
Tax Capacity and Effort of Local Governments in Maryland Fiscal 2020

**Presentation to The Blueprint for Maryland's Future
Funding Formula Workgroup**

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

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Objectives

- 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

- **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

Developing Tax Capacity and Effort Index

- **Property Tax Yield** is based on the revenue yield generated by applying the county's real property tax rate to the county's estimated real assessable base for fiscal 2020. The amount is adjusted to reflect municipal property tax collections
- **Hypothetical Property Tax Yield** represents the revenue yield generated by applying the statewide average property tax rate to each county's real assessable base
- **Income Tax Yield** is based on the revenue yield generated by applying the county's local income tax rates to the county's estimated net taxable income for 2019 and 2020
- **Hypothetical Income Tax Yield** represents the revenue yield generated by applying the statewide average income tax rate to each county's net taxable income

Tax Capacity Varies Significantly among Local Jurisdictions

- Ability of local governments to generate revenues from their own sources varies significantly
- Per capita local wealth ranges from a low of \$61,651 in Somerset County to a high of \$332,527 in Worcester County – the statewide average is \$155,157
- 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 over 85% of total local taxes

Local Wealth Calculation for Maryland Counties Fiscal 2020

| County | Population | Assessable Base | Income Base | Total Wealth Amount | Per Capita Wealth Amount | Ranking |
|-----------------|-------------------|--------------------------|--------------------------|----------------------------|---------------------------------|----------------|
| Allegany | 70,541 | \$3,609,959,000 | \$1,019,440,167 | \$4,629,399,167 | \$65,627 | 23 |
| Anne Arundel | 581,980 | 90,400,765,000 | 19,926,553,995 | 110,327,318,995 | 189,572 | 6 |
| Baltimore City | 601,644 | 41,165,857,000 | 10,748,780,248 | 51,914,637,248 | 86,288 | 21 |
| Baltimore | 835,065 | 86,609,592,000 | 24,901,848,735 | 111,511,440,735 | 133,536 | 15 |
| Calvert | 92,289 | 12,188,072,000 | 2,847,183,734 | 15,035,255,734 | 162,916 | 9 |
| Caroline | 33,767 | 2,590,492,000 | 555,761,501 | 3,146,253,501 | 93,177 | 20 |
| Carroll | 168,790 | 19,930,454,000 | 5,315,287,024 | 25,245,741,024 | 149,569 | 11 |
| Cecil | 102,908 | 10,121,572,000 | 2,251,714,579 | 12,373,286,579 | 120,236 | 17 |
| Charles | 164,045 | 18,235,613,000 | 4,159,401,123 | 22,395,014,123 | 136,517 | 13 |
| Dorchester | 31,944 | 2,769,250,000 | 539,002,378 | 3,308,252,378 | 103,563 | 18 |
| Frederick | 259,712 | 31,436,595,000 | 7,882,582,803 | 39,319,177,803 | 151,395 | 10 |
| Garrett | 29,005 | 4,385,818,000 | 517,749,975 | 4,903,567,975 | 169,057 | 8 |
| Harford | 255,182 | 27,952,269,000 | 7,402,657,882 | 35,354,926,882 | 138,548 | 12 |
| Howard | 329,783 | 52,809,864,000 | 13,857,982,358 | 66,667,846,358 | 202,157 | 4 |
| Kent | 18,936 | 2,946,732,000 | 480,446,341 | 3,427,178,341 | 180,989 | 7 |
| Montgomery | 1,079,558 | 197,059,707,000 | 47,910,099,032 | 244,969,806,032 | 226,917 | 3 |
| Prince George's | 917,053 | 97,211,101,000 | 18,279,594,657 | 115,490,695,657 | 125,937 | 16 |
| Queen Anne's | 50,807 | 8,265,707,000 | 1,600,276,750 | 9,865,983,750 | 194,185 | 5 |
| St. Mary's | 114,369 | 12,398,352,000 | 3,059,206,767 | 15,457,558,767 | 135,155 | 14 |
| Somerset | 26,106 | 1,355,273,000 | 254,173,988 | 1,609,446,988 | 61,651 | 24 |
| Talbot | 36,859 | 8,447,846,000 | 1,328,210,024 | 9,776,056,024 | 265,228 | 2 |
| Washington | 151,986 | 12,661,289,000 | 2,975,369,780 | 15,636,658,780 | 102,882 | 19 |
| Wicomico | 103,675 | 6,291,159,000 | 1,755,588,487 | 8,046,747,487 | 77,615 | 22 |
| Worcester | 51,970 | 15,939,709,000 | 1,341,686,403 | 17,281,395,403 | 332,527 | 1 |
| Total | 6,107,975 | \$766,783,047,000 | \$180,910,598,734 | \$947,693,645,734 | \$155,157 | |

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

Property Tax Capacity among Local Jurisdictions

- Property tax is the largest source of local revenues for most counties
- Per capita real assessable base ranges from \$51,175 in Allegany County to \$306,710 in Worcester County – the statewide average is \$125,538
- Using statewide average property tax rates, the property tax yield in Allegany County would total \$619 per capita; whereas, in Worcester County the property tax yield would total \$3,709 per capita – the statewide per capita average is \$1,518

