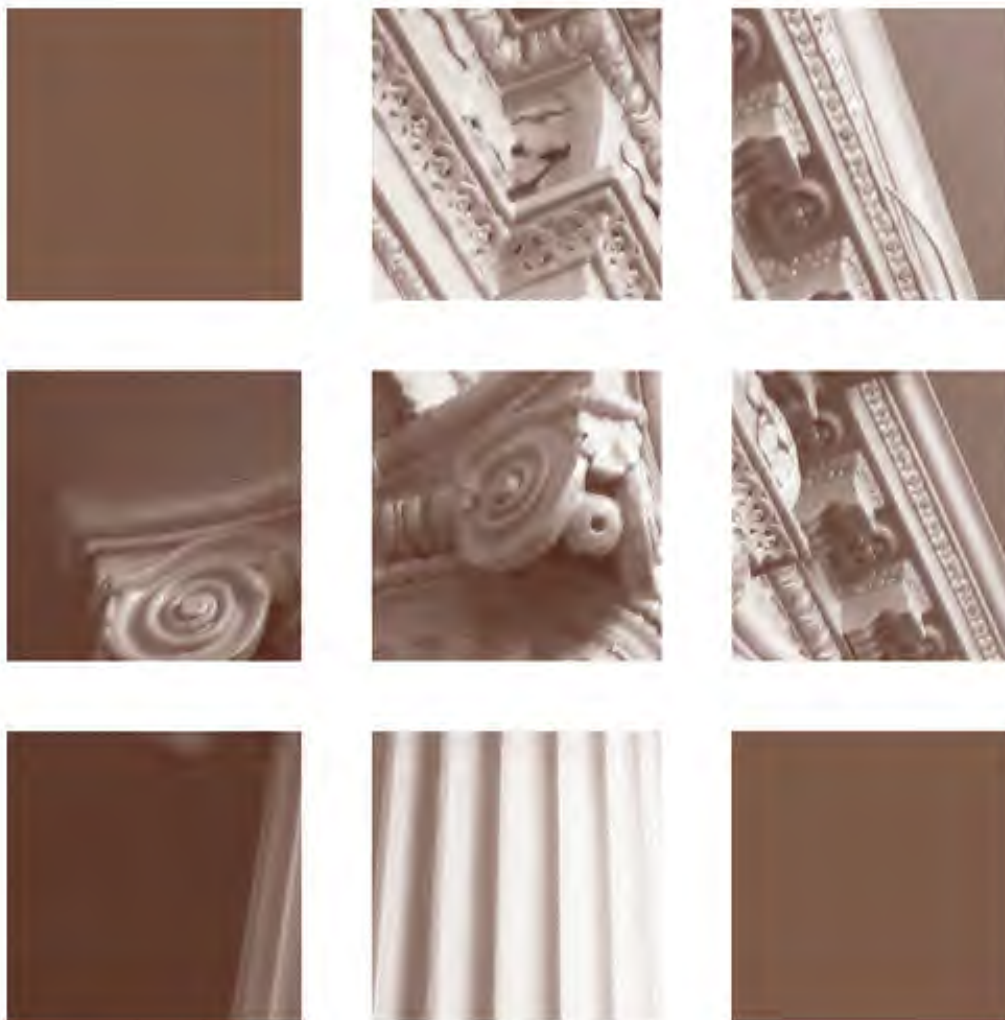


OVERVIEW OF MARYLAND LOCAL GOVERNMENTS

Finances and Demographic Information



DEPARTMENT OF LEGISLATIVE SERVICES 2008

Overview of Maryland Local Governments

Finances and Demographic Information

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

January 2008

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF THE EXECUTIVE DIRECTOR
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

January 2008

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:

The Department of Legislative Services has prepared this overview document to provide legislators and the public with a better understanding of the fiscal and social issues confronting local governments in Maryland. Topics discussed in this report include the following:

- Structure of Local Governments
- Demographic Indicators
- Local Government Finances
- Tax Rates for Local Governments
- Local Revenue Growth
- County Salary Actions
- Public School Funding
- Local General Fund Balances
- Local Debt Measures
- Balance of State Payments
- Tax Capacity and Effort

This report was prepared by Hiram Burch, Erik Timme, and Joshua Watters and reviewed by Hiram Burch and John Rohrer. The manuscript was prepared by Mary LaValley. The Department of Legislative Services trusts that this report will be useful to individuals interested in local government fiscal issues.

Sincerely,

Karl S. Aro
Executive Director

KSA/ml

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Executive Summary

Whether it is considering public local laws or altering State aid formulas, the General Assembly deliberates numerous issues affecting local governments and their finances each legislative session. Understanding the existing political and financial structure of local governments enables thorough consideration of the impact of such legislation.

Structure of Local Governments

In terms of types and number of local governments, Maryland's structure is relatively simple. The U.S. Census Bureau identifies 265 local governments in Maryland, including 23 counties, Baltimore City, 156 municipalities, and 85 special taxing districts. Counties are the principal unit of local government in Maryland, responsible for most basic services. Municipalities typically provide a limited array of public services that in many instances complement county government services. Municipalities in rural counties on the Eastern Shore and in Western Maryland provide services that may not be offered by the respective county government.

Demographic Indicators

Maryland is among the most diverse states in the nation. Racial minorities comprise 41.6 percent of the State's population compared to 33.6 percent nationally. Racial minorities accounted for 100 percent of the State's population

growth since 2000. The Hispanic/Latino and Asian communities are the two fastest growing ethnic groups. During this period, the State's minority population increased by 16.9 percent; whereas, the white population decreased by 0.6 percent. The State's Hispanic population increased by 48.0 percent, with the Asian population increasing by 28.3 percent and African Americans by 10.3 percent.

Maryland is also one of the most affluent states in the nation with the highest median household income and the lowest poverty rate as of 2006. Marylanders are highly educated with a high concentration of college-educated residents. Maryland enjoys a below-average unemployment rate and a large concentration of high-tech jobs. An indicator that is consistently negative, however, is the State's high violent crime rate.

Local Government Finances

County and municipal governments in Maryland spend approximately \$20 billion annually on public services. Counties are the principal unit of local government responsible for most basic services such as police, fire, local corrections, sanitation, local highways, health, and parks and recreation. Counties also are responsible for funding public schools, libraries, local community colleges, and the circuit courts. In fiscal 2004, expenditures at the county government level totaled \$18.8 billion, which accounted for 95.6 percent of total local government expenditures.

Municipal governments spent approximately \$860.6 million, which accounted for 4.4 percent of total local government expenditures in fiscal 2004. The services delivered by municipalities are less uniform than those provided by the counties. The most comprehensive array of services is provided by Annapolis, Cumberland, Frederick, Gaithersburg, and Rockville.

Tax Rates for Local Governments

Eight counties changed various local tax rates in fiscal 2008, with five decreasing rates and three increasing rates. One county increased its property tax rate while five jurisdictions reduced their rates in fiscal 2008, primarily the result of the significant growth in property tax assessments in recent years that have pushed local revenues upward. Local income tax rates remained relatively constant for tax year 2007, with only one county increasing its rate. Recordation tax rates were increased in two counties.

Individuals and businesses residing in incorporated areas are subject to municipal property taxes in addition to county property taxes. To compensate municipal corporations for providing services in lieu of similar county services or programs and to address the effect of double taxation in municipalities (when residents pay both county and municipal property taxes), 17 counties provided property tax set-offs totaling \$67.0 million in fiscal 2007, through either a tax rate differential or tax rebate.

Sixteen counties impose either a development impact fee or excise tax, which generated approximately \$123.4 million in revenues in fiscal 2007. The primary services funded by these charges include public school construction, transportation, public safety, parks and recreation, and water/sewer utilities.

Local Revenue Growth

Local revenue growth remains positive in fiscal 2008 due to continued strong increases in property assessments and moderate increases in net taxable income. County assessable base increased by 19.7 percent in fiscal 2008, the highest annual percentage increase over the last 10 years. Likewise, net taxable income also increased but at a lower rate than the prior year. Net taxable income increased by 5.8 percent in tax year 2006. On the downside, recordation and transfer taxes are projected to decline in fiscal 2008.

The increase in property assessments throughout Maryland has led the State, and in some instances the voters, to take action to curtail the rise in property taxes. The Homestead Tax Credit Program (assessment caps) provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or “cap” in any given year. The Homestead Tax Credit Program has provided significant local property tax relief in recent years. This foregone revenue is estimated at \$1.0 billion in fiscal 2008, \$1.4 billion in fiscal 2009, and \$1.8 billion in fiscal 2010.

County Salary Actions

Almost all Maryland jurisdictions are providing salary enhancements to their employees. Twenty-three county governments provided their employees with a cost-of-living adjustment (COLA), while 20 counties provided step increases. Moreover, all 24 boards of education provided COLAs and step increases for their teachers. Most counties (14) provided their employees with a COLA of at least 3 percent, while the majority of local boards of education (13) provided teachers with at least 5 percent.

Public School Funding

Public schools are funded from federal, State, and local sources. Approximately 48 percent of public school funding in Maryland comes from local sources, and 47 percent comes from the State. The federal government provides only 5 percent of public school funding. Public schools in Maryland received over \$13,300 in total funding for each pupil in fiscal 2008. Baltimore City had the highest per pupil revenues at \$15,508, while Montgomery County had the second highest at \$15,080. Queen Anne's County, a high-performing school district, had the lowest per pupil revenues at \$11,135.

State education aid increased from \$2.9 billion in fiscal 2002, the year before the Bridge to Excellence Act, to \$5.2 billion in fiscal 2008, representing an increase of 79.1 percent in State support for public education and an average annual increase of 10.2 percent over the six years. The average annual increases will outpace the rate of general fund

revenue growth, which is expected to average 6.2 percent over the same six-year period. In comparison, local appropriations to the boards of education have increased by 5.1 percent annually since fiscal 2002.

Local General Fund Balances

Local governments ended fiscal 2007 with general fund balances, including "rainy day" accounts, totaling \$2.0 billion. These balances increased by \$16.0 million from the prior year. The general fund/"rainy day" balances as a percentage of general fund revenues decreased from 18.0 to 17.2 percent. Thirteen counties reported an increase in their general fund/"rainy day" balances between fiscal 2006 and 2007. Eleven counties experienced decreases in their general fund balances between fiscal 2006 and 2007.

Local Debt Measures

As of June 30, 2006, Maryland counties and Baltimore City had \$12.4 billion in outstanding debt. Between fiscal 2002 and 2006, local debt for counties and Baltimore City increased by \$1.9 billion or 18.1 percent. This represents a 4.3 percent average annual increase over the five-year period. As expected, a majority of the debt was located in areas having greater infrastructure needs and greater populations. One reason certain counties have less debt than other larger counties is the interrelationship between a county and its municipalities. Some municipalities bear the burden of maintaining a large

portion of the infrastructure needs, such as water and sewer systems.

Balance of State Payments

The *Balance Sheet* provides a comparison of State revenues collected to State financial assistance received for each county. In fiscal 2005, State aid (direct grants and payments-on-behalf) represented about 37 percent of the State revenue collections (including property taxes) allocated on a county-by-county basis in this analysis. The remaining revenues funded State programs. Worcester, Talbot, and Montgomery counties had the lowest ratios in fiscal 2005 (received the least amount of State aid in relation to the collection of State tax revenues); while Somerset County, Baltimore City, and Caroline County had the highest ratios (received the greatest amount of State aid in relation to the collection of State tax revenues). Historically, the relative rankings of these jurisdictions have remained constant.

Tax Capacity and Effort

The tax capacity index is highly influenced by the property tax and income tax, the two largest taxes at the local level. Those jurisdictions with high property valuations and income wealth, therefore, tend to be among those with the highest capacity. Worcester County has the highest capacity due to the large property assessable base and hotel/motel room rentals in the resort town of Ocean City. In contrast, Somerset County has the lowest capacity due to its low income levels and property assessable base.

The State takes into account a jurisdiction's revenue capacity when allocating State funding. Over 65 percent of State assistance is distributed inversely to local wealth. Utilizing local wealth measures to distribute State assistance attempts to offset the inequalities in the revenue capacity among local jurisdictions.

Chapter 1. Structure of Local Governments

When Lord Calvert and his group of English settlers landed on St. Clement's Island in 1634, they brought with them the familiar forms of English government, which included governance on the local level in counties and villages. The settlers immediately set about establishing civil boundaries as they had known them in England with the establishment of St. Mary's City. Just three years later, in 1637, the settlers established St. Mary's County. Since that time, local government has evolved, changing as the times and needs of local communities have changed. Likewise, the law governing local government has developed to address such change. The differences among local governments and the relationship among different levels of government may be best understood in this historical context.

There is no mention of local government in the U.S. Constitution, and local governments are generally considered creatures of the state. Yet often it is with their local government that citizens most closely identify. In terms of types and number of local governments, Maryland's structure is relatively simple. The U.S. Census Bureau identifies 265 local governments in Maryland, including 23 counties, Baltimore City, 156 municipalities, and 85 special taxing districts. There are 87,525 local governments throughout the United States. Maryland ranks forty-sixth among the states in terms of the number of local governments. **Appendix 1** summarizes the number of local governments in each state. A map of Maryland showing each county and county seat is depicted in **Exhibit 1.1**.

A brief summary of the various forms and authority of local governments follows. A more detailed explanation of the structure and powers of each type of local government is provided in a companion publication, *Maryland Local Government – Volume VI* of the Legislative Handbook Series.

Counties

Counties are the principal unit of local government in Maryland, responsible for most basic services such as police, fire, local corrections, sanitation, highways, health, and parks and recreation. In addition, counties are responsible for funding public schools, libraries, local community colleges, and the circuit courts. This arrangement is similar to other states south of the Mason-Dixon Line. Northern states traditionally rely more on townships to provide local services; counties, where they exist, play a secondary role. In addition, unlike most states, the local school districts in Maryland are fiscally dependent on the county government for funding.

Unlike Maryland's municipalities, which were established exclusively to meet local needs, counties have traditionally served two roles simultaneously – a provider of local services and an administrative arm of the State. In the first role, the form and extent of county government throughout the State developed based on local needs and on economic, geographic, and population differences. When these differences are considered collectively, they contribute to

Maryland's reputation as "America in miniature." In the second role, counties have served as a mechanism to provide services of statewide concern throughout each region of the State.

Maryland counties operate under three forms of government: commission, charter home rule, and code home rule. Until the mid-twentieth century, every county in Maryland had a commission form of government. Although Article XI-A of the Maryland Constitution was ratified in 1915 granting Baltimore City and any county the authority to adopt charter home rule, the first time a county exercised this option was in 1948 when Montgomery County became the first charter home rule county. Until the mid-1960s, only three more counties had adopted charter home rule. Article XI-F of the Maryland Constitution was ratified in 1966 giving counties the option to adopt code home rule. Over the next few decades, several more counties adopted some form of home rule authority. To date, only eight counties continue to operate under the commission, or nonhome rule, form of government, while nine counties operate under charter home rule, and six counties operate under code home rule. **Table 1.1** shows the form of government for each Maryland county.

Baltimore City

Baltimore City is unique among Maryland's local governments. The city is a municipal corporation, but it is generally treated as a county for purposes of State law. Originally, Baltimore City was established as a municipal corporation within the confines of Baltimore County, and the

city government performed exclusively municipal functions. However, in 1851, Baltimore City was separated from Baltimore County and has since functioned as an independent unit. Today, Baltimore City operates under the charter home rule form of government.

Table 1.1
Form of County Government

<u>Charter</u>	<u>Commission</u>	<u>Code</u>
Anne Arundel	Calvert	Allegany
Baltimore	Carroll	Caroline
Dorchester	Cecil	Charles
Harford	Frederick	Kent
Howard	Garrett	Queen Anne's
Montgomery	St. Mary's	Worcester
Prince George's	Somerset	
Talbot	Washington	
Wicomico		

Source: Department of Legislative Services

Municipalities

Maryland has 156 municipal corporations, commonly referred to as municipalities, with home rule powers under Article XI-E of the Maryland Constitution. The dimensions of the municipalities vary widely, as does the number of county residents who live in them. Public works and public safety are

the two largest functions for most municipalities in Maryland. Common public services performed by municipalities include street lighting, trash/refuse collection, snow removal, and street maintenance. Police protection, planning/zoning, leaf collection, and water services are provided by at least one-half of municipalities.

Rockville is the largest municipality in Maryland followed by Frederick and Gaithersburg. Port Tobacco in Charles County, with 19 residents, is the State's smallest municipality. Of 156 municipalities, 94 have fewer than 2,500 residents, while only 8 have more than 25,000 residents. The 10 largest municipalities are listed in **Table 1.2**, and the number of municipalities by size is shown in **Table 1.3**. **Appendix 2** lists each municipality by county.

The number of municipalities in each county and the percentage of residents in each county who reside within a municipality vary considerably. Prince George's County, with 27 municipalities, has the greatest number among the 23 counties. Although Prince George's County has the highest number of residents who reside within a municipality (224,124), municipal residents account for only 26.6 percent of the county population. Talbot County has the highest percentage of residents who reside within a municipality (47.3 percent). In contrast, in St. Mary's County, 2.2 percent of residents reside within a municipality. Baltimore and Howard counties have no municipality located entirely within their boundaries, although a small portion of the Town of Hampstead does extend into Baltimore County. The number of residents in each county who reside within a municipality is provided in **Appendix 3**.

Table 1.2
10 Largest Municipalities in Maryland

<u>Municipality</u>	<u>County</u>	<u>Population</u>
Rockville	Montgomery	59,114
Frederick	Frederick	58,882
Gaithersburg	Montgomery	57,934
Bowie	Prince George's	53,325
Hagerstown	Washington	39,008
Annapolis	Anne Arundel	36,408
College Park	Prince George's	27,410
Salisbury	Wicomico	27,172
Greenbelt	Prince George's	21,972
Laurel	Prince George's	21,945

Source: U.S. Census Bureau

Table 1.3
Maryland Municipalities by Size

<u>Population Range</u>	<u>Number of Municipalities</u>
25,001-60,000	8
10,001-25,000	13
5,001-10,000	16
2,501-5,000	25
2,500 and less	94

Source: U.S. Census Bureau

Municipalities in Maryland operate under home rule authority. With limited exceptions, the authority granted to municipalities under the State constitution and public general laws is uniform throughout the State. The express grant of authority to the municipalities is found in Article 23A, Section 2 of the Annotated Code of Maryland. One noteworthy exception is the right to exercise urban renewal powers. Under Article III, Section 61 of the Maryland Constitution, the General Assembly may grant urban renewal powers for slum clearance to a county or municipality only by public local law.

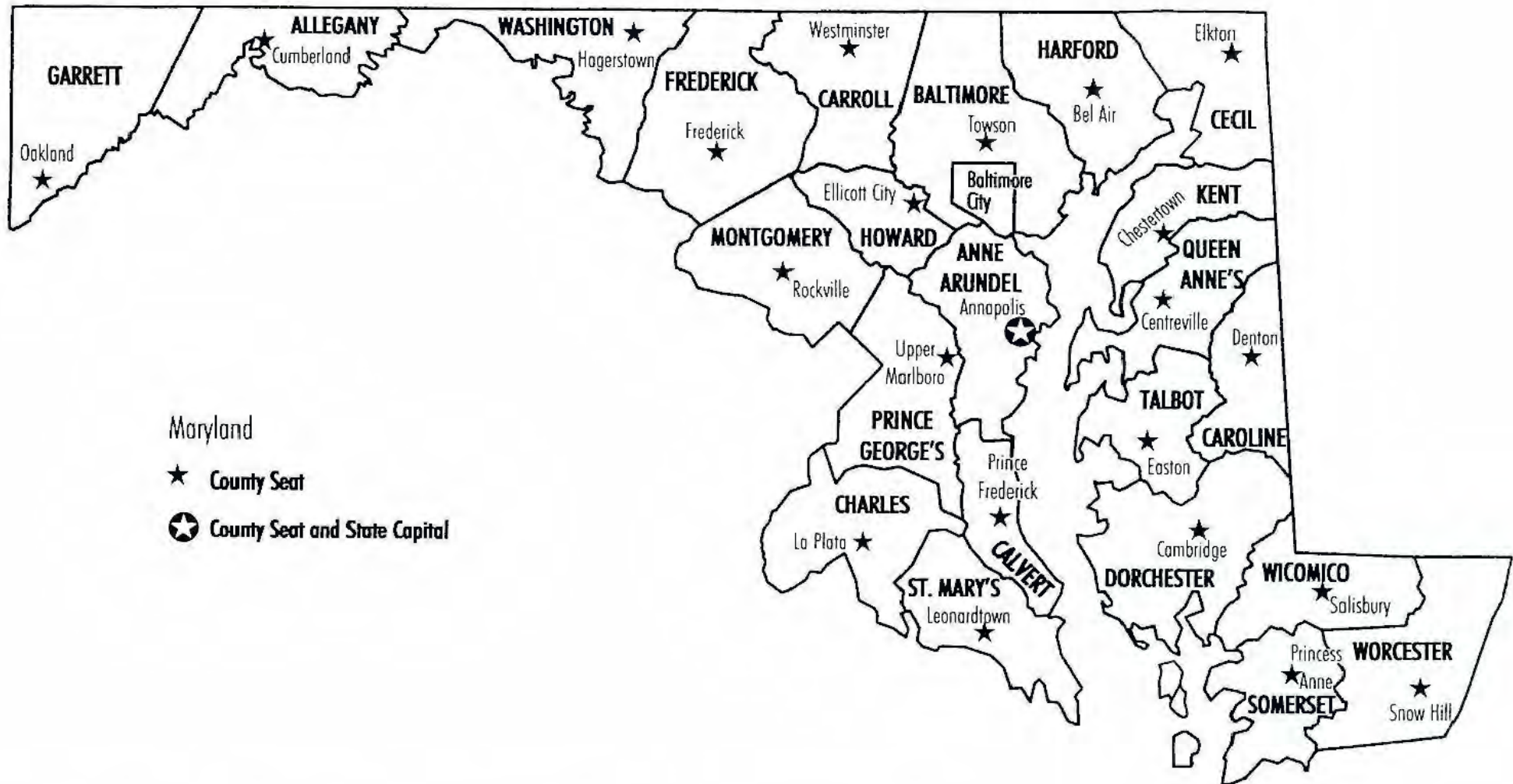
Special Taxing Districts

While the term local government usually refers to counties and municipalities, other local government entities known as special districts have been created by State or local law to address specific goals or needs within a small geographic area, or to deal with issues and problems that cross county boundaries. Despite sharing some features similar to counties and municipalities, these entities lack home rule authority and must come to the legislative body that created them in order to change the scope of their powers.

According to the U.S. Census Bureau's *2002 Census of Governments*, Maryland has 85 special districts. The Census Bureau defines special districts as independent, special purpose governmental units, excluding school district governments, that exist as separate entities with substantial administrative and fiscal independence from general purpose governments. Special districts provide specific services that are not being supplied by existing general purpose governments. Although most special districts perform a single function, in some cases the enabling legislation for a special district allows for the provision of multiple services.

This category of local government is quite broad. Special taxing districts include entities created by the General Assembly and entities created by a county or municipality. Some special taxing districts resemble municipalities because they provide a range of municipal services. Other districts exist for a limited purpose, such as the financing of public drainage associations within a limited area or the creation and maintenance of street lighting in a particular neighborhood. Despite this variety in origin and powers, each district has some sort of tax-setting or fee-charging power.

State of Maryland Map



Chapter 2. Demographic Indicators

Maryland is a diverse State encompassing the mountainous regions of Western Maryland, waterfront communities along the Chesapeake Bay, historic towns, rolling hills and horse farms in the north-central region of the State, and the urban center along the Baltimore-Washington corridor. This diversity is also reflected in the State's people and families. Maryland is today a dynamic and culturally enriched State comprising people from approximately 180 different countries speaking over 80 languages.

Land Area and Population

Maryland, consisting of 9,774 square miles, ranks as the forty-second state in terms of land mass. Maryland's counties range in size from Calvert County with 215 square miles to Frederick County with 663 square miles. Baltimore City comprises 81 square miles.

Approximately 5.6 million people live in Maryland. Montgomery County is the State's largest jurisdiction with 932,000 residents, and Kent County is the smallest with 20,000 residents. Baltimore City, although fourth in total population, has the highest population density in the State. Montgomery County is second in terms of population density. Garrett County has the lowest population density. **Exhibit 2.1** shows the land area, population, and population density for all Maryland jurisdictions.

Racial Composition

Maryland is among the most diverse states in the nation. Racial minorities comprise 41.6 percent of the State's population compared to 33.6 percent nationally as shown in **Table 2.1**. African Americans are the largest racial minority in Maryland comprising 29.0 percent of the State's population; whereas Hispanics/Latinos account for 6.0 percent, followed by Asians at 4.9 percent. Montgomery County is one of the most affluent and diverse jurisdictions in Maryland, with Hispanics/Latinos, African Americans, and Asians each comprising between 13 and 16 percent of the county's population. **Exhibit 2.2** shows the racial composition for each jurisdiction in Maryland. **Appendix 4** shows the racial composition for each state.

Table 2.1
Maryland Racial Composition – 2006

	Maryland	United States
White	58.4%	66.4%
African American	29.0%	12.2%
Hispanic/Latino	6.0%	14.8%
Asian	4.9%	4.3%
American Indian	0.3%	0.8%
Native Hawaiian	0.0%	0.1%
Multi-racial	1.4%	1.4%

Source: U.S. Census Bureau

Over the last six years (2000-2006), gains in the State's population have been comprised entirely from growth in minority groups. During this period, the State's minority population increased by 16.9 percent; whereas, the white population decreased by 0.6 percent. The State's Hispanic population increased by 48.0 percent during this period, with the Asian population increasing by 28.3 percent and African Americans by 10.3 percent.

Population Growth

Managing growth remains a key issue as Maryland's population continues to expand. Since April 2000, the State's population has increased by nearly 320,000 people (**Table 2.2**). This represents a 6.0 percent increase over the six-year period, giving Maryland the twenty-first highest growth rate in the nation. For comparison purposes, the United States' population increased by 6.4 percent during this same period.

Table 2.2
Maryland Population Growth

<u>April 2000</u>	<u>July 2005</u>	<u>July 2006</u>
5,296,506	5,589,599	5,615,727

Source: U.S. Census Bureau

Between 2000 and 2006, approximately 59 percent of the State's population growth was due to natural increases and 41 percent was due to international immigration (**Table 2.3**). Maryland continues to experience population losses from net internal migration, movement among the states, for the third consecutive year. This decline was offset by a high level of international immigration. Over the last six years, nearly 130,000 foreign-born individuals have entered the State, residing primarily in Montgomery and Prince George's counties.

International immigration has helped to offset the sizable decreases in internal migration within both jurisdictions. From 2000 through 2006, Montgomery County realized a net loss of 50,872 residents due to internal migration, and Prince George's County realized a net loss of 30,567 residents. The only other jurisdictions in Maryland with a net decrease in internal migration are Baltimore City (net loss of 64,168 residents), Allegany County (net loss of 626 residents), and Anne Arundel County (net loss of 1,679 residents). **Exhibit 2.3** shows the growth in population for each jurisdiction since 2000, and **Exhibit 2.4** shows components of population change since 2000.

Table 2.3
Components of Maryland's Population Change
2000-2006

Net Natural Increase	189,158	59.3%
Net Migration		
Domestic Migration	-13,017	-4.1%
International Immigration	<u>129,730</u>	<u>40.6%</u>
Subtotal	116,713	36.6%
Residual	13,350	4.2%
Total Increase	319,221	100.0%

Source: U.S. Census Bureau

Population growth throughout Maryland has not been uniform. The largest growth occurred in Southern Maryland, the Eastern Shore, and the north-central region of the State. Baltimore City and many economically distressed rural counties realized either marginal growth or continued reductions in population.

Calvert County led the State in population growth between 2000 and 2006 with a growth rate of 19 percent. Charles, Cecil, and St. Mary's counties had growth rates above or around 15 percent. Baltimore City and Allegany County were the only jurisdictions that lost population since 2000. From 2005 to 2006, Caroline County led the State in

population growth, followed by Cecil, St. Mary's, and Wicomico counties. Baltimore City and Allegany County continue to experience population losses, with Anne Arundel, Garrett, and Prince George's counties realizing slight decreases in their population.

Washington and Baltimore Metropolitan Areas

A metropolitan area is defined by the U.S. Census Bureau as an area with a large population nucleus and adjacent communities that have a high degree of social and economic integration between them. In some instances, two large metropolitan areas adjacent to each other have strong economic and social links between them. In these instances, the two metropolitan areas may be designated a consolidated metropolitan statistical area, as is the case with the Washington-Baltimore consolidated metropolitan statistical area.

When compared to metropolitan areas nationwide, the Washington metropolitan statistical area ranks eighth with approximately 5.3 million residents, while the Baltimore metropolitan statistical area ranks nineteenth with approximately 2.7 million residents. Combined, these two metropolitan statistical areas hold approximately 8.0 million residents.

Approximately 87 percent of the State's population resides in a county within one of these metropolitan areas. The Washington metropolitan statistical area stretches from the Chesapeake Bay in the east to the Appalachians in the west,

consisting of the District of Columbia; five Maryland counties (Calvert, Charles, Frederick, Montgomery, and Prince George's); in Virginia, nine counties and six independent cities; and one county in West Virginia. The most populous county in the Washington metropolitan statistical area is Fairfax County, Virginia, with a population of over 1 million; Montgomery County, Maryland is the second most populous with 932,000 residents.

The Baltimore metropolitan statistical area is composed of Baltimore City and six Maryland counties – Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's. Baltimore County is the most populous jurisdiction within the Baltimore metropolitan statistical area with a population of 787,000 residents; Baltimore City is the second most populous area with 631,000 residents.

Since the 1960s, in both the Washington and Baltimore metropolitan statistical areas, the population of the central city has been declining while the population of the surrounding counties has increased dramatically. **Appendix 5** compares the population of each jurisdiction within the Washington and Baltimore metropolitan statistical areas.

International Immigration

Approximately 1.2 million immigrants enter the United States each year. California remains the top destination for immigrants with 22.5 percent of new immigrants calling the state home. Other leading states include New York, Texas, Florida, Illinois, and New Jersey. Together, these six states are

home to 62.1 percent of new immigrants and historically have been traditional destinations for immigrants.

Maryland continues to be a major destination for immigrants ranking fifteenth among the U.S. states. In 2006, over 21,000 legal immigrants entered the state from over 180 different countries. Of those legal immigrants, 31.9 percent came from Asia, 29.2 percent from Africa, 28.3 percent from Latin America, 9.3 percent from Europe, and 1.0 percent came from Northern America. The leading countries of origin for the legal immigrants were El Salvador, Ethiopia, China, Nigeria, the Philippines, and India. Of those who became legal permanent residents, 40 percent were immediate relatives of U.S. citizens, 19 percent received employment-based preferences, 17 percent were granted refugee and asylum status, and 13 percent received family-sponsored preferences. **Table 2.4** shows the number of individuals who immigrated legally to Maryland in 2006 by the top 10 sending countries.

Table 2.4
International Immigration to Maryland by Nationality
2006

Country	Number of Immigrants
El Salvador	2,422
Ethiopia	1,917
China	1,605
Nigeria	1,605
Philippines	1,576
India	1,533
Korea	887
Cameroon	881
Jamaica	841
Sierra Leone	735

Source: U.S. Department of Homeland Security

Limited English Proficiency

Based on the 2000 census, 13 percent of Marylanders older than five speak a language other than English at home. Statewide, almost 250,000 Marylanders are limited English proficient (cannot speak English very well), representing almost 5 percent of the State's population. Of individuals who are limited English proficient, 39 percent speak Spanish, 30 percent speak an Asian/Pacific Islander language, 26 percent an Indo-European language other than Spanish, and 6 percent speak other languages.

Nationwide, 21.3 million Americans are limited English proficient, representing 8.1 percent of the nation's population. California has the highest concentration of limited English proficient individuals at 20 percent of the state's population. West Virginia has the lowest percentage of limited English proficient individuals at 0.8 percent. Maryland is ranked twentieth in the nation in terms of the percent of population that is limited English proficient.

Sixty-four percent of limited English proficient individuals in Maryland reside in Montgomery and Prince George's counties. About 27 percent of limited English proficient individuals reside in Baltimore City and Anne Arundel, Baltimore, and Howard counties. The remaining 18 counties account for less than 9 percent of limited English proficient individuals. In Montgomery County nearly 13 percent of county residents are limited English proficient, the highest percentage in the State.

The number of limited English proficient individuals increased by 65.9 percent between 1990 and 2000. Caroline, Wicomico, Howard, Frederick, and Calvert counties realized the largest growth with increases exceeding 100 percent. Garrett and Kent counties realized a decrease in the number of limited English proficient individuals. **Exhibit 2.5** shows the number of limited English proficient individuals in each jurisdiction.

Social and Economic Indicators

Maryland is one of the most affluent states in the nation with the highest median household income and the lowest poverty rate as of 2006. Marylanders are highly educated with a high concentration of college-educated residents. Maryland enjoys a below-average unemployment rate and a large concentration of high-tech jobs. A continuing negative indicator is the State's high violent crime rate. In 2006, Maryland had the nation's ninth highest violent crime rate, the fourth highest murder rate, and the third highest robbery rate. Information on poverty rates, single-parent households, high school dropout rates, and crime rates is provided in **Exhibit 2.6**. Information on average weekly wage, unemployment, median household income, and median home prices is provided in **Exhibit 2.7**. A comparison of the growth in household income and home prices is provided in **Exhibit 2.8**. **Exhibit 2.9** provides information on employment growth since 2000.

Poverty Rates

Maryland continues to have one of the lowest poverty rates in the nation. In 2006, the poverty rate in Maryland was 7.8 percent, the lowest rate in the nation. Other states with low poverty rates included New Hampshire, Connecticut, and New Jersey. Nationally, 13.3 percent of the U.S. population had income below the poverty threshold in the past 12 months (2006). The poverty threshold for a family of three was \$16,009 in 2006.

Based on the 2000 census, 8.5 percent of Marylanders lived in poverty compared to 12.4 percent at the national level. Across the State, the poverty rate in 2000 ranged from 3.8 percent in Carroll County to 22.9 percent in Baltimore City. Seven counties had poverty rates exceeding the national average. Poverty rate statistics are taken from the 2000 census. More recent data on a county-by-county basis is not yet available from the U.S. Census Bureau.

Single-parent Households

The effects of poverty are compounded by the fact that many children in Maryland do not live in a two-parent household. Statewide, more than 30 percent of households with children are headed by a single parent, up from 12.8 percent in 1970. Single-parent families with children range from a high of 61 percent in Baltimore City to a low of 17 percent in Carroll County. Counties with a high level of single-parent households also tend to have a high child poverty rate.

High School Dropout Rate

Maryland's high school dropout rate declined in 2007. According to the *2007 Maryland Report Card* produced by the Maryland State Department of Education, Maryland's high school dropout rate averaged 3.5 percent in 2007. This compares to 5.4 percent in 1993 and 3.6 percent in 2006. The high school dropout rate ranges from 0.9 percent in Worcester County to 9.6 percent in Baltimore City. Compared to 2006, high school dropout rates declined in 13 local school systems but increased in 11 local school systems.

Crime Rate

Maryland's crime rates are among the highest in the nation. According to the FBI's *Uniform Crime Report*, when including the District of Columbia and Puerto Rico, in 2006, Maryland had the ninth highest violent crime rate, the fourth highest murder rate, and the third highest robbery rate. The FBI recorded 546 murders in Maryland compared to 399 in Virginia, even though Virginia has over 2.0 million more residents. The District of Columbia, Puerto Rico, and Louisiana had the nation's highest murder rates while North Dakota, South Dakota, and New Hampshire had the lowest. **Table 2.5** compares the crime rates in Maryland with neighboring Virginia for calendar 2006.

Table 2.5
Comparison of Crimes Rates in 2006¹

	Maryland		Virginia	
Violent Crime	678.6	9 th	282.2	35 th
Murder	9.7	4 th	5.2	25 th
Rape	21.0	47 th	23.4	44 th
Robbery	256.0	3 rd	101.4	29 th
Assault ²	392.0	11 th	152.1	40 th
Vehicle Theft	543.5	7 th	193.8	42 nd

¹Rate is per 100,000 inhabitants. ²Aggravated assaults.

Source: FBI *Uniform Crime Report*, 2006

Baltimore City had the highest crime rate in Maryland in 2006, followed closely by Prince George's County. Calvert, Carroll, Frederick, and Garrett counties had the lowest crime rates. Crime rate statistics are from the *Uniform Crime Report*

for 2006. The overall crime rate increased in 17 counties in 2006.

Baltimore City and Prince George's County continue to be plagued with a high murder rate. The two jurisdictions accounted for 74.2 percent of the State's murders. In addition, Prince George's County continues to be inundated with motor vehicle thefts, despite a 25 percent reduction in 2006. Nearly one-half of the motor vehicle thefts in the State occur in Prince George's County. In 2006, 12,944 vehicles were reported stolen in Prince George's County compared to 2,640 in neighboring Montgomery County. Baltimore City had the second highest number of vehicle thefts at 6,276.

