

Andrew Kleine

FROM	NAME & TITLE	Andrew W. Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 469, City Hall (396-4941)
	SUBJECT	City Council Resolution # 10-0221 <i>R</i> Informational Hearing Revenue Enhancement Measures

CITY of
BALTIMORE
MEMO



TO

DATE:

The Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

August 24, 2010

Attention: Karen Randle

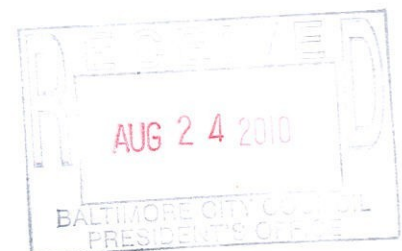
City Council Resolution 10-0221 requests the Director of Finance and the Chief of the Bureau of the Budget and Management Research to develop a mechanism for the periodic review of revenue enhancement measures adopted to address Fiscal Year 2011 budgetary shortfalls to determine the rate of return and performance when compared to traditional revenue streams.

Response

The Department of Finance has in place a system to monitor revenue receipts, including the revenue enhancement measures for Fiscal Year 2011. Quarterly revenue projections are done for all City revenues. Additional ad hoc projections may also be done depending on Department of Finance needs. These projections provide an estimate as to how close the collections are to the budgeted revenues at a given point in time. As part of our standard operating procedures, when projections for specific revenue fall short or are in excess, the Department of Finance performs an analysis to determine if the short fall is a onetime event, a recurring problem or just random variation in receipts. **This year we will also be looking to determine if excesses or shortfalls are attributable to the revenue enhancement projections.**

It is important to note that revenue collections may lag their liability. Few of the new revenue measure results will be known before 90 days, and even then only a single month of collections will be available. It is best to have at least three months of collections data to minimize variation and develop sound projections on which to base policy decisions. Because of lags in collections, the department does not expect to have reliable numbers on some of the new revenue measures before the end of the second fiscal quarter.

Comments



Summary

The Department of Finance performs, at a minimum, quarterly projections for each revenue account. **This year we will continue that process with a special focus on the accounts impacted by the revenue enhancements and will keep the City Council informed of our findings.**

Cc: Edward J. Gallagher
Angela Gibson

Visit Our Website @ www.baltimorecity.gov