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**2006 Report on  
County/Municipal  
Tax Differentials and Tax Rebates**

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**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**December 2006**

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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
MARYLAND GENERAL ASSEMBLY

Karl S. Aro  
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Director

December 2006

The Honorable Thomas V. Mike Miller, Jr., President of the Senate  
The Honorable Michael E. Busch, Speaker of the House of Delegates  
Honorable Members of the General Assembly

Ladies and Gentlemen:

Tax set-off systems – generally referred to as “tax differentials” or “tax rebates” – are of continuing interest to State and local government officials. The Department of Legislative Services, in accordance with Joint Resolution 31 of 1978, conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2006. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Scott Kennedy of the Office of Policy Analysis and reviewed by Joshua Watters and Hiram Burch. Nicole Symonds prepared the manuscript.

The Department of Legislative Services trusts that the study will be useful to members of the General Assembly and to other persons interested in matters relating to tax set-off systems.

Sincerely,

Karl S. Aro  
Executive Director

KSA/nas



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## Executive Summary

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In accordance with Joint Resolution 31 of 1978, the Department of Legislative Services conducts an annual review of local tax set-off programs for municipalities. This review utilizes a written survey followed by telephone calls when necessary. Assessable base and tax rate data maintained by the State Department of Assessments and Taxation is also used in this analysis.

A property tax set-off enables county governments to compensate municipalities for governmental services or programs that municipalities provide in lieu of similar county services or programs. These set-offs can take the form of either property tax rate differentials or tax rebates. The major governmental services performed by municipalities that may result in tax set-offs include police protection, highway and street maintenance, sanitation and waste collection, planning and zoning services, and recreation and parks services.

Seventeen of the 23 counties in Maryland had property tax set-offs for municipalities in their jurisdictions in fiscal 2006. Of the six remaining counties, Baltimore and Howard counties have no municipalities, while Queen Anne's, Somerset, Wicomico, and Worcester counties chose not to establish tax set-offs.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, and Talbot) provided tax rate differentials totaling \$22.7 million for the municipalities in their jurisdictions. Eight counties (Carroll, Cecil, Dorchester, Frederick, Kent, Montgomery, St. Mary's, and Washington) returned to the municipalities rebates totaling \$16.9 million. Prince George's County provided both tax rebates and tax rate differentials to its

municipalities totaling \$14.3 million; as did Harford County, totaling \$5.6 million.

In sum, tax differentials and rebates totaled \$59.5 million in fiscal 2006, a 14.5 percent increase over the prior year. Over the last 10 years, the level of tax set-offs provided to municipalities has increased from \$36.1 million in fiscal 1996 to \$59.5 million in fiscal 2006, a 64.6 percent increase, or \$23.3 million.

While counties have generally been increasing the amount of tax set-offs provided to municipalities since fiscal 1996, Allegany County is the one county in which the tax set-off amount has decreased, from \$1.2 million in fiscal 1996 to \$0.8 million in fiscal 2006 and Queen Anne's County, which provided a tax rebate through fiscal 2001, no longer provides a rebate.

A few counties have had more significant percentage increases than the overall increase of 64.6 percent. In Frederick County, for example, the tax rebate amount for fiscal 2006 (\$5.4 million) is almost four times what it was in fiscal 1996 (\$1.4 million). Also, in Talbot County, a tax set-off was not provided in fiscal 1996, but a tax rate differential totaling roughly \$107,000 was provided in fiscal 1997. Since that time, the total differential provided by the county has grown to \$1.8 million in fiscal 2006.

Some of the State's larger counties have provided tax set-offs at relatively constant levels since fiscal 1996, yet have experienced increases in recent years. In Prince George's County, between fiscal 1996 and 2005, the total tax set-off amount provided to

municipalities remained relatively steady, despite some fluctuation. In fiscal 2005, the tax set-off amount provided to its municipalities in the county (\$12.3 million) was slightly less than what was provided in fiscal 1996 (\$12.6 million). The total tax set-off amount, however, noticeably increased in fiscal 2006 to \$14.3 million. This increase is largely attributable to the growth of the value of the county's tax rate differential.

Montgomery and Anne Arundel counties have also had significant increases in recent fiscal years. Montgomery County provided a total tax rebate of \$4.1 million in fiscal 1996 and a \$4.7 million rebate in fiscal 2004. In fiscal 2006, the county provided a tax rebate totaling \$7.3 million. Similarly, in Anne Arundel County, the total value of the tax rate differential increased by \$6.0 million over the 10-year period. Most of this increase, however, has occurred since fiscal 2003.

Of the 17 counties providing tax set-offs in fiscal 2006, the tax set-off amount increased over the amounts provided in fiscal 2005 in 15 counties (Anne Arundel, Calvert, Caroline, Carroll, Cecil, Charles, Frederick, Garrett, Harford, Kent, Montgomery, Prince George's, St. Mary's, Talbot, and Washington), decreased in one county, (Allegany), and remained constant in one county (Dorchester). Every county that provided a tax set-off in fiscal 2005 provided a tax set-off in fiscal 2006.

While the total amount of tax differentials and rebates has increased, the types of services that the municipalities performed remained basically unchanged. The services included police protection, highway and street maintenance, sanitation and waste collection, planning and zoning, and recreation and parks.



# 2006 Report on County/Municipal Tax Differentials and Tax Rebates

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## Introduction

Property tax set-offs are meant to compensate for double taxation of municipal taxpayers occurring when both municipal and county property taxes are levied to fund similar services. Therefore, counties compensate municipal taxpayers with property tax set-offs through a tax rate differential or through a tax rebate. A tax rate differential results in a lower county property tax rate within the boundaries of a municipality, whereas a tax rebate is a direct payment to a municipality for providing the services or programs.

## Structure of Local Governments

There are 156 municipalities in Maryland. Based on July 2005 population estimates, approximately 15 percent of the State's residents live within municipalities. However on the Eastern Shore and in Western Maryland, there are nine counties that have over 30 percent of their residents living in municipalities. Compared to counties, municipalities in Maryland provide a more limited array of public services. Public works and public safety are the two largest functions of municipal governments, comprising 63 percent of municipal expenditures in fiscal 2004. As shown in **Exhibit 1**, municipalities accounted for approximately 4 percent of total local government expenditures. In five counties, municipal governments accounted for over 15 percent of local government expenditures.

## Background

Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland mandates that Allegany, Anne Arundel, Baltimore, Frederick, Garrett, Harford, Howard, Montgomery, and Prince George's counties meet annually with the governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that a municipal corporation performs services or programs in lieu of similar county services and programs, the governing body of the county **shall impose** the county property tax on assessments of property in the municipal corporation at a rate that is less than the general county property tax rate.

**Exhibit 1**  
**Local Government Expenditures**  
**Fiscal 2004**  
**(\$ in Millions)**

	<u>Expenditures</u>	<u>Percent of Total</u>
County Level	\$18,794.6	95.6%
Municipal Level	860.6	4.4
<b>Total</b>	<b>\$19,655.2</b>	<b>100.0%</b>
<u>Municipal Level</u>	<u>Expenditures</u>	<u>Percent of Total</u>
Public Works	\$367.1	42.7%
Public Safety	174.0	20.2
General Government	108.1	12.6
Parks and Recreation	85.8	10.0
Community Development	15.6	1.8
Economic Development	34.0	3.9
Miscellaneous	28.1	3.3
Debt Service	47.9	5.6
<b>Total</b>	<b>\$860.6</b>	<b>100.0%</b>

Source: Department of Legislative Services

Section 6-306 governs the procedure for the setting of a tax differential in the other counties. The governing bodies of the counties are required to meet annually with governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that the municipal corporation performs services or programs in lieu of similar county services, the county **may establish** a county property tax rate for property in the municipal corporation that is lower than the general county property tax rate.

Alternatively, both of the above sections provide the counties with the option of making a payment to the municipal corporation to aid the municipal corporation in funding municipal services or programs that are similar to county services or programs. This is commonly known as a tax rebate.