Average Weekly Wage

The average weekly wage calculation is based on an individual's place of employment rather than residence. In calendar 2006, the average weekly wage was \$887 statewide, ranging from \$502 in Worcester County to \$1,084 in Montgomery County. Baltimore City had the second highest average weekly wage at \$945, followed by Howard County at \$938. The Maryland Department of Labor, Licensing, and Regulation calculates the average weekly wage statistic.

Unemployment Rate

The unemployment rate measures the percent of a county's total civilian labor force that is out of work. The statewide unemployment rate averaged 4.2 percent in calendar 2005, 3.9 percent in calendar 2006, and 3.8 percent in calendar 2007. Howard and Montgomery counties had the lowest

unemployment rate at 2.8 percent in 2007, while Baltimore City and Dorchester County had the highest at 6.2 percent. The unemployment rate in Maryland continues to be below the national average. The national unemployment rate averaged 5.1 percent in calendar 2005 and 4.6 percent in calendar 2006 and 2007.

Median Household Income

Maryland had the highest median income in the nation in 2006. **Table 2.6** lists the 10 states with the highest median household income. The median household income in 2006 for Maryland jurisdictions ranged from \$35,250 in Somerset County to \$93,050 in Howard County. Montgomery County had the second highest median income at \$87,500, and Calvert County had the third highest at \$87,400. Four counties (Allegany, Dorchester, Garrett, and Somerset) and Baltimore City had income levels below 70 percent of the statewide average.

Median Sale Price for Homes

The median sale price for owner-occupied real property was \$315,000 statewide in fiscal 2007, down \$3,000 from the previous year, representing a 0.9 percent decrease. The median sale price ranged from \$109,875 in Allegany County to \$437,750 in Montgomery County. Median sale price statistics are from the Maryland State Department of Assessments and Taxation.

Table 2.6
Median Household Income in 2006

1. Maryland	\$65,144
2. New Jersey	\$64,470
3. Connecticut	\$63,422
4. Hawaii	\$61,160
5. Massachusetts	\$59,963
6. New Hampshire	\$59,683
7. Alaska	\$59,393
8. California	\$56,645
9. Virginia	\$56,277
10. Minnesota	\$54,023
National Average	\$48,451

Source: U.S. Census Bureau

Since fiscal 2001, the median home price has increased by 109 percent; whereas, median household income increased by only 18 percent. Western Maryland is the most affordable location in the State to purchase a home; whereas, Montgomery County and parts of the Eastern Shore are the least affordable. The housing affordability index compares the median home price in a jurisdiction with the median household income. In Allegany County, the median home price is 2.9 times higher than the median household income; whereas, in Talbot County, the median home price is 6.6 times higher than the median household income.

Employment Growth

Employment growth is one indicator of an economy's overall health. The total number and the percent change in new jobs created are widely used performance measures. Maryland's employment growth rate from 2000 through 2006 was 5.2 percent. This represents a net increase of 126,033 jobs over the six-year period. On a per capita basis, Anne Arundel, Cecil, and Garrett counties realized the highest employment growth during this period, while seven counties and Baltimore City realized a decline in per capita employment.

The employment growth rate was calculated by using average annual employment data as reported by the Maryland Department of Labor, Licensing, and Regulation. Employment growth statistics represent the available jobs within a jurisdiction but not the employment status for residents of the jurisdiction. The employment status of residents within a jurisdiction is indicated by the unemployment rate.

Exhibit 2.1
Maryland Population and Density

County	Population July 2006	Land Area Sq. Miles	Population Density	<u>Ranking by Population</u>		<u>Ranking by Density</u>	
Allegany	72,831	425.4	171.2	1. Montgomery	932,131	1. Baltimore City	7,813.9
Anne Arundel	509,300	415.9	1,224.6	2. Prince George's	841,315	2. Montgomery	1,881.2
Baltimore City	631,366	80.8	7,813.9	3. Baltimore	787,384	3. Prince George's	1,733.2
Baltimore	787,384	598.6	1,315.4	4. Baltimore City	631,366	4. Baltimore	1,315.4
Calvert	88,804	215.2	412.7	5. Anne Arundel	509,300	5. Anne Arundel	1,224.6
Caroline	32,617	320.1	101.9	6. Howard	272,452	6. Howard	1,081.2
Carroll	170,260	449.1	379.1	7. Harford	241,402	7. Harford	548.3
Cecil	99,506	348.1	285.9	8. Frederick	222,938	8. Calvert	412.7
Charles	140,416	461.0	304.6	9. Carroll	170,260	9. Carroll	379.1
Dorchester	31,631	557.5	56.7	10. Washington	143,748	10. Frederick	336.3
Frederick	222,938	662.9	336.3	11. Charles	140,416	11. Washington	313.8
Garrett	29,859	648.0	46.1	12. Cecil	99,506	12. Charles	304.6
Harford	241,402	440.3	548.3	13. St. Mary's	98,854	13. Cecil	285.9
Howard	272,452	252.0	1,081.2	14. Wicomico	91,987	14. St. Mary's	273.7
Kent	19,983	279.4	71.5	15. Calvert	88,804	15. Wicomico	243.9
Montgomery	932,131	495.5	1,881.2	16. Allegany	72,831	16. Allegany	171.2
Prince George's	841,315	485.4	1,733.2	17. Worcester	48,866	17. Talbot	134.0
Queen Anne's	46,241	372.2	124.2	18. Queen Anne's	46,241	18. Queen Anne's	124.2
St. Mary's	98,854	361.2	273.7	19. Talbot	36,062	19. Worcester	103.3
Somerset	25,774	327.2	78.8	20. Caroline	32,617	20. Caroline	101.9
Talbot	36,062	269.1	134.0	21. Dorchester	31,631	21. Somerset	78.8
Washington	143,748	458.1	313.8	22. Garrett	29,859	22. Kent	71.5
Wicomico	91,987	377.2	243.9	23. Somerset	25,774	23. Dorchester	56.7
Worcester	48,866	473.2	103.3	24. Kent	19,983	24. Garrett	46.1
Maryland	5,615,727	9,773.4	574.6				

Source: U.S. Census Bureau, Maryland Department of Planning

Exhibit 2.2
Racial Composition in Maryland Counties as of July 2006

County	White	African American	Hispanic/ Latino	Asian	Other
Allegany	91.5%	5.9%	0.9%	0.7%	1.0%
Anne Arundel	76.6%	14.8%	3.7%	3.0%	1.9%
Baltimore City	30.0%	64.4%	2.4%	1.9%	1.3%
Baltimore	67.4%	24.4%	2.7%	4.0%	1.5%
Calvert	81.8%	13.1%	2.1%	1.1%	1.9%
Caroline	80.1%	13.7%	4.1%	0.7%	1.4%
Carroll	92.7%	3.1%	1.6%	1.5%	1.1%
Cecil	90.4%	5.1%	2.1%	1.0%	1.4%
Charles	55.1%	36.5%	3.3%	2.4%	2.7%
Dorchester	69.0%	27.2%	1.9%	0.9%	1.0%
Frederick	81.5%	8.2%	5.2%	3.5%	1.6%
Garrett	98.2%	0.6%	0.5%	0.3%	0.4%
Harford	82.0%	11.9%	2.4%	2.0%	1.7%
Howard	65.6%	16.4%	4.3%	11.6%	2.1%
Kent	79.2%	15.5%	3.5%	0.8%	1.0%
Montgomery	55.1%	16.0%	13.8%	13.3%	1.8%
Prince George's	18.0%	64.7%	11.7%	3.7%	1.9%
Queen Anne's	88.6%	7.6%	1.6%	0.8%	1.4%
St. Mary's	79.2%	14.3%	2.4%	2.1%	2.0%
Somerset	55.6%	40.3%	1.9%	0.9%	1.3%
Talbot	81.6%	13.9%	2.7%	0.8%	1.0%
Washington	86.1%	9.2%	2.1%	1.3%	1.3%
Wicomico	70.2%	23.5%	3.1%	1.9%	1.3%
Worcester	81.6%	14.3%	2.0%	0.9%	1.2%
Maryland	58.4%	29.0%	6.0%	4.9%	1.7%
United States	66.4%	12.2%	14.8%	4.3%	2.3%

Source: U.S. Census Bureau, Maryland Department of Planning

Exhibit 2.3
Population Growth in Maryland by County

County	2000	2005	2006	Percent Change		Highest to Lowest Growth		Highest to Lowest Growth	
				2005-2006	2000-2006	2005 to 2006		2000 to 2006	
Allegany	74,930	73,245	72,831	-0.6%	-2.8%	1. Caroline	2.6%	1. Calvert	19.1%
Anne Arundel	489,656	509,397	509,300	0.0%	4.0%	2. Cecil	2.1%	2. Charles	16.5%
Baltimore City	651,154	636,377	631,366	-0.8%	-3.0%	3. St. Mary's	2.1%	3. Cecil	15.8%
Baltimore	754,292	783,405	787,384	0.5%	4.4%	4. Wicomico	1.9%	4. St. Mary's	14.6%
Calvert	74,563	87,622	88,804	1.3%	19.1%	5. Queen Anne's	1.7%	5. Frederick	14.2%
Caroline	29,772	31,805	32,617	2.6%	9.6%	6. Charles	1.7%	6. Queen Anne's	14.0%
Carroll	150,897	168,397	170,260	1.1%	12.8%	7. Washington	1.5%	7. Carroll	12.8%
Cecil	85,951	97,474	99,506	2.1%	15.8%	8. Calvert	1.3%	8. Harford	10.4%
Charles	120,546	138,106	140,416	1.7%	16.5%	9. Howard	1.2%	9. Howard	9.9%
Dorchester	30,674	31,351	31,631	0.9%	3.1%	10. Talbot	1.2%	10. Caroline	9.6%
Frederick	195,276	220,409	222,938	1.1%	14.2%	11. Frederick	1.1%	11. Washington	9.0%
Garrett	29,846	29,863	29,859	0.0%	0.0%	12. Carroll	1.1%	12. Wicomico	8.7%
Harford	218,590	238,850	241,402	1.1%	10.4%	13. Harford	1.1%	13. Talbot	6.7%
Howard	247,842	269,174	272,452	1.2%	9.9%	14. Dorchester	0.9%	14. Montgomery	6.6%
Kent	19,197	19,908	19,983	0.4%	4.1%	15. Worcester	0.5%	15. Prince George's	5.1%
Montgomery	874,165	927,405	932,131	0.5%	6.6%	16. Montgomery	0.5%	16. Worcester	5.0%
Prince George's	800,691	842,764	841,315	-0.2%	5.1%	17. Baltimore	0.5%	17. Baltimore	4.4%
Queen Anne's	40,563	45,469	46,241	1.7%	14.0%	18. Somerset	0.4%	18. Somerset	4.1%
St. Mary's	86,232	96,868	98,854	2.1%	14.6%	19. Kent	0.4%	19. Kent	4.1%
Somerset	24,748	25,666	25,774	0.4%	4.1%	20. Garrett	0.0%	20. Anne Arundel	4.0%
Talbot	33,812	35,630	36,062	1.2%	6.7%	21. Anne Arundel	0.0%	21. Dorchester	3.1%
Washington	131,923	141,563	143,748	1.5%	9.0%	22. Prince George's	-0.2%	22. Garrett	0.0%
Wicomico	84,644	90,252	91,987	1.9%	8.7%	23. Allegany	-0.6%	23. Allegany	-2.8%
Worcester	46,542	48,599	48,866	0.5%	5.0%	24. Baltimore City	-0.8%	24. Baltimore City	-3.0%
Maryland	5,296,506	5,589,599	5,615,727	0.5%	6.0%				

Source: U.S. Census Bureau

Exhibit 2.4
Components of Maryland Population Change – April 2000 to July 2006

County	Net Natural Increase	International Migration	Internal Migration	Residual	Total	Ranking by International Migration		Ranking by Internal Migration	
Allegany	-1,367	137	-626	-243	-2,099	1. Montgomery	62,627	1. Frederick	16,404
Anne Arundel	20,282	2,644	-1,679	-1,603	19,644	2. Prince George's	29,602	2. Carroll	14,757
Baltimore City	8,609	7,943	-64,168	27,828	-19,788	3. Baltimore	12,782	3. Harford	14,415
Baltimore	10,595	12,782	12,096	-2,381	33,092	4. Baltimore City	7,943	4. Charles	13,867
Calvert	2,898	243	11,195	-95	14,241	5. Howard	6,892	5. Baltimore	12,096
Caroline	723	343	1,862	-83	2,845	6. Anne Arundel	2,644	6. Calvert	11,195
Carroll	4,473	474	14,757	-341	19,363	7. Frederick	1,832	7. Cecil	10,540
Cecil	2,916	328	10,540	-229	13,555	8. Wicomico	983	8. Washington	9,628
Charles	6,013	200	13,867	-210	19,870	9. Harford	876	9. St. Mary's	8,051
Dorchester	-264	60	1,269	-108	957	10. Washington	487	10. Howard	4,632
Frederick	9,913	1,832	16,404	-487	27,662	11. Carroll	474	11. Queen Anne's	4,628
Garrett	38	29	31	-85	13	12. Worcester	370	12. Wicomico	4,427
Harford	8,079	876	14,415	-558	22,812	13. Caroline	343	13. Worcester	2,613
Howard	13,934	6,892	4,632	-848	24,610	14. Cecil	328	14. Talbot	2,487
Kent	-403	180	1,066	-57	786	15. Queen Anne's	280	15. Caroline	1,862
Montgomery	49,076	62,627	-50,872	-2,865	57,966	16. Calvert	243	16. Dorchester	1,269
Prince George's	44,601	29,602	-30,567	-3,012	40,624	17. Somerset	222	17. Kent	1,066
Queen Anne's	846	280	4,628	-76	5,678	18. Talbot	204	18. Somerset	927
St. Mary's	4,747	-8	8,051	-168	12,622	19. Charles	200	19. Garrett	31
Somerset	-51	222	927	-72	1,026	20. Kent	180	20. Allegany	-626
Talbot	-309	204	2,487	-132	2,250	21. Allegany	137	21. Anne Arundel	-1,679
Washington	2,110	487	9,628	-400	11,825	22. Dorchester	60	22. Prince George's	-30,567
Wicomico	2,212	983	4,427	-279	7,343	23. Garrett	29	23. Montgomery	-50,872
Worcester	-513	370	2,613	-146	2,324	24. St. Mary's	-8	24. Baltimore City	-64,168
Maryland	189,158	129,730	-13,017	13,350	319,221				

Source: U.S. Census Bureau

Exhibit 2.5
Demographics – Limited English Proficient Individuals

<u>Limited English Proficient Individuals</u>				<u>Ranking by Number of Individuals</u>		<u>Ranking by Percent of Population</u>	
<u>County</u>	<u>1990</u>	<u>2000</u>	<u>% Chg.</u>	<u>County</u>	<u>2000</u>	<u>County</u>	<u>2000</u>
Allegany	435	585	34.5%	1. Montgomery	105,001	1. Montgomery	12.9%
Anne Arundel	7,315	11,416	56.1%	2. Prince George's	53,743	2. Prince George's	7.2%
Baltimore City	15,616	18,113	16.0%	3. Baltimore	25,526	3. Howard	4.8%
Baltimore	16,158	25,526	58.0%	4. Baltimore City	18,113	4. Baltimore	3.6%
Calvert	371	774	108.6%	5. Anne Arundel	11,416	5. Baltimore City	3.0%
Caroline	213	614	188.3%	6. Howard	11,063	6. Wicomico	2.9%
Carroll	937	1,737	85.4%	7. Harford	3,413	7. Anne Arundel	2.5%
Cecil	652	862	32.2%	8. Frederick	2,939	8. Caroline	2.2%
Charles	972	1,928	98.4%	9. Wicomico	2,324	9. Kent	2.0%
Dorchester	403	419	4.0%	10. Charles	1,928	10. St. Mary's	1.9%
Frederick	1,378	2,939	113.3%	11. Carroll	1,737	11. Worcester	1.9%
Garrett	328	276	-15.9%	12. St. Mary's	1,525	12. Talbot	1.8%
Harford	2,426	3,413	40.7%	13. Washington	1,318	13. Charles	1.7%
Howard	4,510	11,063	145.3%	14. Cecil	862	14. Harford	1.7%
Kent	462	367	-20.6%	15. Worcester	858	15. Frederick	1.6%
Montgomery	60,308	105,001	74.1%	16. Calvert	774	16. Queen Anne's	1.5%
Prince George's	31,091	53,743	72.9%	17. Caroline	614	17. Dorchester	1.4%
Queen Anne's	307	562	83.1%	18. Talbot	591	18. Somerset	1.4%
St. Mary's	1,381	1,525	10.4%	19. Allegany	585	19. Carroll	1.2%
Somerset	288	333	15.6%	20. Queen Anne's	562	20. Calvert	1.1%
Talbot	303	591	95.0%	21. Dorchester	419	21. Cecil	1.1%
Washington	1,217	1,318	8.3%	22. Kent	367	22. Washington	1.1%
Wicomico	924	2,324	151.5%	23. Somerset	333	23. Garrett	1.0%
Worcester	498	858	72.3%	24. Garrett	276	24. Allegany	0.8%
Maryland	148,493	246,287	65.9%			Maryland	5.0%
United States	13,982,502	21,320,407	52.5%			United States	8.1%

Source: U.S. Census Bureau

Exhibit 2.6
Social Indicators for Maryland Counties

County	Poverty Rate	Single-parent Households	High School Dropout Rate		Crime Rate % of State Average		Murder Count		Vehicle Theft Count	
	2000 Census	2000 Census	2006	2007	CY 2005	CY 2006	CY 2005	CY 2006	CY 2005	CY 2006
Allegany	14.8%	28.6%	3.4%	3.5%	73.0%	81.2%	1	1	57	83
Anne Arundel	5.1%	24.2%	2.0%	2.0%	92.4%	96.0%	16	23	1,524	1,654
Baltimore City	22.9%	60.9%	10.5%	9.6%	165.5%	164.6%	269	276	6,232	6,276
Baltimore	6.5%	30.4%	4.1%	3.4%	92.6%	98.6%	40	35	3,046	3,463
Calvert	4.4%	20.0%	2.2%	2.0%	49.9%	50.0%	2	1	86	102
Caroline	11.7%	32.6%	2.8%	3.2%	72.3%	82.4%	1	0	51	44
Carroll	3.8%	17.1%	1.4%	1.5%	44.7%	43.8%	2	1	170	127
Cecil	7.2%	26.6%	4.3%	4.4%	83.4%	86.6%	4	4	278	310
Charles	5.5%	29.0%	3.4%	2.7%	86.5%	86.3%	4	4	627	435
Dorchester	13.8%	39.7%	5.7%	4.8%	99.8%	115.2%	0	1	77	89
Frederick	4.5%	20.0%	0.8%	1.0%	45.7%	51.4%	1	9	197	224
Garrett	13.3%	21.2%	2.1%	2.4%	41.0%	47.1%	0	2	19	22
Harford	4.9%	21.5%	3.2%	3.2%	57.1%	56.0%	2	9	359	437
Howard	3.9%	18.9%	1.4%	1.2%	68.3%	69.3%	4	5	544	656
Kent	13.0%	34.2%	2.9%	6.2%	47.0%	56.3%	1	0	24	17
Montgomery	5.4%	20.9%	2.0%	2.7%	63.7%	68.1%	21	19	2,671	2,640
Prince George's	7.7%	39.4%	4.0%	3.8%	173.7%	154.4%	164	130	17,242	12,944
Queen Anne's	6.3%	22.4%	3.3%	2.9%	51.9%	58.7%	1	0	48	46
St. Mary's	7.2%	24.4%	4.0%	2.7%	57.1%	67.5%	1	5	142	177
Somerset	20.1%	37.2%	7.3%	5.3%	78.9%	93.8%	1	2	27	37
Talbot	8.3%	27.5%	1.3%	3.8%	66.8%	70.8%	3	0	26	35
Washington	9.5%	29.2%	2.2%	2.5%	63.4%	67.9%	4	4	261	300
Wicomico	12.8%	34.7%	3.3%	5.0%	133.0%	141.8%	4	8	205	258
Worcester	9.6%	32.1%	1.3%	0.9%	120.8%	131.4%	2	2	101	106
Maryland	8.5%	30.3%	3.6%	3.5%	100.0%	100.0%	552	547	34,070	30,522

Source: U.S. Census Bureau, Maryland State Department of Education, Maryland State Police, Maryland Department of Planning

Exhibit 2.7
Economic Indicators for Maryland Counties

County	<u>Average Weekly Wage</u>		<u>Unemployment Rate</u>			<u>Median Household Income</u>		<u>Median Home Price</u>	
	CY 2006	Percent of State Average	CY 2005	CY 2006	CY 2007	CY 2006	Percent of State Average	FY 2007	Percent of State Average
Allegany	\$575	64.8%	6.1%	5.7%	5.5%	\$38,400	57.7%	\$109,875	34.9%
Anne Arundel	856	96.5%	3.5%	3.3%	3.3%	79,950	120.0%	339,900	107.9%
Baltimore City	945	106.5%	6.9%	6.4%	6.2%	37,850	56.8%	159,625	50.7%
Baltimore	848	95.6%	4.3%	4.0%	3.9%	63,150	94.8%	262,850	83.4%
Calvert	728	82.1%	3.4%	3.2%	3.1%	87,400	131.2%	324,900	103.1%
Caroline	581	65.5%	4.4%	4.3%	4.5%	47,200	70.9%	275,000	87.3%
Carroll	639	72.0%	3.3%	3.2%	3.2%	75,050	112.7%	340,000	107.9%
Cecil	782	88.2%	4.6%	4.4%	4.2%	62,100	93.2%	260,000	82.5%
Charles	691	77.9%	3.4%	3.2%	3.2%	78,450	117.8%	348,475	110.6%
Dorchester	606	68.3%	5.5%	5.7%	6.2%	42,500	63.8%	214,000	67.9%
Frederick	774	87.3%	3.2%	3.1%	3.1%	80,650	121.1%	329,900	104.7%
Garrett	504	56.8%	4.8%	5.0%	4.7%	40,850	61.3%	145,500	46.2%
Harford	753	84.9%	4.0%	3.6%	3.6%	74,600	112.0%	269,900	85.7%
Howard	938	105.7%	3.1%	2.9%	2.8%	93,050	139.7%	392,000	124.4%
Kent	610	68.8%	4.2%	4.0%	4.0%	49,750	74.7%	264,000	83.8%
Montgomery	1,084	122.2%	3.1%	2.9%	2.8%	87,500	131.4%	437,750	139.0%
Prince George's	880	99.2%	4.5%	4.1%	4.0%	70,250	105.5%	325,000	103.2%
Queen Anne's	597	67.3%	3.5%	3.4%	3.4%	73,800	110.8%	378,911	120.3%
St. Mary's	930	104.8%	3.6%	3.4%	3.2%	63,200	94.9%	315,000	100.0%
Somerset	628	70.8%	6.1%	5.5%	5.6%	35,250	52.9%	159,800	50.8%
Talbot	635	71.6%	3.9%	3.6%	3.7%	54,350	81.6%	360,000	114.3%
Washington	673	75.9%	4.4%	4.4%	4.6%	51,650	77.6%	239,450	76.0%
Wicomico	641	72.3%	4.3%	4.1%	4.1%	47,350	71.1%	200,000	63.5%
Worcester	502	56.6%	6.9%	6.4%	6.1%	53,100	79.7%	265,000	84.1%
Maryland	\$887	100.0%	4.2%	3.9%	3.8%	\$66,600	100.0%	\$315,000	100.0%

Source: Department of Labor, Licensing, and Regulation; Maryland Department of Planning; State Department of Assessments and Taxation

Exhibit 2.8
Comparison of Income Growth and Housing Cost by County

County	Median Household Income			Median Home Price			Ranking by		Ranking by	
	CY 2000	CY 2006	% Chng.	FY 2001	FY 2007	% Chng.	Increase in Home Price		Housing Affordability	
Allegany	\$32,200	\$38,400	19.3%	\$65,000	\$109,875	69.0%	1. Caroline	152.3%	1. Allegany	2.9
Anne Arundel	66,400	79,950	20.4%	156,800	339,900	116.8%	2. Dorchester	144.6%	2. Garrett	3.6
Baltimore City	30,600	37,850	23.7%	68,500	159,625	133.0%	3. Baltimore City	133.0%	3. Harford	3.6
Baltimore	53,200	63,150	18.7%	130,000	262,850	102.2%	4. Prince George's	124.3%	4. Calvert	3.7
Calvert	70,150	87,400	24.6%	169,900	324,900	91.2%	5. Queen Anne's	124.1%	5. Frederick	4.1
Caroline	40,450	47,200	16.7%	109,000	275,000	152.3%	6. Somerset	119.8%	6. Baltimore	4.2
Carroll	64,450	75,050	16.4%	173,900	340,000	95.5%	7. Montgomery	118.9%	7. Cecil	4.2
Cecil	53,050	62,100	17.1%	134,000	260,000	94.0%	8. Talbot	117.4%	8. Howard	4.2
Charles	66,750	78,450	17.5%	169,000	348,475	106.2%	9. Anne Arundel	116.8%	9. Baltimore City	4.2
Dorchester	36,200	42,500	17.4%	87,500	214,000	144.6%	10. St. Mary's	114.3%	10. Wicomico	4.2
Frederick	64,800	80,650	24.5%	161,000	329,900	104.9%	11. Kent	112.9%	11. Anne Arundel	4.3
Garrett	34,150	40,850	19.6%	82,000	145,500	77.4%	12. Worcester	107.0%	12. Charles	4.4
Harford	60,600	74,600	23.1%	148,000	269,900	82.4%	13. Charles	106.2%	13. Carroll	4.5
Howard	79,800	93,050	16.6%	198,000	392,000	98.0%	14. Frederick	104.9%	14. Somerset	4.5
Kent	41,300	49,750	20.5%	124,000	264,000	112.9%	15. Washington	103.0%	15. Prince George's	4.6
Montgomery	77,400	87,500	13.0%	200,000	437,750	118.9%	16. Baltimore	102.2%	16. Washington	4.6
Prince George's	58,550	70,250	20.0%	144,894	325,000	124.3%	17. Howard	98.0%	17. St. Mary's	5.0
Queen Anne's	62,150	73,800	18.7%	169,050	378,911	124.1%	18. Carroll	95.5%	18. Worcester	5.0
St. Mary's	56,750	63,200	11.4%	147,000	315,000	114.3%	19. Cecil	94.0%	19. Montgomery	5.0
Somerset	30,900	35,250	14.1%	72,750	159,900	119.8%	20. Calvert	91.2%	20. Dorchester	5.0
Talbot	45,500	54,350	19.5%	165,625	360,000	117.4%	21. Wicomico	83.5%	21. Queen Anne's	5.1
Washington	43,150	51,650	19.7%	117,950	239,450	103.0%	22. Harford	82.4%	22. Kent	5.3
Wicomico	40,600	47,350	16.6%	109,000	200,000	83.5%	23. Garrett	77.4%	23. Caroline	5.8
Worcester	42,450	53,100	25.1%	128,000	265,000	107.0%	24. Allegany	69.0%	24. Talbot	6.6
Maryland	\$56,250	\$66,600	18.4%	\$151,000	\$315,000	108.6%				

Exhibit 2.9
Employment Growth in Maryland Counties

County	<u>Annual Average Employment Within Jurisdiction</u>				<u>Jobs Per 1,000 Residents</u>		
	CY 2000	CY 2006	Difference	% Difference	CY 2000	CY 2006	% Difference
Allegany	30,100	29,961	-139	-0.5%	401.7	411.4	2.4%
Anne Arundel	193,411	225,691	32,280	16.7%	395.0	443.1	12.2%
Baltimore City	387,602	349,146	-38,456	-9.9%	595.3	553.0	-7.1%
Baltimore	358,013	375,368	17,355	4.8%	474.6	476.7	0.4%
Calvert	16,909	21,434	4,525	26.8%	226.8	241.4	6.4%
Caroline	8,853	8,688	-165	-1.9%	297.4	266.4	-10.4%
Carroll	46,716	55,755	9,039	19.3%	309.6	327.5	5.8%
Cecil	23,014	30,033	7,019	30.5%	267.8	301.8	12.7%
Charles	36,155	41,970	5,815	16.1%	299.9	298.9	-0.3%
Dorchester	11,189	11,783	594	5.3%	364.8	372.5	2.1%
Frederick	77,120	92,024	14,904	19.3%	394.9	412.8	4.5%
Garrett	10,140	11,765	1,625	16.0%	339.7	394.0	16.0%
Harford	68,724	81,946	13,222	19.2%	314.4	339.5	8.0%
Howard	128,582	143,487	14,905	11.6%	518.8	526.7	1.5%
Kent	7,730	8,394	664	8.6%	402.7	420.1	4.3%
Montgomery	447,744	464,833	17,089	3.8%	512.2	498.7	-2.6%
Prince George's	303,060	312,943	9,883	3.3%	378.5	372.0	-1.7%
Queen Anne's	10,742	13,594	2,852	26.5%	264.8	294.0	11.0%
St. Mary's	33,338	38,331	4,993	15.0%	386.6	387.8	0.3%
Somerset	6,979	7,221	242	3.5%	282.0	280.2	-0.7%
Talbot	18,227	19,295	1,068	5.9%	539.1	535.1	-0.7%
Washington	62,915	66,855	3,940	6.3%	476.9	465.1	-2.5%
Wicomico	41,286	46,709	5,423	13.1%	487.8	507.8	4.1%
Worcester	23,437	25,022	1,585	6.8%	503.6	512.1	1.7%
Unallocated	52,109	47,880	-4,229	-8.1%			
Maryland	2,404,095	2,530,128	126,033	5.2%	453.9	450.5	-0.7%

Source: *Employment and Payroll Annual Report*, Department of Labor, Licensing, and Regulation

Chapter 3. Local Government Finances

County and municipal governments in Maryland spend approximately \$20 billion annually on public services. Counties are the primary unit of local government responsible for most basic services such as police, fire, local corrections, sanitation, local highways, health, and parks and recreation. Counties also are responsible for funding public schools, libraries, local community colleges, and the circuit courts. In fiscal 2004, expenditures at the county government level totaled \$18.8 billion, which accounted for 95.6 percent of total local government expenditures.

Compared to counties, municipal corporations in Maryland provide a more limited array of public services. Public works and public safety are the two largest functions of municipal governments, comprising 63 percent of municipal expenditures in fiscal 2004. In addition, municipal corporations do not fund local school systems and community colleges, which account for over 50 percent of local government expenditures. In fiscal 2004, expenditures at the municipal government level totaled \$0.9 billion, which accounted for only 4.4 percent of total local government expenditures. However, in five counties, municipal governments account for over 15 percent of local government expenditures.

Table 3.1 shows the amount of local government expenditures in fiscal 2004 by level of government. **Exhibit 3.1** shows local expenditures by county.

County Level

In fiscal 2004, county governments and Baltimore City spent \$18.8 billion on public services. Local boards of education accounted for almost one-half of county expenditures, with \$8.8 billion going to the public schools systems. County government agencies accounted for almost 42 percent of expenditures or \$7.4 billion. Libraries, community colleges, and local health departments accounted for the remaining 9 percent of local expenditures.

Table 3.1
Local Government Expenditures
Fiscal 2004
(\$ in Millions)

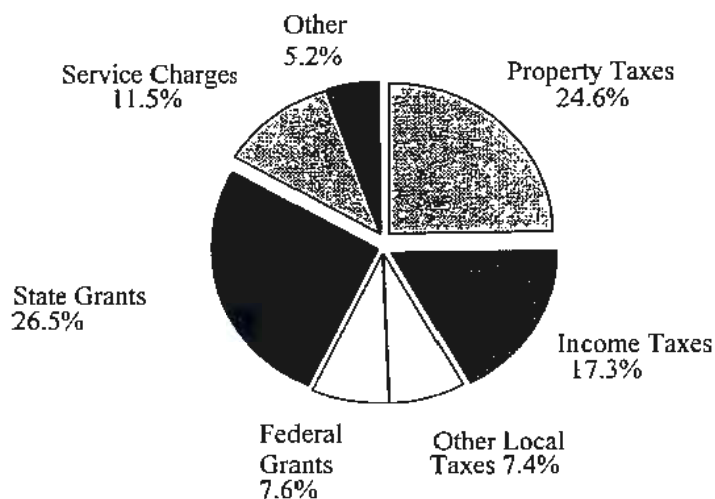
	<u>Expenditures</u>	<u>Percent of Total</u>
County Level	\$18,794.6	95.6%
Municipal Level	860.6	4.4%
Total	\$19,655.2	100.0%

Source: Department of Legislative Services

County governments and Baltimore City collected \$19.6 billion in revenues in fiscal 2004. County governments receive revenue from two basic sources: own-source revenues,

which include locally generated revenues such as property taxes and income taxes; and intergovernmental revenues, which include federal and State funding. Statewide, own-source revenues account for 65 percent of county revenues, and intergovernmental revenues account for 35 percent (**Table 3.2**).

Table 3.2
Sources of Revenue – Counties and Baltimore City
Fiscal 2004



Source: Department of Legislative Services

Many of the State's less affluent jurisdictions receive a lower percentage of their funding from local sources and a higher percentage from the State and federal government. For

example, Somerset County, one of the least affluent counties in the State, receives 38 percent of its revenue from local sources, 48 percent from the State, and 14 percent from the federal government. In comparison, Montgomery County, one of the most affluent counties in the State, receives 78 percent of its revenue from local sources, 16 percent from the State, and 6 percent from the federal government. **Exhibit 3.2** shows county revenues by source for fiscal 2004. **Exhibit 3.3** shows county revenues on a per capita basis, and **Exhibit 3.4** ranks the counties according to per capita property tax revenues, income tax revenues, State grants, and total revenues.

Property Tax Revenues

The property tax is the primary local revenue source for county governments, accounting for 24.6 percent of total local revenues in fiscal 2004, excluding debt proceeds. The reliance on property tax revenues ranges from 13.1 percent in Allegany County to 34.9 percent in Worcester County. Property tax collections are affected by each county's property tax base and tax rate. Counties with a larger assessable base can collect relatively more tax revenues than jurisdictions with a smaller tax base. For example, Worcester County, with its ocean resort property, has the highest per capita assessable base in fiscal 2007 at \$297,104, which is 304 percent of the statewide average. Somerset County has the third lowest per capita assessable base at \$45,669, or 47 percent, of the statewide average. Due to its larger tax base, Worcester County is able to collect over three times more revenue per capita than neighboring Somerset County, even though Somerset County has a much higher property tax rate.

Income Tax Revenues

The income tax is the third largest revenue source for county governments, accounting for 17.3 percent of total local revenues in fiscal 2004, excluding debt proceeds. The reliance on income tax revenues ranges from 5.9 percent in Worcester County to 23.0 percent in Montgomery County.

Local income tax revenues are a function of a county's income tax rate and net taxable income. Per capita net taxable income in Maryland totaled \$21,278 in tax year 2005. Montgomery County had the highest per capita net taxable income at \$34,759, followed by Howard County at \$29,857. Somerset County had the lowest per capita net taxable income at \$7,791.

State Aid

State aid is the largest revenue source for most county governments in Maryland. However, in five counties (Anne Arundel, Baltimore, Queen Anne's, Talbot, and Worcester), State aid is the second largest revenue source after property taxes. In Howard and Montgomery counties, State aid is the third largest revenue source after both property and income taxes. The growth in State aid continues to exceed that of most other local revenue sources. Between fiscal 1994 and 2004, State aid to county governments increased at an average annual rate of 7.1 percent compared to 5.1 percent for local own-source revenues.

State aid includes direct assistance to county governments, local school systems, libraries, community

colleges, and local health departments. Local school systems receive about 77 percent of total State aid. County and municipal governments receive 17 percent, with most of the funds targeted for transportation, public safety, and park land acquisition and development. Community colleges, libraries, and local health departments account for the remaining 6 percent. Over 65 percent of State aid is distributed inversely to local wealth. Utilizing local wealth measures to distribute State aid attempts to offset the inequalities in the revenue capacity among local jurisdictions.

Federal Grants

Federal grants account for a small percentage of local government revenues, representing 7.6 percent of county revenues in fiscal 2004. The reliance on federal grants ranged from 3.2 percent in Howard County to 14.1 percent in Somerset County. The major areas in which local governments receive federal funds include primary and secondary education, community colleges, health and human services, housing and community development, public safety, and transportation.

Expenditure Categories

County governments and Baltimore City spent \$18.8 billion on public services in fiscal 2004. On a per capita basis, county expenditures averaged \$3,331. Baltimore City led the State with per capita expenditures totaling \$4,520, followed by Montgomery County with per capita expenditures totaling \$4,194. Washington County had the lowest per capita expenditures at \$2,263. **Exhibit 3.5** shows county expenditures by category. **Exhibit 3.6** shows county

expenditures on a per capita basis. **Exhibit 3.7** ranks the counties according to per capita expenditures for education/libraries, public works, public safety, and total expenditures.