Per Capita Assessable Base in Maryland Counties Fiscal 2020

| County | Population | Assessable Base | Per Capita Basis | |
|-----------------|------------------|--------------------------|------------------|---------|
| | | | Amount | Ranking |
| Allegany | 70,541 | \$3,609,959,000 | \$51,175 | 24 |
| Anne Arundel | 581,980 | 90,400,765,000 | 155,333 | 7 |
| Baltimore City | 601,644 | 41,165,857,000 | 68,422 | 21 |
| Baltimore | 835,065 | 86,609,592,000 | 103,716 | 16 |
| Calvert | 92,289 | 12,188,072,000 | 132,065 | 9 |
| Caroline | 33,767 | 2,590,492,000 | 76,718 | 20 |
| Carroll | 168,790 | 19,930,454,000 | 118,078 | 11 |
| Cecil | 102,908 | 10,121,572,000 | 98,355 | 17 |
| Charles | 164,045 | 18,235,613,000 | 111,162 | 12 |
| Dorchester | 31,944 | 2,769,250,000 | 86,690 | 18 |
| Frederick | 259,712 | 31,436,595,000 | 121,044 | 10 |
| Garrett | 29,005 | 4,385,818,000 | 151,207 | 8 |
| Harford | 255,182 | 27,952,269,000 | 109,539 | 13 |
| Howard | 329,783 | 52,809,864,000 | 160,135 | 5 |
| Kent | 18,936 | 2,946,732,000 | 155,617 | 6 |
| Montgomery | 1,079,558 | 197,059,707,000 | 182,537 | 3 |
| Prince George's | 917,053 | 97,211,101,000 | 106,004 | 15 |
| Queen Anne's | 50,807 | 8,265,707,000 | 162,688 | 4 |
| St. Mary's | 114,369 | 12,398,352,000 | 108,406 | 14 |
| Somerset | 26,106 | 1,355,273,000 | 51,915 | 23 |
| Talbot | 36,859 | 8,447,846,000 | 229,193 | 2 |
| Washington | 151,986 | 12,661,289,000 | 83,306 | 19 |
| Wicomico | 103,675 | 6,291,159,000 | 60,681 | 22 |
| Worcester | 51,970 | 15,939,709,000 | 306,710 | 1 |
| Total | 6,107,975 | \$766,783,047,000 | \$125,538 | |

Property Tax Capacity Index Fiscal 2020

| County | Population | Assessable Base | Property Tax Yield | Hypothetical Yield | Per Capita Hypothetical Yield | Tax Capacity Index | Rank |
|-----------------|------------------|--------------------------|------------------------|------------------------|-------------------------------|--------------------|------|
| Allegany | 70,541 | \$3,609,959,000 | \$47,059,617 | \$43,651,859 | \$619 | 41 | 24 |
| Anne Arundel | 581,980 | 90,400,765,000 | 900,568,979 | 1,093,131,934 | 1,878 | 124 | 7 |
| Baltimore City | 601,644 | 41,165,857,000 | 925,408,465 | 497,780,222 | 827 | 55 | 21 |
| Baltimore | 835,065 | 86,609,592,000 | 952,705,512 | 1,047,288,824 | 1,254 | 83 | 16 |
| Calvert | 92,289 | 12,188,072,000 | 117,680,375 | 147,378,960 | 1,597 | 105 | 9 |
| Caroline | 33,767 | 2,590,492,000 | 31,594,221 | 31,324,398 | 928 | 61 | 20 |
| Carroll | 168,790 | 19,930,454,000 | 221,425,626 | 241,000,347 | 1,428 | 94 | 11 |
| Cecil | 102,908 | 10,121,572,000 | 119,827,461 | 122,390,707 | 1,189 | 78 | 17 |
| Charles | 164,045 | 18,235,613,000 | 224,710,376 | 220,506,219 | 1,344 | 89 | 12 |
| Dorchester | 31,944 | 2,769,250,000 | 35,845,966 | 33,485,951 | 1,048 | 69 | 18 |
| Frederick | 259,712 | 31,436,595,000 | 404,554,602 | 380,133,353 | 1,464 | 96 | 10 |
| Garrett | 29,005 | 4,385,818,000 | 48,001,155 | 53,033,597 | 1,828 | 120 | 8 |
| Harford | 255,182 | 27,952,269,000 | 317,557,523 | 338,000,656 | 1,325 | 87 | 13 |
| Howard | 329,783 | 52,809,864,000 | 660,123,300 | 638,580,313 | 1,936 | 128 | 5 |
| Kent | 18,936 | 2,946,732,000 | 33,468,390 | 35,632,075 | 1,882 | 124 | 6 |
| Montgomery | 1,079,558 | 197,059,707,000 | 2,050,438,780 | 2,382,858,803 | 2,207 | 145 | 3 |
| Prince George's | 917,053 | 97,211,101,000 | 1,489,148,687 | 1,175,482,961 | 1,282 | 84 | 15 |
| Queen Anne's | 50,807 | 8,265,707,000 | 73,007,761 | 99,949,467 | 1,967 | 130 | 4 |
| St. Mary's | 114,369 | 12,398,352,000 | 105,675,280 | 149,921,679 | 1,311 | 86 | 14 |
| Somerset | 26,106 | 1,355,273,000 | 16,666,980 | 16,388,049 | 628 | 41 | 23 |
| Talbot | 36,859 | 8,447,846,000 | 75,724,500 | 102,151,904 | 2,771 | 183 | 2 |
| Washington | 151,986 | 12,661,289,000 | 147,389,468 | 153,101,131 | 1,007 | 66 | 19 |
| Wicomico | 103,675 | 6,291,159,000 | 84,315,416 | 76,073,104 | 734 | 48 | 22 |
| Worcester | 51,970 | 15,939,709,000 | 189,092,072 | 192,743,999 | 3,709 | 244 | 1 |
| Total | 6,107,975 | \$766,783,047,000 | \$9,271,990,513 | \$9,271,990,513 | \$1,518 | 100 | |

