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# **Overview of Maryland Local Governments**

## *Finances and Demographic Information*

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**Department of Legislative Services  
Office of Policy Analysis  
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
MARYLAND GENERAL ASSEMBLY

Karl S. Aro  
Executive Director

January 22, 2007

Warren G. Deschenaux  
Director

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, Laura McCarty, and John Rohrer. The manuscript was prepared by Nicole Symonds. 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/nas



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# Executive Summary

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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 primary 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 40.8 percent of the State's population compared to 33.1 percent nationally. Racial minorities accounted for 95.9 percent of the State's population growth since 2000. The Hispanic/Latino and Asian communities are the two fastest growing ethnic groups.

Maryland is also one of the most affluent states in the nation with the second highest median household income and the eighth lowest poverty rate as of 2005. 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 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.

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**

Nineteen jurisdictions decreased various tax rates in fiscal 2007; no county government increased any major tax rate. Seventeen counties decreased their real property tax rates. Only one jurisdiction altered its local income tax rate for calendar 2007, decreasing the rate below the maximum limit.

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 in fiscal 2006, through either a tax rate differential or tax rebate.

Sixteen counties impose either a development impact fee or excise tax, which generated approximately \$127.3 million in revenues in fiscal 2006. 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 2007 due to continued strong increases in property assessments and moderate increases in net taxable income. Total county assessable base increased by 15.7 percent in fiscal 2007, 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 6.0 percent in tax year 2005.

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 \$601.3 million in fiscal 2007, \$994.0 million in fiscal 2008, and \$1.4 billion in fiscal 2009.

## **County Salary Actions**

Local government salaries continued to improve in fiscal 2007. A majority of local governments provided at least a 4 percent cost-of-living-adjustment (COLA), including any market adjustments, to their employees in fiscal 2007. For comparison purposes, the State provided its employees with a 2.15 percent average COLA. Over the last five years, the average weekly wage for local government employees increased by 4.0 percent annually compared to 3.4 percent for State government employees, 3.8 percent for private-sector employees, and 6.9 percent for federal employees.

## **Public School Funding**

Public schools are funded from federal, State, and local sources. Approximately 50 percent of public school funding in Maryland comes from local sources, and 45 percent comes from the State. The federal government provides only 6 percent of public school funding. Public schools in Maryland received over \$12,000 in total funding for each pupil in fiscal 2007. Baltimore City had the highest per pupil revenues at \$14,091, while Montgomery County had the second highest at \$13,937. Queen Anne's County, a high-performing school district, had the lowest per pupil revenues at \$10,072.

State education aid increased from \$2.9 billion in fiscal 2002, the year before the Bridge to Excellence Act, to \$4.5 billion in fiscal 2007, representing an increase of 55.2 percent in State support for public education and an average annual increase of 9.2 percent over the five years. The average annual increases will outpace the rate of general fund revenue growth, which is expected to average 6.7 percent over the same five-year period.

## **Local General Fund Balances**

Local governments ended fiscal 2006 with general fund balances, including "rainy day" accounts, totaling \$2.0 billion. These balances increased by \$260 million from the prior year. The general fund/"rainy day" balances as a percentage of general fund revenues increased from 16.8 to 18.0 percent. Twenty-one counties reported an increase in their general fund/"rainy day" balances between fiscal 2005 and 2006.

Three counties experienced decreases in their general fund balances between fiscal 2005 and 2006.

## **Local Debt Measures**

As of June 30, 2005, Maryland counties and Baltimore City had \$11.4 billion in outstanding debt. Between fiscal 2001 and 2005, local debt for counties and Baltimore City increased by \$1.4 billion or 13.8 percent. This represents a 3.4 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. 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.

## **Balance of State Payments**

The *Balance Sheet* provides a comparison of State revenues collected to State financial assistance received for each county. In fiscal 2004, 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. Worcester, Talbot, and Montgomery

counties had the lowest ratios in fiscal 2004 (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

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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 United States 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 primary 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 parochial 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.

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**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

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## 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.

Frederick is the largest municipality in Maryland followed by Gaithersburg and Rockville. Port Tobacco in Charles County, with 18 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 (225,735), municipal residents account for only 26.7 percent of the county population. Talbot County has the highest percentage of residents who reside within a municipality (46.3 percent). In contrast, in St. Mary's County 2.1 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**.

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**Table 1.2**  
**10 Largest Municipalities in Maryland**

<u>Municipality</u>	<u>County</u>	<u>Population</u>
Frederick	Frederick	57,907
Gaithersburg	Montgomery	57,698
Rockville	Montgomery	57,402
Bowie	Prince George's	53,878
Hagerstown	Washington	38,326
Annapolis	Anne Arundel	36,300
Salisbury	Wicomico	26,295
College Park	Prince George's	25,171
Greenbelt	Prince George's	22,242
Laurel	Prince George's	22,125

Source: United States Census Bureau

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**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	17
2,501 - 5,000	24
2,500 and less	94

Source: United States Census Bureau

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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 United States 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