Educational services (public schools, libraries, and community colleges) continue to be the largest function of county government, accounting for 52.0 percent of total county spending in fiscal 2004. Education spending ranged from 36.1 percent of total spending in Baltimore City to 69.2 percent in Cecil County. Every jurisdiction, except for Baltimore City and Montgomery, Somerset, and Worcester counties, devoted at least 50 percent of its expenditures to education purposes. The smaller percentage of spending targeted to education in Baltimore City was, in part, a result of the greater need for public safety and public works services. Baltimore City devoted a higher percentage of funds to public safety than any county, accounting for 15.6 percent of its total spending. In addition, public works functions accounted for 16.2 percent of total spending in the city, the third highest in the State. Also, Baltimore City is not responsible for funding the local community college since the Baltimore City Community College is a State agency.

Public works is the second largest function of county governments, accounting for 11.8 percent of total spending. Garrett County, which spends a considerable amount of money for snow removal, led the State in the percentage of expenditures targeted to public works (21.3 percent), followed by Somerset County (20.0 percent).

Public safety is the third largest function of county governments, accounting for 10.7 percent of total spending. As

noted earlier, Baltimore City led the State in public safety spending, followed by Anne Arundel and Baltimore counties.

The composition of county expenditures has only changed slightly since fiscal 1994. Funding for educational services is now accounting for a higher percentage of county spending, whereas public works functions and debt service are accounting for a lower percentage. There has been relatively no change in the overall funding for public safety, health and social services, and general government. **Table 3.3** shows the change in the composition of county expenditures over a 10-year period.

Table 3.3
County Expenditure Trends

<u>Category</u>	<u>FY 1994</u>	<u>FY 1999</u>	<u>FY 2004</u>
Education	49.8%	51.2%	52.0%
Public Works	14.2%	12.6%	11.8%
Public Safety	10.7%	10.7%	10.7%
Health/Social Services	5.2%	4.9%	5.0%
General Government	6.1%	6.2%	6.2%
Debt Service	6.8%	6.0%	5.5%

Source: Department of Legislative Services

Municipal Level

Municipalities in Maryland, excluding Baltimore City, collected \$887.2 million in revenues in fiscal 2004. This

represents a 4.7 percent increase over the prior fiscal year. Since fiscal 1994, municipal revenues have increased at an average annual rate of 5.0 percent. **Exhibit 3.8** shows municipal revenues by source for fiscal 2004.

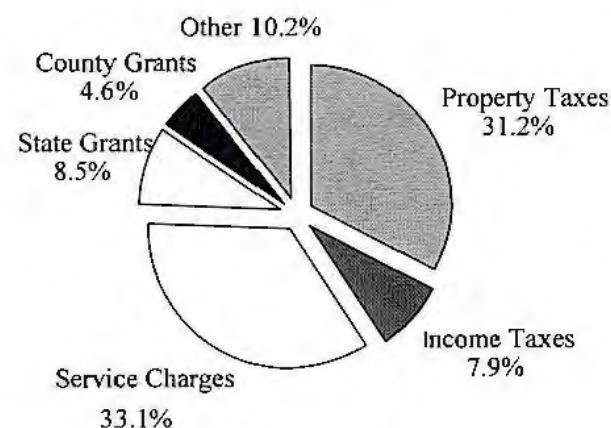
Service Charges

Service charges are the largest revenue source for most municipalities, accounting for 33.1 percent of total municipal revenues in fiscal 2004 (**Table 3.4**). Sewer and water charges accounted for the majority of the service charges. The remaining amount comprised general government, public safety, highways, and recreation charges. The reliance on service charges ranges from 9.2 percent for municipalities in Prince George's County to 68.1 percent for municipalities in Talbot County.

Property Taxes

Property taxes are the second largest revenue source for most municipalities, accounting for 31.2 percent of total revenues. The dependence on property taxes ranges from 8.6 percent for the municipality in St. Mary's County to 52.5 percent for municipalities in Prince George's County. For municipalities in seven counties (Anne Arundel, Frederick, Harford, Montgomery, Prince George's, Queen Anne's, and Wicomico), the property tax generates a larger share of municipal revenue than service charges.

Table 3.4
Sources of Revenue – Municipalities
Fiscal 2004



Source: Department of Legislative Services

State Aid

Typically, State aid is the third largest revenue source for municipalities; however, in fiscal 2004, other revenue (10.2 percent) exceeded State aid (8.5 percent). Other revenue exceeded State aid mainly because the Town of La Plata collected revenues exceeding \$3 million from the sale of land and developer contributions.

State aid represented 8.5 percent of total revenues. The reliance on State aid varies across the State, ranging from 2.1 percent of total revenues for municipalities in Talbot County to 27.9 percent for municipalities in Garrett and Kent counties, where State aid is the second largest revenue source for municipalities.

Income Taxes

Income taxes are the next largest revenue source for municipalities, accounting for 7.9 percent of total revenues in fiscal 2004. The reliance on income taxes ranges from 1.1 percent for municipalities in Worcester County to 16.9 percent for municipalities in Montgomery County. Municipal income taxes are calculated as 0.37 percent of Maryland taxable income or 17 percent of the county income tax liability for their residents, whichever is higher.

County Grants

County grants account for 4.6 percent of total revenues in fiscal 2004. The percentage of county funding ranges from less than 1 percent in Caroline, Somerset, and Talbot counties to 11.7 percent in Worcester County. County funding results primarily from the sharing of county hotel/motel taxes and tax rebates. Tax rebates enable county governments to compensate municipalities for governmental services or programs that municipalities provide in lieu of similar county services or programs.

Expenditure Categories

Municipal expenditures totaled \$860.6 million in fiscal 2004, representing an 8.3 percent increase over the prior year. The two largest expenditures for municipalities are public works and public safety. Public works account for 42.7 percent of municipal spending in fiscal 2004. **Exhibit 3.9** shows municipal expenditures by category for fiscal 2004.

The composition of municipal expenditures has changed since fiscal 1994 (**Table 3.5**). Funding for public works and debt service accounts for a lower percentage of municipal spending, whereas public safety services account for a higher percentage. General government and parks and recreation services are also accounting for a larger portion of municipal expenditures.

Table 3.5
Municipal Expenditure Trends

<u>Category</u>	<u>FY 1994</u>	<u>FY 1999</u>	<u>FY 2004</u>
Public Works	45.4%	43.5%	42.7%
Public Safety	19.4%	20.7%	20.2%
General Government	11.0%	13.0%	12.6%
Parks and Recreation	8.1%	8.7%	10.0%
Debt Service	7.5%	7.2%	5.6%

Source: Department of Legislative Services

Exhibit 3.1
Local Government Expenditures
Fiscal 2004

County	County \$ in Millions	Municipal \$ in Millions	Total \$ in Millions	Percent County	Percent Municipal
Allegany	\$202.6	\$13.4	\$216.0	93.8%	6.2%
Anne Arundel	1,477.3	56.5	1,533.8	96.3%	3.7%
Baltimore City	2,810.9	0.0	2,810.9	100.0%	0.0%
Baltimore	2,209.6	0.0	2,209.6	100.0%	0.0%
Calvert	286.2	8.5	294.7	97.1%	2.9%
Caroline	84.0	11.1	95.1	88.3%	11.7%
Carroll	449.9	38.1	488.0	92.2%	7.8%
Cecil	231.1	20.2	251.2	92.0%	8.0%
Charles	469.8	13.5	483.3	97.2%	2.8%
Dorchester	95.1	18.1	113.1	84.0%	16.0%
Frederick	650.2	90.3	740.6	87.8%	12.2%
Garrett	101.5	5.8	107.2	94.6%	5.4%
Harford	675.3	37.7	712.9	94.7%	5.3%
Howard	1,035.0	0.0	1,035.0	100.0%	0.0%
Kent	57.2	6.5	63.7	89.9%	10.1%
Montgomery	3,995.6	154.0	4,149.6	96.3%	3.7%
Prince George's	2,683.2	103.5	2,786.7	96.3%	3.7%
Queen Anne's	149.4	1.4	150.8	99.1%	0.9%
St. Mary's	269.4	1.9	271.4	99.3%	0.7%
Somerset	64.1	4.6	68.7	93.3%	6.7%
Talbot	85.8	59.1	144.9	59.2%	40.8%
Washington	310.0	78.7	388.7	79.7%	20.3%
Wicomico	232.8	43.3	276.0	84.3%	15.7%
Worcester	168.7	94.5	263.2	64.1%	35.9%
Statewide	\$18,794.6	\$860.6	\$19,655.2	95.6%	4.4%

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.2
County Revenues by Source – Fiscal 2004

County	Property Taxes	Income Taxes	Other Taxes	Service Charges	Federal Grants	State Grants	Other
Allegany	13.1%	10.0%	1.5%	18.2%	12.0%	40.1%	5.1%
Anne Arundel	26.5%	20.0%	9.4%	12.2%	4.8%	22.3%	4.8%
Baltimore City	19.9%	6.8%	4.0%	12.9%	13.6%	37.5%	5.3%
Baltimore	26.7%	21.9%	6.5%	10.1%	7.5%	23.6%	3.7%
Calvert	26.0%	17.1%	4.5%	10.5%	5.0%	32.7%	4.2%
Caroline	17.0%	11.1%	3.6%	4.1%	9.6%	49.5%	5.1%
Carroll	27.4%	20.4%	4.9%	6.8%	6.3%	30.4%	3.9%
Cecil	25.7%	16.8%	3.4%	5.8%	8.1%	36.1%	4.0%
Charles	22.4%	16.8%	4.9%	9.9%	7.5%	33.4%	5.1%
Dorchester	19.7%	9.5%	5.1%	7.1%	10.8%	43.6%	4.3%
Frederick	25.1%	19.9%	5.7%	13.0%	4.8%	27.7%	3.8%
Garrett	24.3%	8.7%	7.4%	5.9%	9.6%	38.3%	5.7%
Harford	26.3%	20.4%	3.8%	8.7%	5.7%	28.2%	6.9%
Howard	31.5%	21.5%	8.0%	9.2%	3.2%	20.7%	6.0%
Kent	28.7%	13.6%	4.8%	4.2%	9.2%	32.2%	7.3%
Montgomery	26.3%	23.0%	10.0%	12.4%	6.0%	15.8%	6.5%
Prince George's	22.5%	13.5%	10.0%	13.4%	7.6%	28.3%	4.7%
Queen Anne's	27.0%	18.1%	5.4%	9.2%	7.6%	27.0%	5.7%
St. Mary's	20.3%	18.5%	6.8%	9.2%	6.6%	31.6%	7.1%
Somerset	15.0%	10.6%	1.3%	7.2%	14.1%	48.3%	3.3%
Talbot	23.9%	17.4%	13.6%	8.0%	9.3%	22.9%	4.9%
Washington	23.4%	16.4%	3.2%	8.4%	8.7%	34.7%	5.1%
Wicomico	20.9%	15.2%	2.8%	11.4%	9.8%	37.2%	2.7%
Worcester	34.9%	5.9%	18.3%	9.5%	7.4%	19.4%	4.5%
Statewide	24.6%	17.3%	7.4%	11.5%	7.6%	26.5%	5.2%

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.3
Per Capita County Revenues by Source – Fiscal 2004

County	Property Taxes	Income Taxes	Other Taxes	Service Charges	Federal Grants	State Grants	Other	Debt Proceeds	Total
Allegany	\$381	\$293	\$45	\$531	\$351	\$1,172	\$149	\$8	\$2,929
Anne Arundel	757	570	269	349	136	636	138	171	3,028
Baltimore City	855	293	170	553	583	1,609	228	129	4,421
Baltimore	723	592	177	272	203	637	100	282	2,986
Calvert	805	529	139	326	155	1,015	131	102	3,202
Caroline	468	305	100	112	265	1,361	139	1	2,750
Carroll	726	541	129	181	167	805	103	46	2,698
Cecil	621	406	81	140	195	872	97	37	2,449
Charles	682	510	150	300	227	1,016	155	602	3,642
Dorchester	578	279	150	209	316	1,281	127	313	3,253
Frederick	742	590	168	384	143	819	113	20	2,978
Garrett	844	303	258	205	333	1,331	198	0	3,473
Harford	747	580	108	246	161	801	194	112	2,950
Howard	1,075	733	271	315	108	706	204	173	3,585
Kent	813	387	137	119	261	914	206	108	2,944
Montgomery	1,042	913	397	492	239	625	257	442	4,408
Prince George's	709	425	317	423	241	893	149	256	3,412
Queen Anne's	878	591	175	299	249	878	186	367	3,622
St. Mary's	598	545	200	271	195	933	209	378	3,330
Somerset	344	243	31	166	324	1,108	77	147	2,439
Talbot	605	440	344	201	234	579	123	5	2,531
Washington	551	387	77	199	206	816	119	43	2,398
Wicomico	551	399	73	300	257	980	72	101	2,735
Worcester	1,234	210	646	337	262	687	160	0	3,535
Statewide	\$799	\$560	\$239	\$372	\$247	\$861	\$168	\$231	\$3,477

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.4
County Per Capita Rankings by Selected Revenue Sources – Fiscal 2004

Property Taxes		Income Taxes		State Grants		Total Revenues Excluding Debt Proceeds	
1. Worcester	\$1,234	1. Montgomery	\$913	1. Baltimore City	\$1,609	1. Baltimore City	\$4,292
2. Howard	1,075	2. Howard	733	2. Caroline	1,361	2. Montgomery	3,965
3. Montgomery	1,042	3. Baltimore	592	3. Garrett	1,331	3. Worcester	3,535
4. Queen Anne's	878	4. Queen Anne's	591	4. Dorchester	1,281	4. Garrett	3,473
5. Baltimore City	855	5. Frederick	590	5. Allegany	1,172	5. Howard	3,412
6. Garrett	844	6. Harford	580	6. Somerset	1,108	6. Queen Anne's	3,256
7. Kent	813	7. Anne Arundel	570	7. Charles	1,016	7. Prince George's	3,156
8. Calvert	805	8. St. Mary's	545	8. Calvert	1,015	8. Calvert	3,100
9. Anne Arundel	757	9. Carroll	541	9. Wicomico	980	9. Charles	3,040
10. Harford	747	10. Calvert	529	10. St. Mary's	933	10. Frederick	2,958
11. Frederick	742	11. Charles	510	11. Kent	914	11. St. Mary's	2,952
12. Carroll	726	12. Talbot	440	12. Prince George's	893	12. Dorchester	2,940
13. Baltimore	723	13. Prince George's	425	13. Queen Anne's	878	13. Allegany	2,921
14. Prince George's	709	14. Cecil	406	14. Cecil	872	14. Anne Arundel	2,856
15. Charles	682	15. Wicomico	399	15. Frederick	819	15. Harford	2,838
16. Cecil	621	16. Washington	387	16. Washington	816	16. Kent	2,836
17. Talbot	605	17. Kent	387	17. Carroll	805	17. Caroline	2,750
18. St. Mary's	598	18. Caroline	305	18. Harford	801	18. Baltimore	2,704
19. Dorchester	578	19. Garrett	303	19. Howard	706	19. Carroll	2,652
20. Wicomico	551	20. Baltimore City	293	20. Worcester	687	20. Wicomico	2,633
21. Washington	551	21. Allegany	293	21. Baltimore	637	21. Talbot	2,526
22. Caroline	468	22. Dorchester	279	22. Anne Arundel	636	22. Cecil	2,412
23. Allegany	381	23. Somerset	243	23. Montgomery	625	23. Washington	2,355
24. Somerset	344	24. Worcester	210	24. Talbot	579	24. Somerset	2,292
Statewide	\$799	Statewide	\$560	Statewide	\$861	Statewide	\$3,247

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.5
County Expenditures by Category – Fiscal 2004

County	General Government	Public Safety	Public Works	Health/ Social Serv.	Education/ Libraries	Parks and Recreation	Debt Service	Other
Allegany	3.5%	5.4%	10.6%	11.7%	60.4%	0.3%	3.4%	4.7%
Anne Arundel	6.9%	13.3%	12.4%	4.5%	55.3%	1.5%	4.6%	1.5%
Baltimore City	8.1%	15.6%	16.2%	7.7%	36.1%	1.6%	3.0%	11.6%
Baltimore	3.8%	12.3%	11.8%	2.8%	55.7%	1.3%	3.5%	8.8%
Calvert	4.8%	6.6%	8.8%	3.8%	64.0%	2.6%	3.1%	6.4%
Caroline	4.5%	8.4%	4.2%	6.2%	66.6%	1.2%	3.7%	5.1%
Carroll	7.9%	5.4%	7.7%	4.1%	63.9%	1.5%	5.5%	4.0%
Cecil	3.6%	8.2%	7.1%	5.0%	69.2%	0.1%	4.2%	2.7%
Charles	12.0%	11.7%	7.6%	4.1%	58.9%	1.4%	2.2%	2.0%
Dorchester	3.1%	11.4%	8.4%	6.9%	58.9%	0.6%	4.9%	5.8%
Frederick	4.7%	8.5%	7.9%	6.5%	63.4%	0.6%	4.4%	4.0%
Garrett	5.1%	4.8%	21.3%	5.3%	57.7%	0.1%	2.4%	3.1%
Harford	8.2%	7.8%	11.5%	4.9%	58.1%	1.5%	4.6%	3.6%
Howard	10.0%	9.6%	9.8%	3.3%	57.5%	2.5%	5.6%	1.8%
Kent	5.9%	9.3%	7.9%	12.6%	52.4%	4.1%	3.2%	4.7%
Montgomery	5.6%	9.3%	11.5%	5.1%	47.8%	4.3%	10.1%	6.2%
Prince George's	5.1%	10.0%	12.2%	3.0%	52.3%	4.4%	5.5%	7.5%
Queen Anne's	4.7%	8.4%	10.2%	6.7%	55.3%	5.5%	5.0%	4.2%
St. Mary's	6.5%	9.2%	10.3%	3.5%	60.6%	3.7%	4.3%	1.9%
Somerset	6.6%	7.1%	20.0%	8.5%	48.8%	2.4%	5.0%	1.6%
Talbot	8.7%	8.6%	7.2%	8.2%	58.5%	3.8%	0.9%	4.1%
Washington	4.6%	6.2%	9.1%	5.7%	67.2%	1.2%	4.9%	1.3%
Wicomico	2.7%	8.6%	5.5%	9.3%	63.4%	2.7%	4.7%	3.1%
Worcester	4.4%	7.3%	11.4%	9.0%	48.8%	1.3%	4.0%	13.7%
Statewide	6.2%	10.7%	11.8%	5.0%	52.0%	2.6%	5.5%	6.3%

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.6
Per Capita County Expenditures by Category – Fiscal 2004

County	General Government	Public Safety	Public Works	Health/ Social Serv.	Education/ Libraries	Parks and Recreation	Debt Service	Other	Total
Allegany	\$96	\$149	\$291	\$322	\$1,663	\$8	\$93	\$130	\$2,753
Anne Arundel	196	376	349	128	1,564	43	130	42	2,827
Baltimore City	364	704	734	349	1,633	72	138	525	4,520
Baltimore	108	346	330	78	1,563	36	98	248	2,806
Calvert	155	214	287	123	2,081	84	100	208	3,253
Caroline	123	228	114	167	1,800	31	100	138	2,700
Carroll	213	145	207	110	1,719	41	149	107	2,691
Cecil	87	196	171	121	1,660	2	101	64	2,400
Charles	406	396	260	141	2,002	49	76	67	3,397
Dorchester	97	354	262	216	1,837	19	152	180	3,117
Frederick	135	246	228	189	1,836	18	126	116	2,894
Garrett	174	165	727	180	1,965	4	83	107	3,406
Harford	234	222	328	139	1,661	42	130	104	2,859
Howard	370	358	363	122	2,133	91	209	66	3,713
Kent	169	268	229	363	1,513	119	93	136	2,889
Montgomery	233	391	484	216	2,005	181	424	260	4,194
Prince George's	158	311	378	93	1,621	136	171	232	3,101
Queen Anne's	156	277	335	221	1,825	182	164	138	3,298
St. Mary's	186	262	296	99	1,733	106	124	53	2,860
Somerset	162	175	492	208	1,199	59	122	38	2,455
Talbot	213	210	177	201	1,431	93	21	100	2,446
Washington	104	140	205	129	1,519	27	110	29	2,263
Wicomico	71	225	143	243	1,653	71	122	81	2,609
Worcester	146	240	375	295	1,606	42	132	451	3,288
Statewide	\$206	\$357	\$392	\$166	\$1,732	\$86	\$182	\$211	\$3,331

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.7
County Per Capita Rankings by Expenditure Categories – Fiscal 2004

Education/Libraries		Public Works		Public Safety		Total Expenditures	
1. Howard	\$2,133	1. Baltimore City	\$734	1. Baltimore City	\$704	1. Baltimore City	\$4,520
2. Calvert	2,081	2. Garrett	727	2. Charles	396	2. Montgomery	4,194
3. Montgomery	2,005	3. Somerset	492	3. Montgomery	391	3. Howard	3,713
4. Charles	2,002	4. Montgomery	484	4. Anne Arundel	376	4. Garrett	3,406
5. Garrett	1,965	5. Prince George's	378	5. Howard	358	5. Charles	3,397
6. Dorchester	1,837	6. Worcester	375	6. Dorchester	354	6. Queen Anne's	3,298
7. Frederick	1,836	7. Howard	363	7. Baltimore	346	7. Worcester	3,288
8. Queen Anne's	1,825	8. Anne Arundel	349	8. Prince George's	311	8. Calvert	3,253
9. Caroline	1,800	9. Queen Anne's	335	9. Queen Anne's	277	9. Dorchester	3,117
10. St. Mary's	1,733	10. Baltimore	330	10. Kent	268	10. Prince George's	3,101
11. Carroll	1,719	11. Harford	328	11. St. Mary's	262	11. Frederick	2,894
12. Allegany	1,663	12. St. Mary's	296	12. Frederick	246	12. Kent	2,889
13. Harford	1,661	13. Allegany	291	13. Worcester	240	13. St. Mary's	2,860
14. Cecil	1,660	14. Calvert	287	14. Caroline	228	14. Harford	2,859
15. Wicomico	1,653	15. Dorchester	262	15. Wicomico	225	15. Anne Arundel	2,827
16. Baltimore City	1,633	16. Charles	260	16. Harford	222	16. Baltimore	2,806
17. Prince George's	1,621	17. Kent	229	17. Calvert	214	17. Allegany	2,753
18. Worcester	1,606	18. Frederick	228	18. Talbot	210	18. Caroline	2,700
19. Anne Arundel	1,564	19. Carroll	207	19. Cecil	196	19. Carroll	2,691
20. Baltimore	1,563	20. Washington	205	20. Somerset	175	20. Wicomico	2,609
21. Washington	1,519	21. Talbot	177	21. Garrett	165	21. Somerset	2,455
22. Kent	1,513	22. Cecil	171	22. Allegany	149	22. Talbot	2,446
23. Talbot	1,431	23. Wicomico	143	23. Carroll	145	23. Cecil	2,400
24. Somerset	1,199	24. Caroline	114	24. Washington	140	24. Washington	2,263
Statewide	\$1,732	Statewide	\$392	Statewide	\$357	Statewide	\$3,331

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.8
Municipal Revenues by Source – Fiscal 2004

County	Property Taxes	Income Taxes	Other Taxes	Service Charges	Federal Grants	State Grants	County Sources	Other
Allegany	19.0%	8.7%	0.4%	53.2%	5.9%	7.8%	1.2%	3.8%
Anne Arundel	35.9%	7.1%	2.0%	29.7%	2.8%	10.9%	4.1%	7.5%
Calvert	27.2%	5.9%	2.6%	30.9%	8.0%	7.1%	2.7%	15.5%
Caroline	28.4%	4.2%	0.4%	32.1%	9.4%	13.7%	0.2%	11.7%
Carroll	22.3%	9.0%	1.0%	35.1%	6.3%	12.5%	5.6%	8.3%
Cecil	29.5%	6.1%	1.5%	40.4%	0.3%	14.6%	1.8%	5.8%
Charles	16.7%	6.4%	0.0%	34.1%	0.9%	5.6%	1.0%	35.3%
Dorchester	25.5%	2.9%	0.7%	39.0%	0.1%	21.4%	4.8%	5.6%
Frederick	31.3%	7.2%	0.6%	28.4%	10.2%	8.8%	5.1%	8.4%
Garrett	21.7%	5.6%	0.6%	31.1%	0.0%	27.9%	1.6%	11.5%
Harford	39.2%	8.1%	0.6%	30.6%	1.2%	7.7%	4.5%	8.1%
Kent	22.9%	6.1%	1.2%	28.3%	0.2%	27.9%	5.7%	7.7%
Montgomery	35.7%	16.9%	1.5%	20.3%	1.4%	6.0%	6.3%	11.8%
Prince George's	52.5%	14.3%	1.9%	9.2%	1.0%	10.7%	2.1%	8.2%
Queen Anne's	30.1%	12.9%	0.0%	22.9%	0.0%	15.4%	7.3%	11.5%
St. Mary's	8.6%	8.1%	0.0%	49.1%	0.0%	16.8%	7.8%	9.7%
Somerset	30.6%	4.2%	0.7%	30.8%	1.4%	20.7%	0.3%	11.3%
Talbot	11.8%	2.4%	0.1%	68.1%	0.1%	2.1%	0.8%	14.7%
Washington	18.3%	3.2%	2.2%	52.7%	2.3%	5.4%	1.6%	14.3%
Wicomico	35.1%	3.9%	2.5%	34.7%	1.2%	8.4%	4.0%	10.2%
Worcester	30.4%	1.1%	3.0%	37.5%	2.9%	6.1%	11.7%	7.4%
Statewide	31.2%	7.9%	1.5%	33.1%	2.9%	8.5%	4.6%	10.2%

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Exhibit 3.9
Municipal Expenditures by Category – Fiscal 2004

County	General Government	Public Safety	Public Works	Parks and Recreation	Community Develop.	Economic Develop.	Debt Service	Other
Allegany	8.4%	8.0%	68.6%	3.3%	0.4%	0.5%	5.8%	4.9%
Anne Arundel	14.0%	40.3%	32.4%	7.7%	1.3%	0.0%	6.0%	-1.6%
Calvert	11.4%	8.7%	43.5%	13.1%	1.3%	1.1%	10.8%	10.1%
Caroline	14.8%	27.5%	37.8%	1.5%	3.9%	3.4%	9.4%	1.7%
Carroll	10.8%	14.8%	49.9%	5.6%	7.6%	0.1%	3.1%	8.2%
Cecil	11.4%	20.9%	57.9%	3.9%	0.0%	0.0%	5.4%	0.5%
Charles	23.5%	6.9%	46.0%	2.7%	0.0%	0.4%	16.7%	3.9%
Dorchester	15.9%	22.0%	43.7%	5.5%	0.7%	0.3%	4.9%	7.0%
Frederick	11.3%	21.6%	41.6%	13.2%	0.6%	2.5%	8.5%	0.7%
Garrett	16.8%	7.2%	60.1%	5.7%	0.0%	1.4%	5.6%	3.3%
Harford	17.8%	21.4%	42.0%	3.5%	0.5%	0.0%	6.3%	8.6%
Kent	16.2%	17.8%	55.8%	2.2%	1.8%	0.4%	5.0%	0.8%
Montgomery	19.2%	12.5%	26.1%	20.7%	2.3%	13.1%	2.9%	3.3%
Prince George's	17.8%	23.6%	29.5%	13.6%	3.3%	0.9%	5.5%	5.7%
Queen Anne's	24.2%	3.9%	66.6%	0.4%	0.2%	0.0%	3.4%	1.3%
St. Mary's	15.4%	1.7%	74.5%	3.0%	0.0%	1.2%	4.0%	0.2%
Somerset	11.5%	32.2%	32.3%	0.2%	4.8%	0.7%	11.4%	6.9%
Talbot	4.4%	10.2%	76.6%	1.1%	0.2%	1.1%	5.5%	0.9%
Washington	7.2%	20.9%	58.9%	4.0%	3.1%	1.2%	2.6%	2.0%
Wicomico	6.0%	26.7%	47.0%	5.5%	0.9%	0.0%	5.1%	8.9%
Worcester	5.5%	24.6%	42.3%	10.1%	0.3%	8.5%	7.8%	0.9%
Statewide	12.6%	20.2%	42.7%	10.0%	1.8%	3.9%	5.6%	3.3%

Source: *Local Government Finances Fiscal 2004*, Department of Legislative Services

Chapter 4. Tax Rates for Local Governments

County Taxes

Eight counties changed various local tax rates in fiscal 2008, with five decreasing rates and three increasing rates. As illustrated in **Table 4.1**, one county increased its property tax rate while five jurisdictions reduced their rates in fiscal 2008, primarily the result of the significant growth in property tax assessments in recent years that have pushed local revenues upward. Local income tax rates remained relatively constant for tax year 2007, with only one county increasing its rate. Recordation tax rates were increased in two counties.

Table 4.1
Number of Counties Changing Tax Rates
Fiscal 2003-2007

	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008	
	▲	▼	▲	▼	▲	▼	▲	▼	▲	▼
Property	5	1	2	6	0	13	0	17	1	5
Income	6	0	1	1	0	1	0	1	1	0
Recordation	5	0	1	0	1	0	0	0	2	0
Transfer	1	1	0	0	1	0	0	0	0	0
A&A	2	0	0	0	0	0	0	1	0	0
Hotel/Motel	1	0	5	0	5	0	0	0	0	0

Notes: ▲ represents tax rate increase; ▼ represents tax rate decrease.

Income tax changes are based on calendar years.

Source: Department of Legislative Services

Property Tax Rates

For fiscal 2008, five jurisdictions – Baltimore City and Anne Arundel, Queen Anne's, Talbot, and Wicomico counties – decreased their property tax rates, while one county (Howard) increased its rate. Real property tax rates range from \$0.475 per \$100 of assessed value in Talbot County to \$2.268 per \$100 of assessed value in Baltimore City. **Appendix 6** shows the countywide special property tax rates for certain counties.

Over the last five years, property tax rates have decreased in 17 jurisdictions¹ with 11 counties² lowering the rate multiple times. Property tax rates increased in one jurisdiction³ and fluctuated in two counties.⁴ When comparing county property tax rates in fiscal 2008 to 2004, 1 county⁵ has higher tax rates, and 19 counties⁶ have lower tax rates. Property tax rates in four counties⁷ remained the same. **Table 4.2** lists the counties referenced in this paragraph.

Exhibit 4.1 shows the real property tax rates for each county for the last five years. These rates are based on property assessments at 100 percent of market valuation. Prior to fiscal 2002, real property tax rates were based on 40 percent of market valuation.

Table 4.2
Property Tax Notes

¹Anne Arundel, Baltimore City, Baltimore, Caroline, Cecil, Dorchester, Frederick, Garrett, Harford, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester

²Anne Arundel, Baltimore City, Caroline, Dorchester, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico

³Charles

⁴Allegany, Howard

⁵Charles

⁶Allegany, Anne Arundel, Baltimore City, Baltimore, Caroline, Cecil, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester

⁷Calvert, Carroll, Prince George's, Washington

Constant Yield Property Tax Rates

In 1977, the General Assembly passed legislation that requires county governments to hold public hearings regarding proposals to enact a tax rate that exceeds the constant yield rate. The constant yield rate is the rate that, when applied to the current assessable base, yields the same amount of property tax revenues as in the prior year. New construction and

annexed land are not included in the calculation of the constant yield rate.

Due to growth in the assessable base, localities may still be able to generate additional property tax revenues while reducing their property tax rates. This may result in an overall property tax increase for homeowners even though the property tax rate has been reduced. In most cases the constant yield rate is usually below the current tax rate. For example, five counties reduced their property tax rates in fiscal 2008; however, in comparison to the constant yield tax rate, every jurisdiction in Maryland had a property tax rate at or above the constant yield rate. **Exhibit 4.2** shows the property tax rate in excess of the constant yield rate for each county in fiscal 2008.

Local Income Tax Rates

During the 1999 session, the General Assembly passed legislation (Chapter 493) that changed the current system of calculating local income taxes from a percentage of the State tax liability to a flat county income tax rate applied to net taxable income. The legislation specified each county's local income tax rate for calendar 1999 through 2002; however, the county tax rate after calendar 1999 could be altered by the county through an ordinance or resolution. Pursuant to the legislation, county income tax rates may range between 1.00 and 3.20 percent.

Six counties (Calvert, Carroll, Howard, Montgomery, Prince George's, and Talbot) increased their local income tax rates for calendar 2004. In calendar 2005, one county increased its local income tax rate (Kent), while one county

(St. Mary's) decreased its local income tax rate. In 2006, St. Mary's County again decreased its local income tax rate from 3.05 to 3.00 percent. In 2007, Prince George's County decreased its rate from 3.20 to 3.10 percent.

Allegany County was the only jurisdiction to alter its local income tax rate for calendar 2008, increasing it from 2.93 to 3.05 percent. Two counties, Howard and Montgomery, are now implementing an income tax rate of 3.20 percent, which is the maximum rate allowed by State law. Worcester County continues to have the lowest local income tax rate at 1.25 percent.

Exhibit 4.3 shows the rates for income taxes for calendar 2004 through 2008. In summary, over the last five years, two counties increased their income tax rates while two, counties lowered their rates.

Recordation Tax Rates

Two counties increased recordation tax rates for fiscal 2008 – Allegany County increased its rate from \$3.00 to \$3.25 per \$500 of transaction, and Frederick County increased its rate from \$5.00 to \$6.00 per \$500 of transaction. The range for recordation tax rates is \$2.20 per \$500 of transaction in Prince George's County to \$6.00 per \$500 of transaction Frederick County. **Exhibit 4.4** shows the recordation, transfer, admissions and amusement, and hotel/motel tax rates by county for fiscal 2007 and 2008.

Transfer Tax Rates

No county changed its transfer tax rate for fiscal 2008. Local transfer tax rates range from 0.5 percent in six jurisdictions (Allegany, Caroline, Kent, Queen Anne's, Washington, and Worcester counties) to 1.5 percent in Baltimore City and Baltimore County. Seven counties (Calvert, Carroll, Cecil, Charles, Frederick, Somerset, and Wicomico) do not impose a transfer tax on property transfers.

Admissions and Amusement Tax Rates

No county changed its admissions and amusement tax rate for fiscal 2008. Admissions and amusement tax rates range from 0.5 percent in Dorchester County to 10.0 percent in six jurisdictions – Baltimore City and Anne Arundel, Baltimore, Carroll, Charles, and Prince George's counties. Caroline County is the only jurisdiction that does not impose an admissions and amusement tax.

Hotel and Motel Tax Rates

No county changed its hotel and motel tax rate for fiscal 2008. Hotel and motel tax rates range from 3.0 percent in Frederick County to 8.0 percent in Allegany and Baltimore counties. Harford County is the only jurisdiction that does not impose a hotel and motel tax.

Property Tax Limitation Measures

Five charter counties (Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico) have amended their charters to limit property tax rates or revenues. In Anne Arundel County, the total annual increase in property tax revenues is limited to the lesser of 4.5 percent or the increase in the consumer price index. In Montgomery County, the growth in property tax revenues is limited to the increase in the consumer price index; however, this limitation does not apply to new construction. In addition, the limitation can be overridden by an affirmative vote of seven of the nine county council members. In Prince George's County, the general property tax rate is capped at \$0.96 per \$100 of assessed value. Special taxing districts, such as the Maryland-National Capital Park and Planning Commission, are not included under the tax cap. In Talbot and Wicomico counties, the total annual increase in property tax revenues is limited to the lesser of 2 percent or the increase in the consumer price index.

Municipal Property Tax Rates

Individuals and businesses residing in incorporated areas are subject to municipal property taxes in addition to county property taxes. Municipal real property tax rates range from \$0.008 in Martin's Additions (Montgomery County) to \$0.948 in Cumberland (Allegany County). Chevy Chase, Section 5 (Montgomery County) did not impose a local property tax in fiscal 2008. While only 15 percent of the State's population resides in incorporated areas (excluding Baltimore City), there are nine counties where over 30 percent

of residents live in municipalities. **Exhibit 4.5** shows the municipal property tax rates for the 26 largest municipalities, ranked by the combined county and municipal property tax rates. **Appendix 7** shows the real property tax rates for each municipality.

Property Tax Differentials and Rebates

To compensate municipal corporations for providing services in lieu of similar county services or programs and to address the effect of double taxation in municipalities (when residents pay both county and municipal property taxes), 17 counties provided property tax set-offs in fiscal 2007, through either a tax rate differential or tax rebate. A municipal tax rate differential takes the form of a reduced county property tax rate within the boundaries of a municipal corporation. A tax rebate is a direct grant to municipalities for providing services that are similar to county services. These services include police protection, highway and street maintenance, sanitation and waste collection, planning and zoning, and recreation and parks. In fiscal 2007, municipal tax differentials and rebates totaled approximately \$67.0 million, a 12.6 percent increase over the prior year. **Exhibit 4.6** shows the amount of tax set-offs provided in fiscal 2007 by county.

Even with such tax set-off programs, many municipal residents face relatively high property tax rates. For example, residents in Cumberland are subject to a \$1.857 combined county/municipal property tax rate, which is over twice the amount of the Allegany County rate. **Table 4.3** lists the

municipalities with the highest combined county/municipal property tax rates for fiscal 2008.

