

Montgomery County Council considers extending energy tax hike

by Kate S. Alexander, Staff Writer, The Gazette. Published: Tuesday, May 8, 2012

As the deadline to approve the fiscal 2013 budget nears, Montgomery County Council members are considering other options for the county's energy tax, whose rate was increased two years ago to help fill a deficit.

In 2010, the council raised the energy tax rate with the provision that the increase would end this year. Estimates when it was passed stated that the increase meant an average of \$150 more per household and \$1,400 more per business in annual energy bills.

Now, faced with a \$135 million budget gap and a desire to restore some funding to programs that has been cut during the past five years, County Executive Isiah Leggett (D) wants to continue the higher energy tax rate. That move would generate \$114 million.

"I do not see where we find \$114 million if we proceed with the sunset," said Council Vice President Nancy Navarro (D-Dist. 4) of Silver Spring.

Emphasizing that he has not decided where he stands on the tax, Councilman Hans Riemer (D-At large) of Silver Spring said there are pros and cons to following the executive's recommendation and to reducing the energy tax rate in fiscal 2013 or the future.

Reducing the energy tax rate even slightly would open a hole that the council would either need to plug by raising property taxes or by cutting expenditures. Leggett has proposed to raise property taxes to 99.1 cents for every \$100 of assessed value.

Where a lower energy tax rate lessens the burden placed on residents and the business community, which has asked the council to honor the sunset, the higher rate breaks faith with those who have been paying the tax under the impression that their bills would go down this summer.

As possible middle ground, the council could opt to phase out the tax, mark another sunset date or reduce it, but not to the 2010 rate, according to council documents.

Navarro said council committees are scheduled to resume discussion May 14.

"I'm opposed to additional sunsets and skeptical of phasing down," Riemer said. "You can't commit the council in the future through action today. We should not create unrealistic expectations."

Navarro, who also has not taken an official position, said she was open to compromise.

"I think a phasing out schedule would be more agreeable than what was proposed originally, a sunset this year," she said.

However, it could be voters who ultimately decide if the county funding stream will have a limit.

Robin Ficker, known for his amendment to cap annual property tax increases that voters passed in 2008, testified to the council that he has collected about 12,000 signatures on a petition to put the energy tax question on November's ballot.