

## County budget includes property tax cut, money for planning reforms

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The Montgomery County Council last week approved record spending and construction budgets, complete with a property tax rate cut.

A formal vote on the budget for the fiscal year beginning July 1 is scheduled for May 25.

The \$3.9 billion operating budget — which was initially proposed by County Executive Douglas M. Duncan (D) at \$3.86 billion — includes \$2.2 billion in funding for public schools and Montgomery College, as well as \$17 million to close a school funding gap.

The budget also includes money for about 900 new employees, bringing the work force to the equivalent of about 30,000 positions. It also has \$160 million for transportation projects on state roads and \$1.5 million in technology improvements for the troubled Department of Park and Planning.

Tax relief in the budget includes a 5-cent property tax rate cut, trimming the rate for most homeowners to \$0.917 per \$100 of assessed value, and a \$21 credit for homeowners. Increases in assessments will offset some of these cuts. The county estimates the owner of a home assessed at \$440,000 would save about \$20 in property taxes.

The council also expanded the "circuit-breaker" tax credit program. Now homeowners with incomes lower than \$64,000 will receive an additional tax cut on the first \$300,000 of their home's assessed value. The program had previously been limited to homeowners with incomes less than \$55,000.

The \$2.8 billion construction budget — initially proposed by Duncan at \$2.7 billion — includes about \$1.3 billion for school projects and about \$1.1 billion for new fire and police stations and other agency infrastructure.

To pay for all this, the council moved \$10 million from the construction budget to the operating budget, used some of last year's \$300 million surplus and cut about \$5 million from Duncan's operating budget.

Thursday's orderliness contrasted with the council's difficulties crafting the budget. The day before, members engaged in a contentious debate on grants for nonprofit organizations. Also, school system issues, specifically the replacement site for Seven Locks Elementary School, have sidetracked earlier sessions.

The council and school system finally resolved that issue last week with a compromise resolution brokered by Councilman Howard A. Denis (R-Dist. 1) of Chevy Chase.

At times last week, the conversations typified Councilman Michael L. Subin's assessment that this year's budget sessions "seem to have been more disorganized than usual."

Thursday's brief session also included an update of the county's financial outlook, specifically on funding for construction projects.

While this year's economic picture is rosy, Deputy Council Staff

### MOVING FORWARD

- \$18.7 million for a second Glenmont Metro garage
- \$16 million for new North County Bus Maintenance Depot
- \$8.7 million for 10 noise walls built along county roads
- \$7.5 million for tracking systems in all Ride On buses
- \$3.2 million for Speed Camera Enforcement Program
- Operating funds for one high school and four elementary schools opening in the fall

Director Glenn Orlin said minor revenue categories such as school impact taxes for education projects are bringing in less than forecast. Although the money can be made up through revenues from land sales taxes and unused bond proceeds, the forecasts have been too optimistic in the past and will have to be adjusted downward. Also, transportation impact tax revenues have been less than forecast and should also be adjusted, Orlin noted.

To balance the books this year, the council voted to increase the county's debt load by about \$9 million in the next two years and delay some construction projects.

Some council members continued to voice concerns about the sustainability of the budget in the next few years.

"I'm concerned about debt capacity assumptions in the out years," said Councilwoman Marilyn J. Praisner (D-Dist. 4) of Calverton, who questioned some of the creative methods used to balance the books. As chairwoman of the council's Management and Fiscal Policy Committee, Praisner said the committee would re-evaluate the county's financing process next year.

"We can't continue with one-year budgets and find out the next year that there's no money in the bank," said Marvin Weinman, president of the Montgomery County Taxpayers League. While the tax cut is a good for taxpayers, the council should have done a more thorough examination of the county's salary and personnel costs, Weinman said.

The session ended with all nine council members, led by Council President George L. Leventhal (D-At Large) of Takoma Park, congratulating their colleagues and council staffers for their work on the budget. Councilmen Steven A. Silverman (D-At Large) of Silver Spring, a county executive candidate, and Thomas E. Perez (D-Dist. 5) of Takoma Park, who will be running for state attorney general, included farewell statements in their speeches.

"We all pulled together to do the job we were elected to do," Leventhal said. "I've enjoyed working with all my colleagues and value very much the passion that they all bring to making this county even better."