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

Income Tax Capacity among Maryland Jurisdictions

- Income tax is the second major source of local revenues for most counties
- Per capita net taxable income ranges from \$9,736 in Somerset County to \$44,379 in Montgomery County – the statewide average is \$29,619
- Using statewide average income tax rates, the income tax yield would total \$298 per capita in Somerset County; whereas, in Montgomery County the income tax yield would total \$1,358 per capita – the statewide average is \$907 per capita

Per Capita Net Taxable Income in Maryland Counties Fiscal 2020

| County | Population | Net Taxable Income | Per Capita Basis Amount | Ranking |
|-----------------|------------------|--------------------------|----------------------------|---------|
| Allegany | 70,541 | \$1,019,440,167 | \$14,452 | 23 |
| Anne Arundel | 581,980 | 19,926,553,995 | 34,239 | 4 |
| Baltimore City | 601,644 | 10,748,780,248 | 17,866 | 18 |
| Baltimore | 835,065 | 24,901,848,735 | 29,820 | 9 |
| Calvert | 92,289 | 2,847,183,734 | 30,851 | 7 |
| Caroline | 33,767 | 555,761,501 | 16,459 | 22 |
| Carroll | 168,790 | 5,315,287,024 | 31,491 | 6 |
| Cecil | 102,908 | 2,251,714,579 | 21,881 | 15 |
| Charles | 164,045 | 4,159,401,123 | 25,355 | 14 |
| Dorchester | 31,944 | 539,002,378 | 16,873 | 21 |
| Frederick | 259,712 | 7,882,582,803 | 30,351 | 8 |
| Garrett | 29,005 | 517,749,975 | 17,850 | 19 |
| Harford | 255,182 | 7,402,657,882 | 29,009 | 10 |
| Howard | 329,783 | 13,857,982,358 | 42,022 | 2 |
| Kent | 18,936 | 480,446,341 | 25,372 | 13 |
| Montgomery | 1,079,558 | 47,910,099,032 | 44,379 | 1 |
| Prince George's | 917,053 | 18,279,594,657 | 19,933 | 16 |
| Queen Anne's | 50,807 | 1,600,276,750 | 31,497 | 5 |
| St. Mary's | 114,369 | 3,059,206,767 | 26,749 | 11 |
| Somerset | 26,106 | 254,173,988 | 9,736 | 24 |
| Talbot | 36,859 | 1,328,210,024 | 36,035 | 3 |
| Washington | 151,986 | 2,975,369,780 | 19,577 | 17 |
| Wicomico | 103,675 | 1,755,588,487 | 16,934 | 20 |
| Worcester | 51,970 | 1,341,686,403 | 25,817 | 12 |
| Total | 6,107,975 | \$180,910,598,734 | \$29,619 | |