Subsections (d) and (e) of Sections 6-305 and 6-306 of the Tax-Property Article define the procedures for determining the county property tax rate within a municipal corporation. The provisions follow:

- (d) *Setting county rate for municipal corporation.* In determining the county property

tax rate to be set for assessments of property in a municipal corporation, the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and
  - (2) the extent that the similar services and programs are funded by property tax revenues.
- (e) *Rate need not be uniform.* The county property tax rate for assessments of property located in a municipal corporation is not required to be:

- (1) the same as the rate for property located in other municipal corporations in the county; or
- (2) the same as the rate set in a prior year.

A county and one or more municipal corporations may enter into an agreement setting different terms or timing for negotiations, calculations, or approval of a tax set-off than are set out under Sections 6-305 and 6-306.

## Scope

This report identifies tax differentials and tax rebates made by the governing bodies of the counties during fiscal 2006. Information was obtained from a survey of the counties and the State Department of Assessments and Taxation. Specifically, assessable base information and tax rate differentials were obtained by using data from the State Department of Assessments and Taxation. The tax rate differentials are calculated per \$100 of assessed property value.

The following payments are excluded from amounts reported as tax rebates:

- mandatory State pass-through from the counties to the municipalities such as supplemental police aid and distributions from the State Fire, Rescue, and Ambulance Fund;
- county sales and services taxes, license fees, and alcoholic beverage dispensary profits required by State law to be shared with municipalities; and
- funds to which a municipality has a claim, such as Program Open Space.

## Explanation of Exhibits and Appendices

A summary of the tax set-off study results is presented in **Exhibits 2** and **3**. **Exhibit 4** shows the trend in tax set-offs for fiscal 2003 through 2005, **Exhibit 5** compares set-offs authorized in fiscal 2006 to those in 2005, and **Exhibit 6** compares a county's tax set-off in fiscal 2006 with the amount provided in fiscal 2001. **Exhibit 7** shows the county assessable base in municipalities for those jurisdictions that provide tax rate differentials (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, Harford, Prince George's, and Talbot counties). **Appendix 1** lists the municipalities by county. **Appendix 2** shows the population and real property tax rate for fiscal 2006 for each municipality. **Appendix 3** shows the number of municipal residents in each county. **Appendix 4** shows local government expenditures in fiscal 2004 for counties and municipalities. County expenditures include the local school systems, library boards, health departments, and local community colleges.

Seventeen of the 23 counties in Maryland had property tax set-offs for municipalities in their jurisdictions in fiscal 2006. Of the six remaining counties, Baltimore and Howard counties have no municipalities, while Queen Anne's, Somerset, Wicomico, and Worcester counties chose not to establish tax set-offs. Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, and Talbot) provided tax rate differentials totaling \$22.7 million for the municipalities in their jurisdictions. Eight counties (Carroll, Cecil, Dorchester, Frederick, Kent, Montgomery, St. Mary's, and Washington) returned to the municipalities rebates totaling \$16.9 million. Prince George's County provided both tax rebates and tax rate differentials to its municipalities totaling \$14.3 million; as did Harford County, totaling \$5.6 million. In sum, tax differentials and rebates totaled \$59.5 million in fiscal 2006, a 14.5 percent increase over the prior year.

Of the 17 counties providing tax set-offs in fiscal 2006, the tax set-off amount increased over the amounts provided in fiscal 2005 in 15 counties (Anne Arundel, Calvert, Caroline, Carroll, Cecil, Charles, Frederick, Garrett, Harford, Kent, Montgomery, Prince George's, St. Mary's, Talbot, and Washington), decreased in one county (Allegany), and remained constant in one county (Dorchester). In addition, every county that provided a tax set-off in fiscal 2005 provided a tax set-off in fiscal 2006.

**Exhibit 2**  
**2006 Survey on County-Municipal Tax Differentials and Rebates**

<u>County</u>	<u>Municipal Corporations</u>	<u>(1) Sec. 6-305</u>	<u>(2) Sec 6-306</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>
Allegany	Y	Y	N	Y	N
Anne Arundel	Y	Y	N	Y	N
Baltimore City	N	N	N	N	N
Baltimore	N	Y	N	N	N
Calvert	Y	N	Y	Y	N
Caroline	Y	N	Y	Y	N
Carroll	Y	N	Y	N	Y
Cecil	Y	N	Y	N	Y
Charles	Y	N	Y	Y	N
Dorchester	Y	N	Y	N	Y
Frederick	Y	Y	N	N	Y
Garrett	Y	Y	N	Y	N
Harford	Y	Y	N	Y	Y
Howard	N	Y	N	N	N
Kent	Y	N	Y	N	Y
Montgomery	Y	Y	N	N	Y
Prince George's	Y	Y	N	Y	Y
Queen Anne's	Y	N	Y	N	N
St. Mary's	Y	N	Y	N	Y
Somerset	Y	N	Y	N	N
Talbot	Y	N	Y	Y	N
Washington	Y	N	Y	N	Y
Wicomico	Y	N	Y	N	N
Worcester	Y	N	Y	N	N

Key: Y indicates yes; N indicates no.

Note: (1) Sec. 6-305 of the Tax-Property Article requires an annual meeting between county and municipality. Property tax differentials or rebates are mandated if a municipality provides a service in lieu of similar county services.

(2) Sec. 6-306 of the Tax-Property Article requires an annual meeting between county and municipality, but property tax differentials or rebates are optional.

Source: Department of Legislative Services

**Exhibit 3**  
**Tax Differentials and Tax Rebates**  
**Fiscal 2006**

<b>County</b>	<b>Tax Differential</b>	<b>Tax Rebate</b>	<b>Total</b>
Allegany	\$815,009	\$0	\$815,009
Anne Arundel	16,524,487	0	16,524,487
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	2,002,378	0	2,002,378
Caroline	592,504	0	592,504
Carroll	0	2,130,555	2,130,555
Cecil	0	491,045	491,045
Charles	735,875	0	735,875
Dorchester	0	69,000	69,000
Frederick	0	5,405,180	5,405,180
Garrett	214,828	0	214,828
Harford	4,280,483	1,296,801	5,577,284
Howard	N/A	N/A	N/A
Kent	0	128,508	128,508
Montgomery	0	7,256,887	7,256,887
Prince George's	13,619,026	669,672	14,288,698
Queen Anne's	0	0	0
St. Mary's	0	55,370	55,370
Somerset	0	0	0
Talbot	1,806,947	0	1,806,947
Washington	0	1,382,248	1,382,248
Wicomico	0	0	0
Worcester	0	0	0
<b>Total</b>	<b>\$40,591,537</b>	<b>\$18,885,266</b>	<b>\$59,476,803</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 4**  
**Tax Differentials and Tax Rebates**  
**Fiscal 2003-2005**

<u>County</u>	<u>Fiscal 2003</u>			<u>Fiscal 2004</u>			<u>Fiscal 2005</u>		
	<u>Differential</u>	<u>Tax Rebate</u>	<u>Total</u>	<u>Differential</u>	<u>Tax Rebate</u>	<u>Total</u>	<u>Differential</u>	<u>Tax Rebate</u>	<u>Total</u>
Allegany	\$399,910	\$573,072	\$972,982	\$249,089	\$573,757	\$822,846	\$854,776	\$0	\$854,776
Anne Arundel	12,282,326	0	12,282,326	13,199,456	0	13,199,456	14,989,779	0	14,989,779
Baltimore City	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Calvert	1,372,386	0	1,372,386	1,483,885	0	1,483,885	1,646,325	0	1,646,325
Caroline	438,267	0	438,267	459,040	0	459,040	523,143	0	523,143
Carroll	0	1,572,532	1,572,532	0	1,748,005	1,748,005	0	1,784,749	1,784,749
Cecil	0	372,388	372,388	0	400,050	400,050	0	449,346	449,346
Charles	331,079	34,030	365,109	429,234	32,500	461,734	551,531	0	551,531
Dorchester	0	69,000	69,000	0	69,000	69,000	0	69,000	69,000
Frederick	0	3,817,236	3,817,236	0	4,414,069	4,414,069	0	4,798,018	4,798,018
Garrett	140,141	0	140,141	123,420	0	123,420	123,021	0	123,021
Harford	3,584,951	1,118,161	4,703,112	3,638,527	1,286,800	4,925,327	3,884,858	1,148,932	5,033,790
Howard	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kent	88,189	0	88,189	0	92,077	92,077	0	113,071	113,071
Montgomery	0	4,851,553	4,851,553	0	4,719,916	4,719,916	0	6,017,711	6,017,711
Prince George's	11,094,544	553,994	11,648,538	10,495,307	553,994	11,049,301	11,737,024	553,994	12,291,018
Queen Anne's	0	0	0	0	0	0	0	0	0
St. Mary's	0	45,487	45,487	0	48,129	48,129	0	48,936	48,936
Somerset	0	0	0	0	0	0	0	0	0
Talbot	319,179	0	319,179	933,259	0	933,259	1,390,022	0	1,390,022
Washington	0	1,121,885	1,121,885	0	1,258,838	1,258,838	0	1,269,622	1,269,622
Wicomico	0	0	0	0	0	0	0	0	0
Worcester	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$30,050,972</b>	<b>\$14,129,338</b>	<b>\$44,180,310</b>	<b>\$31,011,217</b>	<b>\$15,197,135</b>	<b>\$46,208,352</b>	<b>\$35,700,479</b>	<b>\$16,253,379</b>	<b>\$51,953,858</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 5**  
**Changes in Tax Differentials and Tax Rebates**  
**Fiscal 2005-2006**

