

THE BALANCE SHEET

A COUNTY BY COUNTY COMPARISON OF STATE AID
AND STATE TAX REVENUES COLLECTED
FISCAL 2016



DEPARTMENT OF LEGISLATIVE SERVICES 2018

The Balance Sheet

**A County by County Comparison of State Aid
And State Tax Revenues Collected**

Fiscal 2016

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

October 2018

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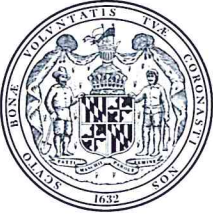
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

October 2018

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 Maryland General Assembly

Ladies and Gentlemen:

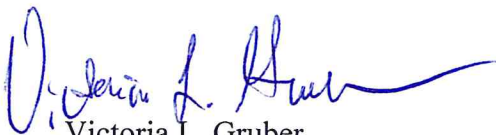
Local governments in Maryland currently depend on State aid to help support vital public services such as education, transportation, public safety, and land preservation programs. State aid accounts for approximately 27% of total county revenues and 7% of total municipal revenues. Additionally, State aid to local governments continues to be one of the largest components of the State budget, accounting for 38% of general fund expenditures and 26% of all State-funded expenditures.


Each year the Department of Legislative Services prepares a *Balance Sheet* which features the distribution of State aid payments to local governments and the allocation of certain State tax revenues on a county-by-county basis. In this analysis, State aid has been aggregated for the county irrespective as to whether the State aid is provided to the county government, a municipal government, special taxing district, or a local entity such as a board of education, library board, or community college board.

This report includes tables showing by county the State financial assistance received for each dollar of State revenue generated. It also features a 10-year summary of county-by-county State financial assistance received for each dollar of revenues funding State aid expenditures. The report also includes information on the allocation of State revenues, per capita comparisons of State revenue allocations and State aid, and a summary of certain changes affecting the comparability of the current analysis with previous reports.

The study was prepared by Arnold Adja and reviewed by Michael Sanelli, Hiram Burch, and David Romans; the manuscript was prepared by April Noren. 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 State aid.

Sincerely,


Victoria L. Gruber
Executive Director


Ryan Bishop
Director

VLG:RB/ajn

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Executive Summary

The Balance Sheet provides a comparison of State revenues collected to State financial assistance received for each county. State financial assistance includes direct payments by the State to a local government as well as payments made by the State on behalf of a local government, such as teachers' retirement payments. State revenue collections represent most general fund tax revenues, certain special fund tax revenues, and lottery receipts allocated to counties, primarily by point of collection.

The Balance Sheet is not an analysis of the "fairness" of State aid distributions to local governments. Counties in which taxpayers contribute relatively more State revenues should not necessarily receive more State aid. In fact, several State aid formulas distribute aid inversely to local property and income wealth, whereby local governments with greater capacity to raise revenues from local sources receive less State aid. Such aid programs accounted for about 70% of the State aid to local governments included in this *Balance Sheet*.

It is also important to note that State residents are subject to the same State tax rates regardless of the locality in which they reside. Jurisdictions that generate more State tax revenues per capita typically have a greater proportion of residents with higher incomes, or have a larger overall tax base.

In fiscal 2016, State revenue collections allocated in *The Balance Sheet* totaled \$17.4 billion, while State aid payments to local governments totaled \$7.1 billion. The individual income tax accounted for 48.8% of the State revenues allocated in the report,

while the sales tax accounted for 26.0% of revenues.

On average, local governments received \$0.40 in State aid (direct aid and payments-on-behalf) for each \$1.00 in taxes paid by county residents and businesses. This illustrates that local governments received 40% of the State revenues that were allocated on a county-by-county basis in the report. The remaining revenues funded State programs such as higher education, medical assistance, health, social services, corrections, and the Judiciary.

The share of State revenues provided to local governments has fluctuated since 2007, ranging from a low of 40% in fiscal 2007 and 2016 to a high of 47% in fiscal 2010. During the 10-year period ending in fiscal 2016, the "balance sheet index" as a percent of the statewide average increased in 5 jurisdictions, decreased in 10 jurisdictions, and remained relatively constant in 9 jurisdictions.

The ratios for 12 counties in fiscal 2016 matched or exceeded the statewide weighted average. State aid to revenue allocation ratios for Anne Arundel, Baltimore, Carroll, Frederick, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Talbot, and Worcester counties were below the statewide average. In terms of total State aid received as measured on a per capita basis, Anne Arundel, Kent, Montgomery, Talbot, Queen Anne's, and Worcester counties received the least amount of aid, whereas Baltimore City and Allegany, Caroline, Dorchester, Somerset, and Wicomico counties received the most.

Chapter 1. Balance Sheet Index

Introduction

The Balance Sheet compares on a county-by-county basis State aid to State revenue collections as allocated among the counties. In fiscal 2016, State revenue collections allocated in *The Balance Sheet* totaled \$17.4 billion, while State aid payments to local governments totaled \$7.1 billion. This illustrates that local governments received approximately 40% of the State revenues that were allocated on a county-by-county basis in the report. The remaining revenues funded State programs. The share of State revenues provided to local governments has fluctuated over the last 10 years, ranging from a low of 40% in fiscal 2007 and 2016 to a high of 47% in fiscal 2010. **Exhibit 1.1** summarizes the county-by-county tax revenues and State aid allocations for fiscal 2016.

Explanation of Ratios

The Balance Sheet utilizes two aid-to-revenue ratios as shown in **Exhibit 1.2**. The first is the ratio of direct State aid to State revenues generated from a county, exclusive of State property tax receipts. For example, a ratio of 0.70 for Allegany County in 2016 indicates that for every dollar of State tax revenues allocated to Allegany County, the county received \$0.70 in direct State aid. The amount of direct grants received for each \$1.00 of taxes paid in fiscal 2016 ranged from \$0.13 in Talbot County to \$1.27 in Somerset County. Statewide, the weighted average for this measure was \$0.38, and the simple average (county mean) was \$0.48. The amount for Baltimore City includes State assumed functions.

The second ratio compares direct State aid and payments-on-behalf to total revenue allocations. Payments-on-behalf include State paid retirement costs for public school teachers, librarians, and community college faculty that the State makes on behalf of the local government. Again, using Allegany County as the example, in 2016 the county received \$0.74 in State assistance for every \$1.00 of State tax revenues allocated to the county. On this measure, State assistance received for each \$1.00 of taxes paid in fiscal 2016 varied from \$0.15 for Talbot County to \$1.27 for Somerset County. Statewide, the weighted average was \$0.40, and the simple average was \$0.51.

Dividing each county's aid to revenue ratios by the statewide weighted averages indexes the county aid to revenue ratios to the statewide average. In fiscal 2016, for example, Allegany County's direct aid index was 1.87, indicating that Allegany County's ratio was 87% above the statewide average. Including payments-on-behalf lowers Allegany County's ratio to 1.84 or 84% above the statewide average. **Exhibit 1.3** shows each county's index value. Indexing county aid to revenue ratios by the statewide average enables comparison of the current *Balance Sheet* to previous years.

For purposes of comparing how the allocation of State aid in relation to State revenues has changed over time, the index for each county is provided over a 10-year period. **Exhibits 1.4** and **1.5** show the ratios to taxes paid for direct State aid and total State aid, including payments-on-behalf. **Exhibits 1.6** and **1.7** show the index values for these ratios.

In addition to weighted and simple averages, Exhibits 1.2 through 1.7 show the standard deviation. Standard deviation measures how widely dispersed values are in a data set. The closer data points are to the average, the smaller the standard deviation; however, as data points become more spread out over the data set, the standard deviation increases. For example, the standard deviations for both measurements in Exhibit 1.2 are relatively small at 0.29 for direct aid and 0.29 for direct aid and payments-on-behalf. The standard deviation is useful in showing how the variation in the “balance sheet index” has changed over time. As illustrated in Exhibits 1.4 and 1.5, the variation among the counties has remained relatively stable over the 10-year period.

Findings

On average, local governments received \$0.38 in direct State aid for each \$1.00 in taxes paid by county residents and businesses. The ratios for 11 counties matched or exceeded this statewide weighted average. State aid to revenue allocation ratios for four of Maryland’s largest jurisdictions (Anne Arundel, Baltimore, Howard, and Montgomery counties) were considerably below the statewide average. Moreover, the simple average, or county mean, of \$0.48, calculated by summing the county ratios and dividing by 24, is somewhat higher than the statewide weighted average.

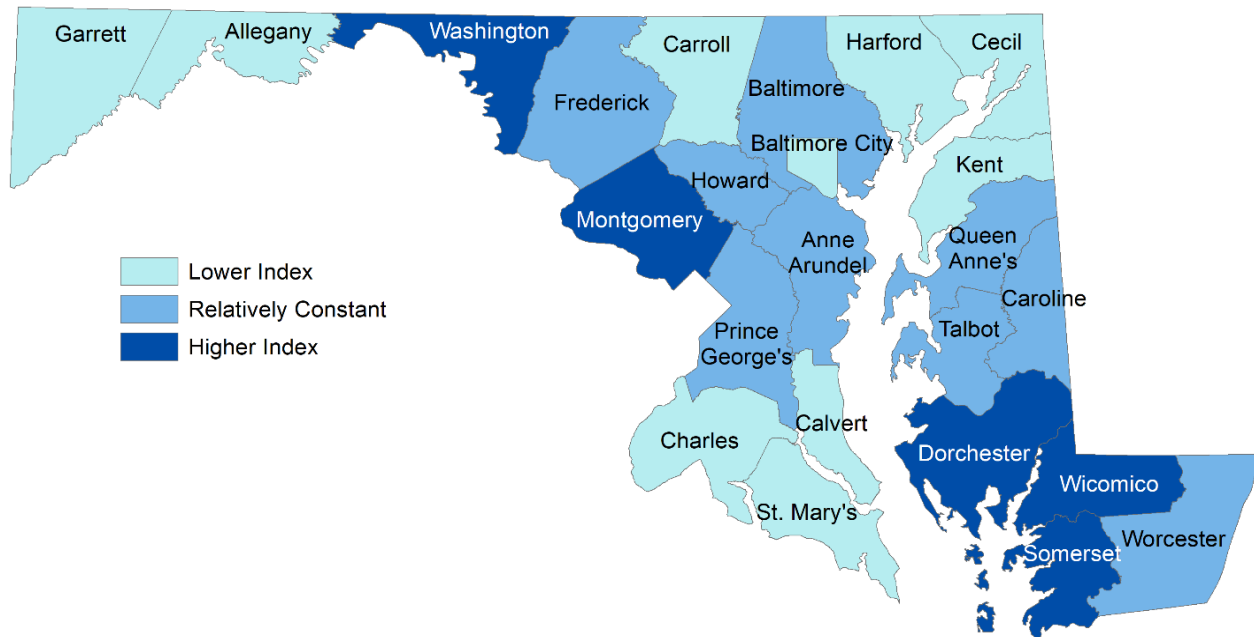
Likewise, on average local governments received \$0.40 in total State aid (direct aid and payments-on-behalf) for each \$1.00 in taxes paid. The ratios for 12 counties matched or exceeded the statewide average. As with the direct State aid ratio, State assistance to revenue allocation ratios for four of Maryland’s largest jurisdictions (Anne Arundel, Baltimore, Howard, and Montgomery counties) were considerably below the statewide average.

In terms of total State aid received for each \$1.00 in taxes paid, Kent, Talbot, and Worcester counties had the lowest ratios in fiscal 2016 (received the least amount of State aid in relation to the collection of allocated State tax revenues), while Baltimore City and Caroline and Somerset counties had the highest ratios (received the greatest amount of State aid in relation to the collection of allocated State tax revenues).