Income Tax Capacity Index Fiscal 2020

| County | Population | Net Taxable Income | Income Tax Yield | Hypothetical Yield | Per Capita Hypothetical Yield | Tax Capacity Index | Rank |
|-----------------|------------------|--------------------------|------------------------|------------------------|-------------------------------|--------------------|------|
| Allegany | 70,541 | \$1,019,440,167 | \$31,092,925 | \$31,204,108 | \$442 | 49 | 23 |
| Anne Arundel | 581,980 | 19,926,553,995 | 529,574,927 | 609,933,132 | 1,048 | 116 | 4 |
| Baltimore City | 601,644 | 10,748,780,248 | 343,960,968 | 329,010,084 | 547 | 60 | 18 |
| Baltimore | 835,065 | 24,901,848,735 | 751,617,070 | 762,222,239 | 913 | 101 | 9 |
| Calvert | 92,289 | 2,847,183,734 | 85,415,512 | 87,149,624 | 944 | 104 | 7 |
| Caroline | 33,767 | 555,761,501 | 17,784,368 | 17,011,338 | 504 | 56 | 22 |
| Carroll | 168,790 | 5,315,287,024 | 161,053,197 | 162,695,952 | 964 | 106 | 6 |
| Cecil | 102,908 | 2,251,714,579 | 67,551,437 | 68,922,872 | 670 | 74 | 15 |
| Charles | 164,045 | 4,159,401,123 | 126,029,854 | 127,315,368 | 776 | 86 | 14 |
| Dorchester | 31,944 | 539,002,378 | 15,712,247 | 16,498,357 | 516 | 57 | 21 |
| Frederick | 259,712 | 7,882,582,803 | 233,324,451 | 241,278,468 | 929 | 102 | 8 |
| Garrett | 29,005 | 517,749,975 | 13,720,374 | 15,847,841 | 546 | 60 | 19 |
| Harford | 255,182 | 7,402,657,882 | 226,521,331 | 226,588,416 | 888 | 98 | 10 |
| Howard | 329,783 | 13,857,982,358 | 443,455,435 | 424,179,845 | 1,286 | 142 | 2 |
| Kent | 18,936 | 480,446,341 | 14,550,392 | 14,706,012 | 777 | 86 | 13 |
| Montgomery | 1,079,558 | 47,910,099,032 | 1,533,123,169 | 1,466,483,205 | 1,358 | 150 | 1 |
| Prince George's | 917,053 | 18,279,594,657 | 584,947,029 | 559,521,251 | 610 | 67 | 16 |
| Queen Anne's | 50,807 | 1,600,276,750 | 51,208,856 | 48,982,971 | 964 | 106 | 5 |
| St. Mary's | 114,369 | 3,059,206,767 | 94,419,736 | 93,639,450 | 819 | 90 | 11 |
| Somerset | 26,106 | 254,173,988 | 8,133,568 | 7,780,027 | 298 | 33 | 24 |
| Talbot | 36,859 | 1,328,210,024 | 31,877,041 | 40,655,263 | 1,103 | 122 | 3 |
| Washington | 151,986 | 2,975,369,780 | 89,362,366 | 91,073,279 | 599 | 66 | 17 |
| Wicomico | 103,675 | 1,755,588,487 | 56,178,832 | 53,736,917 | 518 | 57 | 20 |
| Worcester | 51,970 | 1,341,686,403 | 26,888,698 | 41,067,763 | 790 | 87 | 12 |
| Total | 6,107,975 | \$180,910,598,734 | \$5,537,503,784 | \$5,537,503,784 | \$907 | 100 | |

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

Combined Property and Income Tax Capacity Measures

- 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, the combined tax yield in Somerset County would total \$926 per capita; whereas, in Worcester County the combined tax yield would total \$4,499 per capita – the statewide average is \$2,425 per capita

Combined Tax Capacity Index Fiscal 2020

| County | Population | Property Hypothetical Yield | Income Hypothetical Yield | Combined Hypothetical Yield | County Yield Per Capita | Tax Capacity Index | Rank |
|-----------------|------------------|-----------------------------|---------------------------|-----------------------------|-------------------------|--------------------|------|
| Allegany | 70,541 | \$43,651,859 | \$31,204,108 | \$74,855,967 | \$1,061 | 44 | 23 |
| Anne Arundel | 581,980 | 1,093,131,934 | 609,933,132 | 1,703,065,067 | 2,926 | 121 | 6 |
| Baltimore City | 601,644 | 497,780,222 | 329,010,084 | 826,790,306 | 1,374 | 57 | 21 |
| Baltimore | 835,065 | 1,047,288,824 | 762,222,239 | 1,809,511,063 | 2,167 | 89 | 13 |
| Calvert | 92,289 | 147,378,960 | 87,149,624 | 234,528,584 | 2,541 | 105 | 8 |
| Caroline | 33,767 | 31,324,398 | 17,011,338 | 48,335,736 | 1,431 | 59 | 20 |
| Carroll | 168,790 | 241,000,347 | 162,695,952 | 403,696,299 | 2,392 | 99 | 10 |
| Cecil | 102,908 | 122,390,707 | 68,922,872 | 191,313,579 | 1,859 | 77 | 17 |
| Charles | 164,045 | 220,506,219 | 127,315,368 | 347,821,587 | 2,120 | 87 | 15 |
| Dorchester | 31,944 | 33,485,951 | 16,498,357 | 49,984,309 | 1,565 | 65 | 19 |
| Frederick | 259,712 | 380,133,353 | 241,278,468 | 621,411,821 | 2,393 | 99 | 9 |
| Garrett | 29,005 | 53,033,597 | 15,847,841 | 68,881,438 | 2,375 | 98 | 11 |
| Harford | 255,182 | 338,000,656 | 226,588,416 | 564,589,072 | 2,212 | 91 | 12 |
| Howard | 329,783 | 638,580,313 | 424,179,845 | 1,062,760,158 | 3,223 | 133 | 4 |
| Kent | 18,936 | 35,632,075 | 14,706,012 | 50,338,087 | 2,658 | 110 | 7 |
| Montgomery | 1,079,558 | 2,382,858,803 | 1,466,483,205 | 3,849,342,008 | 3,566 | 147 | 3 |
| Prince George's | 917,053 | 1,175,482,961 | 559,521,251 | 1,735,004,212 | 1,892 | 78 | 16 |
| Queen Anne's | 50,807 | 99,949,467 | 48,982,971 | 148,932,438 | 2,931 | 121 | 5 |
| St. Mary's | 114,369 | 149,921,679 | 93,639,450 | 243,561,130 | 2,130 | 88 | 14 |
| Somerset | 26,106 | 16,388,049 | 7,780,027 | 24,168,077 | 926 | 38 | 24 |
| Talbot | 36,859 | 102,151,904 | 40,655,263 | 142,807,167 | 3,874 | 160 | 2 |
| Washington | 151,986 | 153,101,131 | 91,073,279 | 244,174,410 | 1,607 | 66 | 18 |
| Wicomico | 103,675 | 76,073,104 | 53,736,917 | 129,810,021 | 1,252 | 52 | 22 |
| Worcester | 51,970 | 192,743,999 | 41,067,763 | 233,811,761 | 4,499 | 186 | 1 |
| Total | 6,107,975 | \$9,271,990,513 | \$5,537,503,784 | \$14,809,494,297 | \$2,425 | 100 | |