Table 4.3
Municipalities with the Highest Combined Local
Property Tax Rates in Maryland
Fiscal 2008

<u>Municipality</u>	<u>County</u>	<u>Combined Tax Rate</u>
Baltimore City		\$2.268
Colmar Manor	Prince George's	2.171
Morningside	Prince George's	1.978
Mt. Rainier	Prince George's	1.948
Bladensburg	Prince George's	1.896
Cumberland	Allegany	1.857
Cottage City	Prince George's	1.817
Riverdale Park	Prince George's	1.794
Princess Anne	Somerset	1.794
Hyattsville	Prince George's	1.786
Brentwood	Prince George's	1.773

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

Development Impact Fees and Excise Taxes

Development impact fees and excise taxes enable local governments to collect revenue from builders for public facilities required by new residential or commercial

development. As a result of these development charges, local governments are able to shift the costs of new public facilities from existing taxpayers to individuals responsible for the development. In many situations, the use of development charges may eliminate the need for countywide tax increases. Another benefit of development charges is that local officials can collect the needed revenue for the expansion or construction of new public facilities prior to the construction of any new residential development. In this manner, payment of an impact fee or excise tax may be required by local officials prior to the issuance of a building permit or approval of a subdivision plat.

Local governments in Maryland must obtain explicit authority from the General Assembly before imposing a development impact fee or excise tax. One exception to this restriction applies to code home rule counties, which have already received authority from the General Assembly to impose such charges. Sixteen counties impose either a development impact fee or excise tax, which generated approximately \$123.4 million in revenues in fiscal 2007. The primary services funded by these charges include public school construction, transportation, public safety, parks and recreation, and water/sewer utilities. **Exhibit 4.7** shows the counties that impose either a development impact fee or excise tax and the revenues generated by such charges.

An excise tax is a straightforward approach in financing capital projects resulting from new development. A jurisdiction can set the tax amount at any reasonable level, and there does not have to be a geographic nexus between where the fee is collected and where it is spent. The excise tax can be

imposed on activities and in amounts authorized by the General Assembly.

An impact fee involves a more complex process that requires a jurisdiction to justify the fee amount in relation to the potential impact that the new development would have on the jurisdiction. Before imposing an impact fee, a jurisdiction must conduct a study that measures the impact that the new development will have on various public services. In addition, there must be a nexus between the impact of the new development and the fee amount; there also must be a geographic nexus between where the fee is collected and where the funds are spent. A jurisdiction cannot collect the impact fee in one part of the county and spend the funds elsewhere.

Adequate Public Facilities Ordinances

Adequate public facilities ordinances (APFOs) are another tool that a local government may utilize to help control the development in its jurisdiction in relation to the ability of the jurisdiction to provide public facilities adequate to serve the development, such as schools and roads. APFOs have been adopted in 13 counties, with over 20 municipalities adopting their own ordinances. **Table 4.4** lists the counties that have adopted APFOs.

Ideally, APFOs offer the provision of public facilities consistent with a local comprehensive plan. In practice, APFOs tie the development approval process under zoning and subdivision ordinances to specifically defined public facility standards. They are intended to slow the pace of development

or, in extreme cases, to delay development approvals until adequate service levels are in place or are reasonably assured. However, APFOs are not intended to stop growth that is otherwise consistent with local zoning. Accordingly, the application of an APFO is usually associated with a funding source to address whatever the constraint on growth approval might be. That funding source is usually either the local government or the developer.

APFOs are often confused with impact fees. While similar, they have fundamental differences. Generally, impact fees do provide a means to raise additional funds for capital projects; however, they do not guarantee that sufficient funds will be available, and they have no effect on the pace of development. Unlike APFOs, impact fees are simply revenue raising mechanisms that operate outside of any comprehensive plan for facilitating, or curbing, growth. Both tools tie development approvals to infrastructure, and each tool is appropriate for different circumstances. But while impact fees provide funds to help provide public facilities in a given instance, APFOs look at the bigger picture and determine what kind, how much, and when.

Table 4.4
Counties with Adequate Public Facilities Ordinances

Anne Arundel	Frederick	Queen Anne's
Baltimore	Harford	St. Mary's
Calvert	Howard	Washington
Carroll	Montgomery	
Charles	Prince George's	

Source: Maryland Department of Planning

Exhibit 4.1
County Real Property Tax Rates in Fiscal 2004-2008
(per \$100 of assessed value)

County	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Allegany	\$1.000	\$1.001	\$1.001	\$0.983	\$0.983
Anne Arundel	0.955	0.941	0.931	0.918	0.891
Baltimore City	2.328	2.328	2.308	2.288	2.268
Baltimore	1.115	1.115	1.115	1.100	1.100
Calvert	0.892	0.892	0.892	0.892	0.892
Caroline	0.952	0.952	0.910	0.870	0.870
Carroll	1.048	1.048	1.048	1.048	1.048
Cecil	0.980	0.980	0.980	0.960	0.960
Charles	1.016	1.026	1.026	1.026	1.026
Dorchester	0.930	0.930	0.920	0.896	0.896
Frederick	1.135	1.135	1.135	1.064	1.064
Garrett	1.036	1.036	1.000	1.000	1.000
Harford	1.092	1.092	1.082	1.082	1.082
Howard	1.170	1.170	1.170	1.140	1.150
Kent	1.012	1.012	0.992	0.972	0.972
Montgomery	1.019	1.009	0.967	0.916	0.916
Prince George's	1.319	1.319	1.319	1.319	1.319
Queen Anne's	0.976	0.926	0.870	0.800	0.770
St. Mary's	0.908	0.878	0.872	0.857	0.857
Somerset	1.010	1.010	0.990	0.940	0.940
Talbot	0.553	0.540	0.520	0.500	0.475
Washington	0.948	0.948	0.948	0.948	0.948
Wicomico	1.041	1.025	0.993	0.942	0.881
Worcester	0.730	0.730	0.730	0.700	0.700

Note: The rate in Charles, Frederick, Howard, Montgomery, and Prince George's counties reflect special rates for services not funded from the general county property tax rate.

Source: Department of Legislative Services

Exhibit 4.2
Property Tax Rates Exceed Constant Yield Rate in Fiscal 2008

County	Actual FY 2007	Actual FY 2008	Difference	Constant Yield Rate	Difference	Amount in Excess of Constant Yield Ranking by Highest to Lowest	
Allegany	\$0.983	\$0.983	\$0.000	\$0.906	\$0.077	1.	Baltimore City \$0.130
Anne Arundel	0.918	0.891	-0.027	0.869	0.022	2.	Somerset 0.115
Baltimore City	2.288	2.268	-0.020	2.138	0.130	3.	Garrett 0.102
Baltimore	1.100	1.100	0.000	1.036	0.064	4.	Calvert 0.099
Calvert	0.892	0.892	0.000	0.793	0.099	5.	Harford 0.098
Caroline	0.870	0.870	0.000	0.804	0.066	6.	Worcester 0.095
Carroll	1.048	1.048	0.000	0.967	0.081	7.	Montgomery 0.093
Cecil	0.960	0.960	0.000	0.870	0.090	8.	Charles 0.092
Charles*	1.026	1.026	0.000	0.934	0.092	9.	Prince George's 0.091
Dorchester	0.896	0.896	0.000	0.820	0.076	10.	Cecil 0.090
Frederick*	1.064	1.064	0.000	0.984	0.080	11.	Kent 0.090
Garrett	1.000	1.000	0.000	0.898	0.102	12.	Carroll 0.081
Harford	1.082	1.082	0.000	0.984	0.098	13.	Frederick 0.080
Howard*	1.140	1.150	0.010	1.075	0.075	14.	Allegany 0.077
Kent	0.972	0.972	0.000	0.882	0.090	15.	Dorchester 0.076
Montgomery*	0.916	0.916	0.000	0.823	0.093	16.	Washington 0.075
Prince George's*	1.319	1.319	0.000	1.228	0.091	17.	Howard 0.075
Queen Anne's	0.800	0.770	-0.030	0.734	0.036	18.	Caroline 0.066
St. Mary's	0.857	0.857	0.000	0.791	0.066	19.	St. Mary's 0.066
Somerset	0.940	0.940	0.000	0.825	0.115	20.	Baltimore 0.064
Talbot	0.500	0.475	-0.025	0.460	0.015	21.	Queen Anne's 0.036
Washington	0.948	0.948	0.000	0.873	0.075	22.	Anne Arundel 0.022
Wicomico	0.942	0.881	-0.061	0.863	0.018	23.	Wicomico 0.018
Worcester	0.700	0.700	0.000	0.605	0.095	24.	Talbot 0.015

*Includes Special Property Tax Rates

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

Exhibit 4.3
County Income Tax Rates in Calendar 2004-2008

County	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008
Allegany	2.93%	2.93%	2.93%	2.93%	3.05%
Anne Arundel	2.56%	2.56%	2.56%	2.56%	2.56%
Baltimore City	3.05%	3.05%	3.05%	3.05%	3.05%
Baltimore	2.83%	2.83%	2.83%	2.83%	2.83%
Calvert	2.80%	2.80%	2.80%	2.80%	2.80%
Caroline	2.63%	2.63%	2.63%	2.63%	2.63%
Carroll	3.05%	3.05%	3.05%	3.05%	3.05%
Cecil	2.80%	2.80%	2.80%	2.80%	2.80%
Charles	2.90%	2.90%	2.90%	2.90%	2.90%
Dorchester	2.62%	2.62%	2.62%	2.62%	2.62%
Frederick	2.96%	2.96%	2.96%	2.96%	2.96%
Garrett	2.65%	2.65%	2.65%	2.65%	2.65%
Harford	3.06%	3.06%	3.06%	3.06%	3.06%
Howard	3.20%	3.20%	3.20%	3.20%	3.20%
Kent	2.58%	2.85%	2.85%	2.85%	2.85%
Montgomery	3.20%	3.20%	3.20%	3.20%	3.20%
Prince George's	3.20%	3.20%	3.20%	3.10%	3.10%
Queen Anne's	2.85%	2.85%	2.85%	2.85%	2.85%
St. Mary's	3.10%	3.05%	3.00%	3.00%	3.00%
Somerset	3.15%	3.15%	3.15%	3.15%	3.15%
Talbot	2.25%	2.25%	2.25%	2.25%	2.25%
Washington	2.80%	2.80%	2.80%	2.80%	2.80%
Wicomico	3.10%	3.10%	3.10%	3.10%	3.10%
Worcester	1.25%	1.25%	1.25%	1.25%	1.25%

Source: Comptroller's Office

Exhibit 4.4
Other Local Tax Rates in Fiscal 2007 and 2008

County	Recordation		Transfer		Admissions & Amusement		Hotel/Motel	
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008
Allegany	3.00	3.25	0.5%	0.5%	7.5%	7.5%	8.0%	8.0%
Anne Arundel	3.50	3.50	1.0%	1.0%	10.0%	10.0%	7.0%	7.0%
Baltimore City	5.00	5.00	1.5%	1.5%	10.0%	10.0%	7.5%	7.5%
Baltimore	2.50	2.50	1.5%	1.5%	10.0%	10.0%	8.0%	8.0%
Calvert	5.00	5.00	0.0%	0.0%	1.0%	1.0%	5.0%	5.0%
Caroline	5.00	5.00	0.5%	0.5%	0.0%	0.0%	5.0%	5.0%
Carroll	5.00	5.00	0.0%	0.0%	10.0%	10.0%	5.0%	5.0%
Cecil	4.10	4.10	0.0%	0.0%	6.0%	6.0%	5.0%	5.0%
Charles	5.00	5.00	0.0%	0.0%	10.0%	10.0%	5.0%	5.0%
Dorchester	5.00	5.00	0.75%	0.75%	0.5%	0.5%	5.0%	5.0%
Frederick	5.00	6.00	0.0%	0.0%	5.0%	5.0%	3.0%	3.0%
Garrett	3.50	3.50	1.0%	1.0%	4.5%	4.5%	5.0%	5.0%
Harford	3.30	3.30	1.0%	1.0%	5.0%	5.0%	0.0%	0.0%
Howard	2.50	2.50	1.0%	1.0%	7.5%	7.5%	5.0%	5.0%
Kent	3.30	3.30	0.5%	0.5%	4.5%	4.5%	5.0%	5.0%
Montgomery	3.45	3.45	1.0%	1.0%	7.0%	7.0%	7.0%	7.0%
Prince George's	2.20	2.20	1.4%	1.4%	10.0%	10.0%	5.0%	5.0%
Queen Anne's	3.30	3.30	0.5%	0.5%	5.0%	5.0%	5.0%	5.0%
St. Mary's	4.00	4.00	1.0%	1.0%	2.0%	2.0%	5.0%	5.0%
Somerset	3.30	3.30	0.0%	0.0%	4.0%	4.0%	5.0%	5.0%
Talbot	3.30	3.30	1.0%	1.0%	5.0%	5.0%	4.0%	4.0%
Washington	3.80	3.80	0.5%	0.5%	5.0%	5.0%	6.0%	6.0%
Wicomico	3.50	3.50	0.0%	0.0%	6.0%	6.0%	6.0%	6.0%
Worcester	3.30	3.30	0.5%	0.5%	3.0%	3.0%	4.0%	4.0%

Source: Department of Legislative Services

Exhibit 4.5
Combined County and Municipal Real Property Tax Rates in Fiscal 2008
26 Largest Municipalities – Ranked by Total Tax Rate

Rank	Municipality	County	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
1.	Mt. Rainier	Prince George's	8,627	\$0.799	\$0.790	\$0.359	\$1.948
2.	Bladensburg	Prince George's	7,813	0.797	0.740	0.359	1.896
3.	Cumberland	Allegany	20,758	0.909	0.948	-	1.857
4.	Hyattsville	Prince George's	15,091	0.797	0.630	0.359	1.786
5.	Greenbelt	Prince George's	21,972	0.792	0.786	0.187	1.765
6.	Hagerstown	Washington	39,008	0.948	0.798	-	1.746
7.	Frederick	Frederick	58,882	0.936	0.670	0.128	1.734
8.	New Carrollton	Prince George's	12,651	0.897	0.450	0.359	1.706
9.	Salisbury	Wicomico	27,172	0.881	0.819	-	1.700
10.	Aberdeen	Harford	14,130	0.926	0.715	-	1.641
11.	Laurel	Prince George's	21,945	0.764	0.720	0.141	1.625
12.	Bowie	Prince George's	53,325	0.946	0.352	0.306	1.604
13.	College Park	Prince George's	27,410	0.944	0.299	0.359	1.602
14.	Havre de Grace	Harford	12,498	0.926	0.650	-	1.576
15.	Cambridge	Dorchester	11,468	0.871	0.676	-	1.547
16.	Takoma Park	Montgomery	18,497	0.627	0.610	0.286	1.523
17.	Elkton	Cecil	14,753	0.960	0.544	-	1.504
18.	Westminster	Carroll	17,870	1.048	0.440	-	1.488
19.	Frostburg	Allegany	7,865	0.914	0.554	-	1.468
20.	Bel Air	Harford	10,039	0.926	0.500	-	1.426
21.	La Plata	Charles	8,739	0.885	0.320	0.064	1.269
22.	Rockville	Montgomery	59,114	0.627	0.302	0.185	1.114
23.	Ocean City	Worcester	7,031	0.700	0.410	-	1.110
24.	Annapolis	Anne Arundel	36,408	0.531	0.530	-	1.061
25.	Gaithersburg	Montgomery	57,934	0.627	0.212	0.185	1.024
26.	Easton	Talbot	13,954	0.349	0.520	-	0.869
	Baltimore City		631,366	2.268	0.0000	0.0000	2.268

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

Exhibit 4.6
Tax Differentials and Tax Rebates
Fiscal 2007

County	Tax Differential	Tax Rebate	Total
Allegany	\$931,935	\$0	\$931,935
Anne Arundel	19,614,189	0	19,614,189
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	2,365,852	0	2,365,852
Caroline	727,333	0	727,333
Carroll	0	2,048,180	2,048,180
Cecil	0	550,898	550,898
Charles	472,399	0	472,399
Dorchester	0	69,000	69,000
Frederick	0	6,012,915	6,012,915
Garrett	136,012	0	136,012
Harford	4,930,535	1,510,762	6,441,297
Howard	N/A	N/A	N/A
Kent	0	148,245	148,245
Montgomery	0	7,438,235	7,438,235
Prince George's	15,416,163	669,672	16,085,835
Queen Anne's	0	0	0
St. Mary's	0	53,796	53,796
Somerset	0	0	0
Talbot	2,301,956	0	2,301,956
Washington	0	1,561,700	1,561,700
Wicomico	0	0	0
Worcester	0	0	0
Total	\$46,896,374	\$20,063,403	\$66,959,777

N/A: indicates the jurisdiction has no municipalities

Source: Department of Legislative Services

Exhibit 4.7
Maryland Counties with Development Impact Fees or Excise Taxes

County	Type	FY 2008 Rate Per Dwelling¹	FY 2007 Revenues
Anne Arundel	Impact Fee	\$4,904	\$9,235,359
Calvert	Excise Tax	12,950	3,990,000
Caroline ²	Excise Tax	5,000	351,178
Carroll	Impact Fee	6,836	1,547,977
Charles	Excise Tax	11,400	2,469,035*
Dorchester ³	Excise Tax	3,671	1,007,908
Frederick ⁴	Both	13,121	11,159,465
Harford	Impact Fee	8,269	4,700,428
Howard ⁵	Excise Tax	See note	13,107,941
Montgomery ⁶	Excise Tax	31,105	20,718,825
Prince George's ⁷	Excise Tax	19,864	41,994,549*
Queen Anne's	Impact Fee	\$3.93/sq. ft.	1,599,957
St. Mary's	Impact Fee	4,500	3,794,275*
Talbot ⁸	Impact Fee	5,513	1,919,972
Washington	Excise Tax	13,000	4,817,695
Wicomico	Impact Fee	5,231	1,017,662
Total			\$123,432,226

¹ Rates listed are generally those applicable to single-family detached dwellings.

² A \$750 development excise tax for agricultural land preservation is also imposed on single-family residential lots created by subdivision in a "rural district."

³ A slightly higher rate, \$3,765 per dwelling, applies outside of the Cambridge and Hurlock areas.

⁴ The fiscal 2008 rate shown reflects the public school and library impact fee total. The roads tax is \$0.10/sq. ft. or \$0.25/sq. ft. (depending on the square footage), with the first 700 square feet not taxed.

⁵ Roads tax is \$0.88/sq. ft. School surcharge is \$1.09/sq. ft.

⁶ Amount represents \$10,649 for transportation and \$20,456 for schools. The school excise tax is increased by \$2 for each square foot between 3,500 and 8,500 gross square feet. Different transportation rates apply in the Metro Station and Clarksburg impact tax districts. The rates reflect increases adopted by the county council on November 13, 2007, that took effect December 1, 2007.

⁷ Amount represents \$13,493 for school facilities and \$6,371 for public safety. A lower school facilities rate (\$7,870) applies inside the beltway and a lower public safety rate (\$2,124) applies inside the "developed tier" as defined in the 2002 Prince George's County Approved General Plan.

⁸ A lower rate (\$4,764) applies to "in-town" development.

* Revenue figure identified by county as recorded revenues prior to being audited for that fiscal year.

Note: Due to the timing of the survey from which the fiscal 2007 revenue numbers were collected, revenues reported by counties other than those specifically identified may also be unaudited.

Source: Department of Legislative Services

Chapter 5. Local Revenue Growth

Local revenue growth remains positive in fiscal 2008 due to continued strong increases in property assessments and moderate increases in net taxable income. County assessable base increased by 19.7 percent in fiscal 2008, continuing a five-year period of strong assessment growth. Likewise, net taxable income also increased but at a lower rate than the prior year. Net taxable income increased by 5.8 percent in tax year 2006 compared to 6.0 percent in tax year 2005 and 8.4 percent in tax year 2004. **Table 5.1** compares the relative growth in county assessable base and net taxable income.

On the downside, recordation and transfer tax revenues are projected to decline in fiscal 2008. County governments collected \$482.4 million in local recordation taxes in fiscal 2007. This amount is significantly lower than the amounts collected in fiscal 2005 and 2006 when the soaring real estate market yielded recordation taxes totaling \$525.4 million in fiscal 2005 and \$619.0 million in fiscal 2006. If the current downward trend in the real estate market continues, local recordation taxes could reach a five-year low in fiscal 2008. **Table 5.2** shows local recordation tax collections since fiscal 2002.

Table 5.1
Comparison of Local Revenue Measures
Annual Percent Growth

<u>County Assessable Base</u>		<u>Net Taxable Income</u>	
FY 2003	5.4%	TY 2002	-0.9%
FY 2004	7.0%	TY 2003	4.1%
FY 2005	9.4%	TY 2004	8.4%
FY 2006	13.1%	TY 2005	6.0%
FY 2007	15.7%	TY 2006	5.8%
FY 2008	19.7%	TY 2007	N/A

Source: State Department of Assessments and Taxation, Comptroller's Office

Table 5.2
Local Recordation Tax Revenues
Fiscal 2002-2007

FY 2002	\$245.9 million
FY 2003	\$295.2 million
FY 2004	\$417.1 million
FY 2005	\$525.4 million
FY 2006	\$619.0 million
FY 2007	\$482.4 million

Source: Maryland Association of Counties

Property Taxation

The property tax is one of the three major revenue sources for county governments, accounting for 24.6 percent of total revenues, excluding debt proceeds, and the second largest revenue source for municipal governments, accounting for 31.2 percent of total revenues, excluding debt proceeds. In fiscal 2004, local governments collected \$4.8 billion in property taxes. The property tax is a relatively stable and predictable revenue source for local governments, and due to the sizeable growth in property assessments, local property tax collections should remain strong for the near future.

County assessable base in fiscal 2008 totaled \$655.1 billion or \$116,656 per State resident. Per capita assessable base ranges from \$43,896 in Allegany County to \$354,824 in Worcester County. Statewide, real property accounts for 96.5 percent of the assessable base and personal property accounts for 3.5 percent. **Exhibit 5.1** shows the per capita assessable base and assessable base growth for each jurisdiction for fiscal 2008.

Exhibit 5.2 shows the real, personal, and total county assessable base for each county for fiscal 2008. **Exhibit 5.3** shows the percentage change in total county assessable base (real and personal property) since fiscal 2000. **Exhibit 5.4** shows total county assessable base (real and personal property) since fiscal 2003.

Assessable Base Growth

County assessable base increased by 19.7 percent in fiscal 2008, the highest annual percentage increase over the last 10 years (fiscal 1999 through 2008). Real property increased by 20.5 percent statewide in fiscal 2008, whereas personal property increased by 1.3 percent.

As shown in **Table 5.3**, the State Department of Assessments and Taxation projects that total county assessable base will grow by 10.5 percent in fiscal 2009 and 8.9 percent in fiscal 2010. This indicates that local property tax collections should continue to remain strong in the near future.

Table 5.3
County Assessable Base Growth Forecast

<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
19.7%	10.5%	8.9%

Source: State Department of Assessments and Taxation

Since 2000, property assessments in Maryland have increased significantly. Nationwide, real estate values have risen at a rate of more than five times the rate of inflation. In Maryland, the rate of increase has surpassed the national average. The average three-year increase in the full cash value of property undergoing reassessment totaled 10.1 percent in 2001 and 60.2 percent in 2006.

Properties reassessed for 2007 realized an increase of 56.1 percent statewide; whereas, reassessments for 2008 realized an increase of 33.2 percent. Under the State's triennial assessment process, the increase in the full cash value of property is phased in over a three-year period. **Exhibit 5.5** shows the average increase in the full cash value of property reassessed for 2008 for each jurisdiction, the average annual increases, and the county assessment cap.

One-cent Yield on the Property Tax Rate

The larger the assessable property tax base in a county, the more revenues that can be derived with an increase in the property tax rate. For example, a one-cent increase in the property tax rate in Talbot County generates approximately \$788,000 in revenues, whereas it generates only \$133,000 in Somerset County, even though both jurisdictions have nearly the same number of residents. The fiscal impact of a one-cent increase in real property tax rates for fiscal 2003 through 2008 is depicted in **Exhibit 5.6**. In addition, since personal property tax rates are set at 2.5 times the real property tax rate, a one-cent increase in the real property tax rate equals 2.5 cents in the personal property tax rate.

Property Tax Relief Measures

The increase in property assessments throughout Maryland has led the State, and in some instances the voters, to take action to curtail the rise in property taxes. Three primary approaches are used in Maryland to provide property tax relief

to homeowners: (1) the Homestead Tax Credit Program that limits annual assessment increases to all homeowners regardless of income; (2) the Homeowners' (circuit breaker) Tax Credit Program and the Renters' Tax Credit Program that provide credits for certain individuals who qualify based on a sliding scale of property tax liability and income; and (3) property tax limitation measures that either limit the property tax rate that can be imposed by the county council or the property tax revenue that can be collected. All three approaches have significantly impacted either State or local revenues, and members of the General Assembly have repeatedly introduced legislation addressing these property tax relief measures.

Homestead Tax Credit Program

The Homestead Tax Credit Program (assessment caps) provides tax credits against State, county, and municipal corporation real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or "cap" in any given year. The State requires the cap on assessment increases to be set at 10 percent for State property tax purposes; however, local governments have the authority to lower the cap.

A majority of local subdivisions have assessment caps below 10 percent: 15 counties in fiscal 2007, 18 counties in fiscal 2008, and 19 counties in fiscal 2009. **Table 5.4** lists the counties with assessment caps below 10 percent in fiscal 2007 through 2009. Due to the continuing rise in property

assessments, two counties (Harford and Prince George's) lowered their assessment cap in fiscal 2009.

The Homestead Tax Credit Program is administered as follows:

- Increases in property assessments are equally spread out over three years. For example, if a property's assessment increased by \$60,000, from \$80,000 to \$140,000, the increase would be phased in through increments of \$20,000 annually for the next three years.
- If the assessment cap were set at 10 percent, however, the amount of assessment subject to taxes would increase by only \$8,000 in the first year, \$8,800 in the following year, and \$9,680 in the third year.
- Since the assessment cap was set lower than the actual market increase, the homeowner does not have to pay taxes on the property's full assessed value.

Table 5.4
Counties with Assessment Caps Below 10%

County	FY 2007	FY 2008	FY 2009
Anne Arundel	2%	2%	2%
Baltimore City	4%	4%	4%
Baltimore	4%	4%	4%
Caroline	10%	5%	5%
Carroll	7%	7%	7%
Cecil	8%	8%	8%
Charles	10%	7%	7%
Dorchester	5%	5%	5%
Frederick	5%	5%	5%
Garrett	5%	5%	5%
Harford	10%	10%	9%
Howard	5%	5%	5%
Kent	5%	5%	5%
Prince George's	3%	4%	3%
Queen Anne's	5%	5%	5%
St. Mary's	5%	5%	5%
Talbot	0%	0%	0%
Washington	10%	5%	5%
Worcester	3%	3%	3%

Source: State Department of Assessments and Taxation

The Homestead Tax Credit Program has provided significant local property tax relief in recent years. This foregone revenue is estimated at \$1.0 billion in fiscal 2008, \$1.4 billion in fiscal 2009, and \$1.8 billion in fiscal 2010. While the State has set the assessment cap at 10 percent, a majority of jurisdictions have an assessment cap below 10 percent. The tax relief associated with an assessment cap below 10 percent is estimated at \$112.9 million in fiscal 2008, \$130.8 million in fiscal 2009, and \$278.1 million in fiscal 2010. **Exhibit 5.7** shows the estimated county property tax revenue foregone for fiscal 2008 through 2010 and the percent of the county assessable that is not taxable due to the assessment caps. **Exhibit 5.8** shows the estimated county property tax relief for fiscal 2008, **Exhibit 5.9** shows the associated relief for fiscal 2009, and **Exhibit 5.10** shows associated relief for fiscal 2010.

The extent to which the Homestead Tax Credit Program may actually restrict the ability of a county to raise property tax revenues depends on the county's need for revenues from the property tax and other legal and practical limitations. For example, a county impacted by a charter-imposed property tax limitation measure would presumably reduce tax rates to offset the impact of rising assessments in the absence of the homestead credit.

Net Taxable Income

Income tax revenue is the third largest revenue source for county governments, accounting for 17.3 percent of total revenue in fiscal 2004, excluding debt proceeds. The reliance

on income tax revenue ranges from 5.9 percent of total revenues in Worcester County to 23.0 percent in Montgomery County. Local income tax revenues are a function of a county's income tax rate and the net taxable income base. Net taxable income represents taxable income after exemptions and deductions have been subtracted from gross salary and benefits. **Exhibit 5.11** shows the trends in net taxable income by county for the last seven years, and **Exhibit 5.12** shows the growth in net taxable income since tax year 2000.

Net taxable income for Maryland jurisdictions totaled \$126.1 billion in tax year 2006, ranging from \$219.5 million in Somerset County to \$34.1 billion in Montgomery County. For all counties, net taxable income increased by 5.8 percent in tax year 2006, with Talbot County experiencing the greatest increase at 14.8 percent. All jurisdictions, except Worcester County, experienced an increase in net taxable income in tax year 2006.

Montgomery County has the highest per capita net taxable income at \$36,571 followed by Talbot County at \$33,227 and Howard County at \$31,551. Somerset County has the lowest per capita net taxable income at \$8,515. **Exhibit 5.13** ranks local jurisdictions according to per capita net taxable income and net taxable income growth.

Exhibit 5.1
County Assessable Base Measures for Fiscal 2008

<u>County</u>	<u>Per Capita Assessable Base</u>	<u>Assessable Base Growth</u>	<u>County</u>	<u>Per Capita Assessable Base</u>	<u>County</u>	<u>Assessable Base Growth</u>
Allegany	\$43,896	9.3%	1. Worcester	\$354,824	1. Montgomery	26.4%
Anne Arundel	140,953	18.0%	2. Talbot	219,878	2. Charles	20.4%
Baltimore City	45,983	14.9%	3. Montgomery	197,668	3. Calvert	19.8%
Baltimore	91,606	15.7%	4. Queen Anne's	159,160	4. Worcester	19.7%
Calvert	131,379	19.8%	5. Howard	154,362	5. Frederick	19.2%
Caroline	75,617	18.1%	6. Anne Arundel	140,953	6. Queen Anne's	19.2%
Carroll	105,341	16.1%	7. Calvert	131,379	7. St. Mary's	19.1%
Cecil	92,518	16.1%	8. Garrett	129,465	8. Prince George's	18.7%
Charles	114,068	20.4%	9. Kent	126,908	9. Somerset	18.5%
Dorchester	89,401	17.8%	10. Frederick	119,217	10. Caroline	18.1%
Frederick	119,217	19.2%	11. Charles	114,068	11. Washington	18.1%
Garrett	129,465	14.6%	12. Carroll	105,341	12. Anne Arundel	18.0%
Harford	95,170	15.3%	13. St. Mary's	99,104	13. Dorchester	17.8%
Howard	154,362	16.1%	14. Harford	95,170	14. Talbot	17.5%
Kent	126,908	16.3%	15. Cecil	92,518	15. Kent	16.3%
Montgomery	197,668	26.4%	16. Baltimore	91,606	16. Howard	16.1%
Prince George's	88,472	18.7%	17. Dorchester	89,401	17. Cecil	16.1%
Queen Anne's	159,160	19.2%	18. Prince George's	88,472	18. Carroll	16.1%
St. Mary's	99,104	19.1%	19. Washington	83,070	19. Baltimore	15.7%
Somerset	54,249	18.5%	20. Caroline	75,617	20. Harford	15.3%
Talbot	219,878	17.5%	21. Wicomico	69,415	21. Baltimore City	14.9%
Washington	83,070	18.1%	22. Somerset	54,249	22. Garrett	14.6%
Wicomico	69,415	13.7%	23. Baltimore City	45,983	23. Wicomico	13.7%
Worcester	354,824	19.7%	24. Allegany	43,896	24. Allegany	9.3%
Statewide	\$116,656	19.7%				

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

Exhibit 5.2
County Assessable Base for Fiscal 2008
(\$ in Thousands)

County	Subject to Real Property	Percent Change	Subject to Personal Property	Percent Change	Total Property	Percent Change
Allegany	\$2,846,492	10.0%	\$350,514	3.4%	\$3,197,006	9.3%
Anne Arundel	69,284,375	18.9%	2,503,115	-1.4%	71,787,490	18.0%
Baltimore City	27,026,288	16.1%	2,006,017	1.0%	29,032,305	14.9%
Baltimore	69,109,693	16.4%	3,019,787	1.4%	72,129,480	15.7%
Calvert	10,627,594	23.2%	1,039,409	-6.8%	11,667,003	19.8%
Caroline	2,370,861	18.6%	95,539	5.6%	2,466,400	18.1%
Carroll	17,379,874	16.4%	555,404	5.8%	17,935,278	16.1%
Cecil	8,813,334	16.9%	392,753	-0.3%	9,206,087	16.1%
Charles	15,121,431	21.8%	895,566	0.4%	16,016,997	20.4%
Dorchester	2,695,155	18.9%	132,675	-1.0%	2,827,830	17.8%
Frederick	26,254,477	19.6%	323,476	-3.7%	26,577,953	19.2%
Garrett	3,764,637	15.1%	101,066	1.1%	3,865,703	14.6%
Harford	21,990,003	15.8%	984,304	5.6%	22,974,307	15.3%
Howard	40,562,971	16.5%	1,493,252	5.2%	42,056,223	16.1%
Kent	2,499,547	16.6%	36,447	-4.1%	2,535,994	16.3%
Montgomery	180,291,380	27.1%	3,960,935	1.1%	184,252,315	26.4%
Prince George's	71,568,514	19.5%	2,864,385	1.8%	74,432,899	18.7%
Queen Anne's	7,299,651	19.4%	60,080	-4.1%	7,359,731	19.2%
St. Mary's	9,530,468	19.6%	266,373	2.2%	9,796,841	19.1%
Somerset	1,333,556	19.5%	64,667	1.0%	1,398,223	18.5%
Talbot	7,875,276	17.6%	53,975	1.1%	7,929,251	17.5%
Washington	11,348,229	18.6%	592,974	9.1%	11,941,203	18.1%
Wicomico	5,873,614	14.2%	511,639	7.4%	6,385,253	13.7%
Worcester	17,038,234	20.1%	300,614	0.7%	17,338,848	19.7%
Statewide	\$632,505,653	20.5%	\$22,604,966	1.3%	\$655,110,619	19.7%

Source: State Department of Assessments and Taxation

Exhibit 5.3
Growth in County Assessable Base – Real and Personal Property
Fiscal 2000-2010

County	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009E	FY 2010E
Allegany	11.4%	-0.2%	-4.4%	-2.1%	1.5%	3.3%	4.3%	4.2%	9.3%	9.0%	10.0%
Anne Arundel	3.6%	3.6%	5.6%	6.7%	8.3%	11.5%	14.2%	15.7%	18.0%	13.8%	5.9%
Baltimore City	0.4%	2.0%	2.5%	2.8%	2.8%	6.8%	7.7%	8.6%	14.9%	14.7%	9.5%
Baltimore	3.0%	3.1%	2.9%	3.5%	4.0%	5.5%	9.9%	12.4%	15.7%	14.0%	13.0%
Calvert	3.9%	1.0%	2.1%	5.7%	7.6%	9.9%	12.2%	15.9%	19.8%	14.4%	9.8%
Caroline	5.4%	5.3%	4.3%	5.0%	5.1%	9.3%	12.6%	16.9%	18.1%	5.3%	5.2%
Carroll	4.7%	5.3%	5.1%	6.9%	6.5%	8.7%	13.0%	15.0%	16.1%	11.6%	11.6%
Cecil	4.1%	4.8%	5.0%	6.6%	7.6%	10.9%	11.4%	14.2%	16.1%	12.6%	11.5%
Charles	4.7%	2.7%	8.2%	5.8%	7.4%	8.2%	12.2%	17.7%	20.4%	15.1%	13.6%
Dorchester	1.5%	4.5%	2.9%	5.6%	10.2%	6.7%	11.1%	11.5%	17.8%	14.6%	14.4%
Frederick	4.3%	5.3%	5.8%	6.5%	6.7%	9.4%	16.0%	17.5%	19.2%	19.4%	19.4%
Garrett	4.6%	6.7%	4.7%	7.4%	8.8%	8.5%	14.3%	17.3%	14.6%	10.2%	5.8%
Harford	5.1%	4.6%	5.0%	6.1%	5.8%	8.1%	11.2%	14.9%	15.3%	11.3%	10.7%
Howard	5.7%	5.4%	8.5%	4.2%	7.8%	11.2%	14.2%	17.4%	16.1%	3.8%	4.6%
Kent	1.4%	2.6%	3.8%	5.0%	7.0%	8.7%	13.0%	14.2%	16.3%	0.5%	0.6%
Montgomery	2.4%	3.5%	4.6%	6.4%	9.3%	11.8%	16.2%	17.8%	26.4%	4.9%	4.4%
Prince George's	1.4%	1.8%	3.0%	4.7%	4.6%	7.2%	11.1%	15.1%	18.7%	17.5%	14.5%
Queen Anne's	4.9%	5.7%	6.6%	8.9%	11.4%	13.3%	14.3%	18.2%	19.2%	1.0%	1.0%
St. Mary's	5.6%	4.9%	4.2%	5.9%	5.4%	6.5%	10.7%	19.6%	19.1%	9.6%	9.4%
Somerset	2.8%	2.6%	1.8%	3.8%	5.3%	5.9%	13.3%	23.0%	18.5%	16.5%	13.8%
Talbot	4.4%	0.5%	11.3%	8.8%	11.1%	13.6%	14.6%	14.7%	17.5%	15.1%	9.9%
Washington	6.0%	4.4%	6.1%	2.3%	9.4%	3.2%	11.6%	14.4%	18.1%	11.1%	12.1%
Wicomico	4.1%	6.5%	2.4%	3.9%	5.6%	5.9%	9.1%	12.2%	13.7%	10.5%	8.5%
Worcester	3.6%	4.0%	6.3%	8.5%	16.0%	19.2%	17.6%	23.0%	19.7%	1.9%	3.2%
Statewide	3.2%	3.5%	4.5%	5.4%	7.0%	9.4%	13.1%	15.7%	19.7%	10.5%	8.9%