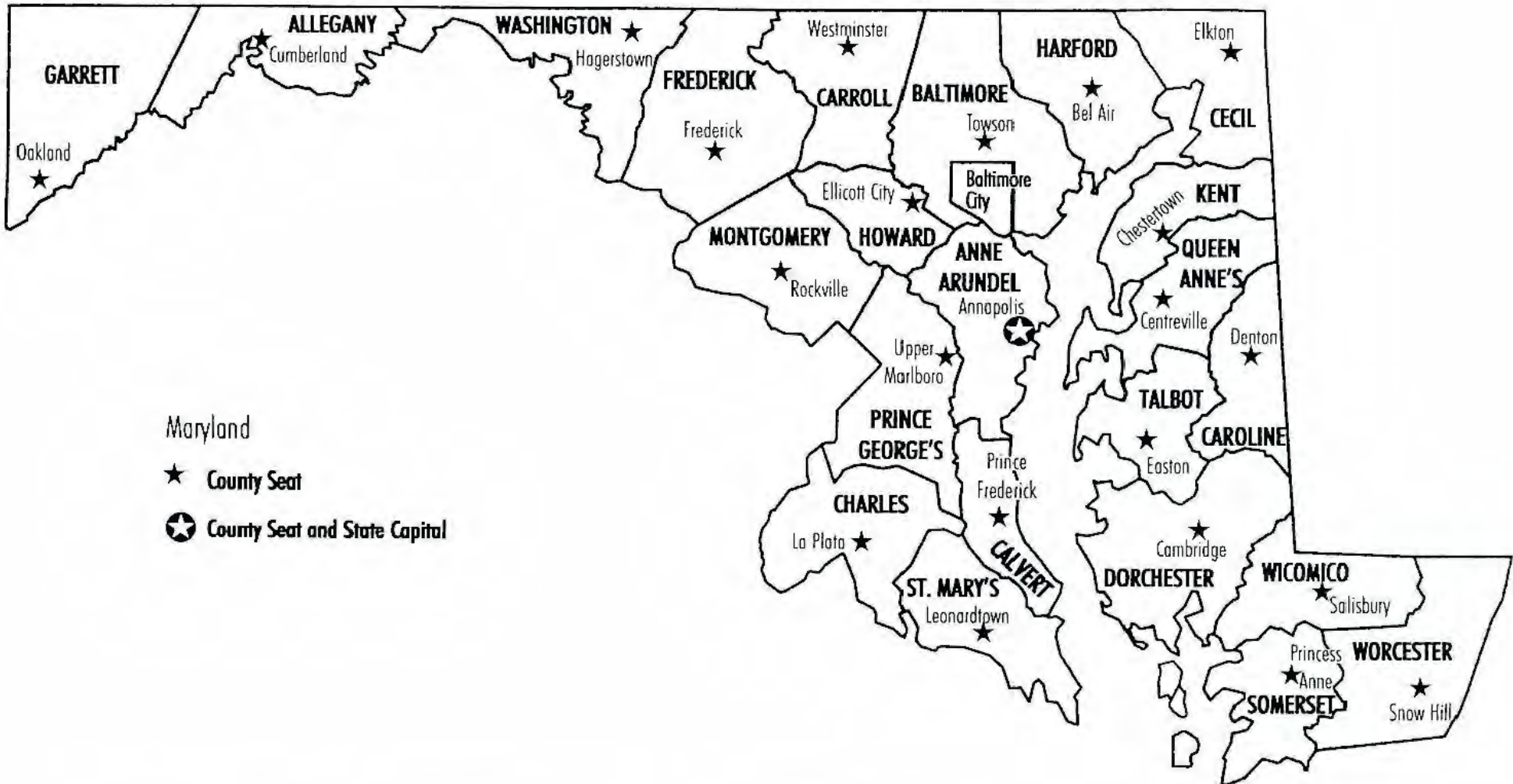
are not being supplied by existing general purpose governments. Although most special districts perform a single function, in some cases the enabling legislation for a special district allows for the provision of multiple services.

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.



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## State of Maryland Map





## Chapter 2. Demographic Indicators

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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 928,000 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 40.8 percent of the State's population compared to 33.1 percent nationally as shown in **Table 2.1**. African Americans are the largest racial minority in Maryland comprising 28.8 percent of the State's population; whereas Hispanics/Latinos account for 5.7 percent, followed by Asians at 4.7 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.

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**Table 2.1**  
**Maryland Racial Composition – 2005**

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	Maryland	United States
White	59.2%	66.9%
African American	28.8%	12.3%
Hispanic/Latino	5.7%	14.4%
Asian	4.7%	4.2%
American Indian	0.2%	0.8%
Native Hawaiian	0.0%	0.1%
Multi-racial	1.4%	1.3%

Source: United States Census Bureau

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## 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	5,600,388	5,615,727

Source: United States Census Bureau

Between 2000 and 2006, approximately 59 percent of the State's population growth was due to natural increases and 40 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 2005, Montgomery County realized a net loss of 38,228 residents due to internal migration and Prince George's County realized a net loss of 20,578 residents. The only other jurisdictions in Maryland with a net decrease in internal migration are Baltimore City (net loss of 55,893 residents), Allegany County (net loss of 288 residents), and Garrett County (net loss of 32 residents). **Exhibit 2.3** shows the growth in population for each jurisdiction since 1990 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%
<b>Total Increase</b>	<b>319,221</b>	<b>100.0%</b>

Source: United States 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 1990 and 2000 with a growth rate of 45 percent. Worcester, Howard, and Frederick counties had growth rates at or above 30 percent. Baltimore City and Allegany County were the only jurisdictions that lost population during the 1990s. From 2000 to 2005, Calvert County continued to lead the State in population growth, followed by Charles, Cecil, Frederick, Queen Anne's, and St. Mary's counties. Two jurisdictions (Baltimore City and Allegany County) continue to experience population losses.

Racial minorities comprise 95.9 percent of the State's population growth since 2000. The Hispanic/Latino and Asian communities are the two fastest growing ethnic groups in Maryland. By July 2005 the State's Hispanic/Latino community had increased by 40.1 percent and the Asian community had increased by 23.5 percent. In comparison, the African American population had increased by 9.2 percent and the non-Hispanic white population had increased by 0.4 percent. The non-Hispanic white population decreased in five counties with overall population growth: Baltimore, Charles, Howard, Montgomery, and Prince George's counties. The African American population decreased in five jurisdictions with overall population growth: Caroline, Dorchester, Kent, Queen Anne's, and Worcester counties.

## **Washington and Baltimore Metropolitan Areas**

A metropolitan area is defined by the United States 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 5.2 million residents, while the Baltimore metropolitan statistical area ranks nineteenth with approximately 2.7 million residents. Combined, these two metropolitan statistical areas hold approximately 7.9 million residents.

Over 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 928,000 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 786,000 residents; Baltimore City is the second most populous area with 636,000 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 4** compares the population of each jurisdiction within the Washington and Baltimore metropolitan statistical areas.

### International Immigration

The arrival of over 20,000 immigrants into Maryland each year has enriched the State’s cultural heritage. Recent immigrants represent approximately 180 countries and over 80 languages. **Table 2.4** shows the number of individuals who immigrated legally to Maryland in 2005 by the top 10 sending countries. Maryland is tenth among receiving states for legal immigrants. Since 1996, almost 200,000 individuals have legally immigrated to Maryland, representing 2.2 percent of all legal immigrants. A majority of legal immigrants decide to live in five states: California (25.0 percent), New York (13.0 percent), Florida (9.4 percent), Texas (8.2 percent), and

New Jersey (5.5 percent). Virginia ranks eighth in the number of legal immigrants, and Pennsylvania ranks eleventh.