State Aid Reduces Fiscal Disparities among Local Jurisdictions

- 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 2020

| County | Population | Combined Hypothetical Yield | State Aid Amount | Adjusted Hypothetical Yield | Adjusted Yield Per Capita | Adjusted Capacity Index | Rank |
|-----------------|------------------|-----------------------------|------------------------|-----------------------------|---------------------------|-------------------------|------|
| Allegany | 70,541 | \$74,855,967 | \$122,342,461 | \$197,198,428 | \$2,796 | 74 | 23 |
| Anne Arundel | 581,980 | 1,703,065,067 | 553,505,412 | 2,256,570,479 | 3,877 | 103 | 6 |
| Baltimore City | 601,644 | 826,790,306 | 1,497,890,905 | 2,324,681,211 | 3,864 | 102 | 7 |
| Baltimore | 835,065 | 1,809,511,063 | 911,537,373 | 2,721,048,436 | 3,258 | 86 | 20 |
| Calvert | 92,289 | 234,528,584 | 115,647,642 | 350,176,226 | 3,794 | 101 | 8 |
| Caroline | 33,767 | 48,335,736 | 78,829,399 | 127,165,135 | 3,766 | 100 | 9 |
| Carroll | 168,790 | 403,696,299 | 180,732,091 | 584,428,390 | 3,462 | 92 | 15 |
| Cecil | 102,908 | 191,313,579 | 145,406,513 | 336,720,092 | 3,272 | 87 | 19 |
| Charles | 164,045 | 347,821,587 | 239,963,079 | 587,784,666 | 3,583 | 95 | 12 |
| Dorchester | 31,944 | 49,984,309 | 61,754,455 | 111,738,764 | 3,498 | 93 | 14 |
| Frederick | 259,712 | 621,411,821 | 329,937,811 | 951,349,632 | 3,663 | 97 | 11 |
| Garrett | 29,005 | 68,881,438 | 38,740,059 | 107,621,497 | 3,710 | 98 | 10 |
| Harford | 255,182 | 564,589,072 | 284,174,295 | 848,763,367 | 3,326 | 88 | 18 |
| Howard | 329,783 | 1,062,760,158 | 380,622,135 | 1,443,382,293 | 4,377 | 116 | 4 |
| Kent | 18,936 | 50,338,087 | 15,153,053 | 65,491,140 | 3,459 | 92 | 16 |
| Montgomery | 1,079,558 | 3,849,342,008 | 1,035,552,068 | 4,884,894,076 | 4,525 | 120 | 3 |
| Prince George's | 917,053 | 1,735,004,212 | 1,500,993,648 | 3,235,997,860 | 3,529 | 94 | 13 |
| Queen Anne's | 50,807 | 148,932,438 | 50,380,501 | 199,312,939 | 3,923 | 104 | 5 |
| St. Mary's | 114,369 | 243,561,130 | 137,943,260 | 381,504,390 | 3,336 | 88 | 17 |
| Somerset | 26,106 | 24,168,077 | 48,610,274 | 72,778,351 | 2,788 | 74 | 24 |
| Talbot | 36,859 | 142,807,167 | 25,006,900 | 167,814,067 | 4,553 | 121 | 2 |
| Washington | 151,986 | 244,174,410 | 236,079,028 | 480,253,438 | 3,160 | 84 | 22 |
| Wicomico | 103,675 | 129,810,021 | 200,495,903 | 330,305,924 | 3,186 | 84 | 21 |
| Worcester | 51,970 | 233,811,761 | 40,173,290 | 273,985,051 | 5,272 | 140 | 1 |
| Total | 6,107,975 | \$14,809,494,297 | \$8,231,471,555 | \$23,040,965,852 | \$3,772 | 100 | |