<b>County</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$854,776	\$815,009	(\$39,767)	-4.7%
Anne Arundel	14,989,779	16,524,487	1,534,708	10.2
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	1,646,325	2,002,378	356,053	21.6
Caroline	523,143	592,504	69,361	13.3
Carroll	1,784,749	2,130,555	345,806	19.4
Cecil	449,346	491,045	41,699	9.3
Charles	551,531	735,875	184,344	33.4
Dorchester	69,000	69,000	0	0.0
Frederick	4,798,018	5,405,180	607,162	12.7
Garrett	123,021	214,828	91,807	74.6
Harford	5,033,790	5,577,284	543,494	10.8
Howard	N/A	N/A	N/A	N/A
Kent	113,071	128,508	15,437	13.7
Montgomery	6,017,711	7,256,887	1,239,176	20.6
Prince George's	12,291,018	14,288,698	1,997,680	16.3
Queen Anne's	0	0	0	0.0
St. Mary's	48,936	55,370	6,434	13.1
Somerset	0	0	0	0.0
Talbot	1,390,022	1,806,947	416,925	30.0
Washington	1,269,622	1,382,248	112,626	8.9
Wicomico	0	0	0	0.0
Worcester	0	0	0	0.0
<b>Total</b>	<b>\$51,953,858</b>	<b>\$59,476,803</b>	<b>\$7,522,945</b>	<b>14.5%</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services



**Exhibit 6**  
**Changes in Tax Differentials and Tax Rebates**  
**Over a Five-year Period**

<b>County</b>	<b>FY 2001</b>	<b>FY 2006</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$1,187,331	\$815,009	(\$372,322)	-31.4%
Anne Arundel	11,089,800	16,524,487	5,434,687	49.0
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	1,054,083	2,002,378	948,295	90.0
Caroline	398,356	592,504	194,148	48.7
Carroll	1,384,574	2,130,555	745,981	53.9
Cecil	323,305	491,045	167,740	51.9
Charles	322,948	735,875	412,927	127.9
Dorchester	69,000	69,000	0	0.0
Frederick	2,153,755	5,405,180	3,251,425	151.0
Garrett	16,847	214,828	197,981	1175.2
Harford	3,381,030	5,577,284	2,196,254	65.0
Howard	N/A	N/A	N/A	N/A
Kent	94,263	128,508	34,245	36.3
Montgomery	5,057,414	7,256,887	2,199,473	43.5
Prince George's	10,965,606	14,288,698	3,323,092	30.3
Queen Anne's	131,283	0	(131,283)	-100.0
St. Mary's	42,887	55,370	12,483	29.1
Somerset	0	0	0	0.0
Talbot	208,923	1,806,947	1,598,024	764.9
Washington	1,006,530	1,382,248	375,718	37.3
Wicomico	0	0	0	0.0
Worcester	0	0	0	0.0
<b>Total</b>	<b>\$38,887,935</b>	<b>\$59,476,803</b>	<b>\$20,588,868</b>	<b>52.9%</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 7**  
**County Assessable Base for Municipalities with a Tax Rate Differential**  
**Fiscal 2006**

	<u>Real Property Base</u>	<u>Personal Property Base</u>	<u>Total Assessable Base</u>
<b>Allegany County</b>			
Barton	\$8,833,535	\$738,410	\$9,571,945
Cumberland	615,414,547	82,673,870	698,088,417
Frostburg	220,574,778	12,962,830	233,537,608
Lonaconing	20,105,919	2,410,830	22,516,749
Luke	62,451,876	6,465,520	68,917,396
Midland	8,660,352	510,290	9,170,642
Westernport	43,470,480	2,343,750	45,814,230
<b>Anne Arundel County</b>			
Annapolis	4,011,565,327	153,297,970	4,164,863,297
<b>Calvert County</b>			
Chesapeake Beach	446,768,247	5,697,230	452,465,477
North Beach	132,903,834	812,240	133,716,074
<b>Caroline County</b>			
Denton	194,815,150	10,464,700	205,279,850
Federalsburg	113,927,395	45,748,570	159,675,965
Goldsboro	6,834,122	1,369,350	8,203,472
Greensboro	70,874,468	2,683,230	73,557,698
Henderson	2,841,824	200,490	3,042,314
Hillsboro	6,791,943	178,090	6,970,033
Marydel	3,907,890	638,590	4,546,480
Preston	35,618,610	4,339,610	39,958,220
Ridgely	71,474,002	5,580,950	77,054,952
Templeville	755,708	31,110	786,818
<b>Charles County</b>			
Indian Head	188,296,631	4,035,490	192,332,121
La Plata	674,968,351	32,049,440	707,017,791
<b>Garrett County</b>			
Mountain Lake Park	73,754,859	1,173,080	74,927,939
Oakland	104,886,429	5,118,630	110,005,059
<b>Harford County</b>			
Aberdeen	811,126,215	53,607,230	864,733,445
Bel Air	856,274,509	76,946,030	933,220,539
Havre de Grace	681,726,023	27,355,870	709,081,893

## Exhibit 7 cont'd.

	<u>Real Property Base</u>	<u>Personal Property Base</u>	<u>Total Assessable Base</u>
<b>Prince George's County</b>			
Berwyn Heights	\$212,706,907	\$122,147,970	\$334,854,877
Bladensburg	255,644,998	16,806,970	272,451,968
Bowie	4,607,101,517	96,444,390	4,703,545,907
Brentwood	124,372,383	3,948,810	128,321,193
Capitol Heights	190,643,063	6,557,650	197,200,713
Cheverly	371,720,698	16,591,060	388,311,758
College Park	1,271,550,551	69,897,960	1,341,448,511
Colmar Manor	61,001,185	2,473,560	63,474,745
Cottage City	58,566,470	2,978,220	61,544,690
District Heights	251,660,468	4,258,900	255,919,368
Eagle Harbor	4,427,703	38,050	4,465,753
Edmonston	94,882,286	4,125,990	99,008,276
Fairmount Heights	68,195,208	1,170,010	69,365,218
Forest Heights	124,932,845	2,489,250	127,422,095
Glenarden	249,834,590	4,156,170	253,990,760
Greenbelt	1,352,752,488	88,172,490	1,440,924,978
Hyattsville	871,989,863	68,894,730	940,884,593
Landover Hills	64,488,080	3,473,280	67,961,360
Laurel	1,510,359,196	83,416,220	1,593,775,416
Morningside	63,450,478	1,362,070	64,812,548
Mount Rainier	240,546,854	4,013,760	244,560,614
New Carrollton	490,420,500	10,889,400	501,309,900
North Brentwood	29,044,847	837,960	29,882,807
Riverdale Park	329,460,967	21,126,710	350,587,677
Seat Pleasant	186,099,560	5,735,220	191,834,780
University Park	254,479,918	1,810,070	256,289,988
Upper Marlboro	66,635,691	14,518,430	81,154,121
<b>Talbot County</b>			
Easton	1,298,645,847	15,038,340	1,313,684,187
Oxford	260,435,305	838,980	261,274,285
Queen Anne	5,215,948	83,620	5,299,568
St. Michaels	240,334,584	2,147,500	242,482,084
Trappe	53,347,325	466,220	53,813,545