Source: State Department of Assessments and Taxation

Exhibit 5.4
County Assessable Base – Real and Personal Property
(\$ in Thousands)

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 E	FY 2010 E
Allegany	\$2,565,195	\$2,604,327	\$2,691,053	\$2,808,112	\$2,926,109	\$3,197,006	\$3,484,353	\$3,831,848
Anne Arundel	38,118,944	41,297,966	46,036,555	52,554,958	60,826,688	71,787,490	81,678,020	86,506,872
Baltimore City	19,674,089	20,218,975	21,597,384	23,249,753	25,256,648	29,032,305	33,288,883	36,458,576
Baltimore	46,023,190	47,861,367	50,489,382	55,476,797	62,365,607	72,129,480	82,228,608	92,899,378
Calvert	6,336,952	6,819,523	7,496,323	8,408,145	9,742,417	11,667,003	13,348,853	14,662,187
Caroline	1,380,313	1,451,362	1,586,476	1,786,819	2,089,016	2,466,400	2,596,158	2,730,417
Carroll	10,278,303	10,941,349	11,891,468	13,438,532	15,453,866	17,935,278	20,017,495	22,345,558
Cecil	5,222,682	5,620,734	6,235,694	6,945,277	7,932,003	9,206,087	10,367,856	11,559,325
Charles	8,672,489	9,310,426	10,075,543	11,308,138	13,304,605	16,016,997	18,428,125	20,936,845
Dorchester	1,648,897	1,817,529	1,939,327	2,154,025	2,400,917	2,827,830	3,240,151	3,705,381
Frederick	14,007,191	14,951,629	16,353,215	18,975,905	22,292,911	26,577,953	31,720,809	37,878,308
Garrett	2,129,052	2,315,500	2,513,159	2,873,593	3,371,967	3,865,703	4,258,522	4,505,211
Harford	13,640,671	14,428,277	15,597,527	17,345,762	19,926,361	22,974,307	25,562,592	28,310,318
Howard	22,543,862	24,297,361	27,014,393	30,847,706	36,224,837	42,056,223	43,670,405	45,683,888
Kent	1,454,105	1,555,850	1,890,504	1,910,531	2,181,116	2,535,994	2,549,689	2,564,110
Montgomery	87,193,587	95,287,116	106,559,595	123,784,098	145,815,228	184,252,315	193,327,350	201,763,166
Prince George's	43,740,098	45,736,798	49,033,034	54,495,057	62,726,164	74,432,899	87,441,303	100,087,024
Queen Anne's	3,620,689	4,032,277	4,569,035	5,221,808	6,174,441	7,359,731	7,435,849	7,506,565
St. Mary's	5,533,506	5,830,982	6,211,101	6,877,275	8,227,294	9,796,841	10,733,090	11,741,088
Somerset	758,573	799,003	846,503	959,352	1,180,315	1,398,223	1,628,446	1,853,641
Talbot	4,068,200	4,517,967	5,134,091	5,882,773	6,749,460	7,929,251	9,127,374	10,032,368
Washington	7,015,202	7,673,262	7,922,077	8,842,655	10,114,171	11,941,203	13,270,122	14,876,483
Wicomico	4,104,142	4,335,777	4,591,232	5,008,492	5,617,482	6,385,253	7,053,064	7,655,946
Worcester	7,239,037	8,400,551	10,010,931	11,777,360	14,483,821	17,338,848	17,676,191	18,241,904
Statewide	\$356,968,969	\$382,105,908	\$418,085,602	\$472,932,923	\$547,383,444	\$655,110,619	\$724,133,308	\$788,336,407

Source: State Department of Assessments and Taxation

Exhibit 5.5
Assessment Increases Will Push Local Revenues Upward in Fiscal 2009
Group 2 of 3

County	Full Cash Value Increase Before Cap (Over 3 Years)	Average Annual Increase	County Assessment Cap
Allegany	34.5%	11.5%	10%
Anne Arundel	34.9%	11.6%	2%
Baltimore City	75.0%	25.0%	4%
Baltimore	32.6%	10.9%	4%
Calvert	38.3%	12.8%	10%
Caroline	40.6%	13.5%	5%
Carroll	37.4%	12.5%	7%
Cecil	33.3%	11.1%	8%
Charles	41.4%	13.8%	7%
Dorchester	34.5%	11.5%	5%
Frederick	27.4%	9.1%	5%
Garrett	29.0%	9.7%	5%
Harford	38.6%	12.9%	9%
Howard	24.2%	8.1%	5%
Kent	37.3%	12.4%	5%
Montgomery	16.2%	5.4%	10%
Prince George's	51.6%	17.2%	3%
Queen Anne's	36.8%	12.3%	5%
St. Mary's	49.0%	16.3%	5%
Somerset	45.5%	15.2%	10%
Talbot	42.7%	14.2%	0%
Washington	40.2%	13.4%	5%
Wicomico	40.6%	13.5%	10%
Worcester	33.3%	11.1%	3%
Statewide	33.2%	11.1%	

Source: State Department of Assessments and Taxation

Exhibit 5.6
One-cent Yield in County Real Property Tax Rates
Fiscal 2003-2008

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Allegany	\$216,000	\$223,000	\$233,000	\$245,000	\$259,000	\$285,000
Anne Arundel	3,566,000	3,892,000	4,368,000	5,010,000	5,829,000	6,928,000
Baltimore City	1,759,000	1,821,000	1,986,000	2,131,000	2,327,000	2,703,000
Baltimore	4,319,000	4,506,000	4,771,000	5,261,000	5,939,000	6,911,000
Calvert	552,000	594,000	647,000	732,000	863,000	1,063,000
Caroline	130,000	137,000	151,000	171,000	200,000	237,000
Carroll	977,000	1,044,000	1,140,000	1,292,000	1,483,000	1,738,000
Cecil	493,000	534,000	589,000	659,000	754,000	881,000
Charles	776,000	840,000	921,000	1,042,000	1,241,000	1,512,000
Dorchester	150,000	168,000	181,000	203,000	227,000	270,000
Frederick	1,366,000	1,462,000	1,603,000	1,864,000	2,196,000	2,625,000
Garrett	197,000	218,000	242,000	277,000	327,000	376,000
Harford	1,270,000	1,355,000	1,471,000	1,645,000	1,899,000	2,199,000
Howard	2,124,000	2,301,000	2,572,000	2,955,000	3,481,000	4,056,000
Kent	142,000	152,000	166,000	188,000	214,000	250,000
Montgomery	8,288,000	9,131,000	10,274,000	11,990,000	14,190,000	18,029,000
Prince George's	4,058,000	4,279,000	4,624,000	5,167,000	5,991,000	7,157,000
Queen Anne's	356,000	397,000	451,000	517,000	611,000	730,000
St. Mary's	530,000	560,000	598,000	663,000	797,000	953,000
Somerset	68,000	73,000	78,000	90,000	112,000	133,000
Talbot	401,000	446,000	508,000	583,000	670,000	788,000
Washington	649,000	718,000	744,000	834,000	957,000	1,135,000
Wicomico	364,000	388,000	416,000	455,000	514,000	567,000
Worcester	694,000	811,000	973,000	1,149,000	1,419,000	1,704,000

Source: Department of Legislative Services

Exhibit 5.7
County Tax Relief Due to Homestead Tax Credits

County	Fiscal 2008		Fiscal 2009		Fiscal 2010	
	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base
Allegany	\$463,968	1.7%	\$993,867	3.2%	\$1,450,726	4.3%
Anne Arundel	158,348,338	25.8%	207,606,040	29.5%	264,374,187	35.4%
Baltimore City	73,041,158	12.1%	118,402,581	16.9%	168,976,821	21.9%
Baltimore	119,234,882	15.8%	171,935,860	19.8%	229,719,993	23.3%
Calvert	9,253,035	9.8%	13,529,968	12.4%	17,630,735	14.6%
Caroline	1,784,584	8.7%	3,206,427	14.8%	4,674,563	20.5%
Carroll	23,376,849	12.9%	34,248,954	16.9%	45,601,216	20.1%
Cecil	5,438,588	6.5%	8,528,343	8.9%	11,590,858	10.9%
Charles	16,334,503	10.6%	26,479,287	14.8%	37,003,906	18.1%
Dorchester	2,126,385	8.9%	3,458,005	12.5%	4,878,247	15.4%
Frederick	41,154,269	14.8%	57,227,698	17.2%	74,710,095	18.8%
Garrett	1,001,145	2.7%	1,626,776	3.9%	2,263,013	5.2%
Harford	13,863,345	5.9%	22,433,285	8.5%	30,534,302	10.4%
Howard	92,766,251	20.0%	120,279,329	24.9%	151,477,691	29.9%
Kent	2,479,809	10.2%	3,524,323	14.5%	4,658,930	19.0%
Montgomery	203,070,315	12.3%	222,698,567	12.9%	248,838,535	13.8%
Prince George's	178,779,699	19.1%	268,420,468	24.2%	365,465,597	28.6%
Queen Anne's	7,469,363	13.4%	10,708,219	18.9%	14,225,982	24.9%
St. Mary's	10,017,885	12.3%	16,443,613	18.4%	23,217,635	23.8%
Somerset	652,545	5.2%	983,545	6.7%	1,309,397	7.8%
Talbot	9,330,019	25.0%	11,909,116	27.7%	14,959,826	31.6%
Washington	9,083,510	8.5%	16,714,485	14.0%	24,564,038	18.2%
Wicomico	1,933,914	3.8%	3,323,793	5.8%	4,642,952	7.4%
Worcester	7,418,342	6.3%	10,349,188	8.6%	13,510,656	10.8%
Statewide	\$988,422,698	14.9%	\$1,355,031,737	18.0%	\$1,760,279,900	21.2%

Source: State Department of Assessments and Taxation

Exhibit 5.8
County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2008

County	Homestead Tax Cap	County Tax Rate	Assessable Base	Assessable Base Loss from Homestead Tax Credit		Percent of Base Loss	Revenue Foregone from Homestead Tax Credit		
				Mandated 10% Cap	Actual Cap		Mandated 10%	Below 10%	Total
Allegany	10%	\$0.983	\$2,828,968,000	\$47,204,039	\$47,204,039	1.7%	\$463,968	\$0	\$463,968
Anne Arundel	2%	0.891	68,983,929,000	15,420,330,543	17,771,979,576	25.8%	137,395,145	20,953,193	158,348,338
Baltimore City	4%	2.268	26,661,705,000	2,706,602,771	3,220,509,615	12.1%	61,385,751	11,655,407	73,041,158
Baltimore	4%	1.100	68,799,495,000	8,805,087,508	10,839,534,722	15.8%	96,855,963	22,378,919	119,234,882
Calvert	10%	0.892	10,600,094,000	1,037,335,778	1,037,335,778	9.8%	9,253,035	0	9,253,035
Caroline	5%	0.870	2,359,361,000	154,769,079	205,124,613	8.7%	1,346,491	438,093	1,784,584
Carroll	7%	1.048	17,293,158,000	1,933,528,855	2,230,615,322	12.9%	20,263,382	3,113,466	23,376,849
Cecil	8%	0.960	8,753,482,000	488,213,764	566,519,553	6.5%	4,686,852	751,736	5,438,588
Charles	7%	1.026	14,986,453,000	1,365,249,554	1,592,056,776	10.6%	14,007,460	2,327,042	16,334,503
Dorchester	5%	0.896	2,663,355,000	190,363,074	237,319,716	8.9%	1,705,653	420,732	2,126,385
Frederick	5%	1.064	26,099,175,000	3,192,065,514	3,867,882,384	14.8%	33,963,577	7,190,691	41,154,269
Garrett	5%	1.000	3,743,955,000	75,716,732	100,114,480	2.7%	757,167	243,977	1,001,145
Harford	10%	1.082	21,863,721,000	1,281,270,312	1,281,270,312	5.9%	13,863,345	0	13,863,345
Howard	5%	1.150	40,349,744,000	7,102,396,564	8,070,139,310	20.0%	81,642,049	11,124,203	92,766,251
Kent	5%	0.972	2,493,547,000	214,387,960	255,124,378	10.2%	2,083,851	395,958	2,479,809
Montgomery	10%	0.916	179,739,399,000	22,169,248,319	22,169,248,319	12.3%	203,070,315	0	203,070,315
Prince George's	4%	1.319	71,015,583,000	11,728,372,703	13,554,184,931	19.1%	154,697,236	24,082,463	178,779,699
Queen Anne's	5%	0.770	7,258,790,000	792,259,660	970,047,094	13.4%	6,100,399	1,368,963	7,469,363
St. Mary's	5%	0.857	9,478,568,000	948,832,952	1,168,948,108	12.3%	8,131,498	1,886,387	10,017,885
Somerset	10%	0.940	1,326,300,000	69,419,634	69,419,634	5.2%	652,545	0	652,545
Talbot	0%	0.475	7,849,496,000	1,725,834,118	1,964,214,505	25.0%	8,197,712	1,132,307	9,330,019
Washington	5%	0.948	11,277,628,000	708,055,222	958,176,125	8.5%	6,712,364	2,371,146	9,083,510
Wicomico	10%	0.881	5,835,151,000	219,513,513	219,513,513	3.8%	1,933,914	0	1,933,914
Worcester	3%	0.700	16,948,195,000	901,597,380	1,059,763,109	6.3%	6,311,182	1,107,160	7,418,342
Statewide			\$629,209,252,000	\$83,277,655,548	\$93,456,245,912	14.9%	\$875,480,854	\$112,941,844	\$988,422,698

Source: State Department of Assessments and Taxation

Exhibit 5.9
County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2009

County	Homestead Tax Cap	County Tax Rate	Assessable Base	Assessable Base Loss from Homestead Tax Credit		Percent of Base Loss	Revenue Foregone from Homestead Tax Credit		
				Mandated 10% Cap	Actual Cap		Mandated 10%	Below 10%	Total
Allegany	10%	\$0.983	\$3,115,203,000	\$101,115,753	\$101,115,753	3.2%	\$993,867	\$0	\$993,867
Anne Arundel	2%	0.891	78,900,000,000	20,792,736,176	23,300,341,176	29.5%	185,263,279	22,342,761	207,606,040
Baltimore City	4%	2.268	30,870,090,000	4,612,931,771	5,220,572,338	16.9%	104,621,293	13,781,288	118,402,581
Baltimore	4%	1.100	78,872,127,000	13,423,085,107	15,630,532,737	19.8%	147,653,936	24,281,924	171,935,860
Calvert	10%	0.892	12,271,733,000	1,516,812,581	1,516,812,581	12.4%	13,529,968	0	13,529,968
Caroline	5%	0.870	2,489,400,000	305,117,707	368,554,793	14.8%	2,654,524	551,903	3,206,427
Carroll	7%	1.048	19,368,338,000	2,934,841,969	3,268,029,983	16.9%	30,757,144	3,491,810	34,248,954
Cecil	8%	0.960	9,931,682,000	796,384,421	888,369,085	8.9%	7,645,290	883,053	8,528,343
Charles	7%	1.026	17,400,000,000	2,318,991,343	2,580,827,237	14.8%	23,792,851	2,686,436	26,479,287
Dorchester	5%	0.896	3,081,731,000	330,983,339	385,938,069	12.5%	2,965,611	492,394	3,458,005
Frederick	5%	1.064	31,240,000,000	4,641,040,775	5,378,543,055	17.2%	49,380,674	7,847,024	57,227,698
Garrett	5%	1.000	4,137,000,000	125,060,310	162,677,613	3.9%	1,250,603	376,173	1,626,776
Harford	9%	1.082	24,440,000,000	1,928,153,937	2,073,316,527	8.5%	20,862,626	1,570,659	22,433,285
Howard	5%	1.150	42,000,000,000	9,399,767,859	10,463,621,496	24.9%	108,050,332	12,228,998	120,279,329
Kent	5%	0.972	2,505,547,000	314,934,998	362,584,637	14.5%	3,061,168	463,154	3,524,323
Montgomery	10%	0.916	188,726,369,000	24,312,070,608	24,312,070,608	12.9%	222,698,567	0	222,698,567
Prince George's	3%	1.319	84,163,143,000	18,000,651,215	20,350,300,813	24.2%	237,428,590	30,991,878	268,420,468
Queen Anne's	5%	0.770	7,340,096,000	1,194,028,040	1,390,677,828	18.9%	9,194,016	1,514,203	10,708,219
St. Mary's	5%	0.857	10,400,000,000	1,667,487,250	1,918,741,363	18.4%	14,290,366	2,153,248	16,443,613
Somerset	10%	0.940	1,556,050,000	104,632,462	104,632,462	6.7%	983,545	0	983,545
Talbot	0%	0.475	9,047,331,000	2,255,582,794	2,507,182,402	27.7%	10,714,018	1,195,098	11,909,116
Washington	5%	0.948	12,600,000,000	1,477,041,273	1,763,131,344	14.0%	14,002,351	2,712,134	16,714,485
Wicomico	10%	0.881	6,505,000,000	377,274,980	377,274,980	5.8%	3,323,793	0	3,323,793
Worcester	3%	0.700	17,286,950,000	1,295,231,824	1,478,455,375	8.6%	9,066,623	1,282,565	10,349,188
Statewide			\$698,247,790,000	\$114,225,958,492	\$125,904,304,255	18.0%	\$1,224,185,033	\$130,846,704	\$1,355,031,737

Source: State Department of Assessments and Taxation

Exhibit 5.10

County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2010

County	Homestead Tax Cap	County Tax Rate	Assessable Base	Assessable Base Loss from Homestead Tax Credit		Percent of Base Loss	Revenue Foregone from Homestead Tax Credit		
				Mandated 10% Cap	Actual Cap		Mandated 10%	Below 10%	Total
Allegany	10%	\$0.983	\$3,459,289,000	\$147,596,469	\$147,596,469	4.3%	\$1,450,726	\$0	\$1,450,726
Anne Arundel	2%	0.891	83,700,000,000	24,369,974,171	29,671,625,900	35.4%	217,136,470	47,237,717	264,374,187
Baltimore City	4%	2.268	34,000,000,000	6,168,258,608	7,450,477,116	21.9%	139,896,105	29,080,716	168,976,821
Baltimore	4%	1.100	89,547,032,000	16,188,685,988	20,883,635,770	23.3%	178,075,546	51,644,448	229,719,993
Calvert	10%	0.892	13,576,406,000	1,976,539,819	1,976,539,819	14.6%	17,630,735	0	17,630,735
Caroline	5%	0.870	2,624,370,000	403,440,471	537,306,060	20.5%	3,509,932	1,164,631	4,674,563
Carroll	7%	1.048	21,692,538,000	3,634,665,036	4,351,261,057	20.1%	38,091,290	7,509,926	45,601,216
Cecil	8%	0.960	11,123,484,000	1,009,791,164	1,207,381,013	10.9%	9,693,995	1,896,863	11,590,858
Charles	7%	1.026	19,900,000,000	3,042,022,524	3,606,618,526	18.1%	31,211,151	5,792,755	37,003,906
Dorchester	5%	0.896	3,543,990,000	427,648,302	544,447,188	15.4%	3,831,729	1,046,518	4,878,247
Frederick	5%	1.064	37,394,000,000	5,450,062,691	7,021,625,478	18.8%	57,988,667	16,721,428	74,710,095
Garrett	5%	1.000	4,382,000,000	147,780,783	226,301,273	5.2%	1,477,808	785,205	2,263,013
Harford	9%	1.082	27,180,000,000	2,509,706,780	2,822,024,259	10.4%	27,155,027	3,379,275	30,534,302
Howard	5%	1.150	44,000,000,000	10,902,257,246	13,177,702,526	29.9%	125,321,447	26,156,243	151,477,691
Kent	5%	0.972	2,519,000,000	378,134,961	479,313,761	19.0%	3,675,472	983,458	4,658,930
Montgomery	10%	0.916	197,103,854,000	27,165,778,931	27,165,778,931	13.8%	248,838,535	0	248,838,535
Prince George's	3%	1.319	96,787,666,000	22,714,291,145	27,707,778,416	28.6%	299,601,500	65,864,097	365,465,597
Queen Anne's	5%	0.770	7,410,096,000	1,428,189,279	1,847,530,111	24.9%	10,997,057	3,228,924	14,225,982
St. Mary's	5%	0.857	11,400,000,000	2,172,562,330	2,709,175,569	23.8%	18,618,859	4,598,775	23,217,635
Somerset	10%	0.940	1,780,550,000	139,297,573	139,297,573	7.8%	1,309,397	0	1,309,397
Talbot	0%	0.475	9,952,064,000	2,621,803,997	3,149,437,037	31.6%	12,453,569	2,506,257	14,959,826
Washington	5%	0.948	14,200,000,000	1,978,829,489	2,591,143,262	18.2%	18,759,304	5,804,735	24,564,038
Wicomico	10%	0.881	7,105,000,000	527,009,344	527,009,344	7.4%	4,642,952	0	4,642,952
Worcester	3%	0.700	17,846,940,000	1,542,224,713	1,930,093,713	10.8%	10,795,573	2,715,083	13,510,656
Statewide			\$762,228,279,000	\$137,046,551,814	\$161,871,100,171	21.2%	\$1,482,162,847	\$278,117,054	\$1,760,279,900

Source: State Department of Assessments and Taxation

Exhibit 5.11
Net Taxable Income for Maryland Counties

County	TY 2000 (Sept)	TY 2001 (Sept)	TY 2002 (Sept)	TY 2003 (Sept)	TY 2004 (Sept)	TY 2004 (Nov)	TY 2005 (Nov)	TY 2006 (Nov)
Allegany	\$706,629,397	\$694,141,626	\$699,622,072	\$714,313,115	\$739,320,223	\$767,111,391	\$817,996,221	\$846,969,949
Anne Arundel	9,934,870,036	9,656,495,287	9,673,586,446	10,041,433,554	10,779,519,350	11,501,866,360	12,358,008,605	12,927,631,498
Baltimore City	5,929,709,302	5,694,124,537	5,448,422,770	5,570,278,698	6,033,487,173	6,425,087,925	6,798,559,303	7,503,122,212
Baltimore	14,248,619,609	13,769,282,261	13,474,584,894	14,059,345,233	15,161,861,620	17,293,783,631	17,961,573,029	19,295,307,277
Calvert	1,301,280,705	1,360,987,191	1,467,392,720	1,545,445,512	1,680,410,866	1,768,779,243	1,880,505,716	1,993,268,383
Caroline	306,582,638	312,413,038	312,530,709	328,521,985	363,673,678	375,953,402	399,075,675	418,972,056
Carroll	2,598,772,933	2,661,531,548	2,716,885,573	2,881,111,389	3,138,555,566	3,230,344,663	3,400,310,739	3,573,320,735
Cecil	1,180,008,000	1,192,786,769	1,207,538,025	1,280,368,627	1,398,372,737	1,434,008,843	1,534,810,678	1,602,718,362
Charles	1,870,752,953	1,945,311,059	2,029,681,155	2,149,912,698	2,328,314,766	2,400,854,250	2,531,403,117	2,604,938,413
Dorchester	345,251,991	316,103,590	314,453,873	323,770,865	377,985,849	384,906,995	384,840,749	415,837,043
Frederick	3,610,255,263	3,767,620,541	3,818,865,960	4,005,749,711	4,368,970,476	4,545,215,932	4,878,260,752	5,177,675,506
Garrett	283,293,522	287,001,874	289,751,609	310,991,161	330,251,460	339,671,862	368,190,410	384,373,215
Harford	3,785,347,919	3,743,998,602	3,831,536,517	4,020,746,180	4,347,677,298	4,521,545,447	4,828,388,160	5,021,604,484
Howard	6,561,525,324	6,248,517,539	6,239,938,192	6,573,022,649	7,248,916,131	7,713,414,383	8,045,203,494	8,596,159,945
Kent	273,911,991	273,087,987	258,648,076	270,379,070	302,433,536	327,159,161	354,291,348	379,365,876
Montgomery	24,700,832,605	23,004,089,104	22,291,173,019	22,973,629,590	24,960,121,106	29,800,847,014	32,241,963,585	34,089,151,444
Prince George's	10,234,488,639	10,284,482,754	10,301,416,434	10,536,123,093	11,160,027,391	11,458,471,491	11,771,266,611	12,208,015,512
Queen Anne's	718,665,595	730,775,443	746,392,286	809,470,813	897,741,615	957,972,482	1,059,535,419	1,098,927,654
St. Mary's	1,203,657,625	1,281,177,391	1,338,227,164	1,479,449,835	1,596,987,871	1,661,246,421	1,731,747,794	1,828,050,567
Somerset	166,302,707	172,250,209	175,812,666	185,207,239	184,782,072	188,223,658	201,352,945	219,458,695
Talbot	756,702,988	680,386,890	649,040,244	696,270,839	817,325,272	989,894,170	1,044,209,152	1,198,242,460
Washington	1,689,739,163	1,709,673,851	1,709,649,397	1,801,230,030	1,991,025,604	2,047,654,514	2,193,160,180	2,330,241,546
Wicomico	1,020,440,581	1,015,967,416	1,016,955,001	1,090,241,246	1,261,684,204	1,302,476,298	1,354,077,242	1,418,761,048
Worcester	730,813,591	724,242,753	722,258,056	784,532,994	895,785,885	1,014,401,379	1,028,181,007	1,004,316,908
Total	\$94,158,455,077	\$91,526,449,260	\$90,734,363,858	\$94,431,546,126	\$102,365,231,749	\$112,450,890,915	\$119,166,911,931	\$126,136,430,788

Source: Comptroller's Office

Exhibit 5.12
Growth in Net Taxable Income

County	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006
Allegany	3.0%	-1.8%	0.8%	2.1%	3.5%	6.6%	3.5%
Anne Arundel	11.3%	-2.8%	0.2%	3.8%	7.4%	7.4%	4.6%
Baltimore City	6.3%	-4.0%	-4.3%	2.2%	8.3%	5.8%	10.4%
Baltimore	6.0%	-3.4%	-2.1%	4.3%	7.8%	3.9%	7.4%
Calvert	10.6%	4.6%	7.8%	5.3%	8.7%	6.3%	6.0%
Caroline	7.6%	1.9%	0.0%	5.1%	10.7%	6.2%	5.0%
Carroll	10.8%	2.4%	2.1%	6.0%	8.9%	5.3%	5.1%
Cecil	8.5%	1.1%	1.2%	6.0%	9.2%	7.0%	4.4%
Charles	8.9%	4.0%	4.3%	5.9%	8.3%	5.4%	2.9%
Dorchester	13.8%	-8.4%	-0.5%	3.0%	16.7%	0.0%	8.1%
Frederick	11.5%	4.4%	1.4%	4.9%	9.1%	7.3%	6.1%
Garrett	12.5%	1.3%	1.0%	7.3%	6.2%	8.4%	4.4%
Harford	10.2%	-1.1%	2.3%	4.9%	8.1%	6.8%	4.0%
Howard	14.5%	-4.8%	-0.1%	5.3%	10.3%	4.3%	6.8%
Kent	4.7%	-0.3%	-5.3%	4.5%	11.9%	8.3%	7.1%
Montgomery	12.4%	-6.9%	-3.1%	3.1%	8.6%	8.2%	5.7%
Prince George's	6.8%	0.5%	0.2%	2.3%	5.9%	2.7%	3.7%
Queen Anne's	8.5%	1.7%	2.1%	8.5%	10.9%	10.6%	3.7%
St. Mary's	8.0%	6.4%	4.5%	10.6%	7.9%	4.2%	5.6%
Somerset	4.9%	3.6%	2.1%	5.3%	-0.2%	7.0%	9.0%
Talbot	6.7%	-10.1%	-4.6%	7.3%	17.4%	5.5%	14.8%
Washington	7.4%	1.2%	0.0%	5.4%	10.5%	7.1%	6.3%
Wicomico	5.8%	-0.4%	0.1%	7.2%	15.7%	4.0%	4.8%
Worcester	10.6%	-0.9%	-0.3%	8.6%	14.2%	1.4%	-2.3%
Total	9.6%	-2.8%	-0.9%	4.1%	8.4%	6.0%	5.8%

Source: Comptroller's Office

Exhibit 5.13
Net Taxable Income Measures for Tax Year 2006

<u>County</u>	<u>Per Capita Net Taxable Income</u>	<u>Net Taxable Income Growth</u>	<u>County</u>	<u>Per Capita Net Taxable Income</u>	<u>County</u>	<u>Net Taxable Income Growth</u>
Allegany	\$11,629	3.5%	1. Montgomery	\$36,571	1. Talbot	14.8%
Anne Arundel	25,383	4.6%	2. Talbot	33,227	2. Baltimore City	10.4%
Baltimore City	11,884	10.4%	3. Howard	31,551	3. Somerset	9.0%
Baltimore	24,506	7.4%	4. Anne Arundel	25,383	4. Dorchester	8.1%
Calvert	22,446	6.0%	5. Baltimore	24,506	5. Baltimore	7.4%
Caroline	12,845	5.0%	6. Queen Anne's	23,765	6. Kent	7.1%
Carroll	20,987	5.1%	7. Frederick	23,225	7. Howard	6.8%
Cecil	16,107	4.4%	8. Calvert	22,446	8. Washington	6.3%
Charles	18,552	2.9%	9. Carroll	20,987	9. Frederick	6.1%
Dorchester	13,147	8.1%	10. Harford	20,802	10. Calvert	6.0%
Frederick	23,225	6.1%	11. Worcester	20,552	11. Montgomery	5.7%
Garrett	12,873	4.4%	12. Kent	18,984	12. St. Mary's	5.6%
Harford	20,802	4.0%	13. Charles	18,552	13. Carroll	5.1%
Howard	31,551	6.8%	14. St. Mary's	18,492	14. Caroline	5.0%
Kent	18,984	7.1%	15. Washington	16,211	15. Wicomico	4.8%
Montgomery	36,571	5.7%	16. Cecil	16,107	16. Anne Arundel	4.6%
Prince George's	14,511	3.7%	17. Wicomico	15,423	17. Cecil	4.4%
Queen Anne's	23,765	3.7%	18. Prince George's	14,511	18. Garrett	4.4%
St. Mary's	18,492	5.6%	19. Dorchester	13,147	19. Harford	4.0%
Somerset	8,515	9.0%	20. Garrett	12,873	20. Queen Anne's	3.7%
Talbot	33,227	14.8%	21. Caroline	12,845	21. Prince George's	3.7%
Washington	16,211	6.3%	22. Baltimore City	11,884	22. Allegany	3.5%
Wicomico	15,423	4.8%	23. Allegany	11,629	23. Charles	2.9%
Worcester	20,552	-2.3%	24. Somerset	8,515	24. Worcester	-2.3%
Statewide	\$22,461	5.8%				

Source: Comptroller's Office, Department of Legislative Services

Chapter 6. County Salary Actions

Almost all Maryland jurisdictions are providing salary enhancements to their employees. Twenty-three county governments provided their employees with a cost-of-living adjustment (COLA), while 20 counties provided step increases. Moreover, all 24 boards of education provided COLAs and step increases for their teachers. Most counties (14) provided their employees with a COLA of at least 3 percent, while the majority of local boards of education (13) provided teachers with at least 5 percent. For comparison purposes, the State provided its employees with a 2.0 percent COLA. **Table 6.1** compares the COLA amounts for county and public school employees in fiscal 2007 and 2008. **Exhibit 6.1** indicates the number of jurisdictions providing salary enhancement over the last nine years. **Exhibit 6.2** shows local salary enhancements in fiscal 2008.

Table 6.2 compares the annual growth in the average weekly wage for the three levels of government and the private sector in Maryland. The annual growth in State government salaries trailed the other sectors of the Maryland economy. Over the last six years, the average weekly wage for State government employees increased by 3.6 percent annually compared to 4.1 percent for local government employees, 6.3 percent for federal employees, and 3.8 percent for private sector employees.

Table 6.1
Local Government Cost-of-living Adjustments

<u>COLA Amount</u>	<u>County Government</u>		<u>Public Schools</u>	
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
No COLA	0	1	0	0
1 to 2.9%	5	9	0	0
3 to 3.9%	8	8	7	3
4 to 4.9%	8	4	9	8
5 to 5.9%	1	1	3	8
6% and Greater	2	1	5	5

Source: Department of Legislative Services

Table 6.2
Growth in Average Weekly Wages

	<u>CY 2000</u>	<u>CY 2006</u>	<u>Annual Increase</u>
Federal Government	\$1,029	\$1,483	6.3%
State Government	710	879	3.6%
Local Government	666	848	4.1%
Private Sector	683	856	3.8%

Source: Department of Labor, Licensing, and Regulation

Exhibit 6.1
Number of Counties Providing Salary Increases

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
State Government									
COLAs	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Step Increases	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Local Government									
COLAs									
County Employees	21	21	21	21	14	22	23	24	23
Board of Education	23	24	24	24	23	23	24	24	24
Step Increases									
County Employees	21	19	18	18	13	19	19	21	20
Board of Education	24	24	22	24	23	24	24	24	24
Both COLA and Step									
County Employees	20	20	17	15	9	17	19	21	19
Board of Education	21	24	22	24	22	23	24	24	24

Source: Department of Legislative Services

Exhibit 6.2
Local Government Salary Actions in Fiscal 2008

County	County Government Generally		Board of Education Teachers		<u>Comments</u>
	COLA	Step	COLA	Step	
Allegany ¹	2.5%	Yes	6.5%	Yes	¹ Allegany County roads employees received a 3% COLA, animal control employees and E-911 employees received 5%, and nursing home employees received 4.8%.
Anne Arundel ²	3.0%	Yes	6.0%	Yes	
Baltimore City	4.0%	Yes	3.5%	Yes	² Anne Arundel County teaching assistants, and board of education secretaries, operations, maintenance, and food service employees received a 3% COLA.
Baltimore	3.0%	Yes	4.0%	Yes	
Calvert	3.8%	Yes	4.5%	Yes	³ While Cecil County employees in general did not receive a COLA in fiscal 2008, county public safety employees received a 6% COLA.
Caroline	2.0%	Yes	5.0%	Yes	
Carroll	2.0%	Yes	7.0%	Yes	⁴ In Howard County, police officers received a 5% COLA, fire and rescue employees received 6%, and corrections employees and dispatchers received 4%.
Cecil ³	0.0%	Yes	4.5%	Yes	
Charles	2.3%	Yes	5.0%	Yes	⁵ In Kent County, grades 1-4 received a salary market adjustment of \$3,000, grade 5 received \$2,000, and grades 6-10 received \$1,500 on March 28, 2007. Kent County law enforcement officers' salaries were adjusted to the State Police salary scale (an average 5-6% increase). School administrators and board of education support staff received a 4% COLA.
Dorchester	1.5%	Yes	4.0%	Yes	
Frederick	2.0%	Yes	4.5%	Yes	⁶ Montgomery County police officers received a 7.5% COLA while fire and rescue employees received 5%.
Garrett	6.0%	No	6.0%	Yes	
Harford	3.0%	Yes	4.0%	Yes	⁷ Salary adjustment shown for county employees is for nonrepresented general schedule employees only.
Howard ⁴	3.0%	Yes	5.0%	Yes	
Kent ⁵	Varies	Varies	5.0%	Yes	⁸ Queen Anne's County employees received the greater of \$900 or 1.5% of salary.
Montgomery ⁶	4.0%	Yes	4.8%	Yes	
Prince George's ⁷	2.5%	Yes	5.0%	Yes	⁹ Somerset County school administrators and board of education classified employees received a 4% COLA.
Queen Anne's ⁸	Varies	Yes	5.0%	Yes	
St. Mary's	3.8%	Yes	3.8%	Yes	¹⁰ Talbot County school administrators and board of education support staff received a 2.3% COLA.
Somerset ⁹	2.5%	Yes	5.0%	Yes	
Talbot ¹⁰	3.7%	No	3.6%	Yes	¹¹ Washington County board of education support personnel received a 5% COLA while school administrators received 4-7%, depending on the position. The county did not indicate whether county government employees received merit or step increases.
Washington ¹¹	3.5%	No	7.0%	Yes	
Wicomico	4.0%	No	4.0%	Yes	
Worcester	5.0%	Yes	5.0%	Yes	
Number Granting	23	20	24	24	

Source: Department of Legislative Services

Chapter 7. Public School Funding

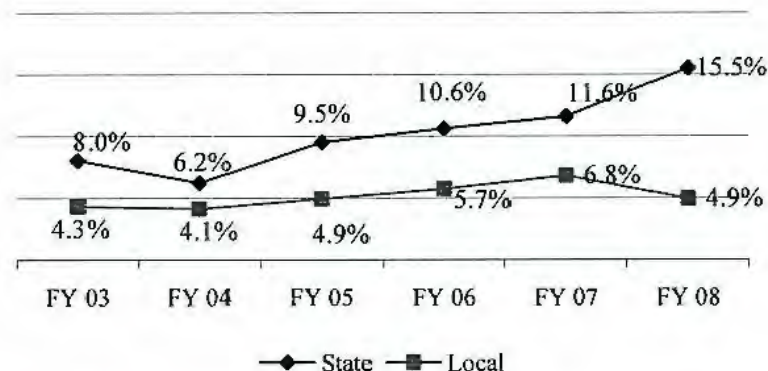
Public schools are funded from federal, State, and local sources. Approximately 48 percent of public school funding in Maryland comes from local sources, and 47 percent comes from the State. The federal government provides only 5 percent of public school funding. As shown in **Exhibit 7.1**, the reliance on local funding varies across the State. Local revenue as a percent of total public school funding ranges from 17.5 percent in Baltimore City to 71.6 percent in Montgomery County. State funding as a percent of public school revenues ranges from 23.6 percent in Worcester County to 73.8 percent in Caroline County. Six local school systems, Baltimore City and Allegany, Caroline, Dorchester, Somerset, and Wicomico counties, receive over 60 percent of their revenue from the State.