Comparison of Tax Capacity Index and State Aid Adjusted Index Fiscal 2020

| County | Population | County Yield Per Capita | Tax Capacity Index | Rank | Adjusted Yield Per Capita | Adjusted Capacity Index | Rank |
|-----------------|------------------|-------------------------|--------------------|------|---------------------------|-------------------------|------|
| Allegany | 70,541 | \$1,061 | 44 | 23 | \$2,796 | 74 | 23 |
| Anne Arundel | 581,980 | 2,926 | 121 | 6 | 3,877 | 103 | 6 |
| Baltimore City | 601,644 | 1,374 | 57 | 21 | 3,864 | 102 | 7 |
| Baltimore | 835,065 | 2,167 | 89 | 13 | 3,258 | 86 | 20 |
| Calvert | 92,289 | 2,541 | 105 | 8 | 3,794 | 101 | 8 |
| Caroline | 33,767 | 1,431 | 59 | 20 | 3,766 | 100 | 9 |
| Carroll | 168,790 | 2,392 | 99 | 10 | 3,462 | 92 | 15 |
| Cecil | 102,908 | 1,859 | 77 | 17 | 3,272 | 87 | 19 |
| Charles | 164,045 | 2,120 | 87 | 15 | 3,583 | 95 | 12 |
| Dorchester | 31,944 | 1,565 | 65 | 19 | 3,498 | 93 | 14 |
| Frederick | 259,712 | 2,393 | 99 | 9 | 3,663 | 97 | 11 |
| Garrett | 29,005 | 2,375 | 98 | 11 | 3,710 | 98 | 10 |
| Harford | 255,182 | 2,212 | 91 | 12 | 3,326 | 88 | 18 |
| Howard | 329,783 | 3,223 | 133 | 4 | 4,377 | 116 | 4 |
| Kent | 18,936 | 2,658 | 110 | 7 | 3,459 | 92 | 16 |
| Montgomery | 1,079,558 | 3,566 | 147 | 3 | 4,525 | 120 | 3 |
| Prince George's | 917,053 | 1,892 | 78 | 16 | 3,529 | 94 | 13 |
| Queen Anne's | 50,807 | 2,931 | 121 | 5 | 3,923 | 104 | 5 |
| St. Mary's | 114,369 | 2,130 | 88 | 14 | 3,336 | 88 | 17 |
| Somerset | 26,106 | 926 | 38 | 24 | 2,788 | 74 | 24 |
| Talbot | 36,859 | 3,874 | 160 | 2 | 4,553 | 121 | 2 |
| Washington | 151,986 | 1,607 | 66 | 18 | 3,160 | 84 | 22 |
| Wicomico | 103,675 | 1,252 | 52 | 22 | 3,186 | 84 | 21 |
| Worcester | 51,970 | 4,499 | 186 | 1 | 5,272 | 140 | 1 |
| Total | 6,107,975 | \$2,425 | 100 | | \$3,772 | 100 | |

Tax Effort Affected by Several Factors

- 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

- 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
- Most low-wealth jurisdictions have above-average property and income tax effort (Baltimore City, Caroline, Somerset, and Wicomico)
- Two additional low-wealth jurisdictions (Dorchester and Washington) increased their local income tax rate to 3.2% in CY 2020
- Cecil County (a low-wealth jurisdiction) has an average property and income tax effort