Source: State Department of Assessments and Taxation

## Tax Differentials/Tax Rebates by County

### Allegany County

During fiscal 2006, Allegany County provided a tax rate differential to all of its seven municipalities for performing governmental services in areas including planning and zoning, corrections and police protection, public works, highway maintenance, the Upper Potomac River Commission, solid waste disposal, and capital highway projects. The rates are determined by calculating the net property tax support of each area of service and dividing it by the amount of revenue generated by \$1.00 of property tax levy. The estimated value of the tax differentials in fiscal 2006 is \$0.8 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0280	\$0.0700	\$2,990
Cumberland	0.0698	0.1745	573,825
Frostburg	0.0641	0.1603	162,168
Lonaconing	0.0459	0.1148	11,996
Luke	0.0491	0.1228	38,604
Midland	0.0280	0.0700	2,782
Westernport	0.0459	0.1148	<u>22,644</u>
<b>Total</b>			<b>\$815,009</b>

### Anne Arundel County

Anne Arundel County set a tax rate differential of \$0.376 for real property and \$0.940 for personal property for the City of Annapolis in fiscal 2006 for providing a variety of services that the county performs outside the city limits, including police protection, fire, public works, and parks and recreation. The estimated value of the tax differential in fiscal 2006 is \$16.5 million. Highland Beach, the other incorporated municipality in Anne Arundel County, did not receive a tax differential because such services are not performed by the town. In calculating the tax rate differential, several steps were involved. First, county spending was allocated into county wide (*e.g.* education and human services) and non-city (*e.g.* park, police, and fire services) categories. Second, all county revenues, except property taxes, are allocated to offset the cost of either county wide or non-city services. Third, costs that remain after (1) allocating offsetting revenues; and (2) allocating non-property tax revenues are divided into net assessable base amounts, which are expressed as county wide and non-city property tax rates. Finally, this non-city property tax rate serves as the Annapolis tax rate differential.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Annapolis	\$0.3760	\$0.9400	\$16,524,487

### **Baltimore County**

There are no incorporated municipalities in Baltimore County.

### **Calvert County**

Calvert County provided a tax rate differential for its two municipalities for public safety, public works, parks and recreation, and economic development. In fiscal 2006, these tax differentials totaled approximately \$2 million. The tax rate differential has not changed in recent years. The county periodically assesses the reasonableness of the differential by calculating the net cost to the municipalities of providing duplicative public services and what the net cost to the county would be to provide the same services for the municipality. These costs are divided by the county assessable base within the municipality, creating a range within which the tax rate differential should fall. If the differential falls within the range, the county advises it is left as is.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Chesapeake Beach	\$0.3360	\$0.8400	\$1,548,998
North Beach	0.3360	0.8400	453,380
<b>Total</b>			<b>\$2,002,378</b>

### **Caroline County**

Pursuant to Section 166-48 of the Caroline County code, property tax rebates were discontinued in 1997. Rebates were replaced by a tax rate differential of (1) \$0.12 on property in municipalities that provide water and/or sewer services; and (2) \$0.04 on property in all other municipalities. Caroline County does not provide a tax differential for personal property. In fiscal 2006, Caroline County provided tax differentials totaling an estimated \$0.6 million.

<u>Municipality</u>	<b>Real Property Tax Rate Differential</b>	<b>Differential Amount</b>
Denton	\$0.12	\$233,778
Federalsburg	0.12	136,713
Goldsboro	0.04	2,734
Greensboro	0.12	85,049
Henderson	0.04	1,137
Hillsboro	0.04	2,717
Marydel	0.04	1,563
Preston	0.12	42,742
Ridgely	0.12	85,769
Templeville	0.04	<u>302</u>
<b>Total</b>		<b>\$592,504</b>

### **Carroll County**

Carroll County provided its eight municipalities with tax rebates totaling \$2.1 million in fiscal 2006 in accordance with a long-standing agreement between the county and the municipalities. The funding is allocated to each of the municipalities based in part on assessable base and population and may be used however the municipalities choose. The per capita allocation amount was \$40.6621. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Tax Rebate</u>
Hampstead	\$508,466
Manchester	201,319
Mount Airy	102,586
New Windsor	55,667
Sykesville	205,570
Taneytown	302,836
Union Bridge	56,699
Westminster	<u>697,412</u>
<b>Total</b>	<b>\$2,130,555</b>

**Cecil County**

Cecil County returned to its eight municipalities a general rebate equivalent to \$0.028 per \$100 of assessed property values for police protection, street maintenance, and street lighting. In addition, the county made rebate payments to its municipalities totaling \$62,230 in order to offset the cost of refuse and garbage collection. The trash rebate is based on the average tons per capita of refuse deposited in the county landfill. The total rebate amount municipalities in Cecil County received in fiscal 2006 was \$0.5 million. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Tax Rebate</u>
Cecilton	\$7,829	\$2,666	\$10,495
Charlestown	17,974	5,732	23,706
Chesapeake City	15,401	4,427	19,828
Elkton	217,510	0	217,510
North East	48,651	15,373	64,024
Perryville	77,739	20,655	98,394
Port Deposit	10,883	3,803	14,685
Rising Sun	<u>32,829</u>	<u>9,574</u>	<u>42,403</u>
<b>Total</b>	<b>\$428,816</b>	<b>\$62,230</b>	<b>\$491,045</b>

**Charles County**

Charles County provided a real property tax rate differential to La Plata and Indian Head totaling an estimated \$0.7 million for performing government services in the areas of planning and growth management, police protection, parks, and public works. The rate was determined by calculating the expenditures funded by property taxes for parallel services provided by the municipality and dividing this amount by the town’s assessable base. The Town of Port Tobacco received neither a tax differential nor a tax rebate as the town did not perform any services in lieu of those performed by the county.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Indian Head	0.0431	\$81,156
La Plata	0.0970	<u>654,719</u>
<b>Total</b>		<b>\$735,875</b>

## Dorchester County

In fiscal 2006, Dorchester County's nine municipalities received tax rebates totaling \$69,000 for duplicative public services such as police and planning and zoning. The rebates are based on historical funding levels as established by the county government. The tax rebates were first set at \$69,000 in fiscal 1994, with the amount in fiscal 1993 set at \$38,750.

<u>Municipality</u>	<u>Tax Rebate</u>
Brookview	\$450
Cambridge	54,000
Church Creek	425
East New Market	1,350
Eldorado	425
Galestown	700
Hurlock	8,950
Secretary	1,350
Vienna	<u>1,350</u>
<b>Total</b>	<b>\$69,000</b>

## Frederick County

Frederick County provided tax rebates totaling \$5.4 million in fiscal 2006 to all 12 of its municipalities for police protection, planning and zoning, parks and recreation, and highway services. The tax rebates were determined by calculating a certain factor, which is based on the municipalities' total taxable income, assessable base, and population compared to the county's total taxable income, assessable base, and population. The net expenditures for each of the duplicative services were then calculated. For police protection and planning and zoning, the net expenditures for duplicative services were used to calculate the cost of these services per capita for the municipality; however, for parks and recreation, cost per acre of parkland was used, and for highways, cost per mile was used. The county then compared the per capita (or per acre or mile) calculation to the net cost of the service multiplied by the factor. The lesser of the two calculations was the total amount to be distributed amongst the municipalities, based on each municipality's population. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Tax Rebate</u>
Brunswick	\$328,043
Burkittsville	1,949
Emmitsburg	167,094
Frederick	3,657,796
Middletown	245,421



<u>Municipality</u>	<u>Tax Rebate</u>
Mount Airy	235,375
Myersville	18,228
New Market	3,118
Rosemont	1,669
Thurmont	380,438
Walkersville	355,221
Woodsboro	<u>10,828</u>
<b>Total</b>	<b>\$5,405,180</b>

### Garrett County

In fiscal 2006, Garrett County provided a tax rate differential to two municipalities, Mountain Lake Park and Oakland. The tax differentials are granted for highways and street expenditures in Mountain Lake Park and for highways, streets, and police expenditures in Oakland. The tax rate differential of \$0.075 per \$100 of assessed value for Oakland was set in a May 2002 agreement between the governments of Oakland and Garrett County. The calculation methodology for the tax rate differential for Mountain Lake Park is equal to the town property tax rate multiplied by the assessable base of each Garrett County Government entity located within Mountain Lake Park that the county has authority over and/or to which the county appropriates funding divided by the total assessable base of the town. Additionally, there is a utility property tax rate differential of \$0.413 in Mountain Lake Park and \$0.188 in Oakland. The total estimated value of the tax differential in Garrett County is \$0.2 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Utility Property Tax Rate Differential</u>	<u>Differential Amount</u>
Mountain Lake Park	\$0.1650	\$0.4130	\$126,540
Oakland	0.0750	0.1880	<u>88,288</u>
<b>Total</b>			<b>\$214,828</b>

### Harford County

Harford County provided a tax differential for its three municipalities for services performed in the area of highways and road maintenance. The differential is based on the county's highway property tax rate that is imposed in the nonincorporated section of the county. The fiscal 2006 total estimated value of the Harford County tax rate differential was approximately \$4.3 million. Additionally, the county provided \$1.3 million in tax rebates to its municipalities for police services.

