



**Queen  
Anne's  
County**

**THE COUNTY COMMISSIONERS OF  
QUEEN ANNE'S COUNTY**

The Liberty Building  
107 North Liberty Street  
Centreville, MD 21617

e-mail: [QACCommissioners&Administrator@qac.org](mailto:QACCommissioners&Administrator@qac.org)

*County Administrator: Todd R. Mohn  
Executive Assistant to County Commissioners: Margie A. Houck  
County Attorney: Patrick Thompson, Esquire*

**County Commissioners:**

James J. Moran, At Large  
Jack N. Wilson, Jr., District 1  
Stephen Wilson, District 2  
Philip L. Dumenil, District 3  
Christopher M. Corchiarino, District 4

TO: The Citizens of Queen Anne's County

FROM: County Commissioners

SUBJECT: FY2021 County Commissioner's Proposed Budget

DATE: May 12, 2020

The FY2021 budget is transmitted under unique circumstances. There is presently a global pandemic affecting the lives of all the citizens of Queen Anne's County and the entire United States. Our personal, community, and economic lives have changed dramatically since we began this budget process last fall.

We know that the market and the local and national economy are undergoing volatility and uncertainty. It seems clear that the slowdown in economic activity will impact our major revenue sources, primarily income taxes, which represent almost 40% of our budget. Income taxes are impacted by the number of jobs, by wages, and investment activity. We are hopeful that our businesses can reopen soon, and that our local economy will return to its strong position in the region and the State of Maryland.

Going into this period, our local economy was performing well—wage growth consistently outpaced the State of Maryland and most Maryland counties. We expect to see income tax distributions weaken, but it is not yet clear the timing and magnitude of decreasing income tax revenue. However, we have estimated revenue losses of about \$4 million in FY2020 and about \$8 million below our earlier estimates in FY2021.

In light of current circumstances, the County is in a position to respond quickly and decisively to an economic downturn. The County has shown strong fiscal management, as evidenced by our two AAA bond ratings. We have a sizeable Rainy Day Fund and a Revenue Stabilization Fund. This will help us weather a weakening economy. At the same time, we must be prepared to take the difficult but necessary actions to bring the operating budget into balance.

Accordingly, we submit the County Commissioner's FY2021 Proposed Operating and Capital Budgets for your review. As indicated, we have projected a decline in revenue for FY2021. While we have also included significant expenditure savings in the budget, it is still necessary to draw on about \$2 million from our substantial reserves, using funds from the Revenue Stabilization Fund.

Overall, the FY2021 budget is \$1.3 million less than the FY2020 budget. The FY2021 budget reflects sound financial management and continued compliance with county policies. The budget is consistent with the County's AAA bond rating. Our intent is to replenish the Revenue Stabilization Fund quickly, to reestablish our reserve accounts.

There are a number of actions reflected in the budget to reduce the amount of expenditures included in the County Administrator's budget, which was released in March of this year. The budget assumes savings associated with a hiring freeze; no compensation increases for County employees; no new positions in FY2021; reductions to the capital budget; and savings from departmental actions to reduce the budget.

The proposed budget is based on no change in the property tax rate, remaining at \$0.8471 per \$100 of assessed value. There are no changes in FY2021 for any of the tax rates (see page 3 for all tax rates). The budget includes funding at the Maintenance of Effort level for the Board of Education. The budget provides \$1.5 million in additional funding for the public schools.

The Constant Yield Tax Rate is that property tax rate which, based on the FY2021 total assessed value of properties, would produce the same amount of property tax revenue in FY2021 as in FY2020. Because assessments increased, the Constant Yield Rate of \$0.8358 per \$100 of assessable base is lower than the proposed rate of \$0.8471 per \$100 of assessable base. Adopting the Constant Yield Rate would result in a reduction of almost \$1 million from the budget. The budget as proposed includes no change in the property tax rate.

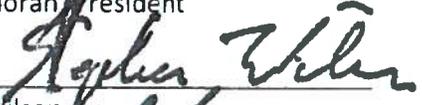
The County's FY2021 capital budget is \$40.6 million, including a bond sale of \$19 million. The portion of the capital budget exclusive of non-General or "Other" Funds is \$29.7 million.

Highlights of this year's capital budget include \$6.7 million for Board of Education projects including the Kent Island High School roof replacement, a multiyear technology plan, and security upgrades; \$6.5 million for the Kent Island Library expansion; \$1.6 million for Parks projects including athletic field and playground work; \$5.3 million for the Detention Center renovation; \$1.6 million for the county's asphalt overlay/road resurfacing project; and \$9.1 million in funding for the Southern Kent Island (SKI) sewer project.

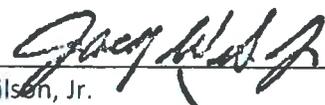
There is a public hearing scheduled on May 26, formally the Constant Yield Tax Rate hearing required under State law. There will be at least one more Budget Work Session on June 4, and the budget will be adopted on June 9. We look forward to hearing from the citizens of the County on this budget, as we move forward with the review and adoption of the FY2021 budget.

QUEEN ANNE'S COUNTY  
BOARD OF COUNTY COMMISSIONERS

  
\_\_\_\_\_  
James J. Moran, President

  
\_\_\_\_\_  
Stephen Wilson

  
\_\_\_\_\_  
Christopher M. Corchiarino

  
\_\_\_\_\_  
Jack N. Wilson, Jr.

  
\_\_\_\_\_  
Philip L. Dumenil