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# **Tax Capacity and Effort of Local Governments in Maryland Fiscal 2016**

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Office of Policy Analysis  
Annapolis, Maryland**

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# Objectives

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- Review ways to measure and compare the taxing ability of local governments
- Demonstrate how State aid offsets fiscal disparities among local jurisdictions
- Identify strengths and weaknesses from using tax capacity and effort indexes
- Discuss how the State currently utilizes tax capacity and effort indexes in allocating State aid

# Measuring Taxing Ability of Local Governments

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- **Tax Capacity Index** measures the potential tax base of a local government using State average tax rates
- **Tax Effort Index** measures the extent to which the local tax base is actually taxed
- **Combined Capacity Index** identifies the extent to which State aid offsets tax capacity differences
- **Local Tax Revenues** measured in this analysis include both county and municipal property and income taxes

## Tax Capacity Varies Significantly among Local Jurisdictions

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- Ability of local governments to generate revenues from their own sources varies significantly
- Per capita local wealth ranges from a low of \$64,968 in Somerset County to a high of \$312,913 in Worcester County – the statewide average is \$142,399
- Local wealth includes **county assessable base**, which measures a jurisdiction's ability to generate property tax revenues, and **net taxable income**, which measures a jurisdiction's ability to generate income tax revenues
- Property and income taxes are the two main sources of local tax revenues, accounting for nearly 90% of total local taxes

**Local Wealth Calculation for Maryland Counties**  
**Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Income Base</b>	<b>Total Wealth Amount</b>	<b>Per Capita Wealth Amount</b>	<b>Ranking</b>
Allegany	72,531	\$3,874,679,000	\$936,257,775	\$4,810,936,775	\$66,329	23
Anne Arundel	563,837	80,112,958,000	17,826,118,609	97,939,076,609	173,701	6
Baltimore City	621,402	37,800,252,000	9,531,811,999	47,332,063,999	76,170	21
Baltimore	829,209	79,563,230,000	22,497,003,514	102,060,233,514	123,081	15
Calvert	90,620	12,296,389,000	2,549,335,766	14,845,724,766	163,824	9
Caroline	32,591	2,601,199,000	493,843,795	3,095,042,795	94,966	20
Carroll	167,651	18,688,384,000	4,814,562,403	23,502,946,403	140,190	10
Cecil	102,397	9,720,779,000	2,023,750,133	11,744,529,133	114,696	16
Charles	155,923	16,538,794,000	3,662,352,270	20,201,146,270	129,558	14
Dorchester	32,391	2,886,226,000	473,784,817	3,360,010,817	103,733	18
Frederick	245,377	27,060,531,000	6,890,561,415	33,951,092,415	138,363	11
Garrett	29,446	4,501,172,000	458,462,571	4,959,634,571	168,432	8
Harford	250,138	27,078,899,000	6,616,062,730	33,694,961,730	134,705	12
Howard	312,711	47,415,855,000	12,397,396,725	59,813,251,725	191,273	4
Kent	19,768	2,947,502,000	432,686,568	3,380,188,568	170,993	7
Montgomery	1,036,233	175,943,575,000	42,915,508,595	218,859,083,595	211,206	3
Prince George's	906,003	79,490,201,000	16,464,436,020	95,954,637,020	105,910	17
Queen Anne's	48,889	7,667,625,000	1,424,971,990	9,092,596,990	185,985	5
St. Mary's	111,628	12,188,442,000	2,748,314,576	14,936,756,576	133,808	13
Somerset	25,746	1,446,319,000	226,346,149	1,672,665,149	64,968	24
Talbot	37,523	8,401,891,000	1,156,424,135	9,558,315,135	254,732	2
Washington	149,570	12,451,149,000	2,686,783,906	15,137,932,906	101,210	19
Wicomico	102,019	6,113,566,000	1,582,998,465	7,696,564,465	75,442	22
Worcester	51,380	14,838,026,000	1,239,435,558	16,077,461,558	312,913	1
<b>Total</b>	<b>5,994,983</b>	<b>\$691,627,643,000</b>	<b>\$162,049,210,480</b>	<b>\$853,676,853,480</b>	<b>\$142,399</b>	

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

# Property Tax Capacity among Local Jurisdictions

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- Property tax is the largest source of local revenues for most counties
- Per capita assessable base ranges from \$53,421 in Allegany County to \$288,790 in Worcester County – the statewide average is \$115,368
- Using statewide average property tax rates, Allegany County would be able to generate \$625 per capita; whereas, Worcester County would be able to generate \$3,379 per capita – the statewide per capita average is \$1,350

