

MONTGOMERY COUNTY COUNCIL

Energy Tax Hike Backed; Pay Raises Protected

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Montgomery County Council members voted yesterday to increase local energy taxes and rejected an effort to reduce raises for government workers as they closed in on a final spending plan for fiscal 2009.

In a three-hour debate punctuated by applause and jeering from an audience of hundreds, council members also voted to reduce the property tax rate by 2 cents per \$100 of assessed value, but they left unresolved how such a move would affect homeowners and businesses.

The council is racing to close a nearly \$200 million shortfall for the budget year that begins July 1 and struggling to find the right mix of tax increases, spending trims and revisions to employee contracts.

Yesterday, council members signaled that property owners will almost certainly be looking at higher taxes by the time work on the budget wraps up next week. How much more and how the burden will be divided between residential and commercial properties remains to be decided.

"It would be nice if we didn't have to raise taxes at all," said council member George L. Leventhal (D-At Large). "But revenues

are down, and we're going to have to do something we don't want to do. We've got a lot of undesirable choices."

Council members voted unanimously to raise the local energy tax residents pay to light and heat their homes. The increase is expected to cost Montgomery households an average of \$10 a year and to raise \$11 million for the county, officials said.

The council's heated debate over union contracts highlighted stark philosophical differences. As school officials, nurses, social workers and sheriff's deputies watched in a packed auditorium, council members voted 5 to 2 to reject a proposal to shave \$40 million from labor agreements that provide most general government workers with 3 percent raises.

Phil Andrews (D-Gaithersburg-Rockville) and Duchy Trachtenberg (D-At Large) were the only council members to support rolling back pay raises by two percentage points. They had the backing of the Montgomery County Civic Federation.

"Shared sacrifice should be the approach when a community faces adversity," Andrews said over boos from the audience.

That view was not endorsed by most of his colleagues, including

Valerie Ervin (D-Silver Spring), who called workers "our county's most valuable resource" and said they are "feeling pain" from higher prices for gas and food.

Council members are under pressure from union leaders and workers to stick to negotiated contracts and to fully fund the school system budget, which includes raises for teachers and other school employees. Trachtenberg said that she had been lobbied by teachers and School Superintendent Jerry D. West and that West called her twice at home on the eve of yesterday's vote.

Outside the auditorium, a 20-year transportation agency employee, Victor Taylor, expressed the view of many workers. "That's money that has been promised to us," he said. "If they won't pay our salaries, we can't please their crews, fix those ditches in front of their houses or take care of those trees."

Leventhal suggested that it would be unfair to reduce raises for county government workers when it lacks the authority to revise contracts with school employees, who negotiate separately with the school board.

School board President Nancy Navarro (Northeastern County) then appeared to underscore Leventhal's point, telling the council

that she would not vote to trim raises for school employees. "Our most strategic investment is in our employees," she said.

Andrews noted that five years ago, school officials joined the council in deferring raises for several months to help balance the budget.

The debate over contracts did not end yesterday. Raising property taxes above the county's charter limit, as the council is expected to do, requires a supermajority of seven votes. Because there is a vacancy on the council, two members could block the budget by refusing to exceed the limit, which ties increases to the rate of inflation.

"That's what we're going to do," Trachtenberg said after the hearing. "Phil and I will not support a budget that does not have employee savings."

In the final push to the May 22 budget vote, County Executive Ishi Leggett (D) and council members have sparred in memos over the right mix of property tax credits and rate increases.

Leggett has recommended raising the rate an average 3 percent, or 7.5 cents per \$100 of assessed property value, which would be the largest increase in two decades. He also suggested a credit of \$1,014 for primary residences to ease the



County employee Sean Collins has a message for council members struggling to balance the budget. Employees are worried about their pay raises.

effect on homeowners.

Council members voted 7 to 1 to reduce the property tax rate and signaled that they would probably support a significantly smaller credit for homeowners.

Council members have expressed concern about the effect of Leggett's plan on renters. He would pass on higher costs to apartment dwellers, "many of whom have low incomes and can ill-afford to pay additional rent," Trachtenberg said in a memo. Leggett's approach would raise taxes on a typical apartment building by 20.7 percent.

Leggett has urged the council to stick to his plan, warning that "tipping on to the household budgets of working families is unsustainable."

Under one of the council's scenarios, the owner of a median-priced home, valued at \$243,250, would pay an additional 21 percent, or \$465, compared with an additional 6.2 percent, or \$137, under Leggett's plan.

"We're trying to protect homeowners, and they are moving it in the other direction," Leggett spokesman Patrick Loeffel said yesterday.