These funds are in addition to revenues provided through the State aid for police protection formula.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Aberdeen	\$0.156	\$0.390	\$1,474,425	\$458,200	\$1,932,625
Bel Air	0.156	0.390	1,635,878	495,533	2,131,411
Havre de Grace	0.156	0.390	<u>1,170,180</u>	<u>343,068</u>	<u>1,513,248</u>
<b>Total</b>			<b>\$4,280,483</b>	<b>\$1,296,801</b>	<b>\$5,577,284</b>

### Howard County

There are no incorporated municipalities in Howard County.

### Kent County

In fiscal 2006, Kent County provided a tax rebate to its five municipalities totaling \$0.1 million in order to compensate the municipalities for parallel solid waste disposal services. The rebate is equivalent to \$0.02 per \$100 of the jurisdiction's assessable base. The county began providing a tax rebate to its municipalities in fiscal 2004; prior to that, the county provided its municipal residents with a tax rate differential.

<u>Municipality</u>	<u>Tax Rebate</u>
Betterton	\$8,239
Chestertown	77,483
Galena	7,385
Millington	3,965
Rock Hall	<u>31,436</u>
<b>Total</b>	<b>\$128,508</b>

### Montgomery County

Montgomery County provided tax rebates totaling approximately \$7.3 million to 18 municipalities and 3 special taxing districts in fiscal 2006. Barnesville was the only municipality that did not receive a tax rebate in fiscal 2006. Approximately 60 percent of the county tax rebates, or \$4.3 million, were for tax-supported road reimbursements. In addition, Takoma Park received

\$2.5 million for police services and crossing guards. Five communities<sup>1</sup> received a total of \$191,000 for park maintenance. Gaithersburg and Rockville received a total of \$104,000 for animal control, with Rockville receiving an additional \$111,000 for the Human Relations Commission. Three communities<sup>2</sup> received a total of \$104,000 for elderly services. The Town of Chevy Chase received almost \$1,000 for board of appeals and hearing examiner expenses. Tax rebates for Takoma Park were reduced by \$50,000 to reflect debt repayments for revitalization of the Pinecrest area. The current methodology and reasons for the rebates have been in place since 1996.

<u>Municipality</u>	<u>Tax Rebate</u>
Barnesville	\$0
Brookeville	5,570
Chevy Chase, Sec. III	31,187
Chevy Chase, Sec. V	19,804
Chevy Chase View	42,083
Chevy Chase Village	102,362
Town of Chevy Chase	132,842
Drummond*	4,703
Friendship Heights*	86,822
Gaithersburg	1,203,404
Garrett Park	48,520
Glen Echo	21,165
Kensington	140,162
Laytonsville	13,244
Martin's Additions	27,354
North Chevy Chase	24,384
Oakmont*	3,342
Poolesville	214,749
Rockville	2,131,796
Somerset	53,390
Takoma Park	2,904,207
Washington Grove	45,797
<b>Total</b>	<b>\$7,256,887</b>

\*denotes a special taxing district

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<sup>1</sup> Chevy Chase Sec. III, Town of Chevy Chase, Friendship Heights, Kensington, and Takoma Park

<sup>2</sup> Friendship Heights, Gaithersburg, and Rockville

## Prince George's County

In fiscal 2006, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$13.6 million and tax rebates totaling \$0.7 million. County law requires the cost for each service for each municipality outlined in the prior year county budget to be assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocated to a specific service. The aggregate town requests for "in lieu of" service credit, as certified by the county, are translated into a dollar value. This dollar value is calculated by totaling the products of the tax rate equivalent cost of the service multiplied by each municipality's assessable base. Each of these net service values is then reduced to reflect the portion of each county service paid for by the property tax levy. The sum of the tax rate values of the duplicative services constitutes the calculated tax rate differential for each municipality. The county uses a three-year rolling average in applying the calculated tax differentials in order to provide stability to municipal residents' county tax rates in the event of rate changes due to county services reorganization, economic fluctuations, or other factors. The county also provides tax rebates for refuse collection.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total Amount</u>
Berwyn Heights	0.1480	0.3540	\$747,210	\$8,231	\$755,441
Bladensburg	0.1560	0.3730	461,496	22,486	483,982
Bowie	0.0160	0.0390	774,750	162,210	936,960
Brentwood	0.0230	0.0550	30,777	8,379	39,156
Capitol Heights	0.1330	0.3180	274,409	10,723	285,132
Cheverly	0.1400	0.3350	575,989	20,883	596,872
College Park	0.0180	0.0430	258,935	81,797	340,732
Colmar Manor	0.0190	0.0450	12,703	3,483	16,186
Cottage City	0.1350	0.3220	88,655	3,446	92,101
District Heights	0.1430	0.3420	374,440	22,500	396,940
Eagle Harbor	0.0050	0.0130	226	143	369
Edmonston	0.1410	0.3370	147,689	3,343	151,032
Fairmount Heights	0.0790	0.1890	56,086	3,908	59,994
Forest Heights	0.0940	0.2240	123,013	7,997	131,010
Glenarden	0.1240	0.2970	322,139	16,371	338,510
Greenbelt	0.1610	0.3870	2,519,159	70,970	2,590,129
Hyattsville	0.1550	0.3720	1,607,873	48,023	1,655,896
Landover Hills	0.1490	0.3560	108,452	5,644	114,096
Laurel	0.1890	0.4510	3,230,786	67,202	3,297,988
Morningside	0.1330	0.3190	88,734	4,251	92,985
Mount Rainier	0.1550	0.3710	387,739	22,179	409,918
New Carrollton	0.0140	0.0330	72,252	33,467	105,719

<u>Municipality</u>	<b>Real Property Tax Rate Differential</b>	<b>Personal Property Tax Rate Differential</b>	<b>Differential Amount</b>	<b>Tax Rebate</b>	<b>Total Amount</b>
North Brentwood	0.0120	0.0280	3,720	1,428	5,148
Riverdale Park	0.1590	0.3810	604,336	17,335	621,671
Seat Pleasant	0.1440	0.3440	287,713	14,942	302,655
University Park	0.1440	0.3440	372,678	6,254	378,932
Upper Marlboro	0.0860	0.2050	87,069	2,077	89,146
<b>Total</b>			<b>\$13,619,026</b>	<b>\$669,672</b>	<b>\$14,288,698</b>

### Queen Anne's County

Queen Anne's County did not provide tax set-offs to its municipalities in fiscal 2006.

### St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$55,370 to the Town of Leonardtown in fiscal 2006 to offset taxes for duplicative services such as planning and zoning, road maintenance, and public works. The rebate is based on the assessed value of county-owned tax-exempt property within the town's corporate limits and the amount of property taxes due for those properties.

<u>Municipality</u>	<u>Tax Rebate</u>
Leonardtown	\$55,370

### Somerset County

Somerset County did not provide tax set-offs to its municipalities in fiscal 2006.