Property Tax Effort Index Fiscal 2020

| County | Population | Assessable Base | Property Tax Yield | Hypothetical Yield | Tax Effort Index | Rank |
|-----------------|------------------|--------------------------|------------------------|------------------------|------------------|------|
| Allegany | 70,541 | \$3,609,959,000 | \$47,059,617 | \$43,651,859 | 108 | 4 |
| Anne Arundel | 581,980 | 90,400,765,000 | 900,568,979 | 1,093,131,934 | 82 | 20 |
| Baltimore City | 601,644 | 41,165,857,000 | 925,408,465 | 497,780,222 | 186 | 1 |
| Baltimore | 835,065 | 86,609,592,000 | 952,705,512 | 1,047,288,824 | 91 | 17 |
| Calvert | 92,289 | 12,188,072,000 | 117,680,375 | 147,378,960 | 80 | 21 |
| Caroline | 33,767 | 2,590,492,000 | 31,594,221 | 31,324,398 | 101 | 10 |
| Carroll | 168,790 | 19,930,454,000 | 221,425,626 | 241,000,347 | 92 | 16 |
| Cecil | 102,908 | 10,121,572,000 | 119,827,461 | 122,390,707 | 98 | 12 |
| Charles | 164,045 | 18,235,613,000 | 224,710,376 | 220,506,219 | 102 | 8 |
| Dorchester | 31,944 | 2,769,250,000 | 35,845,966 | 33,485,951 | 107 | 5 |
| Frederick | 259,712 | 31,436,595,000 | 404,554,602 | 380,133,353 | 106 | 6 |
| Garrett | 29,005 | 4,385,818,000 | 48,001,155 | 53,033,597 | 91 | 18 |
| Harford | 255,182 | 27,952,269,000 | 317,557,523 | 338,000,656 | 94 | 14 |
| Howard | 329,783 | 52,809,864,000 | 660,123,300 | 638,580,313 | 103 | 7 |
| Kent | 18,936 | 2,946,732,000 | 33,468,390 | 35,632,075 | 94 | 15 |
| Montgomery | 1,079,558 | 197,059,707,000 | 2,050,438,780 | 2,382,858,803 | 86 | 19 |
| Prince George's | 917,053 | 97,211,101,000 | 1,489,148,687 | 1,175,482,961 | 127 | 2 |
| Queen Anne's | 50,807 | 8,265,707,000 | 73,007,761 | 99,949,467 | 73 | 23 |
| St. Mary's | 114,369 | 12,398,352,000 | 105,675,280 | 149,921,679 | 70 | 24 |
| Somerset | 26,106 | 1,355,273,000 | 16,666,980 | 16,388,049 | 102 | 9 |
| Talbot | 36,859 | 8,447,846,000 | 75,724,500 | 102,151,904 | 74 | 22 |
| Washington | 151,986 | 12,661,289,000 | 147,389,468 | 153,101,131 | 96 | 13 |
| Wicomico | 103,675 | 6,291,159,000 | 84,315,416 | 76,073,104 | 111 | 3 |
| Worcester | 51,970 | 15,939,709,000 | 189,092,072 | 192,743,999 | 98 | 11 |
| Total | 6,107,975 | \$766,783,047,000 | \$9,271,990,513 | \$9,271,990,513 | 100 | |

Income Tax Effort Index Fiscal 2020

| County | Population | Net Taxable Income | Income Tax Yield | Hypothetical Yield | Tax Effort Index | Rank |
|-----------------|------------------|--------------------------|------------------------|------------------------|------------------|------|
| Allegany | 70,541 | \$1,019,440,167 | \$31,092,925 | \$31,204,108 | 100 | 11 |
| Anne Arundel | 581,980 | 19,926,553,995 | 529,574,927 | 609,933,132 | 87 | 21 |
| Baltimore City | 601,644 | 10,748,780,248 | 343,960,968 | 329,010,084 | 105 | 1 |
| Baltimore | 835,065 | 24,901,848,735 | 751,617,070 | 762,222,239 | 99 | 15 |
| Calvert | 92,289 | 2,847,183,734 | 85,415,512 | 87,149,624 | 98 | 17 |
| Caroline | 33,767 | 555,761,501 | 17,784,368 | 17,011,338 | 105 | 1 |
| Carroll | 168,790 | 5,315,287,024 | 161,053,197 | 162,695,952 | 99 | 13 |
| Cecil | 102,908 | 2,251,714,579 | 67,551,437 | 68,922,872 | 98 | 18 |
| Charles | 164,045 | 4,159,401,123 | 126,029,854 | 127,315,368 | 99 | 12 |
| Dorchester | 31,944 | 539,002,378 | 15,712,247 | 16,498,357 | 95 | 20 |
| Frederick | 259,712 | 7,882,582,803 | 233,324,451 | 241,278,468 | 97 | 19 |
| Garrett | 29,005 | 517,749,975 | 13,720,374 | 15,847,841 | 87 | 22 |
| Harford | 255,182 | 7,402,657,882 | 226,521,331 | 226,588,416 | 100 | 10 |
| Howard | 329,783 | 13,857,982,358 | 443,455,435 | 424,179,845 | 105 | 1 |
| Kent | 18,936 | 480,446,341 | 14,550,392 | 14,706,012 | 99 | 14 |
| Montgomery | 1,079,558 | 47,910,099,032 | 1,533,123,169 | 1,466,483,205 | 105 | 1 |
| Prince George's | 917,053 | 18,279,594,657 | 584,947,029 | 559,521,251 | 105 | 1 |
| Queen Anne's | 50,807 | 1,600,276,750 | 51,208,856 | 48,982,971 | 105 | 1 |
| St. Mary's | 114,369 | 3,059,206,767 | 94,419,736 | 93,639,450 | 101 | 9 |
| Somerset | 26,106 | 254,173,988 | 8,133,568 | 7,780,027 | 105 | 1 |
| Talbot | 36,859 | 1,328,210,024 | 31,877,041 | 40,655,263 | 78 | 23 |
| Washington | 151,986 | 2,975,369,780 | 89,362,366 | 91,073,279 | 98 | 16 |
| Wicomico | 103,675 | 1,755,588,487 | 56,178,832 | 53,736,917 | 105 | 1 |
| Worcester | 51,970 | 1,341,686,403 | 26,888,698 | 41,067,763 | 65 | 24 |
| Total | 6,107,975 | \$180,910,598,734 | \$5,537,503,784 | \$5,537,503,784 | 100 | |