**Per Capita Assessable Base in Maryland Counties  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Per Capita Basis</b>	
			<b>Amount</b>	<b>Ranking</b>
Allegany	72,531	\$3,874,679,000	\$53,421	24
Anne Arundel	563,837	80,112,958,000	142,085	8
Baltimore City	621,402	37,800,252,000	60,831	21
Baltimore	829,209	79,563,230,000	95,951	15
Calvert	90,620	12,296,389,000	135,692	9
Caroline	32,591	2,601,199,000	79,813	20
Carroll	167,651	18,688,384,000	111,472	10
Cecil	102,397	9,720,779,000	94,932	16
Charles	155,923	16,538,794,000	106,070	14
Dorchester	32,391	2,886,226,000	89,106	17
Frederick	245,377	27,060,531,000	110,281	11
Garrett	29,446	4,501,172,000	152,862	5
Harford	250,138	27,078,899,000	108,256	13
Howard	312,711	47,415,855,000	151,628	6
Kent	19,768	2,947,502,000	149,105	7
Montgomery	1,036,233	175,943,575,000	169,792	3
Prince George's	906,003	79,490,201,000	87,737	18
Queen Anne's	48,889	7,667,625,000	156,837	4
St. Mary's	111,628	12,188,442,000	109,188	12
Somerset	25,746	1,446,319,000	56,176	23
Talbot	37,523	8,401,891,000	223,913	2
Washington	149,570	12,451,149,000	83,246	19
Wicomico	102,019	6,113,566,000	59,926	22
Worcester	51,380	14,838,026,000	288,790	1
<b>Total</b>	<b>5,994,983</b>	<b>\$691,627,643,000</b>	<b>\$115,368</b>	

## Property Tax Capacity Index Fiscal 2016

County	Population	Assessable Base	Property Tax Revenues	Hypothetical Yield	Per Capita Hypothetical Yield	Tax Capacity Index	Rank
Allegany	72,531	\$3,874,679,000	\$56,303,334	\$45,333,187	\$625	46	24
Anne Arundel	563,837	80,112,958,000	712,707,931	937,310,091	1,662	123	8
Baltimore City	621,402	37,800,252,000	814,447,492	442,257,514	712	53	21
Baltimore	829,209	79,563,230,000	896,917,647	930,878,353	1,123	83	15
Calvert	90,620	12,296,389,000	143,518,745	143,865,984	1,588	118	9
Caroline	32,591	2,601,199,000	31,540,284	30,433,654	934	69	20
Carroll	167,651	18,688,384,000	216,530,335	218,651,406	1,304	97	10
Cecil	102,397	9,720,779,000	121,193,422	113,731,717	1,111	82	16
Charles	155,923	16,538,794,000	224,013,252	193,501,512	1,241	92	14
Dorchester	32,391	2,886,226,000	38,844,274	33,768,429	1,043	77	17
Frederick	245,377	27,060,531,000	342,771,341	316,604,322	1,290	96	11
Garrett	29,446	4,501,172,000	52,557,602	52,663,065	1,788	132	5
Harford	250,138	27,078,899,000	317,249,910	316,819,225	1,267	94	13
Howard	312,711	47,415,855,000	585,374,052	554,758,687	1,774	131	6
Kent	19,768	2,947,502,000	33,319,485	34,485,350	1,745	129	7
Montgomery	1,036,233	175,943,575,000	1,688,843,652	2,058,514,533	1,987	147	3
Prince George's	906,003	79,490,201,000	1,155,366,479	930,023,924	1,027	76	18
Queen Anne's	48,889	7,667,625,000	67,718,911	89,710,110	1,835	136	4
St. Mary's	111,628	12,188,442,000	105,843,382	142,603,019	1,277	95	12
Somerset	25,746	1,446,319,000	19,820,630	16,921,724	657	49	23
Talbot	37,523	8,401,891,000	49,291,320	98,300,917	2,620	194	2
Washington	149,570	12,451,149,000	151,033,821	145,676,653	974	72	19
Wicomico	102,019	6,113,566,000	89,766,263	71,527,843	701	52	22
Worcester	51,380	14,838,026,000	176,970,427	173,602,771	3,379	250	1
<b>Total</b>	<b>5,994,983</b>	<b>\$691,627,643,000</b>	<b>\$8,091,943,991</b>	<b>\$8,091,943,991</b>	<b>\$1,350</b>	<b>100</b>	

Note: Hypothetical yield represents the revenue amount generated by applying the statewide average property tax rate to each county's assessable base.



## Income Tax Capacity among Maryland Jurisdictions

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- Income tax is the second major source of local revenues for most counties
- Per capita net taxable income ranges from \$8,792 in Somerset County to \$41,415 in Montgomery County – the statewide average is \$27,031
- Using statewide average income tax rates, Somerset County would be able to generate \$284 per capita; whereas, Montgomery County would be able to generate \$1,337 per capita – the statewide average is \$873 per capita