### Talbot County

In fiscal 2006, Talbot County provided a tax rate differential totaling an estimated \$1.8 million to its five municipalities for performing governmental services in the areas of planning and zoning, police protection, building code enforcement, and parks and recreation. The county established tax rate differentials based on a "county cost for parallel services" formula up until fiscal 2000, when, in addition to the formula, annual adjustments began to be made based on a constant yield calculation. In recent years the adjusted tax differential has resulted in county property tax revenues generated within the municipalities remaining at or below constant yield. Talbot County does not provide a tax differential for personal property; however, the

county provides a tax rate differential for utility property.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Utility Tax Rate Differential</u>	<u>Differential Amount</u>
Easton	\$0.1050	\$0.2600	\$1,402,678
Oxford	0.0700	0.1700	183,731
Queen Anne	0.0400	0.1000	2,170
St. Michaels	0.0800	0.2000	196,563
Trappe	0.0400	0.1000	<u>21,805</u>
<b>Total</b>			<b>\$1,806,947</b>

### Washington County

Washington County provided tax rebates to its nine municipalities for providing police protection, road maintenance, and park maintenance. The rebate is based on the municipality's assessable base, net taxable income, and population in relation to the county's. The fiscal 2006 rebates totaled approximately \$1.4 million.

<u>Municipality</u>	<u>Tax Rebate</u>
Boonsboro	\$84,715
Clear Spring	2,000
Funkstown	6,057
Hagerstown	1,108,797
Hancock	52,135
Keedysville	2,970
Sharpsburg	4,258
Smithsburg	64,859
Williamsport	<u>56,457</u>
<b>Total</b>	<b>\$1,382,248</b>

### Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2006.

### Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2006.

# Appendices

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# Appendix 1

## Incorporated Cities and Towns in Maryland

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Allegany</b>			<b>Cecil</b>		
Barton	1900	Ch. 729	Cecilton	1864	Ch. 353
Cumberland	1815	Ch. 136	Charlestown	1786	Ch. 20
Frostburg	1839	Ch. 179	Chesapeake City	1849	Ch. 271
Lonaconing	1890	Ch. 132	Elkton	1821	Ch. 143
Luke	1922	Ch. 73	North East	1849	Ch. 339
Midland	1900	Ch. 681	Perryville	1882	Ch. 212
Westernport	1858	Ch. 54	Port Deposit	1824	Ch. 33
			Rising Sun	1860	Ch. 383
<b>Anne Arundel</b>			<b>Charles</b>		
Annapolis	1708	Ch. 7	Indian Head	1920	Ch. 590
Highland Beach	1922	Ch. 213	La Plata	1888	Ch. 325
			Port Tobacco	1888	Ch. 297
<b>Baltimore</b>			<b>Dorchester</b>		
None			Brookview	1953	Ch. 704
<b>Calvert</b>			Cambridge	1793	Ch. 66
Chesapeake Beach	1886	Ch. 203	Church Creek	1867	Ch. 53
North Beach	1910	Ch. 395	East New Market	1832	Ch. 167
<b>Caroline</b>			Eldorado	1947	Ch. 313
Denton	1802	Ch. 25	Galestown	1951	Ch. 92
Federalburg	1823	Ch. 174	Hurlock	1892	Ch. 249
Goldsboro	1906	Ch. 87	Secretary	1900	Ch. 555
Greensboro	1826	Ch. 97	Vienna	1833	Ch. 216
Henderson	1949	Ch. 498	<b>Frederick</b>		
Hillsboro	1853	Ch. 161	Brunswick	1890	Ch. 577
Marydel	1929	Ch. 38	Burkittsville	1894	Ch. 652
Preston	1892	Ch. 689	Emmitsburg	1824	Ch. 29
Ridgely	1896	Ch. 178	Frederick	1816	Ch. 74
Templeville (also in Queen Anne's)	1865	Ch. 86	Middletown	1833	Ch. 143
<b>Carroll</b>			Mount Airy	1894	Ch. 91
Hampstead	1888	Ch. 295	(also in Carroll)		
Manchester	1833	Ch. 193	Myersville	1904	Ch. 94
Mount Airy (also in Frederick)	1894	Ch. 91	New Market	1878	Ch. 90
New Windsor	1843	Ch. 47	Rosemont	1953	Ch. 262
Sykesville	1904	Ch. 256	Thurmont	1894	Ch. 16
Taneytown	1836	Ch. 309	Walkersville	1892	Ch. 351
Union Bridge	1872	Ch. 174	Woodsboro	1836	Ch. 299
Westminster	1818	Ch. 128			

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Garrett</b>			<b>Prince George's</b>		
Accident	1916	Ch. 514	Berwyn Heights	1896	Ch. 267
Deer Park	1884	Ch. 519	Bladensburg	1854	Ch. 137
Friendsville	1902	Ch. 477	Bowie	1882	Ch. 488
Grantsville	1864	Ch. 99	Brentwood	1912	Ch. 401
Kitzmillier	1906	Ch. 285	Capitol Heights	1910	Ch. 513
Loch Lynn Heights	1896	Ch. 450	Cheverly	1931	Ch. 200
Mountain Lake Park	1931	Ch. 507	College Park	1945	Ch. 1051
Oakland	1862	Ch. 250	Colmar Manor	1927	Ch. 178
<b>Harford</b>			Cottage City	1924	Ch. 390
Aberdeen	1892	Ch. 136	District Heights	1936	Ch. 61
Bel Air	1874	Ch. 273	Eagle Harbor	1929	Ch. 397
Havre de Grace	1785	Ch. 55	Edmonston	1924	Ch. 154
<b>Howard</b>			Fairmount Heights	1935	Ch. 199
None			Forest Heights	1949	Ch. 142
<b>Kent</b>			Glenarden	1939	Ch. 650
Betterton	1906	Ch. 227	Greenbelt	1937	Ch. 532
Chestertown	1805	Ch. 271	Hyattsville	1886	Ch. 424
Galena	1858	Ch. 373	Landover Hills	1945	Ch. 465
Millington (also in Queen Anne's)	1890	Ch. 386	Laurel	1870	Ch. 260
Rock Hall	1908	Ch. 171	Morningside	1949	Ch. 589
<b>Montgomery</b>			Mount Rainier	1910	Ch. 514
Barnesville	1888	Ch. 254	New Carrollton	1953	Ch. 441
Brookeville	1808	Ch. 90	North Brentwood	1924	Ch. 508
Chevy Chase	1918	Ch. 177	Riverdale Park	1920	Ch. 731
Chevy Chase, Sec. 3	1982	Referendum	Seat Pleasant	1931	Ch. 197
Chevy Chase, Sec. 5	1982	Referendum	University Park	1936	Ch. 132
Chevy Chase View	1993	Referendum	Upper Marlboro	1870	Ch. 363
Chevy Chase Village	1910	Ch. 382	<b>Queen Anne's</b>		
Gaithersburg	1878	Ch. 397	Barclay	1931	Ch. 483
Garrett Park	1898	Ch. 453	Centreville	1794	Ch. 23
Glen Echo	1904	Ch. 436	Church Hill	1876	Ch. 201
Kensington	1894	Ch. 621	Millington (also in Kent)	1890	Ch. 386
Laytonsville	1892	Ch. 497	Queen Anne (also in Talbot)	1953	Ch. 17
Martin's Additions	1985	Referendum	Queenstown	1892	Ch. 542
North Chevy Chase	1996	Referendum	Sudlersville	1870	Ch. 313
Poolesville	1867	Ch. 174	Templeville	1865	Ch. 86
Rockville	1860	Ch. 373	<b>St. Mary's</b>		
Somerset	1906	Ch. 795	Leonardtwn	1858	Ch. 73
Takoma Park	1890	Ch. 480			
Washington Grove	1937	Ch. 372			

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Somerset</b>			<b>Wicomico</b>		
Crisfield	1872	Ch. 151	Delmar	1888	Ch. 167
Princess Anne	1894	Ch. 543	Fruitland	1947	Ch. 662
<b>Talbot</b>			Hebron	1931	Ch. 90
Easton	1790	Ch. 14	Mardela Springs	1906	Ch. 325
Oxford	1852	Ch. 367	Pittsville	1906	Ch. 499
Queen Anne (also in Queen Anne's)	1953	Ch. 17	Salisbury	1854	Ch. 287
St. Michaels	1804	Ch. 82	Sharptown	1874	Ch. 465
Trappe	1827	Ch. 103	Willards	1906	Ch. 195
<b>Washington</b>			<b>Worcester</b>		
Boonsboro	1831	Ch. 139	Berlin	1868	Ch. 424
Clear Spring	1836	Ch. 141	Ocean City	1880	Ch. 209
Funkstown	1840	Ch. 78	Pocomoke City	1878	Ch. 253
Hagerstown	1813	Ch. 121	Snow Hill	1812	Ch. 72
Hancock	1853	Ch. 319			
Keedysville	1872	Ch. 251			
Sharpsburg	1832	Ch. 28			
Smithsburg	1841	Ch. 284			
Williamsport	1823	Ch. 125			