Combined Tax Effort Index Fiscal 2020

| County | Population | Property Hypothetical Yield | Income Hypothetical Yield | Combined Hypothetical Yield | Property Tax Yield | Income Tax Yield | Combined Tax Yield | Tax Effort Index | Rank |
|-----------------|------------------|-----------------------------|---------------------------|-----------------------------|------------------------|------------------------|-------------------------|------------------|------|
| Allegany | 70,541 | \$43,651,859 | \$31,204,108 | \$74,855,967 | \$47,059,617 | \$31,092,925 | \$78,152,542 | 104 | 4 |
| Anne Arundel | 581,980 | 1,093,131,934 | 609,933,132 | 1,703,065,067 | 900,568,979 | 529,574,927 | 1,430,143,906 | 84 | 21 |
| Baltimore City | 601,644 | 497,780,222 | 329,010,084 | 826,790,306 | 925,408,465 | 343,960,968 | 1,269,369,433 | 154 | 1 |
| Baltimore | 835,065 | 1,047,288,824 | 762,222,239 | 1,809,511,063 | 952,705,512 | 751,617,070 | 1,704,322,582 | 94 | 16 |
| Calvert | 92,289 | 147,378,960 | 87,149,624 | 234,528,584 | 117,680,375 | 85,415,512 | 203,095,887 | 87 | 20 |
| Caroline | 33,767 | 31,324,398 | 17,011,338 | 48,335,736 | 31,594,221 | 17,784,368 | 49,378,589 | 102 | 9 |
| Carroll | 168,790 | 241,000,347 | 162,695,952 | 403,696,299 | 221,425,626 | 161,053,197 | 382,478,823 | 95 | 15 |
| Cecil | 102,908 | 122,390,707 | 68,922,872 | 191,313,579 | 119,827,461 | 67,551,437 | 187,378,898 | 98 | 11 |
| Charles | 164,045 | 220,506,219 | 127,315,368 | 347,821,587 | 224,710,376 | 126,029,854 | 350,740,230 | 101 | 10 |
| Dorchester | 31,944 | 33,485,951 | 16,498,357 | 49,984,309 | 35,845,966 | 15,712,247 | 51,558,214 | 103 | 6 |
| Frederick | 259,712 | 380,133,353 | 241,278,468 | 621,411,821 | 404,554,602 | 233,324,451 | 637,879,053 | 103 | 7 |
| Garrett | 29,005 | 53,033,597 | 15,847,841 | 68,881,438 | 48,001,155 | 13,720,374 | 61,721,530 | 90 | 19 |
| Harford | 255,182 | 338,000,656 | 226,588,416 | 564,589,072 | 317,557,523 | 226,521,331 | 544,078,854 | 96 | 13 |
| Howard | 329,783 | 638,580,313 | 424,179,845 | 1,062,760,158 | 660,123,300 | 443,455,435 | 1,103,578,735 | 104 | 5 |
| Kent | 18,936 | 35,632,075 | 14,706,012 | 50,338,087 | 33,468,390 | 14,550,392 | 48,018,782 | 95 | 14 |
| Montgomery | 1,079,558 | 2,382,858,803 | 1,466,483,205 | 3,849,342,008 | 2,050,438,780 | 1,533,123,169 | 3,583,561,949 | 93 | 17 |
| Prince George's | 917,053 | 1,175,482,961 | 559,521,251 | 1,735,004,212 | 1,489,148,687 | 584,947,029 | 2,074,095,716 | 120 | 2 |
| Queen Anne's | 50,807 | 99,949,467 | 48,982,971 | 148,932,438 | 73,007,761 | 51,208,856 | 124,216,617 | 83 | 22 |
| St. Mary's | 114,369 | 149,921,679 | 93,639,450 | 243,561,130 | 105,675,280 | 94,419,736 | 200,095,016 | 82 | 23 |
| Somerset | 26,106 | 16,388,049 | 7,780,027 | 24,168,077 | 16,666,980 | 8,133,568 | 24,800,548 | 103 | 8 |
| Talbot | 36,859 | 102,151,904 | 40,655,263 | 142,807,167 | 75,724,500 | 31,877,041 | 107,601,540 | 75 | 24 |
| Washington | 151,986 | 153,101,131 | 91,073,279 | 244,174,410 | 147,389,468 | 89,362,366 | 236,751,834 | 97 | 12 |
| Wicomico | 103,675 | 76,073,104 | 53,736,917 | 129,810,021 | 84,315,416 | 56,178,832 | 140,494,248 | 108 | 3 |
| Worcester | 51,970 | 192,743,999 | 41,067,763 | 233,811,761 | 189,092,072 | 26,888,698 | 215,980,770 | 92 | 18 |
| Total | 6,107,975 | \$9,271,990,513 | \$5,537,503,784 | \$14,809,494,297 | \$9,271,990,513 | \$5,537,503,784 | \$14,809,494,297 | 100 | |

Tax Capacity and Effort Measures Have Strengths and Weaknesses

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