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**Table 2.4**  
**International Immigration to Maryland by Nationality**  
**2005**

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<b>Country</b>	<b>Number of Immigrants</b>
India	1,785
China	1,600
El Salvador	1,432
Philippines	1,180
South Korea	1,070
Nigeria	1,045
Ethiopia	990
Mexico	624
Sierra Leone	563
Jamaica	546
Other Countries	<u>12,035</u>
<b>Total</b>	<b>22,870</b>

Source: United States Department of Homeland Security

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Individuals younger than 18 account for 20.8 percent of the State’s legal immigrants, while 54.8 percent are married. These new Marylanders were granted admission to the United States for four primary reasons: 34.5 percent are immediate relatives of United States citizens, 30.3 percent received employment-based preferences, 12.5 percent received

family-sponsored preferences, and 11.0 percent were granted refugee and asylum status.

In addition, 11,503 foreign nationals living in Maryland became United States citizens in 2005. The top five countries of birth for these individuals are India, Nigeria, China, the Philippines, and South Korea.

### **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 second highest median household income and the eighth lowest poverty rate as of 2005. 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 2005, Maryland had the nation's fifth highest violent crime rate, the fourth highest murder rate, and the second 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**. **Exhibit 2.8** provides information on employment growth since 2000.

## **Poverty Rates**

Maryland continues to have one of the lowest poverty rates in the nation with only seven states having a lower average rate in 2003 through 2005. Using the three-year averages, 9.4 percent of Marylanders lived in poverty compared to 12.6 percent at the national level. Three states (Louisiana, Mississippi, and New Mexico) and the District of Columbia had over 17 percent of their residents living in poverty. The poverty threshold for a family of four was \$19,971 in 2005.

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 United States 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 2006. According to the *2006 Maryland Report Card* produced by the Maryland State Department of Education, Maryland's high school dropout rate averaged 3.6 percent in 2006. This compares to 5.4 percent in 1993 and 3.7 percent in 2005. The high school dropout rate ranges from 0.8 percent in Frederick County to 10.5 percent in Baltimore City. Compared to 2005, high school dropout rates declined in 10 local school systems but increased in 14 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 2005, Maryland had the fifth highest violent crime rate, the fourth highest murder rate, and the second highest robbery rate. The FBI recorded 552 murders in Maryland compared to 461 in Virginia, even though Virginia has almost 2.0 million more residents. The District of Columbia, Puerto Rico, and Louisiana had the nation's highest murder rates while Iowa,



Vermont, and North Dakota had the lowest. **Table 2.5** compares the crime rates in Maryland with neighboring Virginia for calendar 2005.

**Table 2.5**  
**Comparison of Violent Crimes Rates in 2005<sup>1</sup>**

	Maryland		Virginia	
Overall	703.0	5 <sup>th</sup>	282.8	35 <sup>th</sup>
Murder	9.9	4 <sup>th</sup>	6.1	20 <sup>th</sup>
Rape	22.6	46 <sup>th</sup>	22.7	45 <sup>th</sup>
Robbery	256.7	2 <sup>nd</sup>	99.2	26 <sup>th</sup>
Assault <sup>2</sup>	413.8	9 <sup>th</sup>	154.8	38 <sup>th</sup>
Vehicle Theft	608.4	7 <sup>th</sup>	211.1	40 <sup>th</sup>

<sup>1</sup>Rate is per 100,000 inhabitants. <sup>2</sup>Aggravated Assaults.  
Source: FBI *Uniform Crime Report*, 2005

Prince George’s County had the highest crime rate in Maryland in 2005, followed closely by Baltimore City. Garrett, Carroll, Frederick, Kent, and Calvert counties had the lowest crime rates. Crime rate statistics are from the *Uniform Crime Report* for 2005. The crime rate calculates the number of offenses per 1,000 population. The overall crime rate increased in 13 counties in 2005.

Baltimore City and Prince George’s County continue to be plagued with a high murder rate. The two jurisdictions accounted for 78.4 percent of the State’s murders. In addition, Prince George’s County continues to be inundated with motor vehicle thefts. Over one-half of the motor vehicle thefts in the

State occur in Prince George’s County. In 2005, 17,242 vehicles were reported stolen in Prince George’s County compared to 2,671 in neighboring Montgomery County. Baltimore City had the second highest number of vehicle thefts at 6,232.

### Average Weekly Wage

The average weekly wage calculation is based on an individual’s place of employment rather than residence. In calendar 2005, the average weekly wage was \$853 statewide, ranging from \$480 in Worcester County to \$1,042 in Montgomery County. Baltimore City had the second highest average weekly wage at \$917, followed by Howard County at \$907. 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 4.3 percent in calendar 2004, 4.1 percent in calendar 2005, and 3.8 percent in calendar 2006. Howard and Montgomery counties had the lowest unemployment rate at 2.8 percent in 2006, while Baltimore City had the highest at 6.6 percent. The unemployment rate in Maryland continues to be below the national average. The national unemployment rate averaged 5.5 percent in calendar 2004, 5.1 percent in calendar 2005, and 4.6 percent in calendar 2006.

## Median Household Income

Maryland had the second highest median income in the nation based on a three-year average from 2003 through 2005; New Jersey had the highest median income. **Table 2.6** lists the 10 states with the highest median household income. The median household income in 2005 for Maryland jurisdictions ranged from \$34,900 in Somerset County to \$88,600 in Howard County. Montgomery County had the second highest median income at \$84,850, and Calvert County had the third highest at \$84,650. Five counties (Allegany, Dorchester, Garrett, Somerset, and Wicomico) and Baltimore City had income levels below 70 percent of the statewide average.