During this 10-year period, the “balance sheet index” increased in 5 counties and decreased in 9 counties and Baltimore City. For the remaining 9 counties, the index value in the most recent years is similar to the value in the earlier years, but for several counties there were upward and downward trends for the intervening years. The fluctuation in the “balance sheet index” is primarily due to the relative change in local wealth among the counties. In the last 10 years, both Garrett and Kent counties experienced the highest growth in their local per pupil wealth measure, which is one of the key factors in the allocation of State education aid. Due to the above average growth in local

wealth, both counties have become less reliant on State aid as a local funding source. In contrast, Montgomery and Wicomico counties have experienced the lowest growth in their local per pupil wealth measure.

Change in “Balance Sheet Index” During 10-year Period



Another approach to measure the allocation of State revenues and State assistance is to compare each county's amount with its share of the State's population. As shown in **Exhibit 1.8**, Montgomery County is the most populous county in Maryland and generates the greatest share of State tax revenues; however, it ranks third in the amount of State aid that it receives. Baltimore City, the fourth most populous jurisdiction, receives the largest percentage of State aid, followed by Prince George's County, the second most populous jurisdiction.

As shown in **Exhibit 1.9**, the five counties that generated the most State tax revenues in fiscal 2016 as measured on a per capita basis include Anne Arundel, Howard, Montgomery, Talbot, and Worcester. The counties that generated the least per capita State tax revenues include Allegany, Caroline, Cecil, Dorchester, and Somerset. It is important to note that State residents are subject to the same State tax rates regardless of the locality in which they reside. Jurisdictions that generate more State tax revenue per capita typically have a greater proportion of residents with higher incomes, or a larger overall tax base.

Jurisdictions that received the greatest amount of State aid in fiscal 2016 as measured on a per capita basis include Baltimore City and Caroline, Dorchester, Somerset, and Wicomico counties. Jurisdictions receiving the least amount of State aid per capita include Anne Arundel, Kent, Montgomery, Talbot, and Worcester counties. As stated earlier, counties in which taxpayers

contribute relatively more State revenues should not necessarily receive more State aid. In fact, several State aid formulas distribute aid inversely to local property and income wealth, whereby jurisdictions with greater capacity to raise revenues from local sources receive less State aid. Such aid programs accounted for about 70% of State aid to local governments included in this *Balance Sheet*.

Exhibit 1.1
Allocation of State Revenues and State Aid
Fiscal 2016

| County | Allocation of Tax Revenues Excl. Property Tax | Allocation of Total Tax Revenues | Direct State Grants | Direct Grants and Payments- on-behalf |
|-----------------|--------------------------------------------------------------|-------------------------------------------------|--------------------------------|------------------------------------------------------|
| Allegany | \$140,647,178 | \$145,139,609 | \$98,941,082 | \$108,110,819 |
| Anne Arundel | 1,818,622,039 | 1,912,127,771 | 410,543,435 | 479,377,672 |
| Baltimore City | 1,293,677,916 | 1,345,890,365 | 1,211,077,640 | 1,279,002,621 |
| Baltimore | 2,440,496,645 | 2,527,109,792 | 695,952,285 | 789,307,075 |
| Calvert | 236,322,126 | 249,300,852 | 86,967,907 | 101,842,976 |
| Caroline | 53,566,021 | 56,404,410 | 57,149,637 | 61,864,292 |
| Carroll | 472,968,193 | 493,429,113 | 146,234,718 | 167,976,818 |
| Cecil | 183,367,748 | 193,889,648 | 114,255,466 | 128,018,800 |
| Charles | 419,412,646 | 437,097,831 | 176,738,874 | 199,802,144 |
| Dorchester | 61,007,214 | 64,411,346 | 45,768,983 | 49,605,575 |
| Frederick | 695,759,906 | 725,815,334 | 250,609,371 | 285,605,854 |
| Garrett | 64,047,875 | 69,099,316 | 30,008,542 | 33,544,788 |
| Harford | 651,205,553 | 680,462,107 | 225,838,214 | 255,959,368 |
| Howard | 1,077,199,507 | 1,129,179,171 | 257,642,515 | 318,426,163 |
| Kent | 56,781,604 | 60,228,749 | 11,412,166 | 13,228,584 |
| Montgomery | 3,623,258,429 | 3,815,139,843 | 723,429,912 | 890,560,618 |
| Prince George's | 2,019,640,923 | 2,106,178,751 | 1,158,677,817 | 1,265,120,967 |
| Queen Anne's | 133,790,789 | 142,305,898 | 37,648,193 | 43,871,197 |
| St. Mary's | 294,874,371 | 308,573,659 | 106,301,314 | 120,220,855 |
| Somerset | 28,894,295 | 30,865,171 | 36,559,245 | 39,265,732 |
| Talbot | 136,463,007 | 145,874,508 | 17,670,966 | 21,452,570 |
| Washington | 345,421,210 | 358,832,440 | 183,079,753 | 201,677,117 |
| Wicomico | 221,694,851 | 228,274,069 | 153,304,806 | 166,127,657 |
| Worcester | 204,477,323 | 221,250,938 | 28,268,299 | 35,329,453 |
| Total | \$16,673,597,369 | \$17,446,880,691 | \$6,264,081,140 | \$7,055,299,715 |

Source: Department of Legislative Services

Exhibit 1.2
State Financial Assistance Received for Each \$1.00 of Taxes Paid
Fiscal 2016

| County | Direct State Grants | Direct Grants and Payments-on-behalf |
|----------------------------------|----------------------------|---------------------------------------------|
| Allegany | 0.70 | 0.74 |
| Anne Arundel | 0.23 | 0.25 |
| Baltimore City | 0.94 | 0.95 |
| Baltimore | 0.29 | 0.31 |
| Calvert | 0.37 | 0.41 |
| Caroline | 1.07 | 1.10 |
| Carroll | 0.31 | 0.34 |
| Cecil | 0.62 | 0.66 |
| Charles | 0.42 | 0.46 |
| Dorchester | 0.75 | 0.77 |
| Frederick | 0.36 | 0.39 |
| Garrett | 0.47 | 0.49 |
| Harford | 0.35 | 0.38 |
| Howard | 0.24 | 0.28 |
| Kent | 0.20 | 0.22 |
| Montgomery | 0.20 | 0.23 |
| Prince George's | 0.57 | 0.60 |
| Queen Anne's | 0.28 | 0.31 |
| St. Mary's | 0.36 | 0.39 |
| Somerset | 1.27 | 1.27 |
| Talbot | 0.13 | 0.15 |
| Washington | 0.53 | 0.56 |
| Wicomico | 0.69 | 0.73 |
| Worcester | 0.14 | 0.16 |
| Total (Weighted Avg.) | 0.38 | 0.40 |
| County Mean (Simple Avg.) | 0.48 | 0.51 |
| Standard Deviation | 0.29 | 0.29 |

Source: Department of Legislative Services

Exhibit 1.3
State Financial Assistance Received as Indexed to the Statewide Average
Fiscal 2016

| County | Direct State Grants | Direct Grants and Payments-on-behalf |
|----------------------------------|----------------------------|-------------------------------------------------|
| Allegany | 1.87 | 1.84 |
| Anne Arundel | 0.60 | 0.62 |
| Baltimore City | 2.49 | 2.35 |
| Baltimore | 0.76 | 0.77 |
| Calvert | 0.98 | 1.01 |
| Caroline | 2.84 | 2.71 |
| Carroll | 0.82 | 0.84 |
| Cecil | 1.66 | 1.63 |
| Charles | 1.12 | 1.13 |
| Dorchester | 2.00 | 1.90 |
| Frederick | 0.96 | 0.97 |
| Garrett | 1.25 | 1.20 |
| Harford | 0.92 | 0.93 |
| Howard | 0.64 | 0.70 |
| Kent | 0.53 | 0.54 |
| Montgomery | 0.53 | 0.58 |
| Prince George's | 1.53 | 1.49 |
| Queen Anne's | 0.75 | 0.76 |
| St. Mary's | 0.96 | 0.96 |
| Somerset | 3.37 | 3.15 |
| Talbot | 0.34 | 0.36 |
| Washington | 1.41 | 1.39 |
| Wicomico | 1.84 | 1.80 |
| Worcester | 0.37 | 0.39 |
| Total (Weighted Avg.) | 1.00 | 1.00 |
| County Mean (Simple Avg.) | 1.27 | 1.25 |
| Standard Deviation | 0.80 | 0.73 |

Source: Department of Legislative Services

Exhibit 1.4
State Financial Assistance Received for Each \$1.00 of Taxes Paid
Direct Aid
10-year Summary

| County | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Allegany | 0.80 | 0.87 | 0.89 | 0.90 | 0.87 | 0.79 | 0.77 | 0.77 | 0.71 | 0.70 |
| Anne Arundel | 0.23 | 0.24 | 0.25 | 0.24 | 0.24 | 0.23 | 0.24 | 0.24 | 0.23 | 0.23 |
| Baltimore City | 1.02 | 1.07 | 1.11 | 1.10 | 1.08 | 1.05 | 1.00 | 1.00 | 0.96 | 0.94 |
| Baltimore | 0.27 | 0.29 | 0.30 | 0.31 | 0.30 | 0.29 | 0.28 | 0.28 | 0.28 | 0.29 |
| Calvert | 0.49 | 0.52 | 0.51 | 0.51 | 0.49 | 0.45 | 0.42 | 0.41 | 0.39 | 0.37 |
| Caroline | 1.05 | 1.12 | 1.20 | 1.18 | 1.16 | 1.11 | 1.06 | 1.08 | 1.06 | 1.07 |
| Carroll | 0.39 | 0.41 | 0.43 | 0.42 | 0.41 | 0.39 | 0.36 | 0.35 | 0.32 | 0.31 |
| Cecil | 0.69 | 0.74 | 0.76 | 0.75 | 0.77 | 0.72 | 0.68 | 0.66 | 0.64 | 0.62 |
| Charles | 0.48 | 0.50 | 0.51 | 0.50 | 0.47 | 0.47 | 0.45 | 0.45 | 0.42 | 0.42 |
| Dorchester | 0.62 | 0.69 | 0.75 | 0.73 | 0.65 | 0.71 | 0.71 | 0.72 | 0.73 | 0.75 |
| Frederick | 0.36 | 0.41 | 0.44 | 0.44 | 0.42 | 0.42 | 0.40 | 0.40 | 0.38 | 0.36 |
| Garrett | 0.62 | 0.62 | 0.63 | 0.64 | 0.61 | 0.56 | 0.53 | 0.50 | 0.47 | 0.47 |
| Harford | 0.43 | 0.45 | 0.47 | 0.46 | 0.45 | 0.41 | 0.39 | 0.38 | 0.35 | 0.35 |
| Howard | 0.24 | 0.26 | 0.28 | 0.28 | 0.28 | 0.27 | 0.26 | 0.25 | 0.24 | 0.24 |
| Kent | 0.27 | 0.24 | 0.28 | 0.30 | 0.27 | 0.26 | 0.25 | 0.27 | 0.23 | 0.20 |
| Montgomery | 0.15 | 0.17 | 0.19 | 0.20 | 0.21 | 0.20 | 0.20 | 0.21 | 0.20 | 0.20 |
| Prince George's | 0.59 | 0.64 | 0.64 | 0.62 | 0.58 | 0.54 | 0.55 | 0.56 | 0.56 | 0.57 |
| Queen Anne's | 0.30 | 0.32 | 0.35 | 0.33 | 0.33 | 0.32 | 0.32 | 0.31 | 0.28 | 0.28 |
| St. Mary's | 0.45 | 0.48 | 0.50 | 0.47 | 0.46 | 0.42 | 0.41 | 0.40 | 0.39 | 0.36 |
| Somerset | 1.12 | 1.24 | 1.19 | 1.28 | 1.36 | 1.28 | 1.21 | 1.30 | 1.31 | 1.27 |
| Talbot | 0.12 | 0.11 | 0.12 | 0.12 | 0.12 | 0.11 | 0.12 | 0.12 | 0.13 | 0.13 |
| Washington | 0.46 | 0.52 | 0.55 | 0.56 | 0.56 | 0.56 | 0.55 | 0.56 | 0.54 | 0.53 |
| Wicomico | 0.51 | 0.58 | 0.63 | 0.67 | 0.70 | 0.68 | 0.67 | 0.71 | 0.68 | 0.69 |
| Worcester | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.15 | 0.14 | 0.14 |
| Total (Weighted Avg.) | 0.38 | 0.41 | 0.43 | 0.43 | 0.42 | 0.40 | 0.39 | 0.39 | 0.38 | 0.38 |
| County Mean (Simple Avg.) | 0.49 | 0.53 | 0.55 | 0.55 | 0.54 | 0.52 | 0.50 | 0.50 | 0.49 | 0.48 |
| Standard Deviation | 0.28 | 0.30 | 0.31 | 0.31 | 0.32 | 0.30 | 0.29 | 0.30 | 0.30 | 0.29 |

Note: Amounts have been adjusted to reflect changes in State aid classifications and computations. See Chapter 4 on comparability.