**Per Capita Net Taxable Income in Maryland Counties  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Net Taxable Income</b>	<b>Per Capita Basis</b>	
			<b>Amount</b>	<b>Ranking</b>
Allegany	72,531	\$936,257,775	\$12,908	23
Anne Arundel	563,837	17,826,118,609	31,616	3
Baltimore City	621,402	9,531,811,999	15,339	20
Baltimore	829,209	22,497,003,514	27,131	9
Calvert	90,620	2,549,335,766	28,132	7
Caroline	32,591	493,843,795	15,153	21
Carroll	167,651	4,814,562,403	28,718	6
Cecil	102,397	2,023,750,133	19,764	15
Charles	155,923	3,662,352,270	23,488	13
Dorchester	32,391	473,784,817	14,627	22
Frederick	245,377	6,890,561,415	28,082	8
Garrett	29,446	458,462,571	15,570	18
Harford	250,138	6,616,062,730	26,450	10
Howard	312,711	12,397,396,725	39,645	2
Kent	19,768	432,686,568	21,888	14
Montgomery	1,036,233	42,915,508,595	41,415	1
Prince George's	906,003	16,464,436,020	18,173	16
Queen Anne's	48,889	1,424,971,990	29,147	5
St. Mary's	111,628	2,748,314,576	24,620	11
Somerset	25,746	226,346,149	8,792	24
Talbot	37,523	1,156,424,135	30,819	4
Washington	149,570	2,686,783,906	17,963	17
Wicomico	102,019	1,582,998,465	15,517	19
Worcester	51,380	1,239,435,558	24,123	12
<b>Total</b>	<b>5,994,983</b>	<b>\$162,049,210,480</b>	<b>\$27,031</b>	

## Income Tax Capacity Index Fiscal 2016

County	Population	Net Taxable Income	Income Tax Revenues	Hypothetical Yield	Per Capita Hypothetical Yield	Tax Capacity Index	Rank
Allegany	72,531	\$936,257,775	\$30,206,648	\$30,235,104	\$417	48	23
Anne Arundel	563,837	17,826,118,609	463,296,370	575,668,964	1,021	117	3
Baltimore City	621,402	9,531,811,999	346,727,264	307,816,214	495	57	20
Baltimore	829,209	22,497,003,514	709,377,524	726,508,501	876	100	9
Calvert	90,620	2,549,335,766	75,670,267	82,327,147	908	104	7
Caroline	32,591	493,843,795	13,652,158	15,947,978	489	56	21
Carroll	167,651	4,814,562,403	154,118,424	155,479,396	927	106	6
Cecil	102,397	2,023,750,133	58,510,756	65,354,111	638	73	15
Charles	155,923	3,662,352,270	125,346,758	118,270,420	759	87	13
Dorchester	32,391	473,784,817	12,664,874	15,300,202	472	54	22
Frederick	245,377	6,890,561,415	215,770,297	222,520,810	907	104	8
Garrett	29,446	458,462,571	12,461,362	14,805,392	503	58	18
Harford	250,138	6,616,062,730	212,285,426	213,656,268	854	98	10
Howard	312,711	12,397,396,725	433,403,645	400,356,167	1,280	147	2
Kent	19,768	432,686,568	13,110,606	13,972,993	707	81	14
Montgomery	1,036,233	42,915,508,595	1,465,231,754	1,385,894,872	1,337	153	1
Prince George's	906,003	16,464,436,020	572,167,389	531,695,375	587	67	16
Queen Anne's	48,889	1,424,971,990	47,271,474	46,017,429	941	108	5
St. Mary's	111,628	2,748,314,576	86,111,881	88,752,882	795	91	11
Somerset	25,746	226,346,149	7,335,101	7,309,525	284	33	24
Talbot	37,523	1,156,424,135	28,476,402	37,345,061	995	114	4
Washington	149,570	2,686,783,906	78,794,407	86,765,837	580	66	17
Wicomico	102,019	1,582,998,465	51,605,342	51,120,668	501	57	19
Worcester	51,380	1,239,435,558	19,550,981	40,025,796	779	89	12
<b>Total</b>	<b>5,994,983</b>	<b>\$162,049,210,480</b>	<b>\$5,233,147,110</b>	<b>\$5,233,147,110</b>	<b>\$873</b>	<b>100</b>	

Note: Hypothetical yield represents the revenue amount generated by applying the statewide average income tax rate to each county's net taxable income.

## Combined Property and Income Tax Capacity Measures

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- Combining both property tax capacity and income tax capacity provides a more accurate measure of a jurisdiction's overall tax capacity
- Using statewide average property and income tax rates, Somerset County would be able to generate \$941 per capita; whereas, Worcester County would be able to generate \$4,158 per capita – the statewide average is \$2,223 per capita