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**Table 2.6**  
**Three-year Average Median Household Income**  
**2003-2005**

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1. New Jersey	\$59,989
2. Maryland	58,347
3. New Hampshire	58,223
4. Hawaii	57,572
5. Connecticut	57,369
6. Minnesota	56,084
7. Alaska	55,935
8. Massachusetts	54,617
9. Virginia	54,301
10. Utah	53,226

Source: United States Census Bureau

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## Median Sale Price for Homes

The median sale price for owner-occupied real property was \$318,000 statewide in fiscal 2006, up \$52,500 from the previous year, representing a 19.8 percent increase. For comparison purposes, the median household income increased by only 3.7 percent in the last year. The median sale price ranged from \$87,775 in Allegany County to \$425,000 in Montgomery County. Median sale price statistics are from the Maryland State Department of Assessments and Taxation.

## 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 2005 was 3.9 percent. This represents a net increase of 93,321 jobs over the five-year period. On a per capita basis, Anne Arundel, Cecil, and Garrett counties realized the highest employment growth during this period, while 10 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  
Demographics – Population and Density**

<b>County</b>	<b>Population July 2005</b>	<b>Land Area Sq. Miles</b>	<b>Population Density</b>	<b><u>Ranking by Population</u></b>		<b><u>Ranking by Density</u></b>	
Alegany	73,639	425.4	173.1	1. Montgomery	927,583	1. Baltimore City	7,869.0
Anne Arundel	510,878	415.9	1,228.4	2. Prince George's	846,123	2. Montgomery	1,872.0
Baltimore City	635,815	80.8	7,869.0	3. Baltimore	786,113	3. Prince George's	1,743.1
Baltimore	786,113	598.6	1,313.3	4. Baltimore City	635,815	4. Baltimore	1,313.3
Calvert	87,925	215.2	408.6	5. Anne Arundel	510,878	5. Anne Arundel	1,228.4
Caroline	31,822	320.1	99.4	6. Howard	269,457	6. Howard	1,069.3
Carroll	168,541	449.1	375.3	7. Harford	239,259	7. Harford	543.4
Cecil	97,796	348.1	280.9	8. Frederick	220,701	8. Calvert	408.6
Charles	138,822	461.0	301.1	9. Carroll	168,541	9. Carroll	375.3
Dorchester	31,401	557.5	56.3	10. Washington	141,895	10. Frederick	332.9
Frederick	220,701	662.9	332.9	11. Charles	138,822	11. Washington	309.7
Garrett	29,909	648.0	46.2	12. Cecil	97,796	12. Charles	301.1
Harford	239,259	440.3	543.4	13. St. Mary's	96,518	13. Cecil	280.9
Howard	269,457	252.0	1,069.3	14. Wicomico	90,402	14. St. Mary's	267.2
Kent	19,899	279.4	71.2	15. Calvert	87,925	15. Wicomico	239.7
Montgomery	927,583	495.5	1,872.0	16. Allegany	73,639	16. Allegany	173.1
Prince George's	846,123	485.4	1,743.1	17. Worcester	48,750	17. Talbot	132.6
Queen Anne's	45,612	372.2	122.5	18. Queen Anne's	45,612	18. Queen Anne's	122.5
St. Mary's	96,518	361.2	267.2	19. Talbot	35,683	19. Worcester	103.0
Somerset	25,845	327.2	79.0	20. Caroline	31,822	20. Caroline	99.4
Talbot	35,683	269.1	132.6	21. Dorchester	31,401	21. Somerset	79.0
Washington	141,895	458.1	309.7	22. Garrett	29,909	22. Kent	71.2
Wicomico	90,402	377.2	239.7	23. Somerset	25,845	23. Dorchester	56.3
Worcester	48,750	473.2	103.0	24. Kent	19,899	24. Garrett	46.2
<b>Maryland</b>	<b>5,600,388</b>	<b>9,773.4</b>	<b>573.0</b>				

Source: United States Census Bureau, Maryland Department of Planning

**Exhibit 2.2**  
**Demographics – Racial Composition as of July 2005**

<b>County</b>	<b>White</b>	<b>African American</b>	<b>Hispanic/Latino</b>	<b>Asian</b>	<b>Other</b>
Allegany	91.9%	5.9%	1.0%	0.6%	0.6%
Anne Arundel	77.3%	14.4%	3.6%	2.8%	1.9%
Baltimore City	30.1%	64.4%	2.2%	1.8%	1.5%
Baltimore	68.4%	23.8%	2.4%	3.9%	1.5%
Calvert	82.7%	12.7%	2.0%	1.0%	1.6%
Caroline	80.6%	13.9%	4.0%	0.5%	1.0%
Carroll	93.3%	2.9%	1.5%	1.3%	1.0%
Cecil	90.9%	4.9%	2.0%	1.0%	1.2%
Charles	57.6%	34.3%	3.1%	2.2%	2.8%
Dorchester	69.3%	27.4%	1.9%	0.8%	0.6%
Frederick	83.2%	7.5%	4.6%	2.9%	1.8%
Garrett	98.6%	0.5%	0.5%	0.2%	0.2%
Harford	82.8%	11.3%	2.4%	1.8%	1.7%
Howard	67.1%	15.8%	4.0%	10.9%	2.2%
Kent	79.8%	15.5%	3.3%	0.9%	0.5%
Montgomery	55.8%	15.6%	13.6%	13.0%	2.0%
Prince George's	19.0%	64.7%	10.7%	3.8%	1.8%
Queen Anne's	89.0%	7.8%	1.4%	0.8%	1.0%
St. Mary's	79.7%	14.1%	2.3%	2.0%	1.9%
Somerset	55.3%	41.2%	1.8%	0.8%	0.9%
Talbot	82.1%	14.5%	2.6%	0.6%	0.2%
Washington	87.1%	8.8%	1.9%	1.1%	1.1%
Wicomico	70.7%	23.5%	2.8%	1.7%	1.3%
Worcester	81.7%	14.8%	1.8%	0.9%	0.8%
<b>Maryland</b>	<b>59.2%</b>	<b>28.8%</b>	<b>5.7%</b>	<b>4.7%</b>	<b>1.6%</b>
United States	66.9%	12.3%	14.4%	4.2%	2.2%