State Commitment to Public Schools

State education aid increased from \$2.9 billion in fiscal 2002, the year before the Bridge to Excellence Act, to \$5.2 billion in fiscal 2008, representing an increase of 79.1 percent in State support for public education and an average annual increase of 10.2 percent over the six years. The average annual increases will outpace the rate of general fund revenue growth, which is expected to average 6.2 percent over the same six-year period. As a result of the large increases in aid, the percentage of ongoing general fund revenues devoted to State education aid has increased from 30.8 percent in fiscal

2002 to 37.9 percent in fiscal 2008. **Table 7.1** compares the increases in State and local funding for public schools since fiscal 2003.

Table 7.1
State and Local Funding for Public Schools
Annual Percent Growth



Source: Department of Legislative Services

Per Pupil Funding

Public schools in Maryland received about \$13,300 in total funding for each pupil in fiscal 2008. Baltimore City had

the highest per pupil revenues at \$15,508, while Montgomery County had the second highest at \$15,080. Queen Anne's County, had the lowest per pupil revenues at \$11,135. **Exhibit 7.2** shows the per pupil revenues for public schools in fiscal 2008 by revenue source.

Per pupil federal funding in fiscal 2008 averaged \$667 statewide, ranging from \$352 in Howard County to \$1,668 in Baltimore City, as shown in **Exhibit 7.3**. Federal funding is targeted to disadvantaged students through Title 1 grants and students with disabilities through special education basic state grants.

Per pupil State funding in fiscal 2008 averaged \$6,312 statewide, ranging from \$3,092 in Talbot County to \$11,360 in Baltimore City, as shown in **Exhibit 7.4**. The majority of State aid to public schools is distributed inversely to local wealth, whereby the less affluent school systems receive relatively more State aid. In addition, State funding is targeted to local school systems based on enrollments of at-risk student groups including students who receive free and reduced-price meals, students who are limited English proficient, and students receiving special education services.

Per pupil local funding in fiscal 2008 averaged \$6,310 statewide, ranging from \$2,288 in Caroline County to \$10,765 in Montgomery County, as shown in **Exhibit 7.5**. Worcester, Howard, Kent, and Talbot counties had the next highest per pupil local funding.

Local Appropriations

Local appropriations to the boards of education totaled \$5.2 billion in fiscal 2008, representing a 4.9 percent increase from the prior year. Increases in local appropriations range from less than 1.0 percent in Baltimore City and Cecil County to 12.1 percent in St. Mary's County.

Since fiscal 2002, local appropriations have increased by 5.1 percent annually. The local appropriation in Somerset County has increased by less than 1.0 percent annually, while in Charles and Frederick counties, the local appropriations have increased by 8.2 percent annually, the highest growth rate in the State. In Baltimore City, however, the local appropriation actually decreased during this period. **Exhibit 7.6** shows the local appropriations to the boards of education for fiscal 2002 through 2008, and **Exhibit 7.7** shows the annual percent increase in the local appropriation.

Public School Construction

State funding for public school construction projects remains a high priority for elected officials. Over the last six years (fiscal 2003 through 2008), State officials have provided almost \$1.4 billion for local school construction projects. As shown in **Exhibit 7.8**, cumulative State funding for school construction projects over the last six years has ranged from \$6.9 million in Talbot County to \$160.4 million in both Montgomery and Prince George's counties.

Exhibit 7.1
Revenue Sources for Public Schools in Fiscal 2008

County	Federal	State	Local	Ranking by Percent State		Ranking by Percent Local		
Allegany	6.8%	70.3%	23.0%	1.	Caroline	73.8%	1. Montgomery	71.6%
Anne Arundel	4.1%	35.9%	59.9%	2.	Baltimore City	73.0%	2. Worcester	70.7%
Baltimore City	9.4%	73.0%	17.5%	3.	Allegany	70.3%	3. Talbot	67.0%
Baltimore	5.7%	45.1%	49.2%	4.	Somerset	65.1%	4. Howard	64.5%
Calvert	3.5%	47.3%	49.2%	5.	Wicomico	64.8%	5. Anne Arundel	59.9%
Caroline	5.5%	73.8%	20.7%	6.	Dorchester	61.2%	6. Queen Anne's	53.3%
Carroll	3.4%	49.0%	47.7%	7.	Washington	59.9%	7. Kent	53.2%
Cecil	4.5%	59.0%	36.5%	8.	Cecil	59.0%	8. Frederick	49.2%
Charles	3.9%	51.7%	44.4%	9.	Prince George's	57.6%	9. Calvert	49.2%
Dorchester	7.3%	61.2%	31.4%	10.	St. Mary's	53.1%	10. Baltimore	49.2%
Frederick	3.8%	47.0%	49.2%	11.	Garrett	52.2%	11. Carroll	47.7%
Garrett	6.6%	52.2%	41.2%	12.	Charles	51.7%	12. Harford	44.8%
Harford	3.9%	51.3%	44.8%	13.	Harford	51.3%	13. Charles	44.4%
Howard	2.5%	32.9%	64.5%	14.	Carroll	49.0%	14. Garrett	41.2%
Kent	8.1%	38.8%	53.2%	15.	Calvert	47.3%	15. St. Mary's	41.1%
Montgomery	3.4%	25.1%	71.6%	16.	Frederick	47.0%	16. Prince George's	37.1%
Prince George's	5.3%	57.6%	37.1%	17.	Baltimore	45.1%	17. Cecil	36.5%
Queen Anne's	6.3%	40.4%	53.3%	18.	Queen Anne's	40.4%	18. Washington	35.2%
St. Mary's	5.8%	53.1%	41.1%	19.	Kent	38.8%	19. Dorchester	31.4%
Somerset	11.7%	65.1%	23.2%	20.	Anne Arundel	35.9%	20. Wicomico	29.4%
Talbot	5.5%	27.4%	67.0%	21.	Howard	32.9%	21. Somerset	23.2%
Washington	4.9%	59.9%	35.2%	22.	Talbot	27.4%	22. Allegany	23.0%
Wicomico	5.8%	64.8%	29.4%	23.	Montgomery	25.1%	23. Caroline	20.7%
Worcester	5.8%	23.6%	70.7%	24.	Worcester	23.6%	24. Baltimore City	17.5%
Total	5.0%	47.2%	47.8%					

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.2
Per Pupil Revenues for Public Schools in Fiscal 2008

County	Federal	State	Local	Total	Ranking by Total Per Pupil Funding	
Allegany	\$953	\$9,851	\$3,155	\$13,958	1.	Baltimore City \$15,508
Anne Arundel	496	4,318	7,133	11,947	2.	Montgomery 15,080
Baltimore City	1,470	11,360	2,678	15,508	3.	Worcester 14,719
Baltimore	729	5,725	6,143	12,597	4.	Kent 14,223
Calvert	410	5,600	5,781	11,791	5.	Somerset 14,202
Caroline	629	8,429	2,288	11,346	6.	Allegany 13,958
Carroll	388	5,636	5,389	11,413	7.	Prince George's 13,723
Cecil	519	6,794	4,180	11,493	8.	Howard 13,697
Charles	463	6,197	5,250	11,910	9.	Baltimore 12,597
Dorchester	886	7,405	3,734	12,025	10.	Garrett 12,257
Frederick	449	5,581	5,765	11,796	11.	Wicomico 12,026
Garrett	815	6,429	5,013	12,257	12.	Dorchester 12,025
Harford	457	6,044	5,212	11,713	13.	Anne Arundel 11,947
Howard	352	4,553	8,792	13,697	14.	Charles 11,910
Kent	1,156	5,543	7,525	14,223	15.	Frederick 11,796
Montgomery	509	3,807	10,765	15,080	16.	Calvert 11,791
Prince George's	740	7,981	5,002	13,723	17.	Harford 11,713
Queen Anne's	707	4,555	5,874	11,135	18.	Washington 11,568
St. Mary's	667	6,144	4,713	11,524	19.	St. Mary's 11,524
Somerset	1,668	9,294	3,240	14,202	20.	Cecil 11,493
Talbot	621	3,092	7,496	11,208	21.	Carroll 11,413
Washington	565	6,965	4,037	11,568	22.	Caroline 11,346
Wicomico	705	7,889	3,433	12,026	23.	Talbot 11,208
Worcester	850	3,477	10,392	14,719	24.	Queen Anne's 11,135
Total	\$667	\$6,312	\$6,310	\$13,288		

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.3
Federal Funding for Public Schools in Fiscal 2008

County	Enrollment	Total Federal Aid	Per Pupil	Ranking by Per Pupil Aid	
Allegany	8,996	\$8,569,263	\$953	1.	Somerset \$1,668
Anne Arundel	71,794	35,637,610	496	2.	Baltimore City 1,470
Baltimore City	77,641	114,109,089	1,470	3.	Kent 1,156
Baltimore	100,559	73,313,137	729	4.	Allegany 953
Calvert	17,029	6,986,036	410	5.	Dorchester 886
Caroline	5,353	3,367,120	629	6.	Worcester 850
Carroll	28,009	10,862,025	388	7.	Garrett 815
Cecil	15,769	8,184,236	519	8.	Prince George's 740
Charles	25,878	11,974,590	463	9.	Baltimore 729
Dorchester	4,438	3,934,020	886	10.	Queen Anne's 707
Frederick	39,583	17,781,629	449	11.	Wicomico 705
Garrett	4,400	3,587,897	815	12.	St. Mary's 667
Harford	38,298	17,489,731	457	13.	Caroline 629
Howard	48,586	17,095,550	352	14.	Talbot 621
Kent	2,155	2,490,300	1,156	15.	Washington 565
Montgomery	134,664	68,546,744	509	16.	Cecil 519
Prince George's	123,111	91,155,800	740	17.	Montgomery 509
Queen Anne's	7,481	5,286,591	707	18.	Anne Arundel 496
St. Mary's	16,125	10,757,178	667	19.	Charles 463
Somerset	2,734	4,558,953	1,668	20.	Harford 457
Talbot	4,233	2,626,780	621	21.	Frederick 449
Washington	21,195	11,979,454	565	22.	Calvert 410
Wicomico	14,403	10,147,686	705	23.	Carroll 388
Worcester	6,382	5,424,134	850	24.	Howard 352
Total	818,816	\$545,865,553	\$667		

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.4
State Funding for Public Schools in Fiscal 2008

County	Enrollment	Total State Aid	Per Pupil	Ranking by Per Pupil Aid	
Allegany	8,996	\$88,618,443	\$9,851	1.	Baltimore City \$11,360
Anne Arundel	71,794	309,976,386	4,318	2.	Allegany 9,851
Baltimore City	77,641	881,987,140	11,360	3.	Somerset 9,294
Baltimore	100,559	575,732,062	5,725	4.	Caroline 8,429
Calvert	17,029	95,366,656	5,600	5.	Prince George's 7,981
Caroline	5,353	45,120,585	8,429	6.	Wicomico 7,889
Carroll	28,009	157,866,296	5,636	7.	Dorchester 7,405
Cecil	15,769	107,131,748	6,794	8.	Washington 6,965
Charles	25,878	160,368,559	6,197	9.	Cecil 6,794
Dorchester	4,438	32,862,172	7,405	10.	Garrett 6,429
Frederick	39,583	220,918,680	5,581	11.	Charles 6,197
Garrett	4,400	28,285,875	6,429	12.	St. Mary's 6,144
Harford	38,298	231,473,327	6,044	13.	Harford 6,044
Howard	48,586	221,209,002	4,553	14.	Baltimore 5,725
Kent	2,155	11,944,305	5,543	15.	Carroll 5,636
Montgomery	134,664	512,617,307	3,807	16.	Calvert 5,600
Prince George's	123,111	982,500,840	7,981	17.	Frederick 5,581
Queen Anne's	7,481	34,075,070	4,555	18.	Kent 5,543
St. Mary's	16,125	99,072,913	6,144	19.	Queen Anne's 4,555
Somerset	2,734	25,408,850	9,294	20.	Howard 4,553
Talbot	4,233	13,087,054	3,092	21.	Anne Arundel 4,318
Washington	21,195	147,633,589	6,965	22.	Montgomery 3,807
Wicomico	14,403	113,625,746	7,889	23.	Worcester 3,477
Worcester	6,382	22,191,590	3,477	24.	Talbot 3,092
Unallocated		48,999,783	60		
Total	818,816	\$5,168,073,978	\$6,312		

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.5
Local Funding for Public Schools in Fiscal 2008

County	Enrollment	Local Appropriation	Per Pupil	Ranking by Per Pupil	
Allegany	8,996	\$28,380,000	\$3,155	1.	Montgomery \$10,765
Anne Arundel	71,794	512,113,900	7,133	2.	Worcester 10,392
Baltimore City	77,641	207,940,795	2,678	3.	Howard 8,792
Baltimore	100,559	617,722,410	6,143	4.	Kent 7,525
Calvert	17,029	98,438,284	5,781	5.	Talbot 7,496
Caroline	5,353	12,250,000	2,288	6.	Anne Arundel 7,133
Carroll	28,009	150,926,700	5,389	7.	Baltimore 6,143
Cecil	15,769	65,915,162	4,180	8.	Queen Anne's 5,874
Charles	25,878	135,856,000	5,250	9.	Calvert 5,781
Dorchester	4,438	16,569,686	3,734	10.	Frederick 5,765
Frederick	39,583	228,206,754	5,765	11.	Carroll 5,389
Garrett	4,400	22,056,160	5,013	12.	Charles 5,250
Harford	38,298	199,614,800	5,212	13.	Harford 5,212
Howard	48,586	427,176,316	8,792	14.	Garrett 5,013
Kent	2,155	16,217,000	7,525	15.	Prince George's 5,002
Montgomery	134,664	1,449,614,120	10,765	16.	St. Mary's 4,713
Prince George's	123,111	615,834,300	5,002	17.	Cecil 4,180
Queen Anne's	7,481	43,940,413	5,874	18.	Washington 4,037
St. Mary's	16,125	76,000,000	4,713	19.	Dorchester 3,734
Somerset	2,734	8,859,324	3,240	20.	Wicomico 3,433
Talbot	4,233	31,728,712	7,496	21.	Somerset 3,240
Washington	21,195	85,564,120	4,037	22.	Allegany 3,155
Wicomico	14,403	49,443,053	3,433	23.	Baltimore City 2,678
Worcester	6,382	66,318,960	10,392	24.	Caroline 2,288
Total	818,816	\$5,166,686,969	\$6,310		

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.6
Local Appropriations to the Boards of Education
(\$ in Thousands)

County	Budgeted FY 2002	Budgeted FY 2003	Budgeted FY 2004	Budgeted FY 2005	Budgeted FY 2006	Budgeted FY 2007	Budgeted FY 2008
Allegany	\$25,030	\$25,530	\$25,930	\$25,630	\$26,630	\$27,380	\$28,380
Anne Arundel	362,680	383,840	390,600	414,261	449,214	486,604	512,114
Baltimore City	210,260	207,400	207,555	207,555	207,839	207,941	207,941
Baltimore	544,998	548,229	560,272	570,494	591,733	606,302	617,722
Calvert	68,900	73,413	76,413	80,913	85,713	90,379	98,438
Caroline	10,677	10,923	10,877	10,977	11,300	11,850	12,250
Carroll	105,968	111,428	118,061	125,158	135,585	143,167	150,927
Cecil	50,884	53,984	56,090	58,709	62,229	65,715	65,915
Charles	84,874	90,874	94,623	101,794	112,217	124,006	135,856
Dorchester	14,128	15,069	15,069	15,220	15,423	16,345	16,570
Frederick	142,610	150,627	168,753	175,397	189,208	205,381	228,207
Garrett	15,225	15,781	17,570	18,363	18,800	19,925	22,056
Harford	138,335	146,051	147,272	154,047	175,415	189,415	199,615
Howard	276,040	292,401	310,590	334,590	362,590	393,711	427,176
Kent	12,887	13,437	13,075	13,676	14,276	15,110	16,217
Montgomery	1,029,704	1,079,189	1,133,352	1,208,019	1,273,231	1,380,771	1,449,614
Prince George's	467,788	496,973	521,254	545,372	562,043	602,243	615,834
Queen Anne's	30,978	32,757	35,007	36,587	38,037	39,940	43,940
St. Mary's	52,511	54,511	56,125	58,900	62,634	67,811	76,000
Somerset	8,692	8,679	8,562	8,499	8,548	8,926	8,859
Talbot	24,019	25,744	25,835	26,360	27,898	29,849	31,729
Washington	68,203	70,143	74,798	77,886	81,986	83,303	85,564
Wicomico	43,744	44,665	45,680	46,125	46,925	48,330	49,443
Worcester	44,101	47,125	48,164	51,720	54,296	61,150	66,319
Total	\$3,833,237	\$3,998,774	\$4,161,528	\$4,366,253	\$4,613,769	\$4,925,554	\$5,166,687

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.7
Local Appropriations to the Boards of Education
Annual Percent Increases – Fiscal 2002-2008

County	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Allegany	4.2%	2.0%	1.6%	-1.2%	3.9%	2.8%	3.7%
Anne Arundel	5.8%	5.8%	1.8%	6.1%	8.4%	8.3%	5.2%
Baltimore City	3.1%	-1.4%	0.1%	0.0%	0.1%	0.0%	0.0%
Baltimore	4.4%	0.6%	2.2%	1.8%	3.7%	2.5%	1.9%
Calvert	9.9%	6.5%	4.1%	5.9%	5.9%	5.4%	8.9%
Caroline	-1.1%	2.3%	-0.4%	0.9%	2.9%	4.9%	3.4%
Carroll	8.6%	5.2%	6.0%	6.0%	8.3%	5.6%	5.4%
Cecil	5.1%	6.1%	3.9%	4.7%	6.0%	5.6%	0.3%
Charles	5.9%	7.1%	4.1%	7.6%	10.2%	10.5%	9.6%
Dorchester	-1.6%	6.7%	0.0%	1.0%	1.3%	6.0%	1.4%
Frederick	9.3%	5.6%	12.0%	3.9%	7.9%	8.5%	11.1%
Garrett	4.8%	3.6%	11.3%	4.5%	2.4%	6.0%	10.7%
Harford	8.0%	5.6%	0.8%	4.6%	13.9%	8.0%	5.4%
Howard	11.2%	5.9%	6.2%	7.7%	8.4%	8.6%	8.5%
Kent	5.3%	4.3%	-2.7%	4.6%	4.4%	5.8%	7.3%
Montgomery	7.2%	4.8%	5.0%	6.6%	5.4%	8.4%	5.0%
Prince George's	1.9%	6.2%	4.9%	4.6%	3.1%	7.2%	2.3%
Queen Anne's	5.9%	5.7%	6.9%	4.5%	4.0%	5.0%	10.0%
St. Mary's	6.2%	3.8%	3.0%	4.9%	6.3%	8.3%	12.1%
Somerset	-1.8%	-0.1%	-1.4%	-0.7%	0.6%	4.4%	-0.7%
Talbot	7.9%	7.2%	0.4%	2.0%	5.8%	7.0%	6.3%
Washington	6.9%	2.8%	6.6%	4.1%	5.3%	1.6%	2.7%
Wicomico	0.0%	2.1%	2.3%	1.0%	1.7%	3.0%	2.3%
Worcester	9.3%	6.9%	2.2%	7.4%	5.0%	12.6%	8.5%
Total	6.0%	4.3%	4.1%	4.9%	5.7%	6.8%	4.9%

Source: Local School Budgets, Department of Legislative Services

Exhibit 7.8
State Funding for Public School Construction
(\$ in Thousands)

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	6-Year Total
Allegany	\$0	\$240	\$125	\$12,000	\$18,650	\$412	\$31,427
Anne Arundel	8,831	7,662	7,329	19,457	22,675	27,827	93,781
Baltimore City	13,840	11,151	11,483	21,523	39,436	52,665	150,098
Baltimore	12,470	11,541	11,563	25,218	35,053	52,250	148,095
Calvert	10,891	6,600	7,344	3,437	2,723	12,644	43,639
Caroline	1,055	1,175	269	4,699	2,935	2,426	12,559
Carroll	8,534	6,538	6,768	7,434	8,282	8,219	45,775
Cecil	0	5,023	8,246	8,656	8,271	9,533	39,729
Charles	10,598	6,463	6,400	8,267	10,200	13,170	55,098
Dorchester	3,268	177	991	656	872	6,137	12,101
Frederick	11,525	10,380	9,657	11,910	17,942	18,728	80,142
Garrett	2,395	984	1,098	1,507	1,235	6,243	13,462
Harford	6,181	5,356	7,439	8,287	11,096	16,238	54,597
Howard	12,356	9,254	8,800	15,273	17,808	23,206	86,697
Kent	550	345	555	2,000	3,479	1,335	8,264
Montgomery	18,000	10,584	9,036	30,431	40,040	52,297	160,388
Prince George's	18,000	12,763	10,174	29,833	37,425	52,250	160,445
Queen Anne's	5,000	3,004	338	6,897	3,000	3,925	22,164
St. Mary's	7,443	3,989	5,883	3,271	5,495	9,806	35,887
Somerset	0	163	3,612	14,300	12,022	5,153	35,250
Talbot	0	0	0	2,422	2,405	2,038	6,865
Washington	1,361	2,003	2,375	6,431	4,478	8,970	25,618
Wicomico	2,684	729	3,993	7,616	4,178	8,143	27,343
Worcester	1,518	376	2,400	2,241	6,872	8,213	21,620
Bond Premium	0	0	0	0	6,100	0	6,100
Total	\$156,500	\$116,500	\$125,878	\$253,766	\$322,672	\$401,828	\$1,377,144

Source: Public School Construction Program, Department of Legislative Services

Chapter 8. Local General Fund Balances

The Comprehensive Annual Financial Reports prepared by the counties show their fund balances for a given fiscal year. These fund balances include monies designated for use in a future period, such as the next fiscal year, as well as monies not reserved or designated for a specific purpose. In addition, many counties have “rainy day” funds set aside in the event of an economic downturn. A county’s general fund balance as a percent of general fund revenues is one indicator of a county’s fiscal health and the county’s ability to withstand an economic downturn. **Exhibit 8.1** shows the general fund balances and “rainy day” account balances at the end of fiscal 2007 for each county. **Exhibit 8.2** shows the combined general fund/“rainy day” balances for the last three fiscal years.

Local governments ended fiscal 2007 with general fund balances, including “rainy day” accounts, totaling \$2.0 billion. These balances increased by \$16.0 million from the prior year, as illustrated in Exhibit 8.2. The general fund/“rainy day” balances as a percentage of general fund revenues decreased from 18.0 to 17.2 percent. In comparison, the State’s

combined general fund/“rainy day” balances for fiscal 2007 were \$2.3 billion, a decrease of \$483.2 million from 2006. The State’s combined general fund/“rainy day” balances as a percentage of general fund revenues decreased from 14.6 to 11.6 percent.

It is important to note that fund balances for both local governments and the State comprise unreserved designated and undesignated balances as well as “rainy day” balances which may have been appropriated for the next year’s budget. Recognizing that utilizing a portion of a year’s fund balance for the subsequent year’s budget is a common practice, Exhibit 8.1 also shows fund balance less designated balances as a percentage of general fund revenue.

Thirteen counties reported an increase in their general fund/“rainy day” balances between fiscal 2006 and 2007. Eleven counties experienced decreases in their general fund balances between fiscal 2006 and 2007.

Exhibit 8.1
County Unreserved General Fund Balances and "Rainy Day" Funds
Fiscal 2007
(\$ in Thousands)

County	General Fund Revenues	(1) Unreserved Undesignated	(2) "Rainy Day" Fund	(3) Unreserved Designated	Total Unreserved and "Rainy Day"	Balance as a % of Revenues	Balance Less Unreserved Designated	Balance as a % of Revenues
Allegany (b)	\$73,617.7	\$1,919.4	\$7,000.0	\$2,756.6	\$11,676.0	15.9%	\$8,919.4	12.1%
Anne Arundel (c)	1,112,421.6	42,960.4	44,952.9	60,880.4	148,793.6	13.4%	87,913.2	7.9%
Baltimore City (c)**	1,258,595.0	12,820.0	88,164.0	43,223.0	144,207.0	11.5%	100,984.0	8.0%
Baltimore (b)	1,574,815.0	133,899.0	79,992.0	57,531.0	271,422.0	17.2%	213,891.0	13.6%
Calvert (b)	195,123.3	16,552.0	21,314.3	16,357.0	54,223.3	27.8%	37,866.3	19.4%
Caroline	41,619.0	2,700.4	0.0	0.0	2,700.4	6.5%	2,700.4	6.5%
Carroll (b)	283,298.1	7,302.1	15,900.0	15,887.7	39,089.8	13.8%	23,202.1	8.2%
Cecil (c)	148,430.1	5,106.8	11,508.8	17,986.2	34,601.7	23.3%	16,615.5	11.2%
Charles	274,682.9	54,442.5	0.0	16,403.3	70,845.8	25.8%	54,442.5	19.8%
Dorchester (d)**	48,501.5	2,094.6	2,854.9	2,508.1	7,457.6	15.4%	4,949.6	10.2%
Frederick (a)	411,291.9	0.0	18,339.7	79,230.1	97,569.8	23.7%	18,339.7	4.5%
Garrett**	69,129.4	36.6	0.0	29,658.8	29,695.4	43.0%	36.6	0.1%
Harford (b)	396,351.1	22,919.0	23,603.4	44,657.3	91,179.7	23.0%	46,522.4	11.7%
Howard (c)	719,339.3	7,641.0	41,782.6	59,661.0	109,084.6	15.2%	49,423.6	6.9%
Kent (c)	38,235.7	3,849.6	0.0	987.6	4,837.2	12.7%	3,849.6	10.1%
Montgomery (d)	2,617,044.9	140,650.3	119,647.6	168,326.9	428,624.8	16.4%	260,297.9	9.9%
Prince George's (b)	1,456,611.4	103,869.9	49,013.9	56,963.9	209,847.8	14.4%	152,883.8	10.5%
Queen Anne's (c)**	95,559.9	1,605.4	6,781.9	13,697.4	22,084.8	23.1%	8,387.4	8.8%
St. Mary's (b)	167,628.8	11,472.6	11,681.1	18,340.8	41,494.5	24.8%	23,153.7	13.8%
Somerset	29,534.7	622.1	0.0	12,100.0	12,722.1	43.1%	622.1	2.1%
Talbot	80,190.5	23,095.0	0.0	15,812.5	38,907.5	48.5%	23,095.0	28.8%
Washington (b)	197,427.5	0.0	33,971.7	0.0	33,971.7	17.2%	33,971.7	17.2%
Wicomico (b)**	123,776.4	16,798.0	6,021.5	11,194.6	34,014.2	27.5%	22,819.6	18.4%
Worcester (d)	165,215.1	500.0	17,870.0	31,186.9	49,556.9	30.0%	18,370.0	11.1%
Total	\$11,578,441.1	\$612,856.7	\$600,400.4	\$775,350.9	\$1,988,608.0	17.2%	\$1,213,257.1	10.5%
State of Maryland (c)	\$20,008,563.0	\$690,206.0	\$1,432,189.0	\$195,050.0	\$2,317,445.0	11.6%	\$2,122,395.0	10.6%

Notes: Although these balances represent available resources at June 30, 2007, the county may have appropriated a portion of these amounts for the next year's budget.

1) Represents the portion of the fund balance that is unreserved and undesignated for utilization in a future period.

2) Rainy Day Funds represent amounts set aside in the event of an economic downturn. Counties label these funds a variety of names, including revenue stabilization, contingency funds, and cash reserves.

3) Represents the portion of the fund balance that is unreserved but designated for utilization in a future period. Such designations represent only tentative plans or intent.

The following categories describe where the rainy day fund is reported in the county comprehensive annual financial report. In instances where the rainy day fund is reported in either the unreserved undesignated or unreserved designated, the rainy day amount was removed from columns (1) or (3) above.

a) Unreserved Undesignated

b) Unreserved Designated

c) Reserved

d) Special Revenue Fund

**Unaudited information. The audited financial statements were not available.

Source: County Audit Reports, Fiscal 2007; additional information concerning rainy day funds obtained from county finance offices

Exhibit 8.2
County Combined Unreserved General Fund Balances and "Rainy Day" Funds
Fiscal 2005 through 2007
(\$ in Thousands)

County	FY 2005 Balances	Percent of General Fund	FY 2006 Balances	General Fund Revenues	FY 2007 Balances	General Fund Revenues
Allegany	\$9,400.0	14.1%	\$10,361.3	14.6%	\$11,676.0	15.9%
Anne Arundel	129,710.4	13.3%	131,394.0	12.5%	148,793.6	13.4%
Baltimore City	138,509.0	12.5%	148,204.0	12.3%	144,207.0	11.5%
Baltimore	237,379.0	17.2%	279,665.0	18.8%	271,422.0	17.2%
Calvert	47,719.8	27.9%	56,039.8	34.3%	54,223.3	27.8%
Caroline	9,809.2	27.1%	6,912.7	17.2%	2,700.4	6.5%
Carroll	55,122.8	20.4%	44,760.5	17.1%	39,089.8	13.8%
Cecil	34,080.9	27.7%	39,472.0	28.8%	34,601.7	23.3%
Charles	40,681.0	17.2%	66,201.5	24.2%	70,845.8	25.8%
Dorchester	9,269.7	21.7%	10,656.8	22.4%	7,457.6	15.4%
Frederick	89,066.4	25.0%	105,743.1	27.4%	97,569.8	23.7%
Garrett	21,391.7	37.6%	25,687.8	41.2%	29,695.4	43.0%
Harford	86,135.3	25.7%	83,364.4	23.1%	91,179.7	23.0%
Howard	67,396.2	10.9%	104,117.0	15.2%	109,084.6	15.2%
Kent	2,444.1	7.5%	2,705.5	7.4%	4,837.2	12.7%
Montgomery	341,754.7	14.7%	389,556.8	16.0%	428,624.8	16.4%
Prince George's	222,018.2	16.9%	244,843.9	17.2%	209,847.8	14.4%
Queen Anne's	9,690.4	11.7%	20,973.0	23.2%	22,084.8	23.1%
St. Mary's	33,098.9	22.3%	45,501.3	27.4%	41,494.5	24.8%
Somerset	7,185.6	28.2%	9,704.9	35.8%	12,722.1	43.1%
Talbot	27,919.3	42.9%	32,673.1	45.7%	38,907.5	48.5%
Washington	23,540.5	14.5%	29,949.1	17.0%	33,971.7	17.2%
Wicomico	26,208.1	23.8%	32,092.8	27.1%	34,014.2	27.5%
Worcester	42,741.6	30.8%	52,027.2	33.5%	49,556.9	30.0%
Total	\$1,712,272.8	16.8%	\$1,972,607.4	18.0%	\$1,988,608.0	17.2%
State of Maryland	\$1,605,750.0	8.7%	\$2,800,667.0	14.6%	\$2,317,445.0	11.6%

Notes: The balance figures above comprise: Unreserved Undesignated – fund balance that is not reserved or designated for utilization in a future period; Unreserved Designated – fund balance that is unreserved but designated for utilization in a future period

Source: County Audit Reports, Fiscal 2005 through 2007; additional information concerning rainy day funds obtained from county finance offices

Chapter 9. Local Debt Measures

County Debt

As of June 30, 2006, Maryland counties and Baltimore City had \$12.4 billion in outstanding debt, including general obligation bonds, revenue and enterprise debt, federal loans, State loans, capital leases, and short-term debt. Long-term debt generally serves as a funding source for capital projects such as highways, school facilities, sewer and water facilities, parking facilities, parks and recreation facilities, housing and urban development projects, and county buildings. Short-term debt usually serves as a cash management tool. **Exhibit 9.1** shows outstanding debt for each jurisdiction for fiscal 2002 through 2006.

Between fiscal 2002 and 2006, local debt for counties and Baltimore City increased by \$1.9 billion or 18.1 percent. This represents a 4.3 percent average annual increase over the five-year period. The Washington Suburban Sanitary Commission (WSSC) accounted for 11.8 percent of the total debt in fiscal 2006. In the exhibits, WSSC debt was apportioned equally between Montgomery and Prince George's counties. Montgomery County had \$3.3 billion in outstanding debt, while Prince George's County had \$1.9 billion in debt. In comparison, Kent and Somerset counties were the smallest borrowers. Kent County had \$22.2 million in outstanding debt, while Somerset County had \$21.5 million in debt.

As expected, a majority of the debt was located in areas having greater infrastructure needs and greater populations. With 71 percent of the State's population, Baltimore City and Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties accounted for approximately 82 percent of the total debt. One reason certain counties have less debt than other larger counties is the interrelationship between a county and its municipalities. Some municipalities bear the burden of maintaining a large portion of the infrastructure needs such as water and sewer systems.

For comparative purposes, municipalities and State-created special taxing districts had \$827 million outstanding debt as of June 30, 2006, and the State of Maryland had \$11.5 billion in debt. Municipal and special taxing district debt includes the same categories of debt as the counties and Baltimore City. State debt includes general obligation bonds, transportation bonds, Maryland Transportation Authority bonds, capital leases, and agency debt (Community Development Administration, Maryland Food Center Authority, and Higher Education Fund). Accrued workers' compensation and accrued annual leave costs are excluded from the figures.

Comparative Measures

Exhibits 9.2 and 9.3 present comparisons by jurisdiction through the utilization of common analytical measures: assessable base and population. Exhibit 9.2 compares county debt to real and personal property assessable base for fiscal 1996, 2001, and 2006. County debt to assessable base has remained steady over the decade. Baltimore City is the only jurisdictions that had debt-to-assessable-base ratios of 5 percent or higher during the period. The high ratio in Baltimore City (9 percent) was attributed to slower-than-average assessable base growth and debt for financing urban renewal and development projects, transportation projects, water projects, and wastewater facilities. Only five counties have remained below 1.5 percent over the decade (Calvert, Garrett, Kent, Talbot, and Worcester). For comparative purposes, in fiscal 2006 the State had a debt-to-assessable-base ratio of 2.4 percent that decreased from 2.8 percent in 1996. The municipalities/special taxing districts had a ratio of 1.0 percent in 2006.

Exhibit 9.3 shows debt per capita for the counties and Baltimore City. Based on U.S. Census Bureau population estimates, debt per capita increased from \$1,796 in fiscal 1996 to \$2,214 in fiscal 2006, a 23.2 percent increase over the decade. The largest increases in per capita debt were in Baltimore City, Charles, Frederick, and Queen Anne's counties. Baltimore City and Frederick, Howard, Montgomery, and Prince George's counties had the highest debt per capita.

The high ratios in Montgomery and Prince George's counties reflected the inclusion of WSSC's debt. Howard County's high ratio resulted from debt for financing general county improvement projects, storm drain projects, housing projects, community renewal projects, and parks and recreation projects. Allegany, Dorchester, and Somerset counties had the lowest debt per capita. For comparative purposes, the State's debt in fiscal 2006 amounted to \$2,050 per person, a 34 percent increase from \$1,533 per person in 1996. The municipalities/special taxing districts had a ratio of \$994 per person in 2006.

Local Debt Limitations

State and local laws provide several limitations on county debt. These limitations depend, to an extent, on the form of county government: charter, code, or commission. Commission counties do not have statutory debt limitations. However, the necessity for General Assembly authorization to create debt serves as a limitation on commission county debt creation.