Source: Department of Legislative Services

Exhibit 1.5
State Financial Assistance Received for Each \$1.00 of Taxes Paid
Direct Aid and Payments-on-behalf
10-year Summary

| County | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Allegany | 0.83 | 0.91 | 0.93 | 0.95 | 0.92 | 0.84 | 0.82 | 0.81 | 0.75 | 0.74 |
| Anne Arundel | 0.25 | 0.26 | 0.27 | 0.27 | 0.28 | 0.27 | 0.27 | 0.27 | 0.25 | 0.25 |
| Baltimore City | 1.03 | 1.09 | 1.12 | 1.12 | 1.11 | 1.08 | 1.03 | 1.02 | 0.98 | 0.95 |
| Baltimore | 0.29 | 0.31 | 0.33 | 0.34 | 0.33 | 0.32 | 0.31 | 0.31 | 0.30 | 0.31 |
| Calvert | 0.51 | 0.55 | 0.54 | 0.55 | 0.55 | 0.50 | 0.47 | 0.46 | 0.43 | 0.41 |
| Caroline | 1.06 | 1.14 | 1.21 | 1.21 | 1.19 | 1.14 | 1.09 | 1.11 | 1.09 | 1.10 |
| Carroll | 0.41 | 0.44 | 0.46 | 0.46 | 0.46 | 0.43 | 0.40 | 0.39 | 0.36 | 0.34 |
| Cecil | 0.71 | 0.76 | 0.78 | 0.78 | 0.81 | 0.76 | 0.72 | 0.69 | 0.68 | 0.66 |
| Charles | 0.50 | 0.53 | 0.54 | 0.54 | 0.52 | 0.52 | 0.49 | 0.49 | 0.46 | 0.46 |
| Dorchester | 0.63 | 0.71 | 0.76 | 0.76 | 0.68 | 0.74 | 0.73 | 0.74 | 0.75 | 0.77 |
| Frederick | 0.38 | 0.44 | 0.47 | 0.48 | 0.47 | 0.46 | 0.44 | 0.43 | 0.41 | 0.39 |
| Garrett | 0.62 | 0.63 | 0.64 | 0.65 | 0.63 | 0.59 | 0.54 | 0.52 | 0.49 | 0.49 |
| Harford | 0.45 | 0.48 | 0.50 | 0.50 | 0.49 | 0.45 | 0.42 | 0.41 | 0.39 | 0.38 |
| Howard | 0.27 | 0.30 | 0.32 | 0.33 | 0.33 | 0.32 | 0.30 | 0.30 | 0.28 | 0.28 |
| Kent | 0.29 | 0.26 | 0.30 | 0.33 | 0.31 | 0.29 | 0.27 | 0.29 | 0.25 | 0.22 |
| Montgomery | 0.18 | 0.20 | 0.22 | 0.25 | 0.25 | 0.25 | 0.24 | 0.24 | 0.24 | 0.23 |
| Prince George's | 0.61 | 0.67 | 0.66 | 0.66 | 0.62 | 0.59 | 0.58 | 0.59 | 0.59 | 0.60 |
| Queen Anne's | 0.31 | 0.34 | 0.37 | 0.36 | 0.36 | 0.36 | 0.35 | 0.34 | 0.31 | 0.31 |
| St. Mary's | 0.47 | 0.50 | 0.52 | 0.50 | 0.50 | 0.46 | 0.45 | 0.44 | 0.42 | 0.39 |
| Somerset | 1.12 | 1.24 | 1.20 | 1.29 | 1.37 | 1.29 | 1.22 | 1.30 | 1.31 | 1.27 |
| Talbot | 0.13 | 0.12 | 0.13 | 0.13 | 0.14 | 0.13 | 0.13 | 0.14 | 0.15 | 0.15 |
| Washington | 0.48 | 0.54 | 0.57 | 0.59 | 0.60 | 0.60 | 0.58 | 0.59 | 0.58 | 0.56 |
| Wicomico | 0.54 | 0.61 | 0.67 | 0.71 | 0.74 | 0.73 | 0.71 | 0.74 | 0.72 | 0.73 |
| Worcester | 0.15 | 0.16 | 0.15 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.16 | 0.16 |
| Total (Weighted Avg.) | 0.40 | 0.43 | 0.46 | 0.47 | 0.46 | 0.44 | 0.42 | 0.42 | 0.41 | 0.40 |
| County Mean (Simple Avg.) | 0.51 | 0.55 | 0.57 | 0.58 | 0.58 | 0.55 | 0.53 | 0.53 | 0.52 | 0.51 |
| Standard Deviation | 0.28 | 0.30 | 0.30 | 0.31 | 0.31 | 0.30 | 0.28 | 0.29 | 0.29 | 0.29 |

Note: Amounts have been adjusted to reflect changes in State aid classifications and computations. See Chapter 4 on comparability.

Source: Department of Legislative Services

Exhibit 1.6
State Financial Assistance Received as Indexed to the Statewide Average
Direct Aid
10-year Summary

| County | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Allegany | 2.09 | 2.11 | 2.08 | 2.09 | 2.08 | 1.98 | 1.97 | 1.96 | 1.87 | 1.87 |
| Anne Arundel | 0.61 | 0.59 | 0.57 | 0.56 | 0.57 | 0.58 | 0.61 | 0.61 | 0.60 | 0.60 |
| Baltimore City | 2.67 | 2.61 | 2.59 | 2.56 | 2.59 | 2.63 | 2.57 | 2.53 | 2.54 | 2.49 |
| Baltimore | 0.70 | 0.70 | 0.71 | 0.71 | 0.71 | 0.72 | 0.71 | 0.72 | 0.73 | 0.76 |
| Calvert | 1.27 | 1.27 | 1.18 | 1.18 | 1.19 | 1.12 | 1.09 | 1.05 | 1.03 | 0.98 |
| Caroline | 2.74 | 2.74 | 2.80 | 2.75 | 2.78 | 2.78 | 2.73 | 2.76 | 2.80 | 2.84 |
| Carroll | 1.03 | 1.00 | 0.99 | 0.98 | 0.98 | 0.97 | 0.93 | 0.90 | 0.85 | 0.82 |
| Cecil | 1.81 | 1.80 | 1.76 | 1.74 | 1.85 | 1.80 | 1.76 | 1.66 | 1.70 | 1.66 |
| Charles | 1.24 | 1.23 | 1.19 | 1.16 | 1.14 | 1.18 | 1.15 | 1.14 | 1.12 | 1.12 |
| Dorchester | 1.61 | 1.69 | 1.74 | 1.70 | 1.55 | 1.77 | 1.82 | 1.84 | 1.91 | 2.00 |
| Frederick | 0.95 | 1.00 | 1.03 | 1.02 | 1.01 | 1.04 | 1.03 | 1.01 | 1.00 | 0.96 |
| Garrett | 1.62 | 1.51 | 1.47 | 1.50 | 1.45 | 1.41 | 1.35 | 1.28 | 1.23 | 1.25 |
| Harford | 1.13 | 1.11 | 1.09 | 1.06 | 1.07 | 1.04 | 0.99 | 0.95 | 0.93 | 0.92 |
| Howard | 0.63 | 0.64 | 0.65 | 0.65 | 0.67 | 0.67 | 0.66 | 0.64 | 0.63 | 0.64 |
| Kent | 0.71 | 0.58 | 0.65 | 0.69 | 0.66 | 0.65 | 0.63 | 0.68 | 0.61 | 0.53 |
| Montgomery | 0.40 | 0.41 | 0.43 | 0.47 | 0.49 | 0.51 | 0.52 | 0.53 | 0.53 | 0.53 |
| Prince George's | 1.54 | 1.56 | 1.48 | 1.44 | 1.40 | 1.36 | 1.40 | 1.42 | 1.48 | 1.53 |
| Queen Anne's | 0.78 | 0.77 | 0.81 | 0.78 | 0.78 | 0.81 | 0.82 | 0.80 | 0.75 | 0.75 |
| St. Mary's | 1.17 | 1.16 | 1.15 | 1.09 | 1.10 | 1.06 | 1.05 | 1.03 | 1.02 | 0.96 |
| Somerset | 2.93 | 3.02 | 2.78 | 2.98 | 3.26 | 3.21 | 3.10 | 3.30 | 3.45 | 3.37 |
| Talbot | 0.31 | 0.27 | 0.27 | 0.27 | 0.29 | 0.29 | 0.30 | 0.32 | 0.34 | 0.34 |
| Washington | 1.20 | 1.27 | 1.29 | 1.30 | 1.34 | 1.41 | 1.40 | 1.42 | 1.43 | 1.41 |
| Wicomico | 1.33 | 1.41 | 1.47 | 1.55 | 1.67 | 1.70 | 1.73 | 1.79 | 1.80 | 1.84 |
| Worcester | 0.36 | 0.34 | 0.32 | 0.32 | 0.34 | 0.36 | 0.36 | 0.38 | 0.36 | 0.37 |
| Total (Weighted Avg.) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| County Mean (Simple Avg.) | 1.28 | 1.28 | 1.27 | 1.27 | 1.29 | 1.29 | 1.28 | 1.28 | 1.28 | 1.27 |
| Standard Deviation | 0.74 | 0.75 | 0.73 | 0.74 | 0.77 | 0.77 | 0.75 | 0.77 | 0.80 | 0.80 |

Note: Amounts have been adjusted to reflect changes in State aid classifications and computations. See Chapter 4 on comparability.