Source: United States Census Bureau, Maryland Department of Planning

**Exhibit 2.3  
Demographic – Population Growth by County**

County	Percent Change					Highest to Lowest Growth		Highest to Lowest Growth	
	1990	2000	2005	1990-2000	2000-2005	1990 to 2000		2000 to 2005	
Allegany	74,946	74,930	73,639	0.0%	-1.7%	1. Calvert	45.1%	1. Calvert	17.9%
Anne Arundel	427,239	489,656	510,878	14.6%	4.3%	2. Worcester	32.9%	2. Charles	15.2%
Baltimore City	736,014	651,154	635,815	-11.5%	-2.4%	3. Howard	32.3%	3. Cecil	13.8%
Baltimore	692,134	754,292	786,113	9.0%	4.2%	4. Frederick	30.0%	4. Frederick	13.0%
Calvert	51,372	74,563	87,925	45.1%	17.9%	5. Carroll	22.3%	5. Queen Anne's	12.4%
Caroline	27,035	29,772	31,822	10.1%	6.9%	6. Cecil	20.5%	6. St. Mary's	12.0%
Carroll	123,372	150,897	168,541	22.3%	11.7%	7. Harford	20.0%	7. Carroll	11.7%
Cecil	71,347	85,951	97,796	20.5%	13.8%	8. Queen Anne's	19.5%	8. Harford	9.5%
Charles	101,154	120,546	138,822	19.2%	15.2%	9. Charles	19.2%	9. Howard	8.7%
Dorchester	30,236	30,674	31,401	1.4%	2.4%	10. Anne Arundel	14.6%	10. Washington	7.6%
Frederick	150,208	195,277	220,701	30.0%	13.0%	11. Montgomery	14.5%	11. Caroline	6.9%
Garrett	28,138	29,846	29,909	6.1%	0.2%	12. Wicomico	13.9%	12. Wicomico	6.8%
Harford	182,132	218,590	239,259	20.0%	9.5%	13. St. Mary's	13.5%	13. Montgomery	6.2%
Howard	187,328	247,842	269,457	32.3%	8.7%	14. Prince George's	10.9%	14. Prince George's	5.6%
Kent	17,842	19,197	19,899	7.6%	3.7%	15. Talbot	10.7%	15. Talbot	5.5%
Montgomery	762,875	873,341	927,583	14.5%	6.2%	16. Caroline	10.1%	16. Worcester	4.7%
Prince George's	722,705	801,515	846,123	10.9%	5.6%	17. Baltimore	9.0%	17. Somerset	4.4%
Queen Anne's	33,953	40,563	45,612	19.5%	12.4%	18. Washington	8.7%	18. Anne Arundel	4.3%
St. Mary's	75,974	86,211	96,518	13.5%	12.0%	19. Kent	7.6%	19. Baltimore	4.2%
Somerset	23,440	24,747	25,845	5.6%	4.4%	20. Garrett	6.1%	20. Kent	3.7%
Talbot	30,549	33,812	35,683	10.7%	5.5%	21. Somerset	5.6%	21. Dorchester	2.4%
Washington	121,393	131,923	141,895	8.7%	7.6%	22. Dorchester	1.4%	22. Garrett	0.2%
Wicomico	74,339	84,644	90,402	13.9%	6.8%	23. Allegany	0.0%	23. Allegany	-1.7%
Worcester	35,028	46,543	48,750	32.9%	4.7%	24. Baltimore City	-11.5%	24. Baltimore City	-2.4%
<b>Maryland</b>	<b>4,780,753</b>	<b>5,296,486</b>	<b>5,600,388</b>	<b>10.8%</b>	<b>5.7%</b>				

Source: United States Census Bureau

**Exhibit 2.4**  
**Components of Maryland Population Change – April 2000 to July 2005**

County	Net Natural Increase	International Migration	Internal Migration	Residual	Total
Allegany	-1,036	109	-288	-76	-1,291
Anne Arundel	17,326	3,528	910	-542	21,222
Baltimore City	8,313	6,439	-55,893	25,802	-15,339
Baltimore	8,921	10,430	13,373	-903	31,821
Calvert	2,654	267	10,556	-115	13,362
Caroline	451	286	1,354	-41	2,050
Carroll	3,572	393	13,957	-278	17,644
Cecil	2,425	272	9,280	-132	11,845
Charles	5,323	410	12,691	-148	18,276
Dorchester	-265	56	978	-42	727
Frederick	8,452	1,610	15,645	-282	25,425
Garrett	124	28	-32	-57	63
Harford	6,749	902	13,333	-315	20,669
Howard	11,589	5,704	4,672	-350	21,615
Kent	-377	148	958	-27	702
Montgomery	41,561	51,170	-38,228	-261	54,242
Prince George's	42,484	24,816	-20,578	-2,114	44,608
Queen Anne's	720	229	4,165	-65	5,049
St. Mary's	3,730	308	6,378	-130	10,286
Somerset	-46	187	979	-22	1,098
Talbot	-243	165	2,020	-71	1,871
Washington	1,788	419	7,944	-179	9,972
Wicomico	1,966	790	3,145	-143	5,758
Worcester	-474	306	2,433	-58	2,207
<b>Maryland</b>	<b>165,707</b>	<b>108,972</b>	<b>9,752</b>	<b>19,451</b>	<b>303,882</b>

Source: United States Census Bureau

**Exhibit 2.5  
Demographics – Limited English Proficient Individuals**

<b>Limited English Proficient Individuals</b>				<b>Ranking by Number of Individuals</b>		<b>Ranking by Percent of Population</b>	
<b>County</b>	<b>1990</b>	<b>2000</b>	<b>% Chg.</b>	<b>County</b>	<b>2000</b>	<b>County</b>	<b>2000</b>
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%
<b>Maryland</b>	<b>148,493</b>	<b>246,287</b>	<b>65.9%</b>			<b>Maryland</b>	<b>5.0%</b>
United States	13,982,502	21,320,407	52.5%			United States	8.1%

