

An Out-of-the-Box Idea for Easing Montgomery County's Fiscal Aches and Pains

In my previous articles, I have written about the revenue challenges facing Montgomery County. To briefly recap, the county is projecting a \$120 million shortfall for this year's fiscal operating budget.

Even worse, the six-year revenue forecast has been revised downward by more than \$400 million due to lagging income tax revenue. And all of this is occurring during a time when the U.S. economy is growing rapidly.

Millionaires are Leaving Maryland

One of the reasons for the county's financial problems is the number of wealthy individuals and families who are leaving not only Montgomery County, but the state of Maryland. This started a decade ago. The harshest taxes started hitting wealthy Marylanders in 2012 – by then, more than 18,000 tax filers with \$4.2 billion in adjusted gross income (AGI) had left the state. In 2012 alone, 5,600 tax filers left Maryland, taking \$1.6 billion in AGI with them.

As a community we need to recognize that we need and should want high income taxpayers. Yet, there

is some good news for Montgomery County in all of this. We still have the highest number of millionaires of any county in Maryland – by far. According to IRS data from 2014, there are 3,200 households with more than \$1 million in taxable income in Montgomery County. That is nearly 2,000 more than Baltimore County which has the second highest number of millionaire residents.

It's simple, really. With the internet, technology and easy and cheap travel options, many wealthy executives and business owners no longer have to physically live where their businesses are located. If they can live in an area where their taxes are considerably lower, many will decide to do just that.

How Do We Keep Wealthy Residents in Montgomery County?

Our challenge is not only to keep these individuals and families here, but also to attract more of them to Montgomery County. And I have a unique idea that I think can help us do this.

Most individuals and families want access to high-quality healthcare, which happens to be one of our county's greatest assets. Montgomery County includes such healthcare powerhouses as the National Institutes of Health/National Cancer Institute and Johns Hopkins University, as well as world-class research labs like GlaxoSmithKline and the



Clark Kendall, founder of Kendall Capital Management in Rockville, Maryland, has over 30 years of experience in investment management and wealth management. He provides independent financial direction to Middle Class Millionaires in greater Washington, D.C. www.kendallcapital.com

Biomedical Research Institute.

Easy access to great healthcare is certainly one reason why many wealthy individuals and families stay in Montgomery County despite the high tax burden. So why not take even greater advantage of this benefit by providing wealthy families with an additional healthcare benefit: free access to a concierge medicine program?

How Concierge Medicine Works

For the past few years, I have participated in a concierge medicine program that provides 24/7 access to my primary care physician, shorter waits at the doctor's office and an executive physical with extra tests. I pay a retainer fee of between \$1,500 and \$2,000 a year to participate in this program while also paying monthly health insurance premiums.

I propose that we offer the approximately 3,200 of the Montgomery County households earning \$1 million or more in annual income free concierge medicine. At a cost of \$2,000 per family per year, the total cost to the county would be about \$6.4 million.

So that's a lot of money, you say? I say it's a drop in

the bucket when compared to the tax revenue generated by all of the millionaire households in Montgomery County, which generate between 20 percent and 30 percent of the county's tax revenue. Offering a benefit like this to the ultra-wealthy would pay dividends back to our communities through tax revenue while also helping to change the perception of our area to a more business-friendly community.

The positive impact of pro-business policies like this wouldn't occur overnight. I'm not saying this is the solution to Montgomery County's fiscal challenges, but it is a simple thought that is outside the current thinking in our community as a potential cure to our community's financial headaches. ^{MM}

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