Source: Department of Legislative Services

Exhibit 1.7
State Financial Assistance Received as Indexed to the Statewide Average
Direct Aid and Payments-on-behalf
10-year Summary

| County | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Allegany | 2.06 | 2.09 | 2.05 | 2.04 | 2.02 | 1.93 | 1.94 | 1.92 | 1.84 | 1.84 |
| Anne Arundel | 0.63 | 0.61 | 0.59 | 0.59 | 0.60 | 0.61 | 0.63 | 0.63 | 0.62 | 0.62 |
| Baltimore City | 2.57 | 2.50 | 2.47 | 2.40 | 2.43 | 2.46 | 2.43 | 2.40 | 2.40 | 2.35 |
| Baltimore | 0.71 | 0.71 | 0.73 | 0.73 | 0.72 | 0.73 | 0.73 | 0.74 | 0.74 | 0.77 |
| Calvert | 1.27 | 1.26 | 1.19 | 1.19 | 1.19 | 1.14 | 1.12 | 1.08 | 1.06 | 1.01 |
| Caroline | 2.64 | 2.62 | 2.67 | 2.59 | 2.60 | 2.61 | 2.58 | 2.62 | 2.67 | 2.71 |
| Carroll | 1.03 | 1.01 | 1.00 | 0.99 | 1.00 | 0.98 | 0.95 | 0.91 | 0.87 | 0.84 |
| Cecil | 1.75 | 1.75 | 1.71 | 1.68 | 1.78 | 1.74 | 1.71 | 1.63 | 1.67 | 1.63 |
| Charles | 1.23 | 1.22 | 1.18 | 1.16 | 1.14 | 1.18 | 1.15 | 1.14 | 1.13 | 1.13 |
| Dorchester | 1.57 | 1.64 | 1.67 | 1.64 | 1.49 | 1.68 | 1.73 | 1.75 | 1.83 | 1.90 |
| Frederick | 0.95 | 1.00 | 1.03 | 1.03 | 1.02 | 1.05 | 1.03 | 1.02 | 1.01 | 0.97 |
| Garrett | 1.55 | 1.44 | 1.40 | 1.41 | 1.37 | 1.34 | 1.29 | 1.23 | 1.19 | 1.20 |
| Harford | 1.13 | 1.11 | 1.10 | 1.07 | 1.07 | 1.04 | 1.00 | 0.96 | 0.95 | 0.93 |
| Howard | 0.67 | 0.69 | 0.70 | 0.70 | 0.73 | 0.73 | 0.72 | 0.70 | 0.69 | 0.70 |
| Kent | 0.71 | 0.60 | 0.66 | 0.70 | 0.67 | 0.66 | 0.64 | 0.68 | 0.62 | 0.54 |
| Montgomery | 0.45 | 0.46 | 0.48 | 0.53 | 0.55 | 0.57 | 0.57 | 0.57 | 0.57 | 0.58 |
| Prince George's | 1.52 | 1.53 | 1.45 | 1.41 | 1.36 | 1.34 | 1.38 | 1.38 | 1.43 | 1.49 |
| Queen Anne's | 0.78 | 0.78 | 0.81 | 0.78 | 0.78 | 0.82 | 0.83 | 0.80 | 0.76 | 0.76 |
| St. Mary's | 1.16 | 1.16 | 1.14 | 1.08 | 1.09 | 1.05 | 1.05 | 1.02 | 1.02 | 0.96 |
| Somerset | 2.79 | 2.86 | 2.63 | 2.77 | 3.00 | 2.94 | 2.88 | 3.07 | 3.21 | 3.15 |
| Talbot | 0.32 | 0.28 | 0.29 | 0.29 | 0.32 | 0.31 | 0.32 | 0.33 | 0.36 | 0.36 |
| Washington | 1.18 | 1.25 | 1.26 | 1.27 | 1.31 | 1.38 | 1.37 | 1.39 | 1.41 | 1.39 |
| Wicomico | 1.33 | 1.40 | 1.46 | 1.52 | 1.63 | 1.66 | 1.68 | 1.75 | 1.76 | 1.80 |
| Worcester | 0.37 | 0.36 | 0.34 | 0.36 | 0.37 | 0.39 | 0.39 | 0.41 | 0.39 | 0.39 |
| Total (Weighted Avg.) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| County Mean (Simple Avg.) | 1.27 | 1.26 | 1.25 | 1.25 | 1.26 | 1.26 | 1.25 | 1.26 | 1.26 | 1.25 |
| Standard Deviation | 0.70 | 0.71 | 0.68 | 0.68 | 0.70 | 0.69 | 0.68 | 0.71 | 0.73 | 0.73 |

Note: Amounts have been adjusted to reflect changes in State aid classifications and computations. See Chapter 4 on comparability.

Source: Department of Legislative Services

Exhibit 1.8
Comparison of State Tax Revenues and State Aid – Fiscal 2016
Direct Aid and Payments-on-behalf

| County | <u>Share of Population</u> | | | <u>Share of State Tax Revenues</u> | | | <u>Share of State Grants to Local Governments</u> | | |
|-----------------|-----------------------------------|-------------------------|----------------|-------------------------------------------|-------------------------|----------------|----------------------------------------------------------|-------------------------|----------------|
| | Population | Percent of Total | Ranking | Total Revenues | Percent of Total | Ranking | Total Grants | Percent of Total | Ranking |
| Allegany | 72,498 | 1.2% | 16 | \$145,139,609 | 0.8% | 18 | \$108,110,819 | 1.5% | 15 |
| Anne Arundel | 564,390 | 9.4% | 5 | 1,912,127,771 | 11.0% | 4 | 479,377,672 | 6.8% | 5 |
| Baltimore City | 623,031 | 10.4% | 4 | 1,345,890,365 | 7.7% | 5 | 1,279,002,621 | 18.1% | 1 |
| Baltimore | 829,379 | 13.8% | 3 | 2,527,109,792 | 14.5% | 2 | 789,307,075 | 11.2% | 4 |
| Calvert | 90,495 | 1.5% | 15 | 249,300,852 | 1.4% | 13 | 101,842,976 | 1.4% | 16 |
| Caroline | 32,620 | 0.5% | 20 | 56,404,410 | 0.3% | 23 | 61,864,292 | 0.9% | 17 |
| Carroll | 167,136 | 2.8% | 9 | 493,429,113 | 2.8% | 9 | 167,976,818 | 2.4% | 11 |
| Cecil | 102,452 | 1.7% | 13 | 193,889,648 | 1.1% | 16 | 128,018,800 | 1.8% | 13 |
| Charles | 155,793 | 2.6% | 10 | 437,097,831 | 2.5% | 10 | 199,802,144 | 2.8% | 10 |
| Dorchester | 32,411 | 0.5% | 21 | 64,411,346 | 0.4% | 21 | 49,605,575 | 0.7% | 18 |
| Frederick | 245,482 | 4.1% | 8 | 725,815,334 | 4.2% | 7 | 285,605,854 | 4.1% | 7 |
| Garrett | 29,416 | 0.5% | 22 | 69,099,316 | 0.4% | 20 | 33,544,788 | 0.5% | 22 |
| Harford | 249,661 | 4.2% | 7 | 680,462,107 | 3.9% | 8 | 255,959,368 | 3.6% | 8 |
| Howard | 312,400 | 5.2% | 6 | 1,129,179,171 | 6.5% | 6 | 318,426,163 | 4.5% | 6 |
| Kent | 19,696 | 0.3% | 24 | 60,228,749 | 0.3% | 22 | 13,228,584 | 0.2% | 24 |
| Montgomery | 1,039,370 | 17.3% | 1 | 3,815,139,843 | 21.9% | 1 | 890,560,618 | 12.6% | 3 |
| Prince George's | 908,282 | 15.1% | 2 | 2,106,178,751 | 12.1% | 3 | 1,265,120,967 | 18.0% | 2 |
| Queen Anne's | 49,039 | 0.8% | 18 | 142,305,898 | 0.8% | 19 | 43,871,197 | 0.6% | 19 |
| St. Mary's | 111,100 | 1.9% | 12 | 308,573,659 | 1.8% | 12 | 120,220,855 | 1.7% | 14 |
| Somerset | 25,692 | 0.4% | 23 | 30,865,171 | 0.2% | 24 | 39,265,732 | 0.6% | 20 |
| Talbot | 37,507 | 0.6% | 19 | 145,874,508 | 0.8% | 17 | 21,452,570 | 0.3% | 23 |
| Washington | 149,198 | 2.5% | 11 | 358,832,440 | 2.1% | 11 | 201,677,117 | 2.9% | 9 |
| Wicomico | 102,058 | 1.7% | 14 | 228,274,069 | 1.3% | 14 | 166,127,657 | 2.4% | 12 |
| Worcester | 51,455 | 0.9% | 17 | 221,250,938 | 1.3% | 15 | 35,329,453 | 0.5% | 21 |
| Total | 6,000,561 | 100.0% | | \$17,446,880,691 | 100.0% | | \$7,055,299,715 | 100.0% | |

Source: Department of Legislative Services

Exhibit 1.9
Per Capita Allocation of State Tax Revenues and State Aid – Fiscal 2016
Direct Aid and Payments-on-behalf

| County | Population | <u>Share of State Tax Revenues</u> | | | <u>Share of State Grants to Local Governments</u> | | |
|-----------------|------------------|------------------------------------|-------------------|---------|---------------------------------------------------|-------------------|---------|
| | | Total Revenues | Per Capita Amount | Ranking | Total Grants | Per Capita Amount | Ranking |
| Allegany | 72,498 | \$145,139,609 | \$2,002 | 20 | \$108,110,819 | \$1,491 | 6 |
| Anne Arundel | 564,390 | 1,912,127,771 | 3,388 | 5 | 479,377,672 | 849 | 21 |
| Baltimore City | 623,031 | 1,345,890,365 | 2,160 | 19 | 1,279,002,621 | 2,053 | 1 |
| Baltimore | 829,379 | 2,527,109,792 | 3,047 | 7 | 789,307,075 | 952 | 18 |
| Calvert | 90,495 | 249,300,852 | 2,755 | 13 | 101,842,976 | 1,125 | 13 |
| Caroline | 32,620 | 56,404,410 | 1,729 | 23 | 61,864,292 | 1,897 | 2 |
| Carroll | 167,136 | 493,429,113 | 2,952 | 9 | 167,976,818 | 1,005 | 17 |
| Cecil | 102,452 | 193,889,648 | 1,892 | 22 | 128,018,800 | 1,250 | 10 |
| Charles | 155,793 | 437,097,831 | 2,806 | 11 | 199,802,144 | 1,282 | 9 |
| Dorchester | 32,411 | 64,411,346 | 1,987 | 21 | 49,605,575 | 1,531 | 4 |
| Frederick | 245,482 | 725,815,334 | 2,957 | 8 | 285,605,854 | 1,163 | 11 |
| Garrett | 29,416 | 69,099,316 | 2,349 | 16 | 33,544,788 | 1,140 | 12 |
| Harford | 249,661 | 680,462,107 | 2,726 | 14 | 255,959,368 | 1,025 | 15 |
| Howard | 312,400 | 1,129,179,171 | 3,615 | 4 | 318,426,163 | 1,019 | 16 |
| Kent | 19,696 | 60,228,749 | 3,058 | 6 | 13,228,584 | 672 | 23 |
| Montgomery | 1,039,370 | 3,815,139,843 | 3,671 | 3 | 890,560,618 | 857 | 20 |
| Prince George's | 908,282 | 2,106,178,751 | 2,319 | 17 | 1,265,120,967 | 1,393 | 7 |
| Queen Anne's | 49,039 | 142,305,898 | 2,902 | 10 | 43,871,197 | 895 | 19 |
| St. Mary's | 111,100 | 308,573,659 | 2,777 | 12 | 120,220,855 | 1,082 | 14 |
| Somerset | 25,692 | 30,865,171 | 1,201 | 24 | 39,265,732 | 1,528 | 5 |
| Talbot | 37,507 | 145,874,508 | 3,889 | 2 | 21,452,570 | 572 | 24 |
| Washington | 149,198 | 358,832,440 | 2,405 | 15 | 201,677,117 | 1,352 | 8 |
| Wicomico | 102,058 | 228,274,069 | 2,237 | 18 | 166,127,657 | 1,628 | 3 |
| Worcester | 51,455 | 221,250,938 | 4,300 | 1 | 35,329,453 | 687 | 22 |
| Total | 6,000,561 | \$17,446,880,691 | \$2,908 | | \$7,055,299,715 | \$1,176 | |

Source: Department of Legislative Services

Chapter 2. State Aid to Local Governments

Introduction

State aid is a major revenue source for local governments in Maryland, totaling \$7.3 billion in fiscal 2016. This funding includes direct aid to county and municipal governments, local school systems, libraries, community colleges, and local health departments; payments made on behalf of local governments for the employer's share of retirement costs for public school teachers, librarians, and community college faculty; and State assumption of functions and responsibilities in Baltimore City that are typically performed by local governments.

Most State aid is targeted to local school systems. In fiscal 2016, 86.2% of State aid went to support local school systems with county and municipal governments receiving 7.9% of the aid. Support for local school systems totaled \$6.2 billion in fiscal 2016, while county and municipal governments received \$564.8 million. The remaining 5.9% was allocated to local libraries, community colleges, and local health departments. These entities received \$419.6 million in fiscal 2016. In addition, State spending on the assumption of functions in Baltimore City has increased from \$152.0 million in fiscal 2006 to \$188.3 million in fiscal 2016. **Exhibit 2.1** compares the allocation of State aid by governmental entity in fiscal 2006 and 2016.