Source: United States Census Bureau

**Exhibit 2.6  
Demographics – Social Indicators**

County	Poverty Rate	Single-parent Households	High School Dropout Rate	Crime Rate per 1,000 Residents		Murder Count		Vehicle Theft Count	
	2000 Census	2000 Census	2006 Report	CY 2004	CY 2005	CY 2004	CY 2005	CY 2004	CY 2005
Allegany	14.8%	28.6%	3.43%	31.8	31.0	0	1	55	57
Anne Arundel	5.1%	24.2%	1.98%	39.9	39.2	16	16	1,631	1,524
Baltimore City	22.9%	60.9%	10.52%	75.9	70.3	276	269	6,731	6,232
Baltimore	6.5%	30.4%	4.13%	42.4	39.3	29	40	2,936	3,046
Calvert	4.4%	20.0%	2.24%	17.9	21.2	1	2	74	86
Caroline	11.7%	32.6%	2.77%	31.7	30.7	0	1	77	51
Carroll	3.8%	17.1%	1.35%	17.5	19.0	0	2	151	170
Cecil	7.2%	26.6%	4.31%	35.5	35.4	2	4	264	278
Charles	5.5%	29.0%	3.37%	36.4	36.8	5	4	524	627
Dorchester	13.8%	39.7%	5.65%	41.7	42.4	3	0	92	77
Frederick	4.5%	20.0%	0.78%	21.2	19.4	1	1	221	197
Garrett	13.3%	21.2%	2.11%	16.3	17.4	1	0	16	19
Harford	4.9%	21.5%	3.23%	26.5	24.2	3	2	413	359
Howard	3.9%	18.9%	1.43%	28.0	29.0	1	4	598	544
Kent	13.0%	34.2%	2.89%	22.4	20.0	0	1	29	24
Montgomery	5.4%	20.9%	2.01%	26.9	27.0	18	21	2,730	2,671
Prince George's	7.7%	39.4%	3.96%	73.1	73.7	146	164	18,482	17,242
Queen Anne's	6.3%	22.4%	3.27%	21.1	22.1	1	1	20	48
St. Mary's	7.2%	24.4%	3.98%	23.4	24.2	3	1	107	142
Somerset	20.1%	37.2%	7.27%	31.2	33.5	1	1	26	27
Talbot	8.3%	27.5%	1.34%	29.0	28.4	1	3	36	26
Washington	9.5%	29.2%	2.18%	26.1	26.9	5	4	270	261
Wicomico	12.8%	34.7%	3.31%	51.9	56.5	5	4	185	205
Worcester	9.6%	32.1%	1.28%	51.8	51.3	0	2	92	101
<b>Maryland</b>	<b>8.5%</b>	<b>30.3%</b>	<b>3.63%</b>	<b>43.4</b>	<b>42.5</b>	<b>521</b>	<b>552</b>	<b>35,858</b>	<b>34,070</b>

Source: United States Census Bureau, Maryland State Department of Education, Maryland State Police, Maryland Department of Planning



**Exhibit 2.7  
Demographics – Economic Indicators**

County	Average Weekly Wage		Unemployment Rate			Median Household Income		Median Home Price	
	CY 2005	Percent of State Average	CY 2004	CY 2005	CY 2006	CY 2005	Percent of State Average	FY 2006	Percent of State Average
Allegany	\$553	64.8%	6.1%	6.0%	5.5%	\$36,650	57.0%	\$87,775	27.6%
Anne Arundel	814	95.4%	3.7%	3.5%	3.3%	76,350	118.7%	334,900	105.3%
Baltimore City	917	107.5%	7.5%	7.1%	6.6%	35,400	55.1%	140,000	44.0%
Baltimore	813	95.3%	4.5%	4.3%	4.0%	60,700	94.4%	250,000	78.6%
Calvert	699	81.9%	3.3%	3.2%	2.9%	84,650	131.6%	328,000	103.1%
Caroline	564	66.1%	4.6%	4.3%	4.2%	45,800	71.2%	265,075	83.4%
Carroll	615	72.1%	3.3%	3.2%	3.0%	75,050	116.7%	345,000	108.5%
Cecil	742	87.0%	4.3%	4.5%	4.2%	60,350	93.9%	257,900	81.1%
Charles	665	78.0%	3.4%	3.3%	3.1%	78,750	122.5%	335,000	105.3%
Dorchester	585	68.6%	5.9%	5.3%	5.5%	40,550	63.1%	220,000	69.2%
Frederick	742	87.0%	3.2%	3.0%	3.0%	78,050	121.4%	330,000	103.8%
Garrett	487	57.1%	4.9%	4.8%	4.7%	39,000	60.7%	136,000	42.8%
Harford	725	85.0%	3.9%	3.9%	3.5%	71,450	111.1%	260,000	81.8%
Howard	907	106.3%	3.2%	3.0%	2.8%	88,600	137.8%	399,000	125.5%
Kent	586	68.7%	4.1%	3.9%	3.7%	45,750	71.2%	247,000	77.7%
Montgomery	1,042	122.2%	3.2%	3.1%	2.8%	84,850	132.0%	425,000	133.6%
Prince George's	848	99.4%	4.7%	4.5%	4.1%	69,300	107.8%	315,000	99.1%
Queen Anne's	575	67.4%	3.4%	3.4%	3.2%	71,750	111.6%	375,000	117.9%
St. Mary's	885	103.8%	3.3%	3.4%	3.3%	63,250	98.4%	293,250	92.2%
Somerset	603	70.7%	6.4%	5.9%	5.3%	34,900	54.3%	145,900	45.9%
Talbot	609	71.4%	4.0%	3.7%	3.4%	50,100	77.9%	368,205	115.8%
Washington	646	75.7%	4.5%	4.3%	4.3%	47,900	74.5%	242,276	76.2%
Wicomico	623	73.0%	4.4%	4.2%	4.0%	44,650	69.4%	196,000	61.6%
Worcester	480	56.3%	7.0%	6.7%	6.2%	49,400	76.8%	300,000	94.3%
<b>Maryland</b>	<b>\$853</b>	<b>100.0%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>3.8%</b>	<b>\$64,300</b>	<b>100.0%</b>	<b>\$318,000</b>	<b>100.0%</b>