Source: Maryland State Archives, Department of Legislative Services



## Appendix 2

### County and Municipal Real Property Tax Rates

#### Fiscal 2006

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Allegany</b>	<b>73,639</b>	<b>1.0007</b>			<b>1.0007</b>
Barton	464	0.9727	0.2220	-	1.1947
Cumberland	20,915	0.9309	0.9479	-	1.8788
Frostburg	7,958	0.9366	0.5500	-	1.4866
Lonaconing	1,164	0.9548	0.3400	-	1.2948
Luke	76	0.9516	0.5000	-	1.4516
Midland	457	0.9727	0.2800	-	1.2527
Westernport	2,020	0.9548	0.6000	-	1.5548
<b>Anne Arundel</b>	<b>510,878</b>	<b>0.931</b>			<b>0.931</b>
Annapolis	36,300	0.555	0.560	-	1.115
Highland Beach	111	0.931	0.416	-	1.347
<b>Baltimore City</b>	<b>635,815</b>	<b>2.308</b>			<b>2.308</b>
<b>Baltimore</b>	<b>786,113</b>	<b>1.115</b>			<b>1.115</b>
<b>Calvert</b>	<b>87,925</b>	<b>0.892</b>			<b>0.892</b>
Chesapeake Beach	3,463	0.556	0.500	-	1.056
North Beach	1,882	0.556	0.720	-	1.276
<b>Caroline</b>	<b>31,822</b>	<b>0.910</b>			<b>0.910</b>
Denton	3,252	0.790	0.660	-	1.450
Federsburg	2,637	0.790	0.640	-	1.430
Goldsboro	210	0.870	0.390	-	1.260
Greensboro	1,944	0.790	0.545	-	1.335
Henderson	121	0.870	0.300	-	1.170
Hillsboro	158	0.870	0.160	-	1.030
Marydel	143	0.870	0.300	-	1.170
Preston	582	0.790	0.360	-	1.150
Ridgely	1,354	0.790	0.530	-	1.320
Templeville*	25	0.870	0.122	-	0.992
<b>Carroll</b>	<b>168,541</b>	<b>1.048</b>			<b>1.048</b>
Hampstead	5,451	1.048	0.200	-	1.248
Manchester	3,557	1.048	0.184	-	1.232
Mount Airy*	4,065	1.048	0.188	-	1.236
New Windsor	1,359	1.048	0.160	-	1.208

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Carroll cont'd.</b>					
Sykesville	4,440	1.048	0.330	-	1.378
Taneytown	5,453	1.048	0.320	-	1.368
Union Bridge	1,085	1.048	0.300	-	1.348
Westminster	17,761	1.048	0.400	-	1.448
<b>Cecil</b>	<b>97,796</b>	<b>0.980</b>			<b>0.980</b>
Cecilton	485	0.980	0.240	-	1.220
Charlestown	1,091	0.980	0.320	-	1.300
Chesapeake City	802	0.980	0.462	-	1.442
Elkton	14,466	0.980	0.544	-	1.524
North East	2,817	0.980	0.480	-	1.460
Perryville	3,770	0.980	0.362	-	1.342
Port Deposit	693	0.980	0.551	-	1.531
Rising Sun	1,785	0.980	0.360	-	1.340
<b>Charles</b>	<b>138,822</b>	<b>1.0260</b>			<b>1.0260</b>
Indian Head	3,642	0.9829	0.3200	-	1.3029
La Plata	8,442	0.9290	0.3200	-	1.2490
Port Tobacco	18	1.0260	0.0400	-	1.0660
<b>Dorchester</b>	<b>31,401</b>	<b>0.920</b>			<b>0.920</b>
Brookview	64	0.920	0.260	-	1.180
Cambridge	11,089	0.920	0.676	-	1.596
Church Creek	84	0.920	0.160	-	1.080
East New Market	245	0.920	0.540	-	1.460
Eldorado	59	0.920	0.180	-	1.100
Galestown	99	0.920	0.280	-	1.200
Hurlock	2,003	0.920	0.670	-	1.590
Secretary	501	0.920	0.320	-	1.240
Vienna	301	0.920	0.480	-	1.400
<b>Frederick</b>	<b>220,701</b>	<b>1.000</b>			<b>1.000</b>
Brunswick	5,242	1.000	0.452	-	1.452
Burkittsville	186	1.000	0.140	-	1.140
Emmitsburg	2,369	1.000	0.360	-	1.360
Frederick	57,907	1.000	0.690	-	1.690
Middletown	2,860	1.000	0.232	-	1.232
Mount Airy*	4,310	1.000	0.188	-	1.188
Myersville	1,509	1.000	0.274	-	1.274
New Market	463	1.000	0.120	-	1.120
Rosemont	308	1.000	0.040	-	1.040
Thurmont	6,036	1.000	0.270	-	1.270
Walkersville	5,593	1.000	0.166	-	1.166
Woodsboro	912	1.000	0.138	-	1.138

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Garrett</b>	<b>29,909</b>	<b>1.000</b>			<b>1.000</b>
Accident	340	1.000	0.224	-	1.224
Deer Park	392	1.000	0.300	-	1.300
Friendsville	518	1.000	0.240	-	1.240
Grantsville	593	1.000	0.260	-	1.260
Kitzmiller	288	1.000	0.360	-	1.360
Loch Lynn Heights	449	1.000	0.270	-	1.270
Mountain Lake Park	2,164	0.835	0.362	-	1.197
Oakland	1,896	0.925	0.480	-	1.405
<b>Harford</b>	<b>239,259</b>	<b>1.082</b>			<b>1.082</b>
Aberdeen	14,305	0.926	0.550	-	1.476
Bel Air	10,014	0.926	0.500	-	1.426
Havre de Grace	11,884	0.926	0.700	-	1.626
<b>Howard</b>	<b>269,457</b>	<b>1.0440</b>		<b>0.1255</b>	<b>1.1695</b>
<b>Kent</b>	<b>19,899</b>	<b>0.992</b>			<b>0.992</b>
Betterton	340	0.992	0.320	-	1.312
Chestertown	4,673	0.992	0.380	-	1.372
Galena	473	0.992	0.240	-	1.232
Millington*	337	0.992	0.280	-	1.272
Rock Hall	2,566	0.992	0.320	-	1.312
<b>Montgomery</b>	<b>927,583</b>	<b>0.679</b>		<b>0.288</b>	<b>0.967</b>
Barnesville	186	0.679	0.065	0.202	0.946
Battery Park		0.679	0.050	0.288	1.017
Brookeville	127	0.679	0.150	0.202	1.031
Chevy Chase, Sec. 3	786	0.679	0.020	0.288	0.987
Chevy Chase, Sec. 5	653	0.679	0.000	0.288	0.967
Chevy Chase	2,776	0.679	0.029	0.288	0.996
Chevy Chase View	888	0.679	0.023	0.288	0.990
Chevy Chase Village	2,086	0.679	0.130	0.288	1.097
Drummond		0.679	0.048	0.288	1.015
Friendship Heights		0.679	0.050	0.285	1.014
Gaithersburg	57,698	0.679	0.212	0.177	1.068
Garrett Park	942	0.679	0.200	0.285	1.164
Glen Echo	251	0.679	0.120	0.288	1.087
Kensington	1,920	0.679	0.155	0.285	1.119
Laytonsville	329	0.679	0.160	0.202	1.041
Martin's Additions	891	0.679	0.008	0.288	0.975
North Chevy Chase	477	0.679	0.052	0.288	1.019
Oakmont		0.679	0.060	0.288	1.027
Poolesville	5,498	0.679	0.221	0.202	1.102
Rockville	57,402	0.679	0.322	0.177	1.178