Exhibit 2.1
State Aid to Local Governments by Governmental Entity
(\$ in Millions)

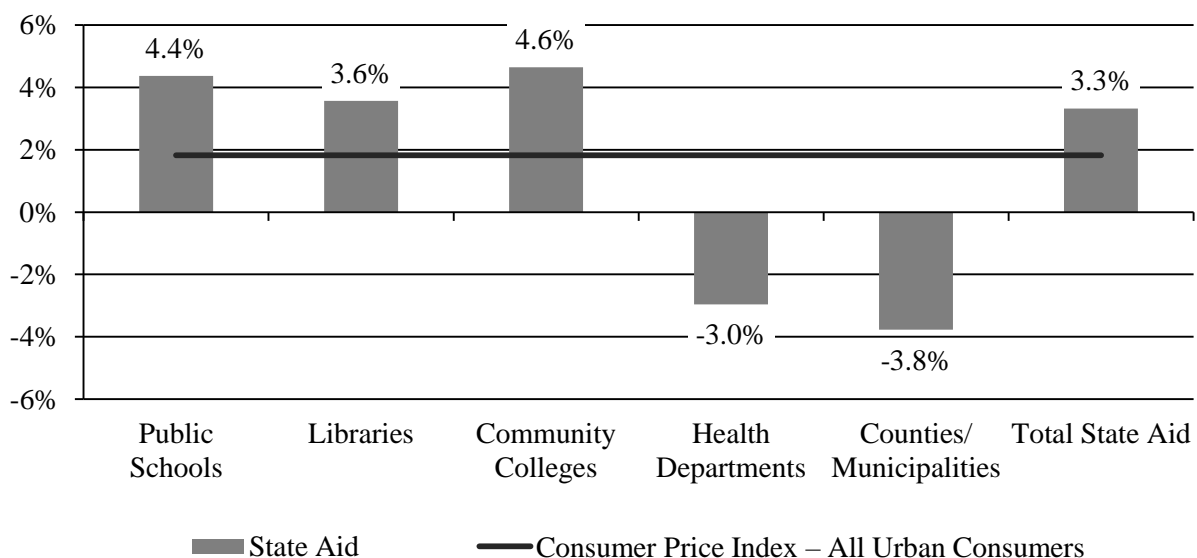
| Entity | FY 2006 | Percent of Total | FY 2016 | Percent of Total |
|--------------------|------------------|-----------------------------|------------------|-----------------------------|
| Public Schools | \$4,009.0 | 77.9% | \$6,150.0 | 86.2% |
| County/Municipal | 832.4 | 16.2% | 564.8 | 7.9% |
| Community Colleges | 191.6 | 3.7% | 301.8 | 4.2% |
| Health | 61.9 | 1.2% | 45.8 | 0.6% |
| Libraries | 50.6 | 1.0% | 71.9 | 1.0% |
| Subtotal | \$5,145.6 | 100.0% | \$7,134.4 | 100.0% |
| Assumed Functions | 152.0 | | 188.3 | |
| Total | \$5,297.6 | | \$7,322.7 | |

Source: Department of Legislative Services

Change in State Aid

Over the last 10 years, State aid to local governments has increased by \$2.0 billion, which represents a 3.3% average annual increase as shown in **Exhibit 2.2**. Much of the increase is attributable to the implementation of the Bridge to Excellence in Public Schools Act that was passed at the 2002 session. The legislation simplified the State's school financing structure by eliminating a large number of small categorical aid programs while significantly increasing overall financial support for public schools. Under the new formulas, the vast majority of State aid is allocated to local school systems based on student enrollments and local wealth. Full implementation of the Bridge to Excellence in Public Schools Act occurred in fiscal 2008.

Exhibit 2.2
Average Annual Increases in State Aid to Local Government
Fiscal 2006-2016



Reliance on State Aid

State aid is the largest revenue source for many county governments in Maryland, representing 27.1% of total county revenues in fiscal 2016, excluding debt proceeds. In the 12 counties in which State aid was not the largest revenue source, it was either the second or third leading revenue source. In Anne Arundel, Baltimore, Calvert, Carroll, Garrett, Harford, Kent, Queen Anne's, Talbot, and Worcester counties, State aid was the second largest revenue source after property taxes, whereas in Howard and Montgomery counties, State aid was the third largest revenue source after both property and income taxes. The dependence on State aid varies across the State, with less affluent jurisdictions relying on State aid as their primary revenue source, while more affluent jurisdictions rely more heavily on local property and income taxes. For example,

State aid accounts for 16.2% of total revenues in Worcester County but reaches 52.9% in Caroline County.

State aid is the fourth largest revenue source for municipalities, accounting for 7.1% of revenues. The reliance on State aid varies across the State, ranging from below 4% of total revenues for municipalities in Montgomery, Washington, and Worcester counties to over 20% for municipalities in Garrett, Queen Anne's, and St. Mary's counties.

State Assumed Functions in Baltimore City

Another type of State financial assistance is the State assumption of functions or responsibilities traditionally performed by local governments. State assumption of local programs relieves local governments of the cost of programs over which they have little control, achieves equity when local administration resulted in significant inequities, or occurs when specific functions in a local jurisdiction require State intervention. For example, the State assumption of the detention center, central booking facility, and community college in Baltimore City helps to alleviate fiscal pressures confronting the city government while providing ongoing services to city residents.

Pretrial Complex and Central Booking and Intake Facility

County governments have traditionally been given the responsibility for defendants confined while awaiting pretrial release or trial. In Baltimore City, however, the Department of Public Safety and Correctional Services is responsible for operating and funding the Baltimore City Pretrial Complex and the Baltimore City Central Booking and Intake Facility.

Legislation enacted in 1991 authorized the State to assume the costs and operation of the Baltimore City Detention Center (now known as the Baltimore City Pretrial Complex) and provided for State operation of a central booking and intake facility in Baltimore City by fiscal 1995. The Baltimore City Central Booking and Intake Facility originally opened in fiscal 1996. The State spent approximately \$82.5 million in fiscal 2016 to operate the Baltimore City Pretrial Complex and \$65.1 million to operate the Baltimore City Central Booking and Intake Facility. To partially offset the costs to operate these two facilities, State funding for Baltimore City under the police aid formula was discontinued; however, legislation enacted in 1996 provided a small grant to Baltimore City under the police aid formula beginning in fiscal 1997.

Baltimore City Community College

Community colleges are considered units of local government. Generally, the State makes financial contributions to local community colleges through several formula grants. Statewide in fiscal 2016, local community colleges received 24.9% of their funding from the State and 32.8% from county governments. In Baltimore City, the local community college is operated and funded by the State. Legislation enacted in 1990 established the city's community college as a

State agency beginning in fiscal 1991. State funding for the Baltimore City Community College totaled \$40.8 million in fiscal 2016.

Allocation of State Financial Assistance

State financial assistance reported in *The Balance Sheet* for fiscal 2016 totals \$7.1 billion, representing \$6.1 billion in direct State grants, \$791.2 million in retirement payments, and \$188.3 million in assumed functions for Baltimore City. Direct State grants include funds for police protection, fire and rescue services, Program Open Space, public schools, community colleges, libraries, and public health services. State payments-on-behalf include teachers' retirement costs for certain board of education, community college, and library employees. Assumed functions include State appropriations for the Baltimore City Community College, the Baltimore City Pretrial Complex, and the Baltimore City Central Booking and Intake Facility.

The amounts shown for each county include State grants to the municipalities located within the county. Some State aid is excluded from the balance sheet including (1) \$82.9 million that could not easily be allocated by county and (2) \$200.5 million of primarily transportation grants that are funded with revenues that cannot be allocated by county and thus are excluded from the revenue portion of *The Balance Sheet*. State aid programs excluded from this analysis include local highway user revenues; local transportation grants for the elderly, disabled, and paratransit services; 911 emergency communications grants; and vehicle theft prevention grants. These programs account for approximately 2.7% of total State aid to local governments in fiscal 2016. This percentage is low, due primarily to a significant reduction in highway user revenues to local governments after fiscal 2008. **Exhibit 2.3** shows the programs and the amount of State aid excluded from *The Balance Sheet* analysis. **Exhibit 2.4** compares total State aid in fiscal 2016 with the amount of State aid allocated to the counties in *The Balance Sheet* analysis.

Exhibit 2.3
State Aid Programs Excluded from *The Balance Sheet*
(\$ in Millions)

| | <u>FY 2006</u> | <u>FY 2011</u> | <u>FY 2016</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| Highway User Revenues | \$538.4 | \$139.3 | \$177.3 |
| Elderly/Disabled Transportation | 4.5 | 4.4 | 4.3 |
| Paratransit Services | 2.5 | 3.0 | 1.5 |
| 911 Emergency Communications | 12.9 | 13.4 | 15.7 |
| Vehicle Theft Prevention | 1.7 | 1.7 | 1.6 |
| Total | \$560.1 | \$161.8 | \$200.5 |
| Percent of State Aid | 10.6% | 2.4% | 2.7% |

Source: Department of Legislative Services

Exhibit 2.4
Comparison of Total State Aid with the
Amount of State Aid Allocated in *The Balance Sheet*
Fiscal 2016

| County | Total State Aid | | State Aid in Balance Sheet | | Percent of Total State Aid |
|-----------------|------------------------|----------------|----------------------------|----------------|-------------------------------|
| | Amount | Per Capita | Amount | Per Capita | |
| Allegany | \$109,098,089 | \$1,505 | \$108,110,819 | \$1,491 | 99.1% |
| Anne Arundel | 483,171,407 | 856 | 479,377,672 | 849 | 99.2% |
| Baltimore City | 1,421,682,559 | 2,282 | 1,279,002,621 | 2,053 | 90.0% |
| Baltimore | 794,355,962 | 958 | 789,307,075 | 952 | 99.4% |
| Calvert | 102,777,564 | 1,136 | 101,842,976 | 1,125 | 99.1% |
| Caroline | 62,401,333 | 1,913 | 61,864,292 | 1,897 | 99.1% |
| Carroll | 169,651,857 | 1,015 | 167,976,818 | 1,005 | 99.0% |
| Cecil | 129,018,343 | 1,259 | 128,018,800 | 1,250 | 99.2% |
| Charles | 201,034,566 | 1,290 | 199,802,144 | 1,282 | 99.4% |
| Dorchester | 50,365,137 | 1,554 | 49,605,575 | 1,531 | 98.5% |
| Frederick | 287,945,743 | 1,173 | 285,605,854 | 1,163 | 99.2% |
| Garrett | 34,319,892 | 1,167 | 33,544,788 | 1,140 | 97.7% |
| Harford | 257,915,213 | 1,033 | 255,959,368 | 1,025 | 99.2% |
| Howard | 320,863,220 | 1,027 | 318,426,163 | 1,019 | 99.2% |
| Kent | 13,601,908 | 691 | 13,228,584 | 672 | 97.3% |
| Montgomery | 896,036,155 | 862 | 890,560,618 | 857 | 99.4% |
| Prince George's | 1,270,711,061 | 1,399 | 1,265,120,967 | 1,393 | 99.6% |
| Queen Anne's | 44,579,561 | 909 | 43,871,197 | 895 | 98.4% |
| St. Mary's | 121,294,521 | 1,092 | 120,220,855 | 1,082 | 99.1% |
| Somerset | 39,733,730 | 1,547 | 39,265,732 | 1,528 | 98.8% |
| Talbot | 22,390,875 | 597 | 21,452,570 | 572 | 95.8% |
| Washington | 203,310,599 | 1,363 | 201,677,117 | 1,352 | 99.2% |
| Wicomico | 167,315,974 | 1,639 | 166,127,657 | 1,628 | 99.3% |
| Worcester | 36,197,758 | 703 | 35,329,453 | 687 | 97.6% |
| Unallocated | 82,925,584 | 14 | 0 | 0 | |
| Total | \$7,322,698,055 | \$1,220 | \$7,055,299,715 | \$1,176 | 96.3% |

Source: Department of Legislative Services

In fiscal 2016, Baltimore City received the greatest amount of State aid (allocated in *The Balance Sheet* report) at \$1.3 billion, followed by Prince George's County also at \$1.3 billion. On a per capita basis, these amounts translate into \$2,053 for Baltimore City (the greatest per capita amount for any jurisdiction) and \$1,393 for Prince George's County. Kent and Talbot counties, in contrast, received the least amount of State aid at \$13.2 million and \$21.5 million, respectively. On a per capita basis, Kent County received \$672, while Talbot County received \$572 – the least amount per capita for any jurisdiction. **Exhibit 2.5** shows the allocation of State aid by government entity, while **Exhibit 2.6** provides the allocation on a per capita basis by county.