Under State law, charter county debt is limited to 6 percent of real property assessable base and 15 percent of personal property and operating real property assessable base of the county. Certain types of debt, however, are excluded from this limitation: tax anticipation bonds and notes having a maturity not in excess of 12 months; special taxing district debt; and self-liquidating debt. In addition, charter counties may adopt lower limitations, and four have done so:

- Anne Arundel – 5.6 percent of real property and 14.0 percent of personal property and certain operating real property for water and sewer bonds, and 5.2 percent of real property and 13.0 percent of personal property and certain operating real property for other debt;
- Baltimore – 4 percent of real property and 10 percent of personal property;
- Howard – 4.8 percent of real property and 12.0 percent of personal property; and
- Wicomico – 3.2 percent of real property and 8.0 percent of personal property.

Unlike charter counties, code counties do not have statutory debt limitations although the General Assembly may limit their property tax rates and regulate the maximum amount of indebtedness. To date, the General Assembly has not exercised these powers for any code county.

While Baltimore City does not have a statutory general obligation debt limitation, the General Assembly may fix a limit on the amount of debt the city has outstanding at any one time. To date, the General Assembly has not set a limitation on the city's debt.

Municipal debt limitations may be set under two provisions. The General Assembly may adopt, amend, or

repeal a local law regulating the maximum amount of debt a municipal corporation may create. The voters of the applicable municipal corporation must subsequently approve this limitation. In addition, through its legislative powers, a municipal corporation may establish a debt limitation in its charter, provided that the voters approve this limitation.

Bond Ratings

Nearly all this debt is given a credit rating by the major rating houses. **Exhibit 9.4** shows the credit rating for each county for general obligation bonds by the three major rating agencies: Standard & Poor's, Moody's Investors Service, and Fitch Ratings, as of November 1, 2006. Bond ratings range from "AAA" for the best quality and smallest investment risk to "C" for the poorest quality and highest risk. Specific classifications are used by each of the rating agencies, but the letter grade systems generally follow these norms. The ratings are assigned based upon the overall creditworthiness of the issuer. For county government, measurements such as size and growth in tax bases are key factors in determining the bond rating.

The highest bond rating issued by Moody's to Maryland counties is Aaa while the lowest is Baal. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic

rating category. For Standard & Poor's, the highest rating among Maryland counties is AAA while the lowest is A-; and for Fitch, the highest rating is AAA and the lowest is A+.

Exhibit 9.1
Maryland County Debt
Fiscal 2002 to 2006
(\$ in Thousands)

County	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Average Annual Change
Allegany	\$50,481	\$46,395	\$53,843	\$54,477	\$50,558	-1.1%
Anne Arundel	752,629	830,063	744,837	798,865	805,198	4.1%
Baltimore City	1,491,796	1,599,069	1,708,014	1,862,172	2,095,406	9.9%
Baltimore	989,183	1,124,932	1,307,770	1,239,763	1,143,639	5.6%
Calvert	75,282	101,143	105,554	103,687	106,571	12.1%
Caroline	32,092	31,246	29,703	27,321	29,224	0.4%
Carroll	209,490	208,802	204,173	229,758	249,218	2.0%
Cecil	72,386	72,500	86,589	94,605	120,395	13.6%
Charles	116,843	135,427	199,902	240,818	263,690	18.8%
Dorchester	28,563	26,202	30,136	27,199	23,848	0.5%
Frederick	304,167	359,150	376,180	357,595	446,541	6.9%
Garrett	20,224	30,344	29,289	25,481	38,590	12.7%
Harford	282,963	285,511	285,534	313,580	280,700	0.9%
Howard	593,725	683,524	705,554	755,668	859,889	5.7%
Kent	13,650	17,019	19,052	19,288	22,221	11.0%
Montgomery	3,154,483	3,164,498	3,182,429	3,137,896	3,345,291	1.7%
Prince George's	1,742,513	1,729,623	1,894,509	1,776,286	1,887,812	1.8%
Queen Anne's	70,544	66,294	74,083	69,744	74,879	0.1%
St. Mary's	135,401	145,296	161,749	173,517	170,195	7.3%
Somerset	17,630	15,560	14,701	16,309	21,548	4.3%
Talbot	31,929	30,197	28,661	27,092	30,302	8.5%
Washington	154,942	150,407	147,505	147,885	163,108	1.2%
Wicomico	77,799	77,196	77,057	78,382	79,358	0.1%
Worcester	57,834	60,455	54,747	70,132	67,099	2.8%
Total	\$10,476,550	\$10,990,853	\$11,521,572	\$11,647,520	\$12,375,276	4.3%

Note: The Washington Suburban Sanitary Commission's (WSSC) debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.

Source: Uniform Financial Reports and Audited Financial Statements, Department of Legislative Services

Exhibit 9.2
Maryland County Debt
Percent of Assessable Base
(in thousands)

County	County Assessable Base			Total County Debt			Total County Debt as Percent of Assessable Base		
	FY 1996	FY 2001	FY 2006	FY 1996	FY 2001	FY 2006	FY 1996	FY 2001	FY 2006
Allegany	\$2,222,439	\$2,741,214	\$2,808,112	\$44,757	\$53,384	\$50,558	2.0%	1.9%	1.8%
Anne Arundel	29,147,633	33,838,189	52,554,958	608,581	659,063	805,198	2.1%	1.9%	1.5%
Baltimore City	18,407,533	18,671,989	23,249,753	953,015	1,309,545	2,095,406	5.2%	7.0%	9.0%
Baltimore	37,807,902	43,189,383	55,476,797	942,957	869,951	1,143,639	2.5%	2.0%	2.1%
Calvert	4,935,499	5,870,391	8,408,145	57,140	60,261	106,571	1.2%	1.0%	1.3%
Caroline	1,001,886	1,261,325	1,786,819	17,319	28,595	29,224	1.7%	2.3%	1.6%
Carroll	7,408,697	9,150,354	13,438,532	170,044	225,828	249,218	2.3%	2.5%	1.9%
Cecil	3,889,916	4,665,955	6,945,277	52,659	63,709	120,395	1.4%	1.4%	1.7%
Charles	6,292,682	7,577,128	11,308,138	110,302	111,535	263,690	1.8%	1.5%	2.3%
Dorchester	1,325,373	1,517,838	2,154,025	22,472	23,248	23,848	1.7%	1.5%	1.1%
Frederick	10,040,536	12,433,519	18,975,905	167,269	320,263	446,541	1.7%	2.6%	2.4%
Garrett	1,498,638	1,894,560	2,873,593	20,499	21,269	38,590	1.4%	1.1%	1.3%
Harford	9,627,361	12,237,987	17,345,762	203,515	269,007	280,700	2.1%	2.2%	1.6%
Howard	16,029,852	19,933,223	30,847,706	677,478	652,455	859,889	4.2%	3.3%	2.8%
Kent	1,196,645	1,334,081	1,910,531	10,513	13,184	22,221	0.9%	1.0%	1.2%
Montgomery	68,157,693	78,388,511	123,784,098	2,846,931	3,076,454	3,345,291	4.2%	3.9%	2.7%
Prince George's	37,860,324	40,575,624	54,495,057	1,814,639	1,730,841	1,887,812	4.8%	4.3%	3.5%
Queen Anne's	2,479,490	3,119,006	5,221,808	37,159	74,608	74,879	1.5%	2.4%	1.4%
St. Mary's	3,951,273	5,014,323	6,877,275	94,260	119,482	170,195	2.4%	2.4%	2.5%
Somerset	623,636	717,854	959,352	10,821	17,479	21,548	1.7%	2.4%	2.2%
Talbot	2,939,380	3,359,570	5,882,773	13,992	20,172	30,302	0.5%	0.6%	0.5%
Washington	5,204,423	6,460,233	8,842,655	136,551	153,541	163,108	2.6%	2.4%	1.8%
Wicomico	3,125,756	3,857,722	5,008,492	54,768	78,903	79,358	1.8%	2.0%	1.6%
Worcester	5,420,398	6,275,665	11,777,360	40,130	58,554	67,099	0.7%	0.9%	0.6%
Total	\$280,594,957	\$324,085,639	\$472,932,923	\$9,107,773	\$10,011,330	\$12,375,276	3.2%	3.1%	2.6%

Note: The Washington Suburban Sanitary Commission's (WSSC) debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.
Source: Uniform Financial Reports and Audited Financial Statements, Department of Legislative Services

Exhibit 9.3
Maryland County Debt Per Capita

County	County Population			Total County Debt (\$ in Thousands)			Debt Per Capita		
	July 1995	July 2000	July 2005	FY 1996	FY 2001	FY 2006	FY 1996	FY 2001	FY 2006
Allegany	75,427	74,823	73,245	\$44,757	\$53,384	\$50,558	\$593	\$713	\$690
Anne Arundel	463,022	491,372	509,397	608,581	659,063	805,198	1,314	1,341	1,581
Baltimore City	701,685	648,481	636,377	953,015	1,309,545	2,095,406	1,358	2,019	3,293
Baltimore	727,937	756,019	783,405	942,957	869,951	1,143,639	1,295	1,151	1,460
Calvert	63,913	75,191	87,622	57,140	60,261	106,571	894	801	1,216
Caroline	28,947	29,853	31,805	17,319	28,595	29,224	598	958	919
Carroll	138,291	151,648	168,397	170,044	225,828	249,218	1,230	1,489	1,480
Cecil	78,315	86,487	97,474	52,659	63,709	120,395	672	737	1,235
Charles	110,196	121,278	138,106	110,302	111,535	263,690	1,001	920	1,909
Dorchester	30,538	30,594	31,351	22,472	23,248	23,848	736	760	761
Frederick	175,923	196,594	220,409	167,269	320,263	446,541	951	1,629	2,026
Garrett	29,659	29,834	29,863	20,499	21,269	38,590	691	713	1,292
Harford	204,414	219,516	238,850	203,515	269,007	280,700	996	1,225	1,175
Howard	218,561	249,604	269,174	677,478	652,455	859,889	3,100	2,614	3,195
Kent	18,720	19,275	19,908	10,513	13,184	22,221	562	684	1,116
Montgomery	815,022	878,683	927,405	2,846,931	3,076,454	3,345,291	3,493	3,501	3,607
Prince George's	765,681	802,712	842,764	1,814,639	1,730,841	1,887,812	2,370	2,156	2,240
Queen Anne's	36,460	40,782	45,469	37,159	74,608	74,879	1,019	1,829	1,647
St. Mary's	79,222	86,532	96,868	94,260	119,482	170,195	1,190	1,381	1,757
Somerset	24,455	24,731	25,666	10,821	17,479	21,548	442	707	840
Talbot	32,514	33,905	35,630	13,992	20,172	30,302	430	595	850
Washington	128,729	132,127	141,563	136,551	153,541	163,108	1,061	1,162	1,152
Wicomico	81,245	84,897	90,252	54,768	78,903	79,358	674	929	879
Worcester	41,157	46,757	48,599	40,130	58,554	67,099	975	1,252	1,381
Total	5,070,033	5,311,695	5,589,599	\$9,107,773	\$10,011,330	\$12,375,276	\$1,796	\$1,885	\$2,214

Note: The Washington Suburban Sanitary Commission's (WSSC) debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.

Source: Uniform Financial Reports and Audited Financial Statements, Department of Legislative Services

Exhibit 9.4
Maryland County Debt
Bond Ratings – November 2006

County	Standard & Poor's	Moody's	Fitch
Allegany	A-	Baa1	-
Anne Arundel	AA+	Aa1	AA+
Baltimore City	A+	A1	A+
Baltimore	AAA	Aaa	AAA
Calvert	AA	Aa2	AA+
Caroline	A	A2	-
Carroll	AA	Aa2	AA+
Cecil	AA-	Aa3	-
Charles	AA	Aa2	AA+
Dorchester	A	A2	-
Frederick	AA	Aa2	AA+
Garrett ¹	AAA	Aaa	-
Harford	AA+	Aa1	AA+
Howard	AAA	Aaa	AAA
Kent	-	A	-
Montgomery	AAA	Aaa	AAA
Prince George's	AA+	Aa2	AA+
Queen Anne's	-	A1	AA
St. Mary's	AA	Aa3	AA
Somerset	-	-	-
Talbot	-	Aa3	Aa+
Washington	AA-	Aa3	AA-
Wicomico	A+	A2	A+
Worcester	-	Aa3	AA-

¹ MBIA insured for specific projects; not county rating.

Note: (-) means not rated.

Source: Maryland Association of Counties

Chapter 10. Balance of State Payments

The *Balance Sheet*, a report published annually by the Department of Legislative Services, 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 jurisdictions with greater capacity to raise revenues from local sources receive less State aid (see **Table 10.1**). Such aid programs accounted for about 70 percent of the State aid to local governments included in the *Balance Sheet* analysis.

Calculating the Index

The *Balance Sheet* compares on a county-by-county basis State aid to State revenue collections as allocated among the counties. **Exhibits 10.1** and **10.2** show the aid-to-revenue ratios over a 10-year period.

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 0.65 for Allegany County in 2005 indicates that, for every dollar of fiscal 2005 State tax revenues allocated to Allegany County, the county received \$0.65 in direct State aid. The amount of direct grants received for each \$1.00 of taxes paid ranged from \$0.12 in Worcester and Talbot counties to \$0.96 in Somerset County in fiscal 2005. Statewide, the weighted average for this measure was \$0.34, and the county mean was \$0.43. The amount for Baltimore City includes State-assumed functions.

Table 10.1
Counties with the Highest and Lowest
State Aid Amounts

<u>Highest</u> <u>State Aid</u>	<u>Wealth</u> <u>Ranking</u>	<u>Lowest</u> <u>State Aid</u>	<u>Wealth</u> <u>Ranking</u>
Baltimore City	23 rd	Talbot	2 nd
Caroline	21 st	Worcester	1 st
Garrett	13 th	Montgomery	3 rd
Allegany	22 nd	Anne Arundel	6 th
Wicomico	20 th	Kent	9 th

Source: Department of Legislative Services

The second ratio compares direct State aid and payments-on-behalf to total revenue allocations. Again, using Allegany County as the example, in fiscal 2005 the county received \$0.67 in State assistance for every \$1.00 of State revenues allocated to it. On this measure, State assistance received for each \$1.00 of taxes paid in fiscal 2005 varied from \$0.13 for Worcester County to \$0.97 for Somerset County. Statewide, the weighted average was \$0.37, and the county mean was \$0.45.

Dividing each county's aid-to-revenue ratios by the statewide weighted averages indexes the county aid-to-revenue ratios to the State average. In fiscal 2005 for example, Allegany County's direct aid index is \$1.87. In other words, Allegany's ratio was 87 percent above the State average. Including payments-on-behalf lowers Allegany's ratio to \$1.84 or 84 percent above the statewide average. **Exhibits 10.3 and 10.4** show State aid received as a percent of the statewide average over a 10-year period.

Findings

In fiscal 2005, State aid (direct grants and payments-on-behalf) represented about 37 percent of the State revenue collections (including property taxes) allocated on a county-by-county basis in this report. The remaining revenues funded State programs. The ratios for 15 counties matched or exceeded this statewide weighted average. State assistance to revenue allocation ratios for four of Maryland's largest jurisdictions (Anne Arundel, Baltimore, Howard, and

Montgomery counties) was considerably below the statewide average. Consequently, the county average ratio of \$0.43, calculated by summing the county ratios and dividing by 24, is somewhat higher than the statewide weighted average.

Worcester, Talbot, and Montgomery counties had the lowest ratios in fiscal 2005 (received the least amount of State aid in relation to the collection of allocated State tax revenues); while Somerset County, Baltimore City, and Caroline County had the highest ratios (received the greatest amount of State aid in relation to the collection of allocated State tax revenues). Over the last 10 years, the amount of State aid to State revenue collections has increased significantly for Baltimore City, while increasing slightly for Montgomery and Worcester counties. Although the ratios for both Somerset and Caroline counties have fluctuated, Somerset County's fiscal 2005 ratios are similar to its 1996 ratios; whereas Caroline County's are slightly higher. Talbot County's ratios have remained relatively constant over this period.

During this 10-year period, the "balance sheet index" as a percent of the statewide average increased in 4 jurisdictions, decreased in 12 counties, and remained relatively constant in 8 counties as shown in **Table 10.2**.

In fiscal 2005, Baltimore City received the greatest amount of State aid (including assumed functions) at \$918.6 million followed by Prince George's County at \$769.1 million. On a per capita basis, these amounts translate into \$1,431 for Baltimore City (the greatest per capita amount for any jurisdiction) and \$918 for Prince George's County. Kent and Talbot counties, on the other hand, received the least

amount of State aid at \$11.5 million and \$14.3 million, respectively. On a per capita basis, Kent County received \$582 while Talbot County received \$406 – the least amount per capita for any jurisdiction. **Exhibit 10.5** compares the allocation of State tax revenues and State grants with each county's share of the State's population. Montgomery County is the most populous county in Maryland and generates the greatest share of State tax revenues; however, it ranks fourth in the amount of State aid that it receives. Baltimore City, the fourth most populous jurisdiction, receives the largest percentage of State grants, followed by Prince George's County, the second most populous jurisdiction.

Table 10.2
Change in "Balance Sheet Index"
During 10-year Period

<u>Higher Average</u>	<u>Lower Average</u>	<u>Relatively Constant</u>
Allegany	Anne Arundel	Baltimore
Baltimore City	Carroll	Caroline
Calvert	Cecil	Charles
Prince George's	Dorchester	Howard
	Frederick	Montgomery
	Garrett	Talbot
	Harford	Wicomico
	Kent	Worcester
	Queen Anne's	
	St. Mary's	
	Somerset	
	Washington	

Exhibit 10.6 shows the allocation of State tax revenues and State grants on a per capita basis. The five counties that generate the most State tax revenues in fiscal 2005 as measured on a per capita basis include Worcester, Talbot, Montgomery, Howard, and Anne Arundel. The counties that generate the least State tax revenues include Somerset, Caroline, Cecil, Allegany, and Baltimore City. 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.

Jurisdictions that received the greatest amount of State aid in fiscal 2005 as measured on a per capita basis include Baltimore City, Caroline, Garrett, Allegany, and Wicomico. Counties receiving the least amount of State aid include Talbot, Worcester, Montgomery, Anne Arundel, and Kent. 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 percent of State aid to local governments included in the *Balance Sheet*. The following summary tables show the counties with the highest and lowest per capita State aid and State revenue amounts.

Exhibit 10.1
State Financial Assistance Received for Each \$1.00 of Taxes Paid
Direct Grants
10 Fiscal Year Summary

County	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Allegany	0.54	0.52	0.54	0.57	0.54	0.56	0.64	0.70	0.67	0.65
Anne Arundel	0.22	0.22	0.22	0.22	0.21	0.21	0.24	0.24	0.22	0.22
Baltimore City	0.74	0.74	0.80	0.88	0.86	0.87	0.98	1.05	0.98	0.94
Baltimore	0.19	0.19	0.20	0.21	0.20	0.20	0.23	0.24	0.23	0.24
Calvert	0.34	0.34	0.34	0.35	0.35	0.38	0.44	0.46	0.46	0.45
Caroline	0.79	0.83	0.88	0.93	0.89	0.88	0.95	1.03	0.97	0.90
Carroll	0.35	0.35	0.36	0.37	0.35	0.34	0.35	0.37	0.35	0.35
Cecil	0.57	0.56	0.57	0.58	0.56	0.56	0.63	0.65	0.62	0.62
Charles	0.34	0.35	0.35	0.36	0.35	0.35	0.39	0.40	0.39	0.40
Dorchester	0.59	0.57	0.60	0.59	0.56	0.59	0.65	0.65	0.61	0.57
Frederick	0.32	0.32	0.32	0.32	0.29	0.29	0.31	0.32	0.31	0.31
Garrett	0.74	0.72	0.74	0.76	0.67	0.65	0.70	0.70	0.67	0.59
Harford	0.38	0.36	0.35	0.37	0.35	0.34	0.37	0.39	0.38	0.37
Howard	0.19	0.18	0.18	0.19	0.18	0.18	0.21	0.22	0.22	0.22
Kent	0.33	0.32	0.32	0.32	0.33	0.29	0.34	0.35	0.30	0.28
Montgomery	0.10	0.11	0.10	0.11	0.11	0.12	0.14	0.16	0.15	0.15
Prince George's	0.35	0.36	0.38	0.42	0.41	0.42	0.47	0.52	0.49	0.50
Queen Anne's	0.29	0.28	0.28	0.28	0.28	0.29	0.27	0.31	0.29	0.27
St. Mary's	0.42	0.41	0.40	0.41	0.38	0.37	0.39	0.40	0.39	0.40
Somerset	0.95	0.92	0.94	0.93	0.86	0.93	1.04	1.11	1.05	0.96
Talbot	0.10	0.10	0.09	0.10	0.09	0.09	0.11	0.10	0.12	0.12
Washington	0.37	0.36	0.37	0.37	0.35	0.35	0.37	0.38	0.36	0.36
Wicomico	0.40	0.39	0.40	0.41	0.38	0.38	0.41	0.45	0.44	0.44
Worcester	0.07	0.08	0.07	0.09	0.09	0.09	0.10	0.10	0.11	0.12
Total (Weighted Avg.)	0.30	0.29	0.30	0.32	0.30	0.31	0.35	0.37	0.35	0.34
County Mean (Simple Avg.)	0.40	0.40	0.41	0.42	0.40	0.41	0.45	0.47	0.45	0.43
Standard Deviation	0.22	0.22	0.24	0.25	0.23	0.24	0.26	0.28	0.26	0.24

Source: Department of Legislative Services

Exhibit 10.2
State Financial Assistance Received for Each \$1.00 of Taxes Paid
Direct Grants and Payments-on-behalf
10 Fiscal Year Summary

County	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Allegany	0.61	0.59	0.61	0.62	0.58	0.59	0.67	0.73	0.69	0.67
Anne Arundel	0.27	0.27	0.26	0.26	0.24	0.24	0.26	0.27	0.24	0.23
Baltimore City	0.80	0.81	0.86	0.93	0.90	0.91	1.01	1.08	1.00	0.95
Baltimore	0.23	0.24	0.25	0.25	0.23	0.23	0.25	0.27	0.26	0.26
Calvert	0.41	0.41	0.41	0.40	0.40	0.42	0.47	0.50	0.48	0.47
Caroline	0.88	0.92	0.97	1.00	0.95	0.93	0.99	1.07	0.99	0.92
Carroll	0.42	0.41	0.41	0.41	0.39	0.37	0.38	0.39	0.37	0.37
Cecil	0.65	0.64	0.64	0.64	0.62	0.61	0.66	0.69	0.64	0.64
Charles	0.40	0.40	0.41	0.40	0.39	0.38	0.42	0.43	0.42	0.42
Dorchester	0.66	0.64	0.66	0.65	0.61	0.63	0.67	0.68	0.63	0.59
Frederick	0.37	0.37	0.37	0.36	0.33	0.32	0.33	0.35	0.33	0.33
Garrett	0.81	0.80	0.80	0.81	0.72	0.69	0.72	0.72	0.67	0.60
Harford	0.44	0.42	0.41	0.42	0.39	0.38	0.40	0.42	0.40	0.39
Howard	0.24	0.24	0.23	0.23	0.22	0.22	0.24	0.25	0.25	0.25
Kent	0.39	0.38	0.38	0.37	0.36	0.32	0.37	0.38	0.32	0.30
Montgomery	0.16	0.16	0.15	0.15	0.15	0.15	0.17	0.19	0.19	0.18
Prince George's	0.41	0.42	0.43	0.47	0.45	0.45	0.50	0.55	0.51	0.52
Queen Anne's	0.34	0.34	0.33	0.32	0.32	0.32	0.29	0.34	0.31	0.29
St. Mary's	0.48	0.47	0.46	0.46	0.42	0.41	0.41	0.43	0.41	0.42
Somerset	1.03	1.00	1.01	0.99	0.91	0.97	1.07	1.14	1.06	0.97
Talbot	0.14	0.13	0.13	0.13	0.11	0.11	0.13	0.12	0.14	0.14
Washington	0.43	0.42	0.42	0.42	0.40	0.38	0.40	0.41	0.34	0.38
Wicomico	0.46	0.45	0.46	0.46	0.42	0.42	0.44	0.49	0.47	0.46
Worcester	0.11	0.12	0.11	0.12	0.12	0.11	0.12	0.13	0.13	0.13
Total (Weighted Avg.)	0.35	0.35	0.35	0.36	0.34	0.34	0.37	0.40	0.37	0.37
County Mean (Simple Avg.)	0.46	0.46	0.46	0.47	0.44	0.44	0.47	0.50	0.47	0.45
Standard Deviation	0.24	0.23	0.25	0.26	0.24	0.25	0.26	0.28	0.26	0.24

Source: Department of Legislative Services

Exhibit 10.3
State Financial Assistance Received as a Percent of the Statewide Average
Direct Grants
10 Fiscal Year Summary

County	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Allegany	1.82	1.77	1.80	1.79	1.77	1.81	1.84	1.89	1.90	1.87
Anne Arundel	0.74	0.73	0.72	0.69	0.69	0.69	0.70	0.66	0.63	0.63
Baltimore City	2.52	2.53	2.65	2.78	2.85	2.84	2.83	2.85	2.79	2.74
Baltimore	0.63	0.65	0.67	0.65	0.65	0.65	0.66	0.66	0.67	0.68
Calvert	1.16	1.16	1.14	1.10	1.16	1.23	1.26	1.26	1.30	1.30
Caroline	2.66	2.80	2.93	2.92	2.92	2.88	2.75	2.81	2.76	2.60
Carroll	1.20	1.19	1.18	1.16	1.15	1.11	1.01	1.00	0.99	1.02
Cecil	1.93	1.91	1.89	1.81	1.86	1.83	1.81	1.78	1.76	1.79
Charles	1.16	1.18	1.17	1.12	1.15	1.14	1.14	1.09	1.13	1.17
Dorchester	2.01	1.92	1.98	1.87	1.86	1.93	1.87	1.76	1.75	1.66
Frederick	1.08	1.08	1.07	1.00	0.97	0.93	0.89	0.87	0.88	0.90
Garrett	2.52	2.46	2.45	2.39	2.23	2.13	2.02	1.92	1.91	1.72
Harford	1.27	1.23	1.18	1.16	1.14	1.11	1.08	1.05	1.07	1.08
Howard	0.63	0.62	0.60	0.59	0.59	0.60	0.62	0.60	0.64	0.64
Kent	1.13	1.09	1.08	1.02	1.07	0.94	0.98	0.96	0.87	0.82
Montgomery	0.35	0.36	0.34	0.35	0.36	0.38	0.41	0.42	0.43	0.43
Prince George's	1.20	1.21	1.25	1.32	1.36	1.36	1.35	1.41	1.40	1.45
Queen Anne's	0.97	0.96	0.92	0.88	0.92	0.93	0.77	0.86	0.83	0.78
St. Mary's	1.42	1.40	1.34	1.30	1.26	1.22	1.12	1.08	1.11	1.15
Somerset	3.21	3.11	3.12	2.92	2.85	3.03	3.01	3.03	2.99	2.77
Talbot	0.35	0.34	0.31	0.31	0.29	0.29	0.32	0.27	0.36	0.36
Washington	1.26	1.23	1.23	1.18	1.17	1.13	1.08	1.03	1.02	1.04
Wicomico	1.34	1.32	1.32	1.28	1.25	1.25	1.18	1.24	1.25	1.27
Worcester	0.25	0.28	0.22	0.28	0.29	0.29	0.29	0.28	0.33	0.34
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.)	1.37	1.36	1.36	1.33	1.32	1.32	1.29	1.28	1.28	1.26
Standard Deviation	0.76	0.75	0.78	0.78	0.77	0.79	0.77	0.78	0.76	0.71

Source: Department of Legislative Services

Exhibit 10.4
State Financial Assistance Received as a Percent of the Statewide Average
Direct Grants and Payments-on-behalf
10 Fiscal Year Summary

County	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Allegany	1.73	1.68	1.72	1.72	1.71	1.75	1.79	1.84	1.86	1.84
Anne Arundel	0.77	0.76	0.75	0.71	0.70	0.71	0.71	0.67	0.64	0.64
Baltimore City	2.30	2.30	2.43	2.58	2.66	2.68	2.70	2.73	2.67	2.61
Baltimore	0.67	0.69	0.70	0.68	0.67	0.67	0.68	0.68	0.69	0.70
Calvert	1.17	1.17	1.16	1.12	1.18	1.23	1.26	1.26	1.29	1.29
Caroline	2.51	2.62	2.75	2.77	2.78	2.75	2.65	2.70	2.64	2.50
Carroll	1.19	1.17	1.17	1.15	1.14	1.11	1.01	1.00	0.99	1.02
Cecil	1.84	1.83	1.82	1.76	1.81	1.79	1.77	1.73	1.71	1.74
Charles	1.14	1.15	1.16	1.11	1.14	1.13	1.13	1.09	1.12	1.16
Dorchester	1.90	1.82	1.88	1.80	1.80	1.87	1.81	1.70	1.69	1.61
Frederick	1.07	1.07	1.07	1.00	0.98	0.94	0.89	0.87	0.89	0.91
Garrett	2.32	2.28	2.28	2.24	2.11	2.03	1.93	1.83	1.80	1.64
Harford	1.25	1.21	1.17	1.16	1.13	1.11	1.08	1.05	1.07	1.07
Howard	0.69	0.68	0.66	0.64	0.64	0.65	0.66	0.64	0.68	0.68
Kent	1.12	1.10	1.08	1.02	1.07	0.94	0.98	0.97	0.87	0.81
Montgomery	0.45	0.46	0.43	0.43	0.43	0.44	0.47	0.48	0.50	0.48
Prince George's	1.18	1.19	1.23	1.30	1.33	1.33	1.33	1.38	1.38	1.42
Queen Anne's	0.98	0.97	0.93	0.89	0.93	0.94	0.78	0.86	0.83	0.78
St. Mary's	1.38	1.36	1.31	1.28	1.24	1.21	1.11	1.08	1.11	1.15
Somerset	2.94	2.85	2.89	2.73	2.69	2.88	2.87	2.88	2.84	2.65
Talbot	0.40	0.38	0.36	0.35	0.33	0.33	0.35	0.30	0.38	0.37
Washington	1.23	1.20	1.20	1.17	1.16	1.12	1.07	1.03	0.91	1.04
Wicomico	1.31	1.29	1.29	1.27	1.25	1.24	1.17	1.23	1.25	1.26
Worcester	0.32	0.35	0.30	0.34	0.34	0.33	0.32	0.32	0.35	0.36
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.)	1.33	1.32	1.32	1.30	1.30	1.30	1.27	1.26	1.26	1.24
Standard Deviation	0.67	0.67	0.70	0.71	0.71	0.73	0.72	0.72	0.70	0.70

Source: Department of Legislative Services

Exhibit 10.5
Comparison of State Tax Revenues and Grants – Fiscal 2005

County	Share of Population			Share of State Tax Revenues			Share of State Grants		
	Population	Percent of Total	Ranking	Total Revenues	Percent of Total	Ranking	Total Grants	Percent of Total	Ranking
Allegany	73,833	1.3%	16	\$105,982,516	0.9%	17	\$71,433,293	1.6%	16
Anne Arundel	507,735	9.1%	5	1,210,986,070	10.2%	4	284,359,916	6.5%	5
Baltimore City	641,943	11.6%	4	962,446,656	8.1%	5	918,552,323	21.2%	1
Baltimore	779,938	14.0%	3	1,819,935,803	15.3%	2	467,100,788	10.8%	3
Calvert	86,132	1.6%	15	166,934,905	1.4%	14	78,969,674	1.8%	14
Caroline	31,025	0.6%	20	39,539,377	0.3%	22	36,209,449	0.8%	17
Carroll	166,284	3.0%	9	339,713,083	2.9%	9	126,604,414	2.9%	9
Cecil	95,423	1.7%	12	130,000,805	1.1%	16	82,791,253	1.9%	13
Charles	135,376	2.4%	11	289,890,627	2.4%	10	122,780,665	2.8%	10
Dorchester	30,985	0.6%	21	48,578,910	0.4%	21	28,598,088	0.7%	19
Frederick	217,249	3.9%	8	494,807,843	4.2%	7	164,957,490	3.8%	8
Garrett	30,014	0.5%	22	49,489,264	0.4%	20	29,634,841	0.7%	18
Harford	235,067	4.2%	7	462,013,243	3.9%	8	181,666,526	4.2%	6
Howard	266,479	4.8%	6	702,740,920	5.9%	6	175,655,812	4.0%	7
Kent	19,747	0.4%	24	38,615,057	0.3%	23	11,494,954	0.3%	24
Montgomery	921,264	16.6%	1	2,514,716,457	21.2%	1	444,021,298	10.2%	4
Prince George's	837,837	15.1%	2	1,476,648,961	12.4%	3	769,137,395	17.7%	2
Queen Anne's	44,945	0.8%	18	98,689,759	0.8%	19	28,183,764	0.6%	20
St. Mary's	94,898	1.7%	13	178,082,710	1.5%	13	74,869,943	1.7%	15
Somerset	25,720	0.5%	23	24,063,126	0.2%	24	23,329,121	0.5%	21
Talbot	35,109	0.6%	19	104,620,828	0.9%	18	14,256,309	0.3%	23
Washington	139,113	2.5%	10	268,379,732	2.3%	11	101,969,484	2.3%	11
Wicomico	88,427	1.6%	14	180,630,435	1.5%	12	83,488,530	1.9%	12
Worcester	48,706	0.9%	17	160,246,722	1.4%	15	21,365,095	0.5%	22
Total	5,553,249	100.0%		\$11,867,753,810	100.0%		\$4,341,430,425	100.0%	

Note: State tax revenues exclude motor vehicle fuel taxes, titling taxes, and corporate income taxes accruing to the Transportation Trust Fund. State grants exclude funding for 911 grants, vehicle theft grants, transportation grants, and highway user revenues.

Source: Department of Legislative Services

Exhibit 10.6
Per Capita Allocation of State Tax Revenues and Grants – Fiscal 2005

County	Population	Allocation of State Tax Revenues			State Grants to Local Governments		
		Total Revenues	Per Capita Amount	Ranking	Total Grants	Per Capita Amount	Ranking
Allegany	73,833	\$105,982,516	\$1,435	21	\$71,433,293	\$967	4
Anne Arundel	507,735	1,210,986,070	2,385	5	284,359,916	560	21
Baltimore City	641,943	962,446,656	1,499	20	918,552,323	1,431	1
Baltimore	779,938	1,819,935,803	2,333	6	467,100,788	599	19
Calvert	86,132	166,934,905	1,938	14	78,969,674	917	8
Caroline	31,025	39,539,377	1,274	23	36,209,449	1,167	2
Carroll	166,284	339,713,083	2,043	10	126,604,414	761	14
Cecil	95,423	130,000,805	1,362	22	82,791,253	868	11
Charles	135,376	289,890,627	2,141	9	122,780,665	907	10
Dorchester	30,985	48,578,910	1,568	19	28,598,088	923	6
Frederick	217,249	494,807,843	2,278	7	164,957,490	759	15
Garrett	30,014	49,489,264	1,649	18	29,634,841	987	3
Harford	235,067	462,013,243	1,965	12	181,666,526	773	13
Howard	266,479	702,740,920	2,637	4	175,655,812	659	17
Kent	19,747	38,615,057	1,955	13	11,494,954	582	20
Montgomery	921,264	2,514,716,457	2,730	3	444,021,298	482	22
Prince George's	837,837	1,476,648,961	1,762	17	769,137,395	918	7
Queen Anne's	44,945	98,689,759	2,196	8	28,183,764	627	18
St. Mary's	94,898	178,082,710	1,877	16	74,869,943	789	12
Somerset	25,720	24,063,126	936	24	23,329,121	907	9
Talbot	35,109	104,620,828	2,980	2	14,256,309	406	24
Washington	139,113	268,379,732	1,929	15	101,969,484	733	16
Wicomico	88,427	180,630,435	2,043	11	83,488,530	944	5
Worcester	48,706	160,246,722	3,290	1	21,365,095	439	23
Total	5,553,249	\$11,867,753,810	\$2,137		\$4,341,430,425	\$782	

Note: State tax revenues exclude motor vehicle fuel taxes, titling taxes, and corporate income taxes accruing to the Transportation Trust Fund. State grants exclude funding for 911 grants, vehicle theft grants, transportation grants, and highway user revenues.

Source: Department of Legislative Services

Chapter 11. Tax Capacity and Effort

Local governments in Maryland exercise broad control over taxing practices and are responsible for providing a wide range of services. Given this role, it is important to analyze fiscal disparity – an imbalance of revenue raising ability among subdivisions. Disparity exists when a given level of taxation yields varying revenues among the subdivisions. The extent of disparity is often analyzed in terms of local governments' tax capacity and effort – the subdivisions' taxing potential and practice.

The State takes into account a jurisdiction's revenue capacity when allocating State funding. Over 65 percent of State assistance is distributed inversely to local wealth. Utilizing local wealth measures to distribute State assistance attempts to offset the inequalities in the revenue capacity among local jurisdictions.