**Combined Tax Capacity Index  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Property Hypothetical Yield</b>	<b>Income Hypothetical Yield</b>	<b>Combined Hypothetical Yield</b>	<b>County Yield Per Capita</b>	<b>Tax Capacity Index</b>	<b>Rank</b>
Allegany	72,531	\$45,333,187	\$30,235,104	\$75,568,291	\$1,042	47	23
Anne Arundel	563,837	937,310,091	575,668,964	1,512,979,055	2,683	121	6
Baltimore City	621,402	442,257,514	307,816,214	750,073,728	1,207	54	21
Baltimore	829,209	930,878,353	726,508,501	1,657,386,853	1,999	90	15
Calvert	90,620	143,865,984	82,327,147	226,193,130	2,496	112	7
Caroline	32,591	30,433,654	15,947,978	46,381,632	1,423	64	20
Carroll	167,651	218,651,406	155,479,396	374,130,802	2,232	100	10
Cecil	102,397	113,731,717	65,354,111	179,085,828	1,749	79	16
Charles	155,923	193,501,512	118,270,420	311,771,932	2,000	90	14
Dorchester	32,391	33,768,429	15,300,202	49,068,631	1,515	68	19
Frederick	245,377	316,604,322	222,520,810	539,125,132	2,197	99	11
Garrett	29,446	52,663,065	14,805,392	67,468,457	2,291	103	9
Harford	250,138	316,819,225	213,656,268	530,475,493	2,121	95	12
Howard	312,711	554,758,687	400,356,167	955,114,854	3,054	137	4
Kent	19,768	34,485,350	13,972,993	48,458,343	2,451	110	8
Montgomery	1,036,233	2,058,514,533	1,385,894,872	3,444,409,405	3,324	150	3
Prince George's	906,003	930,023,924	531,695,375	1,461,719,299	1,613	73	17
Queen Anne's	48,889	89,710,110	46,017,429	135,727,539	2,776	125	5
St. Mary's	111,628	142,603,019	88,752,882	231,355,901	2,073	93	13
Somerset	25,746	16,921,724	7,309,525	24,231,249	941	42	24
Talbot	37,523	98,300,917	37,345,061	135,645,978	3,615	163	2
Washington	149,570	145,676,653	86,765,837	232,442,491	1,554	70	18
Wicomico	102,019	71,527,843	51,120,668	122,648,511	1,202	54	22
Worcester	51,380	173,602,771	40,025,796	213,628,567	4,158	187	1
<b>Total</b>	<b>5,994,983</b>	<b>\$8,091,943,991</b>	<b>\$5,233,147,110</b>	<b>\$13,325,091,101</b>	<b>\$2,223</b>	<b>100</b>	

# **State Aid Reduces Fiscal Disparities among Local Jurisdictions**

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- Primary goal of many State aid programs is to reduce disparity in the revenue capacity among jurisdictions
- Nearly 70% of State aid is allocated based on local wealth, whereby less affluent jurisdictions receive relatively more funding
- State aid to local jurisdictions significantly offsets the variations in the tax capacity among jurisdictions

**Combined Tax Capacity Index – Adjusted for State Aid  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Combined Hypothetical Yield</b>	<b>State Aid Amount</b>	<b>Adjusted Hypothetical Yield</b>	<b>Adjusted Yield Per Capita</b>	<b>Adjusted Capacity Index</b>	<b>Rank</b>
Allegany	72,531	\$75,568,291	\$108,757,870	\$184,326,161	\$2,541	74	23
Anne Arundel	563,837	1,512,979,055	480,085,334	1,993,064,389	3,535	103	7
Baltimore City	621,402	750,073,728	1,416,480,435	2,166,554,163	3,487	102	8
Baltimore	829,209	1,657,386,853	790,563,089	2,447,949,942	2,952	86	20
Calvert	90,620	226,193,130	102,483,601	328,676,731	3,627	106	6
Caroline	32,591	46,381,632	62,237,757	108,619,389	3,333	97	11
Carroll	167,651	374,130,802	168,935,170	543,065,972	3,239	95	13
Cecil	102,397	179,085,828	128,623,618	307,709,446	3,005	88	19
Charles	155,923	311,771,932	200,458,786	512,230,718	3,285	96	12
Dorchester	32,391	49,068,631	50,229,990	99,298,621	3,066	89	17
Frederick	245,377	539,125,132	287,163,837	826,288,969	3,367	98	10
Garrett	29,446	67,468,457	34,162,245	101,630,702	3,451	101	9
Harford	250,138	530,475,493	256,839,355	787,314,848	3,148	92	15
Howard	312,711	955,114,854	319,253,510	1,274,368,364	4,075	119	4
Kent	19,768	48,458,343	13,491,412	61,949,755	3,134	91	16
Montgomery	1,036,233	3,444,409,405	891,600,136	4,336,009,541	4,184	122	3
Prince George's	906,003	1,461,719,299	1,266,203,334	2,727,922,633	3,011	88	18
Queen Anne's	48,889	135,727,539	44,375,224	180,102,763	3,684	108	5
St. Mary's	111,628	231,355,901	120,953,689	352,309,590	3,156	92	14
Somerset	25,746	24,231,249	39,625,623	63,856,872	2,480	72	24
Talbot	37,523	135,645,978	22,190,795	157,836,773	4,206	123	2
Washington	149,570	232,442,491	202,719,177	435,161,668	2,909	85	21
Wicomico	102,019	122,648,511	166,904,375	289,552,886	2,838	83	22
Worcester	51,380	213,628,567	35,871,619	249,500,186	4,856	142	1
<b>Total</b>	<b>5,994,983</b>	<b>\$13,325,091,101</b>	<b>\$7,210,209,981</b>	<b>\$20,535,301,082</b>	<b>\$3,425</b>	<b>100</b>	