Exhibit 2.5
Direct State Aid and Payments-on-behalf
Fiscal 2016

| County | Education | Libraries | Community Colleges | Health | County/ Municipal | Retirement Payments | Assumed Functions | Total |
|-----------------|------------------------|---------------------|-----------------------|---------------------|----------------------|------------------------|----------------------|------------------------|
| Allegany | \$78,199,294 | \$751,636 | \$6,172,781 | \$1,099,100 | \$12,718,271 | \$9,169,737 | \$0 | \$108,110,819 |
| Anne Arundel | 342,224,411 | 2,137,602 | 31,307,978 | 3,872,663 | 31,000,781 | 68,834,237 | 0 | 479,377,672 |
| Baltimore City | 888,899,639 | 6,096,300 | 0 | 8,143,710 | 119,603,755 | 67,924,981 | 188,334,236 | 1,279,002,621 |
| Baltimore | 623,416,156 | 5,545,144 | 41,334,984 | 5,367,061 | 20,288,940 | 93,354,790 | 0 | 789,307,075 |
| Calvert | 79,891,296 | 409,632 | 2,571,690 | 489,112 | 3,606,177 | 14,875,069 | 0 | 101,842,976 |
| Caroline | 50,557,226 | 278,456 | 1,681,730 | 620,257 | 4,011,968 | 4,714,655 | 0 | 61,864,292 |
| Carroll | 131,618,999 | 928,554 | 8,501,532 | 1,467,782 | 3,717,851 | 21,742,100 | 0 | 167,976,818 |
| Cecil | 100,395,792 | 739,593 | 5,968,245 | 975,421 | 6,176,415 | 13,763,334 | 0 | 128,018,800 |
| Charles | 163,134,808 | 966,584 | 8,803,800 | 1,233,141 | 2,600,541 | 23,063,270 | 0 | 199,802,144 |
| Dorchester | 40,181,340 | 263,277 | 1,253,372 | 512,765 | 3,558,229 | 3,836,592 | 0 | 49,605,575 |
| Frederick | 231,731,189 | 1,360,387 | 9,939,515 | 1,815,569 | 5,762,711 | 34,996,483 | 0 | 285,605,854 |
| Garrett | 21,234,463 | 138,081 | 3,923,141 | 515,526 | 4,197,331 | 3,536,246 | 0 | 33,544,788 |
| Harford | 205,553,124 | 1,482,721 | 11,394,658 | 2,083,651 | 5,324,060 | 30,121,154 | 0 | 255,959,368 |
| Howard | 231,507,950 | 869,271 | 17,693,179 | 1,529,332 | 6,042,783 | 60,783,648 | 0 | 318,426,163 |
| Kent | 9,540,863 | 82,631 | 609,707 | 402,595 | 776,370 | 1,816,418 | 0 | 13,228,584 |
| Montgomery | 643,843,647 | 2,901,596 | 48,451,026 | 3,925,949 | 24,307,694 | 167,130,706 | 0 | 890,560,618 |
| Prince George's | 1,055,488,418 | 6,965,419 | 27,960,362 | 6,227,909 | 62,035,709 | 106,443,150 | 0 | 1,265,120,967 |
| Queen Anne's | 34,048,712 | 144,473 | 1,876,684 | 495,836 | 1,082,488 | 6,223,004 | 0 | 43,871,197 |
| St. Mary's | 100,137,195 | 635,737 | 2,803,310 | 965,505 | 1,759,567 | 13,919,541 | 0 | 120,220,855 |
| Somerset | 28,932,850 | 276,814 | 719,458 | 495,525 | 6,134,598 | 2,706,487 | 0 | 39,265,732 |
| Talbot | 13,944,884 | 108,255 | 1,780,424 | 387,626 | 1,449,777 | 3,781,604 | 0 | 21,452,570 |
| Washington | 166,220,468 | 1,205,907 | 8,873,969 | 1,625,337 | 5,154,072 | 18,597,364 | 0 | 201,677,117 |
| Wicomico | 134,402,586 | 970,584 | 5,012,874 | 1,132,005 | 11,786,757 | 12,822,851 | 0 | 166,127,657 |
| Worcester | 19,817,999 | 147,323 | 2,104,098 | 441,996 | 5,756,883 | 7,061,154 | 0 | 35,329,453 |
| Total | \$5,394,923,309 | \$35,405,977 | \$250,738,517 | \$45,825,373 | \$348,853,728 | \$791,218,575 | \$188,334,236 | \$7,055,299,715 |

Note: County/Municipal category excludes funding for 911 grants, vehicle theft grants, transportation grants, and highway user revenues. Assumed Functions includes State expenditures for the Baltimore City Detention Center, Central Booking Facility, and Community College.

Source: Department of Legislative Services

Exhibit 2.6
Per Capita Direct State Aid and Payments-on-behalf
Fiscal 2016

| County | Education | Libraries | Community Colleges | Health | County/Municipal | Retirement Payments | Assumed Functions | Total |
|-----------------|--------------|------------|--------------------|------------|------------------|---------------------|-------------------|----------------|
| Allegany | \$1,079 | \$10 | \$85 | \$15 | \$175 | \$126 | \$0 | \$1,491 |
| Anne Arundel | 606 | 4 | 55 | 7 | 55 | 122 | 0 | 849 |
| Baltimore City | 1,427 | 10 | 0 | 13 | 192 | 109 | 302 | 2,053 |
| Baltimore | 752 | 7 | 50 | 6 | 24 | 113 | 0 | 952 |
| Calvert | 883 | 5 | 28 | 5 | 40 | 164 | 0 | 1,125 |
| Caroline | 1,550 | 9 | 52 | 19 | 123 | 145 | 0 | 1,897 |
| Carroll | 787 | 6 | 51 | 9 | 22 | 130 | 0 | 1,005 |
| Cecil | 980 | 7 | 58 | 10 | 60 | 134 | 0 | 1,250 |
| Charles | 1,047 | 6 | 57 | 8 | 17 | 148 | 0 | 1,282 |
| Dorchester | 1,240 | 8 | 39 | 16 | 110 | 118 | 0 | 1,531 |
| Frederick | 944 | 6 | 40 | 7 | 23 | 143 | 0 | 1,163 |
| Garrett | 722 | 5 | 133 | 18 | 143 | 120 | 0 | 1,140 |
| Harford | 823 | 6 | 46 | 8 | 21 | 121 | 0 | 1,025 |
| Howard | 741 | 3 | 57 | 5 | 19 | 195 | 0 | 1,019 |
| Kent | 484 | 4 | 31 | 20 | 39 | 92 | 0 | 672 |
| Montgomery | 619 | 3 | 47 | 4 | 23 | 161 | 0 | 857 |
| Prince George's | 1,162 | 8 | 31 | 7 | 68 | 117 | 0 | 1,393 |
| Queen Anne's | 694 | 3 | 38 | 10 | 22 | 127 | 0 | 895 |
| St. Mary's | 901 | 6 | 25 | 9 | 16 | 125 | 0 | 1,082 |
| Somerset | 1,126 | 11 | 28 | 19 | 239 | 105 | 0 | 1,528 |
| Talbot | 372 | 3 | 47 | 10 | 39 | 101 | 0 | 572 |
| Washington | 1,114 | 8 | 59 | 11 | 35 | 125 | 0 | 1,352 |
| Wicomico | 1,317 | 10 | 49 | 11 | 115 | 126 | 0 | 1,628 |
| Worcester | 385 | 3 | 41 | 9 | 112 | 137 | 0 | 687 |
| Total | \$899 | \$6 | \$42 | \$8 | \$58 | \$132 | \$31 | \$1,176 |

Note: County/Municipal category excludes funding for 911 grants, vehicle theft grants, transportation grants, and highway user revenues. Assumed Functions includes State expenditures for the Baltimore City Detention Center, Central Booking Facility, and Community College.

Source: Department of Legislative Services

Chapter 3. Allocation of State Revenues

Introduction

The Balance Sheet analysis accounts for a majority of State tax revenues. State tax revenues allocated to local governments total \$17.4 billion in fiscal 2016. Major State tax revenues excluded from this analysis include motor vehicle fuel taxes, titling taxes, and corporate income taxes accruing to the Transportation Trust Fund. Point-of-collection data is currently unavailable for these revenue sources.

Revenue Allocation

The Balance Sheet allocates State tax revenues among local governments based on five methods: point of collection; county sales; population; utility revenues; and vehicle registration. As shown in **Exhibit 3.1**, most revenues (income, sales, property, transfer, and death taxes) are reported at the point of collection on a county-by-county basis. In the event that point-of-collection revenue data by county is not available, revenues are allocated using county-by-county receipts, sales, or population. Revenues from the tax on gross receipts of utilities are allocated on the basis of revenues earned by utility companies in each county. Revenues from beer, wine, and liquor taxes and the State lottery are allocated on the basis of sales. The corporate income tax, tobacco tax, insurance tax, abandoned property revenues, corporate filing fees, horse racing tax, gaming revenues, tax revenues from electronic bingo and tip jars, and tax on the net earnings of financial institutions and savings banks are allocated on the basis of county population. The Medevac surcharge is allocated based on the number of vehicle registrations in each county. **Exhibit 3.2** shows the allocation of State revenues by county in fiscal 2016, and **Exhibit 3.3** shows the per capita allocation of selected tax revenues by county.

The largest single revenue component allocated for this report is the individual income tax at \$8.5 billion or 48.8% of total allocated revenue. The amount of allocated taxes on a per capita basis varies widely as illustrated in Exhibit 3.3. Worcester County generated the greatest amount of State revenues at \$4,300 per resident, followed by Talbot County at \$3,889 per resident. Howard and Montgomery counties are the next leading counties in terms of per capita revenue collections. In comparison, Somerset County generated the least State revenues at \$1,201 per resident. In terms of the individual income tax, Montgomery County generated the most per capita at \$2,195, followed by Howard County at \$2,147 per resident. In comparison, Somerset County contributed the least per capita at \$423, while Allegany and Dorchester counties generated \$651 and \$714, respectively, per resident.

Some of the disparity in per capita tax collection can be explained by looking at the local wealth figures for each county, as shown in **Exhibit 3.4**. Local wealth is calculated by adding together a county's assessable base and net taxable income. For example, Allegany County and Somerset County have the lowest per capita wealth amount, which results in a below average

ability to generate State revenues. In comparison, Worcester County is the State's wealthiest jurisdiction on a per capita basis followed by Talbot County. Montgomery and Howard counties have the third and fourth highest per capita wealth, respectively. The high wealth ranking for Worcester County is due exclusively to the large amount of residential and commercial development in Ocean City. The county's per capita income tax base is below the statewide average. In Talbot County, the high local wealth ranking is due to a concentration of affluent residents, waterfront properties, and a relatively large commercial base that serves as a regional retail destination for surrounding jurisdictions on the Eastern Shore.