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

**Exhibit 2.8**  
**Demographics – Employment Growth**

County	<u>Annual Average Employment Within Jurisdiction</u>				<u>Jobs Per 1,000 Residents</u>		
	CY 2000	CY 2005	Difference	% Difference	CY 2000	CY 2005	% Difference
Allegany	30,100	30,284	184	0.6%	401.7	411.2	2.4%
Anne Arundel	193,411	222,106	28,695	14.8%	395.0	434.8	10.1%
Baltimore City	387,602	349,980	-37,622	-9.7%	595.3	550.4	-7.5%
Baltimore	358,013	371,371	13,358	3.7%	474.6	472.4	-0.5%
Calvert	16,909	20,810	3,901	23.1%	226.8	236.7	4.4%
Caroline	8,853	8,744	-109	-1.2%	297.4	274.8	-7.6%
Carroll	46,716	54,082	7,366	15.8%	309.6	320.9	3.6%
Cecil	23,014	29,203	6,189	26.9%	267.8	298.6	11.5%
Charles	36,155	40,769	4,614	12.8%	299.9	293.7	-2.1%
Dorchester	11,189	12,035	846	7.6%	364.8	383.3	5.1%
Frederick	77,120	91,079	13,959	18.1%	394.9	412.7	4.5%
Garrett	10,140	11,489	1,349	13.3%	339.7	384.1	13.1%
Harford	68,724	80,479	11,755	17.1%	314.4	336.4	7.0%
Howard	128,582	138,778	10,196	7.9%	518.8	515.0	-0.7%
Kent	7,730	8,106	376	4.9%	402.7	407.4	1.2%
Montgomery	447,744	458,668	10,924	2.4%	512.7	494.5	-3.6%
Prince George's	303,060	312,639	9,579	3.2%	378.1	369.5	-2.3%
Queen Anne's	10,742	12,928	2,186	20.4%	264.8	283.4	7.0%
St. Mary's	33,338	37,591	4,253	12.8%	386.7	389.5	0.7%
Somerset	6,979	6,973	-6	-0.1%	282.0	269.8	-4.3%
Talbot	18,227	19,124	897	4.9%	539.1	535.9	-0.6%
Washington	62,915	65,957	3,042	4.8%	476.9	464.8	-2.5%
Wicomico	41,286	45,364	4,078	9.9%	487.8	501.8	2.9%
Worcester	23,437	24,479	1,042	4.4%	503.6	502.1	-0.3%
Unallocated	52,109	44,378	-7,731	-14.8%			
<b>Maryland</b>	<b>2,404,095</b>	<b>2,497,416</b>	<b>93,321</b>	<b>3.9%</b>	<b>453.9</b>	<b>445.9</b>	<b>-1.8%</b>

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

## Chapter 3. Local Government Finances

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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.

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**Table 3.1**  
**Local Government Expenditures**  
**Fiscal 2004**  
**(S in Millions)**

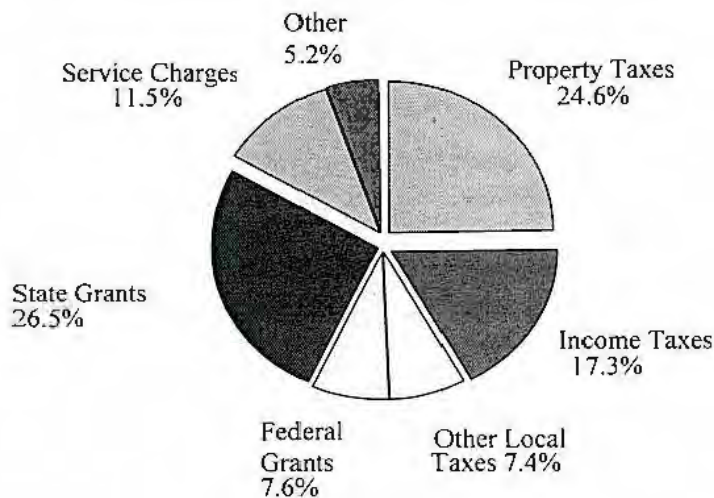
	<u>Expenditures</u>	<u>Percent of Total</u>
County Level	\$18,794.6	95.6%
Municipal Level	860.6	4.4%
<b>Total</b>	<b>\$19,655.2</b>	<b>100.0%</b>

Source: Department of Legislative Services

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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.

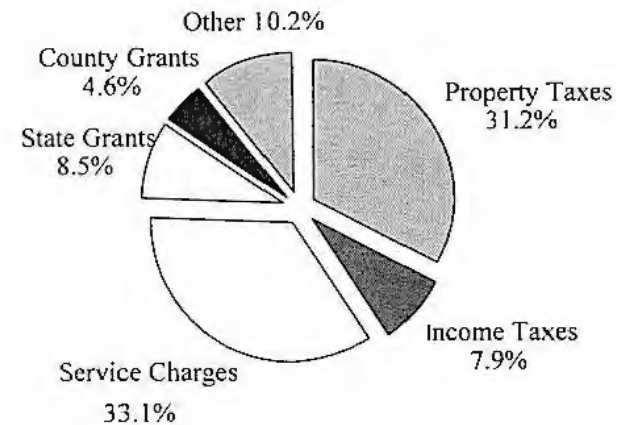
### Property Taxes

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.

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**Table 3.4**  
**Sources of Revenue – Municipalities**  
**Fiscal 2004**



Source: Department of Legislative Services

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### 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**

<b>County</b>	<b>County \$ in Millions</b>	<b>Municipal \$ in Millions</b>	<b>Total \$ in Millions</b>	<b>Percent County</b>	<b>Percent Municipal</b>
Allegheny	\$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%
<b>Statewide</b>	<b>\$18,794.6</b>	<b>\$860.6</b>	<b>\$19,655.2</b>	<b>95.6%</b>	<b>4.4%</b>

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

**Exhibit 3.2**  
**County Revenues by Source – Fiscal 2004**

<b>County</b>	<b>Property Taxes</b>	<b>Income Taxes</b>	<b>Other Taxes</b>	<b>Service Charges</b>	<b>Federal Grants</b>	<b>State Grants</b>	<b>Other</b>
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%
<b>Statewide</b>	<b>24.6%</b>	<b>17.3%</b>	<b>7.4%</b>	<b>11.5%</b>	<b>7.6%</b>	<b>26.5%</b>	<b>5.2%</b>

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
<b>Statewide</b>	<b>\$799</b>	<b>\$560</b>	<b>\$239</b>	<b>\$372</b>	<b>\$247</b>	<b>\$861</b>	<b>\$168</b>	<b>\$231</b>	<b>\$3,477</b>