**Comparison of Tax Capacity Index and State Aid Adjusted Index  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>County Yield Per Capita</b>	<b>Tax Capacity Index</b>	<b>Rank</b>	<b>Adjusted Yield Per Capita</b>	<b>Adjusted Capacity Index</b>	<b>Rank</b>
Allegany	72,531	\$1,042	47	23	\$2,541	74	23
Anne Arundel	563,837	2,683	121	6	3,535	103	7
Baltimore City	621,402	1,207	54	21	3,487	102	8
Baltimore	829,209	1,999	90	15	2,952	86	20
Calvert	90,620	2,496	112	7	3,627	106	6
Caroline	32,591	1,423	64	20	3,333	97	11
Carroll	167,651	2,232	100	10	3,239	95	13
Cecil	102,397	1,749	79	16	3,005	88	19
Charles	155,923	2,000	90	14	3,285	96	12
Dorchester	32,391	1,515	68	19	3,066	89	17
Frederick	245,377	2,197	99	11	3,367	98	10
Garrett	29,446	2,291	103	9	3,451	101	9
Harford	250,138	2,121	95	12	3,148	92	15
Howard	312,711	3,054	137	4	4,075	119	4
Kent	19,768	2,451	110	8	3,134	91	16
Montgomery	1,036,233	3,324	150	3	4,184	122	3
Prince George's	906,003	1,613	73	17	3,011	88	18
Queen Anne's	48,889	2,776	125	5	3,684	108	5
St. Mary's	111,628	2,073	93	13	3,156	92	14
Somerset	25,746	941	42	24	2,480	72	24
Talbot	37,523	3,615	163	2	4,206	123	2
Washington	149,570	1,554	70	18	2,909	85	21
Wicomico	102,019	1,202	54	22	2,838	83	22
Worcester	51,380	4,158	187	1	4,856	142	1
<b>Total</b>	<b>5,994,983</b>	<b>\$2,223</b>	<b>100</b>		<b>\$3,425</b>	<b>100</b>	



# Tax Effort Affected by Several Factors

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- Tax effort measures the extent to which the local tax base is actually taxed
- Tax effort is not a measure of what the tax level should be and should not be used to judge whether local governments are taxing too little or too much
- Tax effort is affected by a jurisdiction's wealth base, available revenue sources, demand for local services, tax limitation measures, acceptance of higher taxes, and fees

## High- and Low-wealth Jurisdictions Can Have a Relatively High Tax Effort

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- Howard County (a high-wealth jurisdiction) has an above-average property and income tax effort
- Montgomery County (a high-wealth jurisdiction) has an above-average income tax effort but a below-average property tax effort
- Some low-wealth jurisdictions (Caroline, Dorchester, and Washington counties) have above-average property tax effort; however, their income tax effort is below average
- Baltimore City (a low-wealth jurisdiction) has an above-average property and income tax effort

**Property Tax Effort Index  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Property Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Tax Effort Index</b>	<b>Rank</b>
Allegany	72,531	\$3,874,679,000	\$56,303,334	\$45,333,187	124	4
Anne Arundel	563,837	80,112,958,000	712,707,931	937,310,091	76	21
Baltimore City	621,402	37,800,252,000	814,447,492	442,257,514	184	1
Baltimore	829,209	79,563,230,000	896,917,647	930,878,353	96	19
Calvert	90,620	12,296,389,000	143,518,745	143,865,984	100	16
Caroline	32,591	2,601,199,000	31,540,284	30,433,654	104	12
Carroll	167,651	18,688,384,000	216,530,335	218,651,406	99	17
Cecil	102,397	9,720,779,000	121,193,422	113,731,717	107	9
Charles	155,923	16,538,794,000	224,013,252	193,501,512	116	6
Dorchester	32,391	2,886,226,000	38,844,274	33,768,429	115	7
Frederick	245,377	27,060,531,000	342,771,341	316,604,322	108	8
Garrett	29,446	4,501,172,000	52,557,602	52,663,065	100	15
Harford	250,138	27,078,899,000	317,249,910	316,819,225	100	14
Howard	312,711	47,415,855,000	585,374,052	554,758,687	106	10
Kent	19,768	2,947,502,000	33,319,485	34,485,350	97	18
Montgomery	1,036,233	175,943,575,000	1,688,843,652	2,058,514,533	82	20
Prince George's	906,003	79,490,201,000	1,155,366,479	930,023,924	124	3
Queen Anne's	48,889	7,667,625,000	67,718,911	89,710,110	75	22
St. Mary's	111,628	12,188,442,000	105,843,382	142,603,019	74	23
Somerset	25,746	1,446,319,000	19,820,630	16,921,724	117	5
Talbot	37,523	8,401,891,000	49,291,320	98,300,917	50	24
Washington	149,570	12,451,149,000	151,033,821	145,676,653	104	11
Wicomico	102,019	6,113,566,000	89,766,263	71,527,843	125	2
Worcester	51,380	14,838,026,000	176,970,427	173,602,771	102	13
<b>Total</b>	<b>5,994,983</b>	<b>\$691,627,643,000</b>	<b>\$8,091,943,991</b>	<b>\$8,091,943,991</b>	<b>100</b>	