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Montgomery cont'd.</b>					
Somerset	1,154	0.679	0.045	0.288	1.012
Takoma Park	18,540	0.679	0.630	0.285	1.594
Washington Grove	536	0.679	0.202	0.177	1.058
<b>Prince George's</b>	<b>846,123</b>	<b>0.960</b>			<b>0.960</b>
Berwyn Heights	3,068	0.812	0.486	0.359	1.657
Bladensburg	7,918	0.804	0.676	0.359	1.839
Bowie	53,878	0.944	0.322	0.307	1.573
Brentwood	2,937	0.937	0.248	0.359	1.544
Capitol Heights	4,313	0.827	0.412	0.359	1.598
Cheverly	6,668	0.820	0.400	0.359	1.579
College Park	25,171	0.942	0.285	0.359	1.586
Colmar Manor	1,312	0.941	0.490	0.359	1.790
Cottage City	1,176	0.825	0.690	0.359	1.874
District Heights	6,296	0.817	0.547	0.187	1.551
Eagle Harbor	58	0.955	0.292	0.359	1.606
Edmonston	1,390	0.819	0.450	0.359	1.628
Fairmount Heights	1,566	0.881	0.420	0.359	1.660
Forest Heights	2,679	0.866	0.470	0.359	1.695
Glenarden	6,380	0.836	0.296	0.359	1.491
Greenbelt	22,242	0.799	0.766	0.187	1.752
Hyattsville	16,677	0.805	0.630	0.359	1.794
Landover Hills	1,589	0.811	0.480	0.359	1.650
Laurel	22,125	0.771	0.720	0.141	1.632
Morningside	1,459	0.827	0.800	0.359	1.986
Mount Rainier	8,751	0.805	0.790	0.359	1.954
New Carrollton	12,818	0.946	0.450	0.359	1.755
North Brentwood	487	0.948	0.288	0.359	1.595
Riverdale Park	6,630	0.801	0.677	0.359	1.837
Seat Pleasant	5,063	0.816	0.580	0.359	1.755
University Park	2,401	0.816	0.600	0.359	1.775
Upper Marlboro	683	0.874	0.240	0.359	1.473
<b>Queen Anne's</b>	<b>45,612</b>	<b>0.870</b>			<b>0.870</b>
Barclay	146	0.870	0.100	-	0.970
Centreville	2,660	0.870	0.480	-	1.350
Church Hill	542	0.870	0.340	-	1.210
Millington*	34	0.870	0.280	-	1.150
Queen Anne*	93	0.870	0.180	-	1.050
Queenstown	638	0.870	0.200	-	1.070
Sudlersville	394	0.870	0.167	-	1.037
Templeville*	56	0.870	0.122	-	0.992
<b>St. Mary's</b>	<b>96,518</b>	<b>0.872</b>			<b>0.872</b>
Leonardtwn	2,075	0.872	0.150	-	1.022



<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Somerset</b>	<b>25,845</b>	<b>0.990</b>			<b>0.990</b>
Crisfield	2,808	0.990	0.700	-	1.690
Princess Anne	2,800	0.990	0.764	-	1.754
<b>Talbot</b>	<b>35,683</b>	<b>0.520</b>			<b>0.520</b>
Easton	13,447	0.415	0.430	-	0.845
Oxford	746	0.450	0.300	-	0.750
Queen Anne*	79	0.480	0.180	-	0.660
St. Michaels	1,121	0.440	0.640	-	1.080
Trappe	1,137	0.480	0.300	-	0.780
<b>Washington</b>	<b>141,895</b>	<b>0.948</b>			<b>0.948</b>
Boonsboro	2,982	0.948	0.270	-	1.218
Clear Spring	467	0.948	0.190	-	1.138
Funkstown	960	0.948	0.220	-	1.168
Hagerstown	38,326	0.948	0.798	-	1.746
Hancock	1,736	0.948	0.395	-	1.343
Keedysville	812	0.948	0.180	-	1.128
Sharpsburg	674	0.948	0.176	-	1.124
Smithsburg	2,859	0.948	0.280	-	1.228
Williamsport	2,135	0.948	0.405	-	1.353
<b>Wicomico</b>	<b>90,402</b>	<b>0.993</b>			<b>0.993</b>
Delmar	2,290	0.993	0.676	-	1.669
Fruitland	3,953	0.993	0.700	-	1.693
Hebron	1,022	0.993	0.400	-	1.393
Mardela Springs	360	0.993	0.200	-	1.193
Pittsville	1,188	0.993	0.360	-	1.353
Salisbury	26,295	0.993	0.729	-	1.722
Sharptown	621	0.993	0.620	-	1.613
Willards	959	0.993	0.460	-	1.453
<b>Worcester</b>	<b>48,750</b>	<b>0.730</b>			<b>0.730</b>
Berlin	3,711	0.730	0.730	-	1.460
Ocean City	7,049	0.730	0.470	-	1.200
Pocomoke City	3,909	0.730	0.760	-	1.490
Snow Hill	2,323	0.730	0.860	-	1.590

(-) tax rate is not imposed.

\*municipality is in two counties.

Source: State Department of Assessments and Taxation, Maryland Department of Planning, Department of Legislative Services



### Appendix 3

#### Residents Residing in Municipalities

July 2005

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County	County Population	Municipal Population	Percent of County	Rank
Allegany	73,639	33,054	44.9%	3
Anne Arundel	510,878	36,411	7.1	19
Baltimore City	635,815	0	0.0	24
Baltimore	786,113	0	0.0	24
Calvert	87,925	5,345	6.1	20
Caroline	31,822	10,426	32.8	9
Carroll	168,541	43,171	25.6	12
Cecil	97,796	25,909	26.5	11
Charles	138,822	12,102	8.7	18
Dorchester	31,401	14,445	46.0	2
Frederick	220,701	87,695	39.7	6
Garrett	29,909	6,640	22.2	13
Harford	239,259	36,203	15.1	16
Howard	269,457	0	0.0	24
Kent	19,899	8,389	42.2	4
Montgomery	927,583	153,140	16.5	15
Prince George's	846,123	225,735	26.7	10
Queen Anne's	45,612	4,563	10.0	17
St. Mary's	96,518	2,075	2.1	21
Somerset	25,845	5,608	21.7	14
Talbot	35,683	16,530	46.3	1
Washington	141,895	50,951	35.9	7
Wicomico	90,402	36,688	40.6	5
Worcester	48,750	16,992	34.9	8
<b>Statewide</b>	<b>5,600,388</b>	<b>832,072</b>	<b>14.9%</b>	

Source: Maryland Department of Planning, Department of Legislative Services



**Appendix 4**  
**Local Government Expenditures**  
**Fiscal 2004**  
**(\$ in Millions)**

<b>County</b>	<b>County</b>	<b>Municipal</b>	<b>Total</b>	<b>Percent Municipal</b>
Allegany	\$202.6	\$13.4	\$216.0	6.2%
Anne Arundel	1,477.3	56.5	1,533.8	3.7
Baltimore City	2,810.9	0.0	2,810.9	0.0
Baltimore	2,209.6	0.0	2,209.6	0.0
Calvert	286.2	8.5	294.7	2.9
Caroline	84.0	11.1	95.1	11.7
Carroll	449.9	38.1	488.0	7.8
Cecil	231.1	20.2	251.2	8.0
Charles	469.8	13.5	483.3	2.8
Dorchester	95.1	18.1	113.1	16.0
Frederick	650.2	90.3	740.6	12.2
Garrett	101.5	5.8	107.2	5.4
Harford	675.3	37.7	712.9	5.3
Howard	1,035.0	0.0	1,035.0	0.0
Kent	57.2	6.5	63.7	10.1
Montgomery	3,995.6	154.0	4,149.6	3.7
Prince George's	2,683.2	103.5	2,786.7	3.7
Queen Anne's	149.4	1.4	150.8	0.9
St. Mary's	269.4	1.9	271.4	0.7
Somerset	64.1	4.6	68.7	6.7
Talbot	85.8	59.1	144.9	40.8
Washington	310.0	78.7	388.7	20.3
Wicomico	232.8	43.3	276.0	15.7
Worcester	168.7	94.5	263.2	35.9
<b>Statewide</b>	<b>\$18,794.6</b>	<b>\$860.6</b>	<b>\$19,655.2</b>	<b>4.4%</b>

Source: Department of Legislative Services