To measure and compare the taxing ability of Maryland's local governments, the Department of Legislative Services calculates two indices: (1) tax capacity, which reflects the potential tax base of a local government; and (2) tax effort, which measures the extent to which the local tax base is actually taxed. The indices are derived from revenue data of the 23 counties and Baltimore City. Municipal figures are included with county numbers to reflect the total local fiscal picture. **Table 11.1** shows the counties with the highest and lowest tax capacity as well as those with the highest and lowest tax effort.

Table 11.1
Counties with the Highest and Lowest
Tax Capacity and Effort
Fiscal 2001-2003

Highest Tax Capacity

Worcester
Talbot
Montgomery
Howard
Queen Anne's

Lowest Tax Capacity

Somerset
Baltimore City
Allegany
Caroline
Wicomico

Highest Tax Effort

Baltimore City
Allegany
Prince George's
Wicomico
Somerset

Lowest Tax Effort

Talbot
Worcester
Queen Anne's
Kent
Calvert

Source: Department of Legislative Services

Calculating the Index

The tax capacity index is calculated for each county by computing the hypothetical yield from each of several tax sources using the statewide average tax rate. This yield is put on per capita terms and indexed to the State average. Thus, a county with a tax capacity index greater than 100 has above average revenue raising potential, while an index value below 100 would indicate below average potential.

It is important to note that the tax capacity and effort indices measure the relative, not the absolute, revenue raising potential and tax base utilization of the local jurisdictions. They compare local governments with one another using statewide averages rather than an ideal or abstract number. The tax effort is not a measure of what the tax level should be; therefore, it should not be used to judge whether local governments are taxing too little or too much.

Findings

Exhibit 11.1 shows the average tax capacity and effort of the local jurisdictions for fiscal 2001 through 2003, the most recent years available. The tax capacity index is highly influenced by the property tax and income tax, the two largest taxes at the local level. Those jurisdictions with high property valuations and income wealth, therefore, tend to be among those with the highest capacity. Worcester County has the highest capacity due to the large property assessable base and hotel/motel room rentals in the resort town of Ocean City. In

contrast, Somerset County has the lowest capacity due to its low income levels and property assessable base.

The tax effort index is skewed by the very high value for Baltimore City, which has the State's highest property tax rate. Allegany, Prince George's, and Wicomico counties are the only other jurisdictions that have an effort above the State average. Tax effort reflects many things such as constituent demands, population needs and characteristics, and cost differentials. Tax effort also reflects the fact that jurisdictions with high capacity can raise higher revenues with lower rates. Thus, it is not surprising that some of the subdivisions with high capacities have low efforts (Calvert, Kent, Queen Anne's, Talbot, and Worcester counties), while some of the lowest wealth subdivisions have high effort (Allegany and Wicomico counties and Baltimore City).

Over the past decade, the relative revenue raising capacity of 8 jurisdictions declined (Allegany, Baltimore City, Baltimore, Calvert, Montgomery, Prince George's, Wicomico, and Worcester) and 15 increased (Anne Arundel, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Queen Anne's, St. Mary's, Talbot, and Washington). Somerset County's revenue capacity remained stable. Among the five lowest wealth subdivisions, three decreased (Allegany, Baltimore City, and Wicomico), one increased (Caroline), and one remained constant (Somerset).

The combined capacity index is calculated by adding State aid as another revenue source. In fiscal 2003, the State provided \$4.1 billion in aid to local governments, much of it distributed inversely to wealth. State aid raises the index for

low capacity jurisdictions and reduces it for wealthier ones. **Exhibit 11.2** shows the impact State aid has in reducing fiscal disparities. Seven subdivisions fall within 10 points of the State average when State aid is excluded. However, when State aid is added to the index, that number rises to 11 subdivisions.

State aid raised the relative capacity of low-wealth subdivisions by an average of 13 points and, conversely,

lowered the relative capacity of the medium- to high-wealth subdivisions by an average of 14 points. For example, due to State aid, Baltimore City has a higher combined capacity than several urbanized counties such as Baltimore and Prince George's counties, which have higher tax capacity than the city. In addition, with State aid, Charles and Garrett counties' combined capacity is above the State average, while their tax capacity is below average.

Exhibit 11.1
Tax Capacity and Tax Effort
(Fiscal 2001-2003 Average)

County	Tax Capacity		Tax Effort	
	Index	Rank	Index	Rank
Allegany	55	22	126	2
Anne Arundel	115	6	88	13
Baltimore City	52	23	174	1
Baltimore	95	13	94	8
Calvert	115	7	81	20
Caroline	67	21	83	18
Carroll	98	11	86	14
Cecil	84	16	86	15
Charles	99	10	91	12
Dorchester	77	19	95	6
Frederick	103	9	94	9
Garrett	97	12	86	16
Harford	93	14	92	11
Howard	134	4	86	17
Kent	104	8	81	21
Montgomery	146	3	95	7
Prince George's	79	17	122	3
Queen Anne's	120	5	81	22
St. Mary's	89	15	82	19
Somerset	44	24	98	5
Talbot	160	2	54	24
Washington	79	18	93	10
Wicomico	72	20	104	4
Worcester	208	1	79	23
State Average	100		100	

Source: Department of Legislative Services

Exhibit 11.2
Impact of State Aid on Tax Capacity
(Fiscal 2001-2003 Averages)

County	Tax Capacity	Combined Capacity	Difference Between Index
Somerset	44	69	25
Baltimore City	52	94	42
Allegany	55	78	23
Caroline	67	95	28
Wicomico	72	86	14
Dorchester	77	94	17
Prince George's	79	88	9
Washington	79	84	5
Cecil	84	92	8
St. Mary's	89	93	4
Harford	93	95	2
Baltimore	95	89	-6
Garrett	97	113	16
Carroll	98	98	0
Charles	99	103	4
Frederick	103	101	-2
Kent	104	102	-2
Calvert	115	114	-1
Anne Arundel	115	104	-11
Queen Anne's	120	112	-8
Howard	134	118	-16
Montgomery	146	120	-26
Talbot	160	129	-31
Worcester	208	164	-44
State Average	100	100	0

Source: Department of Legislative Services

Appendices

Appendix 1
Number of Local Governments in the United States by Type

Rank	State	Total	County	Municipal	Townships	Special	Rank	State	Total	County	Municipal	Townships	Special
1	Illinois	6,903	102	1,291	1,431	4,079	26	Alabama	1,171	67	451	0	653
2	Pennsylvania	5,031	66	1,018	1,546	2,401	27	Idaho	1,158	44	200	0	914
3	Texas	4,784	254	1,196	0	3,334	28	Montana	1,127	54	129	0	944
4	California	4,409	57	475	0	3,877	29	Mississippi	1,000	82	296	0	622
5	Kansas	3,887	104	627	1,299	1,857	30	North Carolina	960	100	541	0	319
6	Ohio	3,636	88	942	1,308	1,298	31	Tennessee	930	92	349	0	489
7	Minnesota	3,482	87	854	1,793	748	32	New Mexico	858	33	101	0	724
8	Missouri	3,422	114	946	312	2,050	33	Massachusetts	841	5	45	306	485
9	New York	3,420	57	616	929	1,818	34	Maine	826	16	22	467	321
10	Indiana	3,085	91	567	1,008	1,419	35	Vermont	733	14	47	237	435
11	Wisconsin	3,048	72	585	1,265	1,126	36	Wyoming	722	23	98	0	601
12	Michigan	2,804	83	533	1,242	946	37	South Carolina	701	46	269	0	386
13	Nebraska	2,791	93	531	446	1,721	38	West Virginia	686	55	234	0	397
14	North Dakota	2,735	53	360	1,332	990	39	Arizona	638	15	87	0	536
15	Iowa	1,975	99	948	0	928	40	Utah	605	29	236	0	340
16	Colorado	1,928	62	270	0	1,596	41	Connecticut	580	0	30	149	401
17	South Dakota	1,866	66	308	940	552	42	New Hampshire	559	10	13	221	315
18	Oklahoma	1,798	77	590	0	1,131	43	Virginia	521	95	229	0	197
19	Washington	1,787	39	279	0	1,469	44	Louisiana	473	60	302	0	111
20	Arkansas	1,588	75	499	0	1,014	45	Delaware	339	3	57	0	279
21	Georgia	1,448	156	531	0	761	46	Maryland	265	23	157	0	85
22	Kentucky	1,439	119	424	0	896	47	Nevada	210	16	19	0	175
23	Oregon	1,439	36	240	0	1,163	48	Alaska	175	12	149	0	14
24	New Jersey	1,412	21	324	242	825	49	Rhode Island	118	0	8	31	79
25	Florida	1,191	66	404	0	721	50	Hawaii	19	3	1	0	15
District of Columbia		2	0	1	0	1	United States		87,525	3,034	19,429	16,504	48,558

Source: U.S. Census Bureau, 2002 *Census of Government*

Appendix 2
Incorporated Cities and Towns in Maryland

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Allegany			Carroll		
Barton	1900	Ch. 729	Hampstead	1888	Ch. 295
Cumberland	1815	Ch. 136	Manchester	1833	Ch. 193
Frostburg	1839	Ch. 179	Mount Airy (also in Frederick)	1894	Ch. 91
Lonaconing	1890	Ch. 132	New Windsor	1843	Ch. 47
Luke	1922	Ch. 73	Sykesville	1904	Ch. 256
Midland	1900	Ch. 681	Taneytown	1836	Ch. 309
Westernport	1858	Ch. 54	Union Bridge	1872	Ch. 174
			Westminster	1818	Ch. 128
Anne Arundel			Cecil		
Annapolis	1708	Ch. 7	Cecilton	1864	Ch. 353
Highland Beach	1922	Ch. 213	Charlestown	1786	Ch. 20
Baltimore County			Chesapeake City	1849	Ch. 271
None			Elkton	1821	Ch. 143
Calvert			North East	1849	Ch. 339
Chesapeake Beach	1886	Ch. 203	Perryville	1882	Ch. 212
North Beach	1910	Ch. 395	Port Deposit	1824	Ch. 33
			Rising Sun	1860	Ch. 383
Caroline			Charles		
Denton	1802	Ch. 25	Indian Head	1920	Ch. 590
Federalburg	1823	Ch. 174	La Plata	1888	Ch. 325
Goldsboro	1906	Ch. 87	Port Tobacco	1888	Ch. 297
Greensboro	1826	Ch. 97			
Henderson	1949	Ch. 498			
Hillsboro	1853	Ch. 161			
Marydel	1929	Ch. 38			
Preston	1892	Ch. 689			
Ridgely	1896	Ch. 178			
Templeville (also in Queen Anne's)	1865	Ch. 86			

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Dorchester		
Brookview	1953	Ch. 704
Cambridge	1793	Ch. 66
Church Creek	1867	Ch. 53
East New Market	1832	Ch. 167
Eldorado	1947	Ch. 313
Galestown	1951	Ch. 92
Hurlock	1892	Ch. 249
Secretary	1900	Ch. 555
Vienna	1833	Ch. 216
Frederick		
Brunswick	1890	Ch. 577
Burkittsville	1894	Ch. 652
Emmitsburg	1824	Ch. 29
Frederick	1816	Ch. 74
Middletown	1833	Ch. 143
Mount Airy (also in Carroll)	1894	Ch. 91
Myersville	1904	Ch. 94
New Market	1878	Ch. 90
Rosemont	1953	Ch. 262
Thurmont	1894	Ch. 16
Walkersville	1892	Ch. 351
Woodsboro	1836	Ch. 299
Garrett		
Accident	1916	Ch. 514
Deer Park	1884	Ch. 519
Friendsville	1902	Ch. 477
Grantsville	1864	Ch. 99
Kitzmillers	1906	Ch. 285
Loch Lynn Heights	1896	Ch. 450
Mountain Lake Park	1931	Ch. 507
Oakland	1862	Ch. 250

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Harford		
Aberdeen	1892	Ch. 136
Bel Air	1874	Ch. 273
Havre de Grace	1785	Ch. 55
Howard		
None		
Kent		
Betterton	1906	Ch. 227
Chestertown	1805	Ch. 271
Galena	1858	Ch. 373
Millington (also in Queen Anne's)	1890	Ch. 386
Rock Hall	1908	Ch. 171
Montgomery		
Barnesville	1888	Ch. 254
Brookeville	1808	Ch. 90
Chevy Chase	1918	Ch. 177
Chevy Chase, Sec. 3	1982	Referendum
Chevy Chase, Sec. 5	1982	Referendum
Chevy Chase View	1993	Referendum
Chevy Chase Village	1910	Ch. 382
Gaithersburg	1878	Ch. 397
Garrett Park	1898	Ch. 453
Glen Echo	1904	Ch. 436
Kensington	1894	Ch. 621
Laytonsville	1892	Ch. 497
Martin's Additions	1985	Referendum
North Chevy Chase	1996	Referendum
Poolesville	1867	Ch. 174
Rockville	1860	Ch. 373
Somerset	1906	Ch. 795
Takoma Park	1890	Ch. 480
Washington Grove	1937	Ch. 372

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Prince George's		
Berwyn Heights	1896	Ch. 267
Bladensburg	1854	Ch. 137
Bowie	1882	Ch. 488
Brentwood	1912	Ch. 401
Capitol Heights	1910	Ch. 513
Cheverly	1931	Ch. 200
College Park	1945	Ch. 1051
Colmar Manor	1927	Ch. 178
Cottage City	1924	Ch. 390
District Heights	1936	Ch. 61
Eagle Harbor	1929	Ch. 397
Edmonston	1924	Ch. 154
Fairmount Heights	1935	Ch. 199
Forest Heights	1949	Ch. 142
Glenarden	1939	Ch. 650
Greenbelt	1937	Ch. 532
Hyattsville	1886	Ch. 424
Landover Hills	1945	Ch. 465
Laurel	1870	Ch. 260
Morningside	1949	Ch. 589
Mount Rainier	1910	Ch. 514
New Carrollton	1953	Ch. 441
North Brentwood	1924	Ch. 508
Riverdale Park	1920	Ch. 731
Seat Pleasant	1931	Ch. 197
University Park	1936	Ch. 132
Upper Marlboro	1870	Ch. 363

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Queen Anne's		
Barclay	1931	Ch. 483
Centreville	1794	Ch. 23
Church Hill	1876	Ch. 201
Millington (also in Kent)	1890	Ch. 386
Queen Anne (also in Talbot)	1953	Ch. 17
Queenstown	1892	Ch. 542
Sudlersville	1870	Ch. 313
Templeville (also in Caroline)	1865	Ch. 86
St. Mary's		
Leonardtwn	1858	Ch. 73
Somerset		
Crisfield	1872	Ch. 151
Princess Anne	1894	Ch. 543
Talbot		
Easton	1790	Ch. 14
Oxford	1852	Ch. 367
Queen Anne (also in Queen Anne's)	1953	Ch. 17
St. Michaels	1804	Ch. 82
Trappe	1827	Ch. 103
Washington		
Boonsboro	1831	Ch. 139
Clear Spring	1836	Ch. 141
Funkstown	1840	Ch. 78
Hagerstown	1813	Ch. 121
Hancock	1853	Ch. 319
Keedysville	1872	Ch. 251
Sharpsburg	1832	Ch. 28
Smithsburg	1841	Ch. 284
Williamsport	1823	Ch. 125

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Wicomico		
Delmar	1888	Ch. 167
Fruitland	1947	Ch. 662
Hebron	1931	Ch. 90
Mardela Springs	1906	Ch. 325
Pittsville	1906	Ch. 499
Salisbury	1854	Ch. 287
Sharptown	1874	Ch. 465
Willards	1906	Ch. 195

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Worcester		
Berlin	1868	Ch. 424
Ocean City	1880	Ch. 209
Pocomoke City	1878	Ch. 253
Snow Hill	1812	Ch. 72

Source: Maryland State Archives, Department of Legislative Services

Appendix 3
Residents Residing in Municipalities
July 2006

County	County Population	Municipal Population	Percent of County	Rank
Allegany	72,831	32,740	45.0%	3
Anne Arundel	509,300	36,518	7.2%	19
Baltimore City	631,366	0	0.0%	24
Baltimore	787,384	0	0.0%	24
Calvert	88,804	5,365	6.0%	20
Caroline	32,617	10,946	33.6%	9
Carroll	170,260	43,580	25.6%	12
Cecil	99,506	26,331	26.5%	11
Charles	140,416	12,411	8.8%	18
Dorchester	31,631	14,805	46.8%	2
Frederick	222,938	88,764	39.8%	5
Garrett	29,859	6,578	22.0%	13
Harford	241,402	36,667	15.2%	16
Howard	272,452	0	0.0%	24
Kent	19,983	7,563	37.8%	6
Montgomery	932,131	155,075	16.6%	15
Prince George's	841,315	224,124	26.6%	10
Queen Anne's	46,241	4,900	10.6%	17
St. Mary's	98,854	2,171	2.2%	21
Somerset	25,774	5,637	21.9%	14
Talbot	36,062	17,050	47.3%	1
Washington	143,748	51,968	36.2%	7
Wicomico	91,987	38,039	41.4%	4
Worcester	48,866	17,009	34.8%	8
Statewide	5,615,727	838,241	14.9%	

Source: Maryland Department of Planning, Department of Legislative Services

Appendix 4
United States and States – Racial Composition as of July 2006

State	White	African American	Hispanic/ Latino	Asian	Other
Alabama	69.0%	26.2%	2.5%	0.9%	1.4%
Alaska	66.4%	3.4%	5.6%	4.5%	20.1%
Arizona	59.7%	3.2%	29.2%	2.2%	5.6%
Arkansas	76.4%	15.6%	5.0%	1.0%	2.0%
California	43.1%	6.1%	35.9%	12.1%	2.8%
Colorado	71.7%	3.7%	19.7%	2.5%	2.3%
Connecticut	74.8%	9.3%	11.2%	3.3%	1.4%
Delaware	69.0%	20.4%	6.3%	2.7%	1.6%
District of Columbia	31.7%	55.4%	8.2%	3.2%	1.6%
Florida	61.3%	15.0%	20.2%	2.1%	1.4%
Georgia	58.9%	29.5%	7.5%	2.7%	1.3%
Hawaii	24.7%	2.2%	7.8%	39.3%	26.1%
Idaho	86.3%	0.5%	9.5%	1.0%	2.7%
Illinois	65.3%	14.7%	14.7%	4.2%	1.2%
Indiana	83.9%	8.7%	4.8%	1.3%	1.3%
Iowa	91.0%	2.3%	3.8%	1.5%	1.3%
Kansas	81.1%	5.7%	8.6%	2.2%	2.5%
Kentucky	88.4%	7.4%	2.0%	1.0%	1.2%
Louisiana	62.8%	31.4%	2.9%	1.4%	1.5%
Maine	95.8%	0.8%	1.0%	0.9%	1.5%
Maryland	58.4%	29.0%	6.0%	4.9%	1.7%
Massachusetts	80.0%	5.9%	7.9%	4.8%	1.3%
Michigan	77.7%	14.1%	3.9%	2.3%	2.0%
Minnesota	85.9%	4.3%	3.8%	3.5%	2.5%

State	White	African American	Hispanic/ Latino	Asian	Other
Mississippi	59.3%	37.0%	1.8%	0.8%	1.2%
Missouri	82.6%	11.4%	2.8%	1.4%	1.8%
Montana	88.7%	0.4%	2.5%	0.6%	7.8%
Nebraska	84.9%	4.2%	7.4%	1.6%	1.9%
Nevada	58.9%	7.2%	24.4%	5.8%	3.7%
New Hampshire	93.8%	0.9%	2.3%	1.8%	1.2%
New Jersey	62.6%	13.3%	15.6%	7.3%	1.2%
New Mexico	42.8%	1.9%	44.0%	1.2%	10.1%
New York	60.5%	15.0%	16.3%	6.8%	1.5%
North Carolina	67.9%	21.4%	6.7%	1.8%	2.2%
North Dakota	90.4%	0.8%	1.7%	0.7%	6.4%
Ohio	82.9%	11.8%	2.3%	1.5%	1.4%
Oklahoma	72.1%	7.6%	6.9%	1.6%	11.7%
Oregon	81.0%	1.7%	10.2%	3.6%	3.6%
Pennsylvania	82.1%	10.3%	4.2%	2.3%	1.0%
Rhode Island	79.6%	5.0%	11.0%	2.7%	1.7%
South Carolina	65.4%	28.7%	3.5%	1.1%	1.2%
South Dakota	86.6%	0.9%	2.1%	0.7%	9.7%
Tennessee	77.5%	16.7%	3.2%	1.3%	1.3%
Texas	48.3%	11.4%	35.7%	3.2%	1.4%
Utah	82.9%	0.8%	11.2%	1.9%	3.1%
Vermont	95.7%	0.7%	1.1%	1.1%	1.4%
Virginia	67.7%	19.5%	6.3%	4.7%	1.8%
Washington	76.5%	3.3%	9.1%	6.5%	4.6%
West Virginia	94.1%	3.3%	0.9%	0.6%	1.1%
Wisconsin	85.7%	5.8%	4.7%	2.0%	1.9%
Wyoming	88.1%	0.8%	6.9%	0.7%	3.5%
United States	66.4%	12.2%	14.8%	4.3%	2.3%

Appendix 5
Washington and Baltimore Metropolitan Statistical Areas

	<u>1990</u>	<u>2000</u>	<u>2006</u>	<u>Population Change</u>		<u>Percent Change</u>	
				<u>1990-2000</u>	<u>2000-2006</u>	<u>1990-2000</u>	<u>2000-2006</u>
Washington Metropolitan Area	4,122,199	4,796,183	5,294,329	673,984	498,146	16.4%	10.4%
District of Columbia	606,900	572,059	585,459	-34,841	13,400	-5.7%	2.3%
Maryland	1,788,314	2,065,242	2,225,604	276,928	160,362	15.5%	7.8%
Calvert	51,372	74,563	88,804	23,191	14,241	45.1%	19.1%
Charles	101,154	120,546	140,416	19,392	19,870	19.2%	16.5%
Frederick	150,208	195,277	222,938	45,069	27,661	30.0%	14.2%
Montgomery	762,875	873,341	932,131	110,466	58,790	14.5%	6.7%
Prince George's	722,705	801,515	841,315	78,810	39,800	10.9%	5.0%
Virginia	1,691,059	2,116,692	2,432,823	425,633	316,131	25.2%	14.9%
Alexandria City	111,183	128,283	136,974	17,100	8,691	15.4%	6.8%
Arlington	170,936	189,453	199,776	18,517	10,323	10.8%	5.4%
Clarke	12,101	12,652	14,565	551	1,913	4.6%	15.1%
Fairfax City	19,622	21,498	22,422	1,876	924	9.6%	4.3%
Fairfax	818,584	969,749	1,010,443	151,165	40,694	18.5%	4.2%
Falls Church City	9,578	10,377	10,799	799	422	8.3%	4.1%
Fauquier	48,741	55,139	66,170	6,398	11,031	13.1%	20.0%
Fredericksburg City	19,027	19,279	21,273	252	1,994	1.3%	10.3%
Loudoun	86,129	169,599	268,817	83,470	99,218	96.9%	58.5%
Manassas City	27,957	35,135	36,638	7,178	1,503	25.7%	4.3%
Manassas Park City	6,734	10,290	11,642	3,556	1,352	52.8%	13.1%
Prince William	215,686	280,813	357,503	65,127	76,690	30.2%	27.3%
Spotsylvania	57,403	90,395	119,529	32,992	29,134	57.5%	32.2%
Stafford	61,236	92,446	120,170	31,210	27,724	51.0%	30.0%
Warren	26,142	31,584	36,102	5,442	4,518	20.8%	14.3%
West Virginia	35,926	42,190	50,443	6,264	8,253	17.4%	19.6%
Jefferson	35,926	42,190	50,443	6,264	8,253	17.4%	19.6%

	<u>1990</u>	<u>2000</u>	<u>2006</u>	<u>Population Change</u>		<u>Percent Change</u>	
				<u>1990-2000</u>	<u>2000-2006</u>	<u>1990-2000</u>	<u>2000-2006</u>
Baltimore Metropolitan Area	2,382,172	2,552,994	2,658,405	170,822	105,411	7.2%	4.1%
Baltimore City	736,014	651,154	631,366	-84,860	-19,788	-11.5%	-3.0%
Anne Arundel	427,239	489,656	509,300	62,417	19,644	14.6%	4.0%
Baltimore	692,134	754,292	787,384	62,158	33,092	9.0%	4.4%
Carroll	123,372	150,897	170,260	27,525	19,363	22.3%	12.8%
Harford	182,132	218,590	241,402	36,458	22,812	20.0%	10.4%
Howard	187,328	247,842	272,452	60,514	24,610	32.3%	9.9%
Queen Anne's	33,953	40,563	46,241	6,610	5,678	19.5%	14.0%

Source: United States Census Bureau

Appendix 6
Special County Property Tax Rates
Fiscal 2008

	Real Property Tax Rate	Percent of Total
Charles County		
General Tax	\$0.962	93.8%
Fire District Tax	0.064	6.2%
Total Rate	\$1.026	100.0%
Frederick County		
General Tax	\$0.936	88.0%
Fire District Tax (Urban)	0.128	12.0%
Total Rate	\$1.064	100.0%
Howard County		
General Tax	\$1.0140	88.2%
Fire District Tax (Metro)	0.1355	11.8%
Total Rate	\$1.1495	100.0%
Montgomery County		
General Tax	\$0.627	68.4%
Transit Tax	0.058	6.3%
Fire District Tax	0.126	13.8%
M-NCPPC	0.078	8.5%
Recreation Tax	0.024	2.6%
Storm Drainage Tax	0.003	0.3%
Total Rate	\$0.916	100.0%
Prince George's County		
General Tax	\$0.960	72.8%
M-NCPPC	0.279	21.2%
WSTC	0.026	2.0%
Stormwater	0.054	4.1%
Total Rate	\$1.319	100.0%

Source: Department of Legislative Services

Appendix 7
County and Municipal Real Property Tax Rates
Fiscal 2008

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Allegany	72,831	\$0.9829			\$0.9829
Barton	463	0.9551	0.2156	-	1.1707
Cumberland	20,758	0.9090	0.9479	-	1.8569
Frostburg	7,865	0.9136	0.5540	-	1.4676
Lonaconing	1,144	0.9333	0.3400	-	1.2733
Luke	75	0.9302	0.5000	-	1.4302
Midland	450	0.9551	0.2708	-	1.2259
Westernport	1,985	0.9333	0.6000	-	1.5333
Anne Arundel	509,300	0.891			0.891
Annapolis	36,408	0.531	0.530	-	1.061
Highland Beach	110	0.891	0.416	-	1.307
Baltimore City	631,366	2.268			2.268
Baltimore	787,384	1.100			1.100
Calvert	88,804	0.892			0.892
Chesapeake Beach	3,479	0.556	0.440	-	0.996
North Beach	1,886	0.556	0.670	-	1.226

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Caroline	32,617	\$0.870			\$0.870
Denton	3,552	0.750	0.660	-	1.410
Federalsburg	2,649	0.750	0.700	-	1.450
Goldsboro	209	0.830	0.400	-	1.230
Greensboro	1,958	0.750	0.545	-	1.295
Henderson	122	0.830	0.300	-	1.130
Hillsboro	158	0.830	0.160	-	0.990
Marydel	143	0.830	0.300	-	1.130
Preston	644	0.750	0.360	-	1.110
Ridgely	1,485	0.750	0.510	-	1.260
Templeville*	26	0.830	0.252	-	1.082
Carroll	170,260	1.048			1.048
Hampstead	5,479	1.048	0.200	-	1.248
Manchester	3,574	1.048	0.184	-	1.232
Mount Airy*	4,265	1.048	0.174	-	1.222
New Windsor	1,365	1.048	0.200	-	1.248
Sykesville	4,459	1.048	0.330	-	1.378
Taneytown	5,479	1.048	0.320	-	1.368
Union Bridge	1,089	1.048	0.300	-	1.348
Westminster	17,870	1.048	0.440	-	1.488
Cecil	99,506	0.960			0.960
Cecilton	490	0.960	0.240	-	1.200
Charlestown	1,103	0.960	0.280	-	1.240
Chesapeake City	810	0.960	0.462	-	1.422
Elkton	14,753	0.960	0.544	-	1.504
North East	2,846	0.960	0.480	-	1.440
Perryville	3,812	0.960	0.362	-	1.322
Port Deposit	702	0.960	0.551	-	1.511
Rising Sun	1,815	0.960	0.360	-	1.320

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Charles	140,416	\$0.9620		\$0.0640	\$1.0260
Indian Head	3,653	0.9270	0.3200	0.0640	1.3110
La Plata	8,739	0.8850	0.3200	0.0640	1.2690
Port Tobacco	19	0.9620	0.0400	0.0640	1.0660
Dorchester	31,631	0.896			0.896
Brookview	63	0.896	0.260	-	1.156
Cambridge	11,468	0.871	0.676	-	1.547
Church Creek	79	0.896	0.170	-	1.066
East New Market	245	0.896	0.540	-	1.436
Eldorado	58	0.896	0.180	-	1.076
Galestown	98	0.896	0.280	-	1.176
Hurlock	1,993	0.892	0.720	-	1.612
Secretary	496	0.896	0.320	-	1.216
Vienna	305	0.896	0.480	-	1.376
Frederick	222,938	0.936		0.128	1.064
Brunswick	5,230	0.936	0.432	0.080	1.448
Burkittsville	186	0.936	0.140	0.080	1.156
Emmitsburg	2,365	0.936	0.360	0.128	1.424
Frederick City	58,882	0.936	0.670	0.128	1.734
Middletown	2,856	0.936	0.232	0.080	1.248
Mount Airy*	4,438	0.936	0.174	0.000	1.110
Myersville	1,508	0.936	0.274	0.080	1.290
New Market	463	0.936	0.120	0.128	1.184
Rosemont	308	0.936	0.040	0.080	1.056
Thurmont	6,027	0.936	0.280	0.080	1.296
Walkersville	5,590	0.936	0.156	0.080	1.172
Woodsboro	911	0.936	0.120	0.080	1.136

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Garrett	29,859	\$1.000			\$1.000
Accident	337	1.000	0.224	-	1.224
Deer Park	390	1.000	0.300	-	1.300
Friendsville	513	1.000	0.240	-	1.240
Grantsville	587	1.000	0.260	-	1.260
Kitzmiller	284	1.000	0.360	-	1.360
Loch Lynn Heights	444	1.000	0.270	-	1.270
Mountain Lake Park	2,143	0.942	0.362	-	1.304
Oakland	1,880	0.925	0.480	-	1.405
Harford	241,402	1.082			1.082
Aberdeen	14,130	0.926	0.715	-	1.641
Bel Air	10,039	0.926	0.500	-	1.426
Havre de Grace	12,498	0.926	0.650	-	1.576
Howard	272,452	1.014		0.1355	1.150
Kent	19,983	0.972			0.972
Betterton	361	0.972	0.320	-	1.292
Chestertown	4,914	0.972	0.370	-	1.342
Galena	511	0.972	0.240	-	1.212
Millington*	355	0.972	0.280	-	1.252
Rock Hall	1,422	0.972	0.320	-	1.292

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Montgomery	932,131	\$0.627		\$0.289	\$0.916
Barnesville	188	0.627	0.054	0.209	0.890
Battery Park		0.627	0.050	0.289	0.966
Brookeville	128	0.627	0.150	0.209	0.986
Chevy Chase, Sec. 3	785	0.627	0.020	0.289	0.936
Chevy Chase, Sec. 5	652	0.627	0.000	0.289	0.916
Chevy Chase	2,772	0.627	0.023	0.289	0.939
Chevy Chase View	888	0.627	0.022	0.289	0.938
Chevy Chase Village	2,083	0.627	0.111	0.289	1.027
Drummond		0.627	0.048	0.289	0.964
Friendship Heights		0.627	0.040	0.286	0.953
Gaithersburg	57,934	0.627	0.212	0.185	1.024
Garrett Park	942	0.627	0.190	0.286	1.103
Glen Echo	251	0.627	0.120	0.289	1.036
Kensington	1,920	0.627	0.139	0.286	1.052
Laytonsville	335	0.627	0.140	0.209	0.976
Martin's Additions	890	0.627	0.008	0.289	0.924
North Chevy Chase	477	0.627	0.052	0.289	0.968
Oakmont		0.627	0.060	0.289	0.976
Poolesville	5,529	0.627	0.180	0.209	1.016
Rockville	59,114	0.627	0.302	0.185	1.114
Somerset	1,153	0.627	0.040	0.289	0.956
Takoma Park	18,497	0.627	0.610	0.286	1.523
Washington Grove	537	0.627	0.202	0.185	1.014

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Prince George's	841,315	\$0.960		\$0.359	\$1.319
Berwyn Heights	3,030	0.805	0.486	0.359	1.650
Bladensburg	7,813	0.797	0.740	0.359	1.896
Bowie	53,325	0.946	0.352	0.306	1.604
Brentwood	2,897	0.938	0.476	0.359	1.773
Capitol Heights	4,236	0.820	0.412	0.359	1.591
Cheverly	6,582	0.813	0.480	0.359	1.652
College Park	27,410	0.944	0.299	0.359	1.602
Colmar Manor	1,297	0.932	0.880	0.359	2.171
Cottage City	1,161	0.818	0.640	0.359	1.817
District Heights	6,224	0.810	0.730	0.187	1.727
Eagle Harbor	58	0.955	0.292	0.359	1.606
Edmonston	1,374	0.811	0.500	0.359	1.670
Fairmount Heights	1,546	0.877	0.420	0.359	1.656
Forest Heights	2,644	0.849	0.510	0.359	1.718
Glenarden	6,304	0.831	0.296	0.359	1.486
Greenbelt	21,972	0.792	0.786	0.187	1.765
Hyattsville	15,091	0.797	0.630	0.359	1.786
Landover Hills	1,568	0.804	0.480	0.359	1.643
Laurel	21,945	0.764	0.720	0.141	1.625
Morningside	1,297	0.819	0.800	0.359	1.978
Mt. Rainier	8,627	0.799	0.790	0.359	1.948
New Carrollton	12,651	0.897	0.450	0.359	1.706
North Brentwood	480	0.949	0.288	0.359	1.596
Riverdale Park	6,550	0.794	0.641	0.359	1.794
Seat Pleasant	4,997	0.810	0.580	0.359	1.749
University Park	2,369	0.809	0.600	0.359	1.768
Upper Marlboro	676	0.854	0.240	0.359	1.453

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Queen Anne's	46,241	\$0.770			\$0.770
Barclay	147	0.770	0.100	-	0.870
Centreville	2,952	0.770	0.430	-	1.200
Church Hill	587	0.770	0.340	-	1.110
Millington*	34	0.770	0.280	-	1.050
Queen Anne*	93	0.770	0.180	-	0.950
Queenstown	634	0.770	0.200	-	0.970
Sudlersville	397	0.770	0.167	-	0.937
Templeville*	56	0.770	0.252	-	1.022
 St. Mary's	 98,854	 0.857			 0.857
Leonardtown	2,171	0.857	0.150	-	1.007
 Somerset	 25,774	 0.940			 0.940
Crisfield	2,792	0.940	0.700	-	1.640
Princess Anne	2,845	0.940	0.854	-	1.794
 Talbot	 36,062	 0.475			 0.475
Easton	13,954	0.349	0.520	-	0.869
Oxford	739	0.365	0.280	-	0.645
Queen Anne*	77	0.420	0.180	-	0.600
St. Michaels	1,099	0.355	0.640	-	0.995
Trappe	1,181	0.395	0.300	-	0.695

Jurisdiction	Population July 2006	County Rate	Municipal Rate	County Special Rate	Total Rate
Washington	143,748	\$0.948			\$0.948
Boonsboro	3,252	0.948	0.300	-	1.248
Clear Spring	466	0.948	0.190	-	1.138
Funkstown	942	0.948	0.220	-	1.168
Hagerstown	39,008	0.948	0.798	-	1.746
Hancock	1,723	0.948	0.395	-	1.343
Keedysville	815	0.948	0.180	-	1.128
Sharpsburg	665	0.948	0.176	-	1.124
Smithsburg	2,894	0.948	0.280	-	1.228
Williamsport	2,203	0.948	0.405	-	1.353
Wicomico	91,987	0.881			0.881
Delmar	2,508	0.881	0.676	-	1.557
Fruitland	4,162	0.881	0.700	-	1.581
Hebron	1,057	0.881	0.400	-	1.281
Mardela Springs	360	0.881	0.200	-	1.081
Pittsville	1,191	0.881	0.360	-	1.241
Salisbury	27,172	0.881	0.819	-	1.700
Sharptown	620	0.881	0.600	-	1.481
Willards	969	0.881	0.460	-	1.341
Worcester	48,866	0.700			0.700
Berlin	3,787	0.700	0.730	-	1.430
Ocean City	7,031	0.700	0.410	-	1.110
Pocomoke City	3,897	0.700	0.760	-	1.460
Snow Hill	2,294	0.700	0.860	-	1.560

Note: (-) means that a county special rate is not imposed in the municipality.

Note: * means the municipality is in two counties.

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