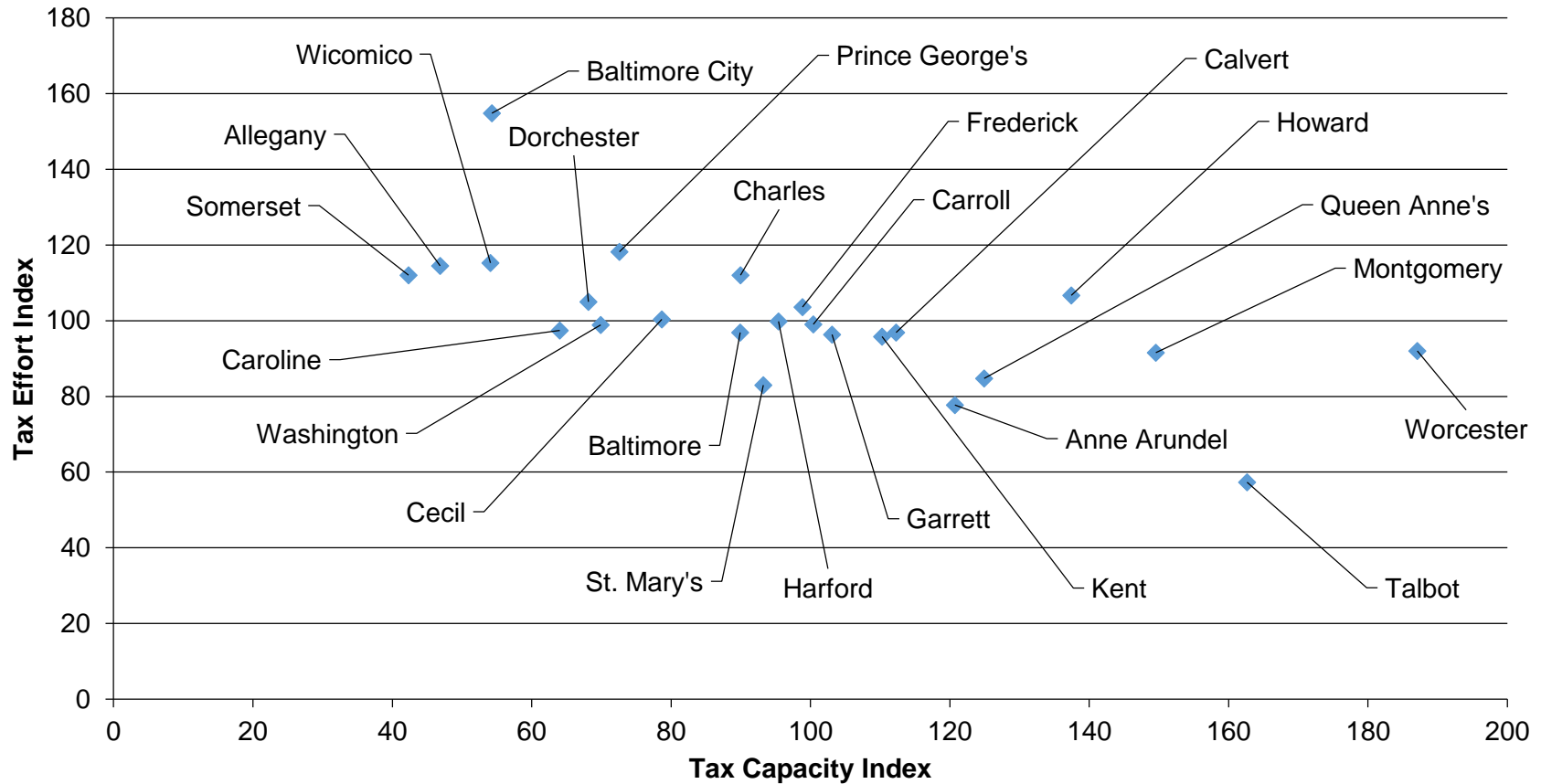
**Income Tax Effort Index  
Fiscal 2016**