Exhibit 3.1
Allocation Basis for State Tax Revenues

Percent of Total Taxes Allocated

| Point of Collection | <u>FY 2006</u> | <u>FY 2011</u> | <u>FY 2016</u> |
|------------------------------|-----------------------|-----------------------|-----------------------|
| Individual Income Tax | 48.7% | 47.4% | 48.8% |
| Sales Tax | 26.7% | 27.9% | 26.0% |
| Property Tax | 4.6% | 5.9% | 4.4% |
| Transfer Tax | 2.1% | 0.8% | 1.1% |
| Death Taxes | 1.8% | 1.7% | 1.6% |
| <i>Subtotal</i> | <i>83.9%</i> | <i>83.8%</i> | <i>82.0%</i> |
| County Sales | | | |
| Net Lottery Receipts | 3.8% | 3.6% | 3.0% |
| Liquor Tax | 0.1% | 0.1% | 0.1% |
| Beer Tax | 0.1% | 0.1% | 0.1% |
| Wine Tax | < 0.1% | < 0.1% | < 0.1% |
| <i>Subtotal</i> | <i>4.0%</i> | <i>3.8%</i> | <i>3.2%</i> |
| Utility Revenues | | | |
| Gross Receipts Tax | 1.0% | 0.9% | 0.8% |
| Population | | | |
| Corporate Income Tax | 5.1% | 4.4% | 5.4% |
| Tobacco Tax | 2.2% | 2.9% | 2.3% |
| Insurance Tax | 2.2% | 2.1% | 1.8% |
| Abandoned Property | 0.7% | 0.6% | 0.6% |
| Corporate Filing Fees | 0.5% | 0.6% | 0.5% |
| Gaming Revenues | 0.0% | 0.5% | 3.0% |
| Electronic Bingo/Tip Jars | 0.0% | 0.1% | 0.1% |
| Horse Racing Tax | < 0.1% | < 0.1% | < 0.1% |
| Net Earnings Tax | 0.0% | 0.0% | < 0.1% |
| <i>Subtotal</i> | <i>10.7%</i> | <i>11.2%</i> | <i>13.6%</i> |
| Vehicle Registration | | | |
| Medevac Surcharge | 0.4% | 0.4% | 0.4% |
| Total Taxes Allocated | 100.0% | 100.0% | 100.0% |

Source: Department of Legislative Services

Exhibit 3.2
Allocation of State Revenues
Fiscal 2016

| County | Individual Income Tax | Corporate Income Tax | Gross Receipts Tax | Sales Tax | Insurance Tax | Transfer Tax |
|-----------------|----------------------------------|---------------------------------|-------------------------------|------------------------|----------------------|----------------------|
| Allegany | \$47,191,303 | \$11,383,602 | \$1,998,180 | \$56,402,232 | \$3,869,413 | \$588,653 |
| Anne Arundel | 945,640,746 | 88,620,255 | 12,954,741 | 530,302,231 | 30,123,008 | 23,740,307 |
| Baltimore City | 498,311,011 | 97,828,037 | 16,002,971 | 420,938,852 | 33,252,836 | 13,594,472 |
| Baltimore | 1,204,936,713 | 130,228,704 | 19,699,515 | 713,860,366 | 44,266,182 | 22,228,199 |
| Calvert | 134,379,581 | 14,209,483 | 1,615,924 | 49,562,442 | 4,829,961 | 2,666,682 |
| Caroline | 23,338,186 | 5,121,977 | 863,551 | 12,888,976 | 1,741,017 | 517,310 |
| Carroll | 256,011,542 | 26,243,617 | 3,445,946 | 121,834,038 | 8,920,497 | 4,512,880 |
| Cecil | 81,071,226 | 16,086,965 | 2,480,069 | 46,562,966 | 5,468,138 | 2,010,628 |
| Charles | 191,101,327 | 24,462,544 | 2,808,129 | 134,371,551 | 8,315,090 | 5,318,540 |
| Dorchester | 23,149,934 | 5,089,160 | 959,011 | 19,107,504 | 1,729,862 | 603,452 |
| Frederick | 365,168,635 | 38,545,469 | 7,002,643 | 194,520,505 | 13,102,033 | 8,528,049 |
| Garrett | 22,807,160 | 4,618,887 | 792,742 | 25,468,679 | 1,570,011 | 900,387 |
| Harford | 345,417,367 | 39,201,654 | 5,278,794 | 166,846,183 | 13,325,077 | 6,753,769 |
| Howard | 670,769,801 | 49,052,902 | 7,134,181 | 228,967,786 | 16,673,626 | 14,054,762 |
| Kent | 21,872,635 | 3,092,657 | 479,620 | 18,904,805 | 1,051,228 | 598,423 |
| Montgomery | 2,281,221,679 | 163,201,393 | 22,983,772 | 680,099,718 | 55,473,965 | 41,282,808 |
| Prince George's | 839,283,346 | 142,618,016 | 19,080,556 | 643,190,905 | 48,477,447 | 25,639,666 |
| Queen Anne's | 73,737,609 | 7,700,081 | 1,017,338 | 31,219,508 | 2,617,343 | 2,018,840 |
| St. Mary's | 144,064,692 | 17,444,870 | 1,965,544 | 65,910,272 | 5,929,705 | 2,533,019 |
| Somerset | 10,875,403 | 4,034,146 | 464,558 | 4,577,927 | 1,371,251 | 234,368 |
| Talbot | 60,881,015 | 5,889,332 | 647,702 | 49,481,272 | 2,001,849 | 1,936,487 |
| Washington | 137,794,693 | 23,427,000 | 3,111,078 | 128,512,598 | 7,963,097 | 3,095,357 |
| Wicomico | 76,057,541 | 16,025,100 | 2,606,302 | 89,021,054 | 5,447,109 | 1,654,700 |
| Worcester | 62,502,239 | 8,079,440 | 2,099,281 | 104,773,907 | 2,746,291 | 3,960,650 |
| Total | \$8,517,585,385 | \$942,205,291 | \$137,492,148 | \$4,537,326,278 | \$320,266,037 | \$188,972,409 |

Exhibit 3.2 (continued)
Allocation of State Revenues
Fiscal 2016

| County | Death Taxes | Liquor Tax | Beer Tax | Wine Tax | Tobacco Tax | Horse Racing Tax | Net Lottery Receipts |
|-----------------|----------------------|---------------------|--------------------|--------------------|----------------------|-----------------------------|---------------------------------|
| Allegany | \$1,293,631 | \$188,639 | \$157,869 | \$43,605 | \$4,778,380 | \$34,776 | \$3,232,229 |
| Anne Arundel | 19,865,810 | 1,954,106 | 1,016,467 | 933,527 | 37,199,233 | 270,728 | 51,133,005 |
| Baltimore City | 12,829,286 | 2,199,831 | 986,830 | 579,349 | 41,064,292 | 298,857 | 77,753,464 |
| Baltimore | 50,755,023 | 2,537,254 | 1,160,952 | 970,261 | 54,664,794 | 397,838 | 86,550,641 |
| Calvert | 2,733,656 | 277,285 | 170,677 | 103,160 | 5,964,572 | 43,409 | 7,667,262 |
| Caroline | 149,128 | 77,222 | 62,110 | 19,970 | 2,150,001 | 15,647 | 2,224,195 |
| Carroll | 6,500,807 | 421,031 | 291,511 | 191,216 | 11,016,019 | 80,172 | 11,060,001 |
| Cecil | 1,696,480 | 450,304 | 245,040 | 135,027 | 6,752,664 | 49,144 | 6,835,117 |
| Charles | 1,255,794 | 489,047 | 212,579 | 108,874 | 10,268,396 | 74,731 | 20,048,961 |
| Dorchester | 521,825 | 95,725 | 68,695 | 25,926 | 2,136,226 | 15,547 | 3,198,424 |
| Frederick | 6,205,277 | 649,852 | 411,606 | 270,493 | 16,179,844 | 117,753 | 12,574,793 |
| Garrett | 725,806 | 109,528 | 74,564 | 31,358 | 1,938,824 | 14,110 | 1,020,745 |
| Harford | 4,206,158 | 588,534 | 374,807 | 256,329 | 16,455,284 | 119,758 | 19,321,470 |
| Howard | 12,735,389 | 750,524 | 335,155 | 383,731 | 20,590,444 | 149,853 | 14,721,373 |
| Kent | 5,118,466 | 75,735 | 42,203 | 34,123 | 1,298,173 | 9,448 | 1,562,033 |
| Montgomery | 114,046,320 | 1,670,671 | 867,552 | 1,036,347 | 68,505,408 | 498,567 | 57,897,080 |
| Prince George's | 10,065,996 | 2,372,601 | 1,133,217 | 574,707 | 59,865,331 | 435,687 | 109,599,151 |
| Queen Anne's | 1,460,380 | 160,033 | 106,078 | 72,092 | 3,232,186 | 23,523 | 3,812,481 |
| St. Mary's | 22,089,561 | 276,168 | 191,965 | 84,657 | 7,322,658 | 53,293 | 12,236,062 |
| Somerset | 371,197 | 39,244 | 34,699 | 11,610 | 1,693,373 | 12,324 | 1,851,520 |
| Talbot | 4,984,017 | 141,471 | 71,981 | 93,693 | 2,472,106 | 17,991 | 2,784,520 |
| Washington | 2,512,309 | 451,482 | 279,769 | 107,738 | 9,833,716 | 71,568 | 8,570,793 |
| Wicomico | 3,216,198 | 170,944 | 179,310 | 77,073 | 6,726,695 | 48,955 | 7,062,820 |
| Worcester | 2,168,455 | 391,076 | 265,086 | 117,886 | 3,391,425 | 24,682 | 7,035,751 |
| Total | \$287,506,969 | \$16,538,308 | \$8,740,724 | \$6,262,752 | \$395,500,042 | \$2,878,362 | \$529,753,894 |

Exhibit 3.2 (continued)
Allocation of State Revenues
Fiscal 2016

| County | Electronic Bingo/ Tip jars | Casinos | Domestic Corporation Filing Fees | Medevac Surcharge | Abandoned Property | Subtotal | Property Tax | Total |
|-----------------|-------------------------------------------|----------------------|-------------------------------------------------|------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Allegany | \$107,264 | \$6,272,907 | \$1,006,861 | \$893,372 | \$1,204,263 | \$140,647,178 | \$4,492,431 | \$145,139,609 |
| Anne Arundel | 835,037 | 48,833,982 | 7,838,314 | 7,985,470 | 9,375,071 | 1,818,622,039 | 93,505,732 | 1,912,127,771 |
| Baltimore City | 921,799 | 53,907,909 | 8,652,727 | 4,206,237 | 10,349,156 | 1,293,677,916 | 52,212,449 | 1,345,890,365 |
| Baltimore | 1,227,099 | 71,762,220 | 11,518,513 | 9,955,573 | 13,776,799 | 2,440,496,645 | 86,613,147 | 2,527,109,792 |
| Calvert | 133,891 | 7,830,102 | 1,256,805 | 1,374,024 | 1,503,211 | 236,322,126 | 12,978,726 | 249,300,852 |
| Caroline | 48,263 | 2,822,453 | 453,030 | 531,136 | 541,850 | 53,566,021 | 2,838,389 | 56,404,410 |
| Carroll | 247,284 | 14,461,483 | 2,321,204 | 2,632,650 | 2,776,293 | 472,968,193 | 20,460,920 | 493,429,113 |
| Cecil | 151,582 | 8,864,684 | 1,422,865 | 1,383,019 | 1,701,828 | 183,367,748 | 10,521,900 | 193,889,648 |
| Charles | 230,502 | 13,480,027 | 2,163,671 | 2,115,007 | 2,587,875 | 419,412,646 | 17,685,185 | 437,097,831 |
| Dorchester | 47,953 | 2,804,370 | 450,128 | 465,094 | 538,379 | 61,007,214 | 3,404,132 | 64,411,346 |
| Frederick | 363,200 | 21,240,390 | 3,409,283 | 3,392,385 | 4,077,697 | 695,759,906 | 30,055,428 | 725,815,334 |
| Garrett | 43,522 | 2,545,227 | 408,533 | 489,164 | 488,629 | 64,047,875 | 5,051,441 | 69,099,316 |
| Harford | 369,383 | 21,601,979 | 3,467,321 | 3,474,571 | 4,147,114 | 651,205,553 | 29,256,554 | 680,462,107 |
| Howard | 462,208 | 27,030,486 | 4,338,648 | 3,859,368 | 5,189,270 | 1,077,199,507 | 51,979,664 | 1,129,179,171 |
| Kent | 29,141 | 1,704,201 | 273,540 | 308,002 | 327,170 | 56,781,604 | 3,447,145 | 60,228,749 |
| Montgomery | 1,537,789 | 89,931,742 | 14,434,892 | 11,303,769 | 17,264,955 | 3,623,258,429 | 191,881,414 | 3,815,139,843 |
| Prince George's | 1,343,839 | 78,589,321 | 12,614,327 | 9,669,356 | 15,087,455 | 2,019,640,923 | 86,537,828 | 2,106,178,751 |
| Queen Anne's | 72,555 | 4,243,111 | 681,059 | 801,985 | 814,586 | 133,790,789 | 8,515,109 | 142,305,898 |
| St. Mary's | 164,377 | 9,612,955 | 1,542,970 | 1,606,124 | 1,845,480 | 294,874,371 | 13,699,288 | 308,573,659 |
| Somerset | 38,012 | 2,223,007 | 356,813 | 278,072 | 426,769 | 28,894,295 | 1,970,876 | 30,865,171 |
| Talbot | 55,493 | 3,245,302 | 520,902 | 614,846 | 623,028 | 136,463,007 | 9,411,501 | 145,874,508 |
| Washington | 220,744 | 12,909,393 | 2,072,079 | 2,009,468 | 2,478,325 | 345,421,210 | 13,411,230 | 358,832,440 |
| Wicomico | 150,999 | 8,830,593 | 1,417,393 | 1,306,781 | 1,695,283 | 221,694,851 | 6,579,218 | 228,274,069 |
| Worcester | 76,130 | 4,452,156 | 714,613 | 823,535 | 854,718 | 204,477,323 | 16,773,615 | 221,250,938 |
| Total | \$8,878,065 | \$519,200,000 | \$83,336,493 | \$71,479,009 | \$99,675,204 | \$16,673,597,369 | \$773,283,322 | \$17,446,880,691 |

