tend to outperform more complex ones? Forecasting science luminary Spyros Makridakis believes it is because complex methods try to find patterns that aren’t really there by creating a tight statistical “fit” to historical data. These false patterns are then projected forward. Conversely, simple methods ignore such patterns and just extrapolate trends.

• Salaries 2.0-2.5% (COLA, Pay for Performance)
• Fringe Benefits 5.0%
• Operating 1.0%
• Debt per six year capital program
• Transfers to capital, Other Funds, Aging, etc. 1.0-2.0%
• OPEB per 10 year plan
• Board of Education 2.0-2.5%
• College/Library 2.0%
• Property tax 2.0-2.8%
• Income tax 2.5%-3.5%
• Other revenues (transfer/recordation) 1.0-2.0%
## GENERAL FUND REVENUE FORECAST

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Property Tax</td>
<td>65,516,659</td>
<td>64,666,451</td>
<td>64,643,520</td>
<td>64,912,515</td>
<td>66,466,862</td>
<td>67,425,242</td>
<td>69,341,149</td>
<td>71,227,772</td>
<td>73,052,327</td>
<td>75,097,792</td>
<td>76,599,748</td>
</tr>
<tr>
<td>Local Income Tax</td>
<td>39,438,906</td>
<td>40,326,921</td>
<td>42,889,715</td>
<td>46,424,552</td>
<td>48,578,044</td>
<td>49,436,992</td>
<td>51,536,447</td>
<td>53,621,071</td>
<td>54,961,598</td>
<td>56,335,638</td>
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<tr>
<td>Admission and Amusement Taxes</td>
<td>160,516</td>
<td>155,336</td>
<td>155,396</td>
<td>169,679</td>
<td>156,872</td>
<td>170,000</td>
<td>161,000</td>
<td>171,700</td>
<td>173,417</td>
<td>173,417</td>
<td>173,417</td>
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<tr>
<td>Recordation Taxes</td>
<td>3,100,826</td>
<td>2,978,677</td>
<td>3,399,247</td>
<td>4,036,356</td>
<td>5,321,128</td>
<td>4,817,700</td>
<td>5,327,551</td>
<td>6,312,500</td>
<td>6,335,638</td>
<td>6,358,826</td>
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<tr>
<td>Transfer Taxes</td>
<td>675,532</td>
<td>730,587</td>
<td>1,797,855</td>
<td>1,923,016</td>
<td>1,944,544</td>
<td>1,936,427</td>
<td>1,933,000</td>
<td>1,933,000</td>
<td>1,933,000</td>
<td>1,933,000</td>
<td>1,933,000</td>
</tr>
<tr>
<td><strong>Subtotal - Revenues</strong></td>
<td>117,079,222</td>
<td>116,432,584</td>
<td>119,531,573</td>
<td>124,422,338</td>
<td>131,463,459</td>
<td>131,720,950</td>
<td>134,016,167</td>
<td>136,329,479</td>
<td>139,560,360</td>
<td>142,891,547</td>
<td>146,480,819</td>
</tr>
<tr>
<td><strong>Charges for Current Services</strong></td>
<td>2,574,951</td>
<td>2,252,711</td>
<td>2,170,142</td>
<td>2,265,561</td>
<td>2,785,966</td>
<td>2,423,481</td>
<td>2,458,120</td>
<td>2,572,194</td>
<td>2,610,777</td>
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<tr>
<td><strong>Investment Income</strong></td>
<td>73,201</td>
<td>53,640</td>
<td>56,231</td>
<td>92,664</td>
<td>259,884</td>
<td>60,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Subtotal - Revenues</strong></td>
<td>117,079,222</td>
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<td>136,329,479</td>
<td>139,560,360</td>
<td>142,891,547</td>
<td>146,480,819</td>
</tr>
<tr>
<td>Transfers In</td>
<td>22,608</td>
<td>40,370</td>
<td>268,376</td>
<td>1,268,187</td>
<td>257,491</td>
<td>1,050,000</td>
<td>1,050,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,202,000</td>
<td>681,927</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>117,101,830</td>
<td>116,472,954</td>
<td>119,799,949</td>
<td>125,690,525</td>
<td>131,720,950</td>
<td>134,016,167</td>
<td>138,061,406</td>
<td>141,060,360</td>
<td>144,391,547</td>
<td>147,980,819</td>
<td>151,061,177</td>
</tr>
</tbody>
</table>

### % Change in Revenues before

- Transfers In and Fund Balance: 4.59% -0.55% 2.66% 4.09% 5.66% 0.23% 3.46% 2.37% 2.39% 2.51% 2.10%
- % Change in Total Revenues: 2.51% -0.54% 2.86% 4.92% 5.66% 0.23% 3.46% 2.37% 2.39% 2.51% 2.10%