<b>County</b>	<b>Population</b>	<b>Net Taxable Income</b>	<b>Income Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Tax Effort Index</b>	<b>Rank</b>
Allegany	72,531	\$936,257,775	\$30,206,648	\$30,235,104	100	9
Anne Arundel	563,837	17,826,118,609	463,296,370	575,668,964	80	22
Baltimore City	621,402	9,531,811,999	346,727,264	307,816,214	113	1
Baltimore	829,209	22,497,003,514	709,377,524	726,508,501	98	12
Calvert	90,620	2,549,335,766	75,670,267	82,327,147	92	16
Caroline	32,591	493,843,795	13,652,158	15,947,978	86	19
Carroll	167,651	4,814,562,403	154,118,424	155,479,396	99	11
Cecil	102,397	2,023,750,133	58,510,756	65,354,111	90	18
Charles	155,923	3,662,352,270	125,346,758	118,270,420	106	4
Dorchester	32,391	473,784,817	12,664,874	15,300,202	83	21
Frederick	245,377	6,890,561,415	215,770,297	222,520,810	97	14
Garrett	29,446	458,462,571	12,461,362	14,805,392	84	20
Harford	250,138	6,616,062,730	212,285,426	213,656,268	99	10
Howard	312,711	12,397,396,725	433,403,645	400,356,167	108	2
Kent	19,768	432,686,568	13,110,606	13,972,993	94	15
Montgomery	1,036,233	42,915,508,595	1,465,231,754	1,385,894,872	106	5
Prince George's	906,003	16,464,436,020	572,167,389	531,695,375	108	3
Queen Anne's	48,889	1,424,971,990	47,271,474	46,017,429	103	6
St. Mary's	111,628	2,748,314,576	86,111,881	88,752,882	97	13
Somerset	25,746	226,346,149	7,335,101	7,309,525	100	8
Talbot	37,523	1,156,424,135	28,476,402	37,345,061	76	23
Washington	149,570	2,686,783,906	78,794,407	86,765,837	91	17
Wicomico	102,019	1,582,998,465	51,605,342	51,120,668	101	7
Worcester	51,380	1,239,435,558	19,550,981	40,025,796	49	24
<b>Total</b>	<b>5,994,983</b>	<b>\$162,049,210,480</b>	<b>\$5,233,147,110</b>	<b>\$5,233,147,110</b>	<b>100</b>	

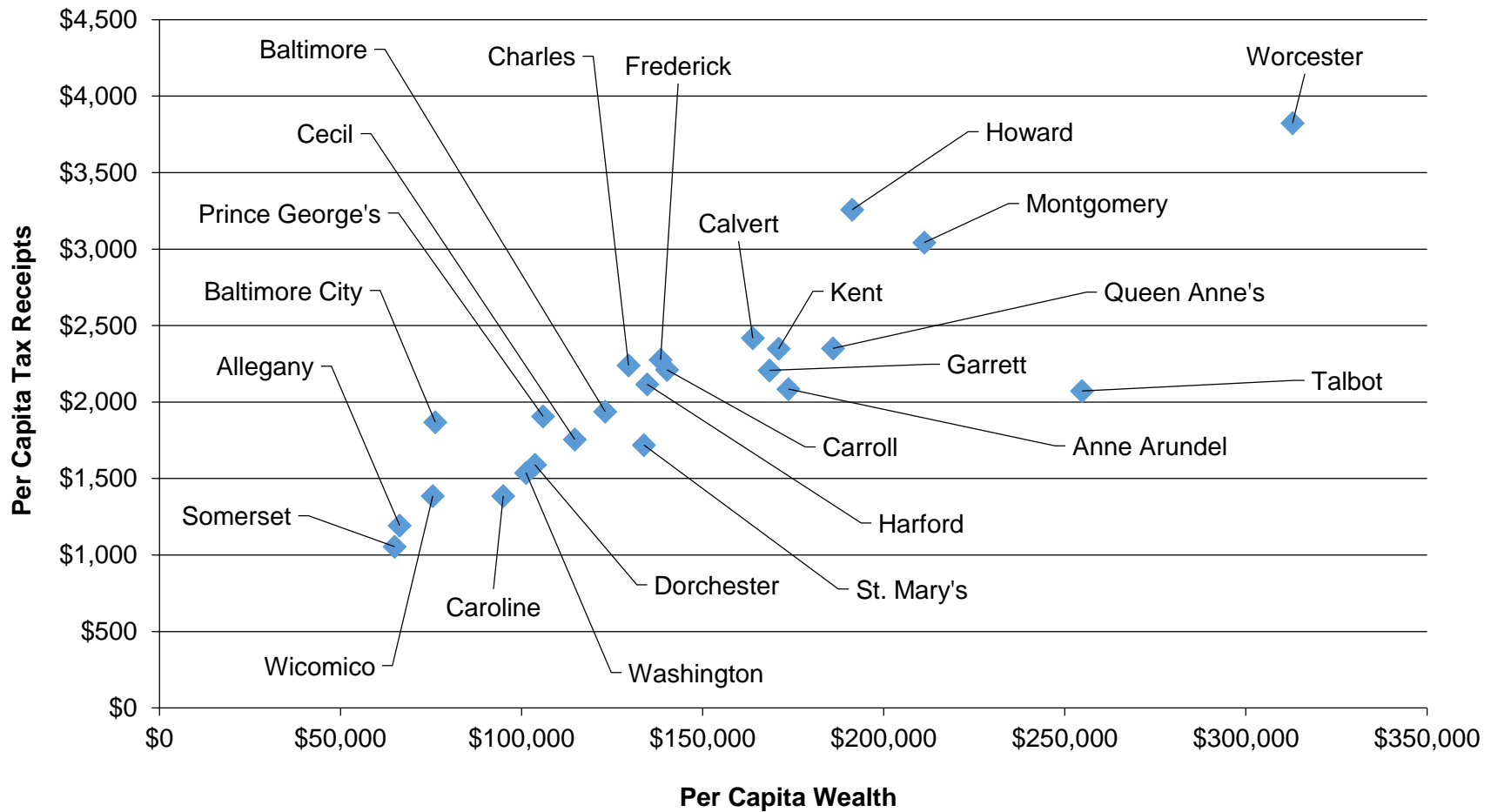
## Combined Tax Effort Index Fiscal 2016