Source: Comptroller's Office; Maryland State Lottery Agency; Department of Legislative Services

Exhibit 3.3
Per Capita Allocation of Selected State Revenues
Fiscal 2016

| County | Individual Income Tax | Sales Tax | Transfer Tax | Death Taxes | Net Lottery Receipts | Property Tax | All Allocated Taxes |
|-----------------|----------------------------------|------------------|---------------------|--------------------|---------------------------------|---------------------|--------------------------------|
| Allegany | \$651 | \$778 | \$8 | \$18 | \$45 | \$62 | \$2,002 |
| Anne Arundel | 1,676 | 940 | 42 | 35 | 91 | 166 | 3,388 |
| Baltimore City | 800 | 676 | 22 | 21 | 125 | 84 | 2,160 |
| Baltimore | 1,453 | 861 | 27 | 61 | 104 | 104 | 3,047 |
| Calvert | 1,485 | 548 | 29 | 30 | 85 | 143 | 2,755 |
| Caroline | 715 | 395 | 16 | 5 | 68 | 87 | 1,729 |
| Carroll | 1,532 | 729 | 27 | 39 | 66 | 122 | 2,952 |
| Cecil | 791 | 454 | 20 | 17 | 67 | 103 | 1,892 |
| Charles | 1,227 | 863 | 34 | 8 | 129 | 114 | 2,806 |
| Dorchester | 714 | 590 | 19 | 16 | 99 | 105 | 1,987 |
| Frederick | 1,488 | 792 | 35 | 25 | 51 | 122 | 2,957 |
| Garrett | 775 | 866 | 31 | 25 | 35 | 172 | 2,349 |
| Harford | 1,384 | 668 | 27 | 17 | 77 | 117 | 2,726 |
| Howard | 2,147 | 733 | 45 | 41 | 47 | 166 | 3,615 |
| Kent | 1,111 | 960 | 30 | 260 | 79 | 175 | 3,058 |
| Montgomery | 2,195 | 654 | 40 | 110 | 56 | 185 | 3,671 |
| Prince George's | 924 | 708 | 28 | 11 | 121 | 95 | 2,319 |
| Queen Anne's | 1,504 | 637 | 41 | 30 | 78 | 174 | 2,902 |
| St. Mary's | 1,297 | 593 | 23 | 199 | 110 | 123 | 2,777 |
| Somerset | 423 | 178 | 9 | 14 | 72 | 77 | 1,201 |
| Talbot | 1,623 | 1,319 | 52 | 133 | 74 | 251 | 3,889 |
| Washington | 924 | 861 | 21 | 17 | 57 | 90 | 2,405 |
| Wicomico | 745 | 872 | 16 | 32 | 69 | 64 | 2,237 |
| Worcester | 1,215 | 2,036 | 77 | 42 | 137 | 326 | 4,300 |
| Total | \$1,419 | \$756 | \$31 | \$48 | \$88 | \$129 | \$2,908 |

Source: Department of Legislative Services

Exhibit 3.4
Local Wealth Calculation
Fiscal 2016

| County | Population | Assessable Base | Income Base | Total Wealth Amount | Per Capita Wealth Amount | Ranking |
|-----------------|-------------------|--------------------------|--------------------------|--------------------------------|-------------------------------------|----------------|
| Allegany | 72,498 | \$1,602,027,700 | \$891,109,512 | \$2,493,137,212 | \$34,389 | 23 |
| Anne Arundel | 564,390 | 31,445,647,800 | 15,696,336,209 | 47,141,984,009 | 83,527 | 6 |
| Baltimore City | 623,031 | 14,908,063,600 | 8,375,515,816 | 23,283,579,416 | 37,371 | 22 |
| Baltimore | 829,379 | 31,588,398,700 | 21,372,787,672 | 52,961,186,372 | 63,856 | 14 |
| Calvert | 90,495 | 5,031,729,700 | 2,307,497,701 | 7,339,227,401 | 81,101 | 8 |
| Caroline | 32,620 | 1,059,289,500 | 446,333,721 | 1,505,623,221 | 46,156 | 20 |
| Carroll | 167,136 | 7,451,853,700 | 4,293,658,378 | 11,745,512,078 | 70,275 | 10 |
| Cecil | 102,452 | 3,922,983,300 | 1,833,823,071 | 5,756,806,371 | 56,190 | 16 |
| Charles | 155,793 | 6,614,962,200 | 3,277,819,250 | 9,892,781,450 | 63,500 | 15 |
| Dorchester | 32,411 | 1,168,576,300 | 450,789,391 | 1,619,365,691 | 49,963 | 19 |
| Frederick | 245,482 | 10,507,722,300 | 6,176,435,177 | 16,684,157,477 | 67,965 | 11 |
| Garrett | 29,416 | 1,822,517,100 | 433,474,733 | 2,255,991,833 | 76,693 | 9 |
| Harford | 249,661 | 10,840,637,800 | 5,954,523,781 | 16,795,161,581 | 67,272 | 12 |
| Howard | 312,400 | 18,282,171,500 | 11,015,274,943 | 29,297,446,443 | 93,782 | 4 |
| Kent | 19,696 | 1,185,247,600 | 421,322,846 | 1,606,570,446 | 81,568 | 7 |
| Montgomery | 1,039,370 | 67,888,703,200 | 38,213,261,147 | 106,101,964,347 | 102,083 | 3 |
| Prince George's | 908,282 | 30,923,306,400 | 15,121,789,629 | 46,045,096,029 | 50,695 | 17 |
| Queen Anne's | 49,039 | 3,070,617,200 | 1,223,462,564 | 4,294,079,764 | 87,565 | 5 |
| St. Mary's | 111,100 | 4,879,226,100 | 2,488,155,058 | 7,367,381,158 | 66,313 | 13 |
| Somerset | 25,692 | 580,028,900 | 209,408,778 | 789,437,678 | 30,727 | 24 |
| Talbot | 37,507 | 3,421,028,400 | 1,133,210,002 | 4,554,238,402 | 121,424 | 2 |
| Washington | 149,198 | 5,029,530,200 | 2,493,403,161 | 7,522,933,361 | 50,422 | 18 |
| Wicomico | 102,058 | 2,481,390,200 | 1,411,553,179 | 3,892,943,379 | 38,144 | 21 |
| Worcester | 51,455 | 5,974,759,800 | 997,677,273 | 6,972,437,073 | 135,506 | 1 |
| Total | 6,000,561 | \$271,680,419,200 | \$146,238,622,992 | \$417,919,042,192 | \$69,647 | |

Note: Total Wealth is calculated by adding the assessable base and income base.

Source: Department of Legislative Services

Chapter 4. Comparability

Fiscal 1977 was the first year for which there was a *Balance Sheet* analysis. Over the years, there have been changes in the classification and computation of State aid programs, which impacts the comparability of *The Balance Sheet* reports. This chapter summarizes these changes. In some instances the ratios in Exhibits 1.4 through 1.7, which relate direct State aid and payments-on-behalf to revenue allocations over a 10-year period, have been recomputed to improve comparability.

1. State funding of employers' Social Security contributions for county teachers and librarians, formerly classified as a payment-on-behalf, has been reclassified as direct aid. Prior to 1987, the State made the Social Security payments directly to the federal government (*i.e.*, a payment-on-behalf). Now the counties make the payments and until fiscal 1994 were reimbursed by the State. Reclassifying the State Social Security payments as direct aid makes it difficult to compare the "Direct State Aid" columns in Exhibits 1.2 and 1.3 of this report to those columns in reports prior to 1989. Beginning with the 1989 *Balance Sheet* report, the ratios in Exhibits 1.4 through 1.7 have been recomputed to reflect this change.
2. The State funds various health services in the counties. They include addiction, mental health, community health, and developmentally disabled services. Both local health departments and private providers deliver the services. Prior to 1989, the health component of direct State aid included State funding of addiction and mental health services provided through the local health departments, not private organizations. Beginning in 1989, State spending for State health programs implemented at the local level has not been reported as direct State aid; therefore, the health component of direct State aid in *The Balance Sheet* includes only State aid distributed through the local health formula. This affects the comparison of the ratios in Exhibits 1.2 and 1.3 with reports published prior to fiscal 1989. Beginning with the 1989 *Balance Sheet* report, the ratios in Exhibits 1.4 through 1.7 have been recomputed to reflect this change.
3. In previous *Balance Sheet* reports, the State funding of regional libraries through the library network program was classified as State aid to the jurisdictions with regional libraries. Beginning with the fiscal 1990 published report, this funding has not been considered allocated State aid. The impact on the ratios in Exhibits 1.2 and 1.3 is minimal. Beginning with the 1990 report, the ratios in Exhibits 1.4 through 1.7 have been recomputed to reflect this change.
4. Through fiscal 1995, State debt service payments for State bonds issued to fund local construction projects for schools, jails, community colleges, and other facilities were estimated on a county-by-county basis. These estimates were included with the State paid teachers' retirement costs as a payment-on-behalf. Beginning with fiscal 1996, these estimates are no longer available and not included in the State aid amounts. This affects the comparability of the "Direct State Aid and Payments-on-behalf" columns in Exhibits 1.2 and 1.3 of those reports after 1995 with previous years' reports. Beginning with the 1998 *Balance Sheet* report (reports were not published for 1996 and 1997, but the ratios were computed), the ratios in Exhibits 1.4 through 1.7 have been recomputed to reflect this change.

5. Chapter 4 of 2013 requires State education aid formulas that include a local wealth component to be calculated twice, once using a net taxable income (NTI) amount for each county based on tax returns filed by September 1, and once using an NTI amount based on tax returns filed by November 1. Each local school system receives the greater State aid amount that results from the two calculations, with the increase phased in over several years, beginning in fiscal 2014. In previous *Balance Sheet* reports, local wealth (shown in Exhibit 3.4) included September 1 NTI figures; beginning with the fiscal 2014 report, November NTI figures are used.