County	Population	Property Hypothetical Yield	Income Hypothetical Yield	Combined Hypothetical Yield	Property Tax Revenues	Income Tax Revenues	Combined Tax Revenues	Tax Effort Index	Rank
Allegany	72,531	\$45,333,187	\$30,235,104	\$75,568,291	\$56,303,334	\$30,206,648	\$86,509,982	114	4
Anne Arundel	563,837	937,310,091	575,668,964	1,512,979,055	712,707,931	463,296,370	1,176,004,301	78	23
Baltimore City	621,402	442,257,514	307,816,214	750,073,728	814,447,492	346,727,264	1,161,174,756	155	1
Baltimore	829,209	930,878,353	726,508,501	1,657,386,853	896,917,647	709,377,524	1,606,295,171	97	15
Calvert	90,620	143,865,984	82,327,147	226,193,130	143,518,745	75,670,267	219,189,012	97	16
Caroline	32,591	30,433,654	15,947,978	46,381,632	31,540,284	13,652,158	45,192,442	97	14
Carroll	167,651	218,651,406	155,479,396	374,130,802	216,530,335	154,118,424	370,648,759	99	12
Cecil	102,397	113,731,717	65,354,111	179,085,828	121,193,422	58,510,756	179,704,178	100	10
Charles	155,923	193,501,512	118,270,420	311,771,932	224,013,252	125,346,758	349,360,010	112	6
Dorchester	32,391	33,768,429	15,300,202	49,068,631	38,844,274	12,664,874	51,509,148	105	8
Frederick	245,377	316,604,322	222,520,810	539,125,132	342,771,341	215,770,297	558,541,638	104	9
Garrett	29,446	52,663,065	14,805,392	67,468,457	52,557,602	12,461,362	65,018,964	96	17
Harford	250,138	316,819,225	213,656,268	530,475,493	317,249,910	212,285,426	529,535,336	100	11
Howard	312,711	554,758,687	400,356,167	955,114,854	585,374,052	433,403,645	1,018,777,697	107	7
Kent	19,768	34,485,350	13,972,993	48,458,343	33,319,485	13,110,606	46,430,091	96	18
Montgomery	1,036,233	2,058,514,533	1,385,894,872	3,444,409,405	1,688,843,652	1,465,231,754	3,154,075,406	92	20
Prince George's	906,003	930,023,924	531,695,375	1,461,719,299	1,155,366,479	572,167,389	1,727,533,868	118	2
Queen Anne's	48,889	89,710,110	46,017,429	135,727,539	67,718,911	47,271,474	114,990,385	85	21
St. Mary's	111,628	142,603,019	88,752,882	231,355,901	105,843,382	86,111,881	191,955,263	83	22
Somerset	25,746	16,921,724	7,309,525	24,231,249	19,820,630	7,335,101	27,155,731	112	5
Talbot	37,523	98,300,917	37,345,061	135,645,978	49,291,320	28,476,402	77,767,722	57	24
Washington	149,570	145,676,653	86,765,837	232,442,491	151,033,821	78,794,407	229,828,228	99	13
Wicomico	102,019	71,527,843	51,120,668	122,648,511	89,766,263	51,605,342	141,371,605	115	3
Worcester	51,380	173,602,771	40,025,796	213,628,567	176,970,427	19,550,981	196,521,408	92	19
<b>Total</b>	<b>5,994,983</b>	<b>\$8,091,943,991</b>	<b>\$5,233,147,110</b>	<b>\$13,325,091,101</b>	<b>\$8,091,943,991</b>	<b>\$5,233,147,110</b>	<b>\$13,325,091,101</b>	<b>100</b>	

# Correlation of Tax Capacity and Tax Effort



# Correlation of Tax Revenues and Local Wealth



# Tax Capacity and Effort Measures Have Strengths and Weaknesses

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## Strengths

- Reliable measure of relative trends in the fiscal well-being of a jurisdiction
- Measures can be used across all jurisdictions in the State
- Useful to gauge the level of equalization of State aid

## Weaknesses

- Ignores local demand for or acceptance of higher taxes and fees
- Not an indicator for an “ideal” revenue mix or level of taxation
- Some local revenues not included in the calculations