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
<b>Statewide</b>	<b>\$799</b>	<b>Statewide</b>	<b>\$560</b>	<b>Statewide</b>	<b>\$861</b>	<b>Statewide</b>	<b>\$3,247</b>

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

**Exhibit 3.5**  
**County Expenditures by Category – Fiscal 2004**

<b>County</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health/ Social Serv.</b>	<b>Education/ Libraries</b>	<b>Parks and Recreation</b>	<b>Debt Service</b>	<b>Other</b>
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%
<b>Statewide</b>	<b>6.2%</b>	<b>10.7%</b>	<b>11.8%</b>	<b>5.0%</b>	<b>52.0%</b>	<b>2.6%</b>	<b>5.5%</b>	<b>6.3%</b>

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
<b>Statewide</b>	<b>\$206</b>	<b>\$357</b>	<b>\$392</b>	<b>\$166</b>	<b>\$1,732</b>	<b>\$86</b>	<b>\$182</b>	<b>\$211</b>	<b>\$3,331</b>

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
<b>Statewide</b>	<b>\$1,732</b>	<b>Statewide</b>	<b>\$392</b>	<b>Statewide</b>	<b>\$357</b>	<b>Statewide</b>	<b>\$3,331</b>

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

**Exhibit 3.8**  
**Municipal Revenues by Source – Fiscal 2004**

<b>County</b>	<b>Property Taxes</b>	<b>Income Taxes</b>	<b>Other Taxes</b>	<b>Service Charges</b>	<b>Federal Grants</b>	<b>State Grants</b>	<b>County Sources</b>	<b>Other</b>
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%
<b>Statewide</b>	<b>31.2%</b>	<b>7.9%</b>	<b>1.5%</b>	<b>33.1%</b>	<b>2.9%</b>	<b>8.5%</b>	<b>4.6%</b>	<b>10.2%</b>

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



**Exhibit 3.9**  
**Municipal Expenditures by Category – Fiscal 2004**

<b>County</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Community Develop.</b>	<b>Economic Develop.</b>	<b>Debt Service</b>	<b>Other</b>
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%
<b>Statewide</b>	<b>12.6%</b>	<b>20.2%</b>	<b>42.7%</b>	<b>10.0%</b>	<b>1.8%</b>	<b>3.9%</b>	<b>5.6%</b>	<b>3.3%</b>

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



## Chapter 4. Tax Rates for Local Governments

### County Taxes

Nineteen jurisdictions decreased various tax rates in fiscal 2007; no county government increased any major tax rate. As illustrated in **Table 4.1**, more jurisdictions reduced property taxes in fiscal 2007 than in any of the four preceding fiscal years, 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 lowering its rate.

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

	FY 2003		FY 2004		FY 2005		FY 2006		FY 2007	
	▲	▼	▲	▼	▲	▼	▲	▼	▲	▼
Property	1	5	5	1	2	6	0	13	0	17
Income	0	0	6	0	1	1	0	1	0	1
Recordation	2	0	5	0	1	0	1	0	0	0
Transfer	0	0	1	1	0	0	1	0	0	0
A&A	1	0	2	0	0	0	0	0	0	1
Hotel/Motel	0	0	1	0	5	0	5	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 2007, 17 counties decreased their real property tax rates, while no county increased its real property tax rate. The only counties that left their real property tax rate unchanged were Calvert, Carroll, Charles, Garrett, Harford, Prince George's, and Washington. Real property tax rates range from \$0.50 per \$100 of assessed value in Talbot County to \$2.288 per \$100 of assessed value in Baltimore City. **Appendix 5** shows the county-wide special property tax rates for certain counties.

Over the last five years, property tax rates have decreased in 15 jurisdictions<sup>1</sup> with 9 counties<sup>2</sup> lowering the rate multiple times. Property tax rates increased in two jurisdictions<sup>3</sup> and fluctuated in four counties<sup>4</sup>. When comparing county property tax rates in fiscal 2007 to 2003, 3 counties<sup>5</sup> have higher tax rates and 18 counties<sup>6</sup> have lower tax rates. Property tax rates in three counties<sup>7</sup> 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.

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**Table 4.2**  
**Property Tax Notes**

<sup>1</sup>Baltimore City, Baltimore, Caroline, Cecil, Garrett, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester

<sup>2</sup>Baltimore City, Caroline, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico

<sup>3</sup>Charles, Prince George's

<sup>4</sup>Allegany, Anne Arundel, Dorchester, Frederick

<sup>5</sup>Charles, Dorchester, Prince George's

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

<sup>7</sup>Calvert, Carroll, Washington

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### **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, 17 counties reduced their property tax rates in fiscal 2007; however, in comparison to the constant yield tax rate, every jurisdiction in Maryland except for Queen Anne's County 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 2007.

### **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.

There were no changes to local income tax rates in Maryland for calendar 2003; however, 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.

Prince George's County was the only jurisdiction to alter its local income tax rate for calendar 2007, decreasing it from 3.20 to 3.10 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 2003 through 2007. In summary, over the last five years, six counties have increased their income tax rates, one county has reduced its rate, and one county has both increased and decreased its rate.

### **Recordation Tax Rates**

No county changed its recordation tax rate for fiscal 2007. The range for recordation tax rates is \$2.20 per \$500 of transaction in Prince George's County to \$5.00 per \$500 of transaction in seven jurisdictions – Baltimore City and Calvert, Caroline, Carroll, Charles, Dorchester, and Frederick counties. **Exhibit 4.4** shows the recordation, transfer, admissions and amusement, and hotel/motel tax rates by county for fiscal 2006 and 2007.

### **Transfer Tax Rates**

No county changed its transfer tax rate for fiscal 2007. 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**

One county changed its admissions and amusement tax rate for fiscal 2007 – Calvert County lowered it from 10.0 to 1.0 percent. 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 2007. 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 2007. 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 25 largest municipalities, ranked by the combined county and municipal property tax rates. **Appendix 6** 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 2006, 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 2006, municipal tax differentials and rebates totaled approximately \$59.5 million, a 14.5 percent increase over the prior year. **Exhibit 4.6** shows the amount of tax set-offs provided in fiscal 2006 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 almost 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 2007.

**Table 4.3**  
**Municipalities with the Highest Combined Local Property Tax Rates in Maryland**  
**Fiscal 2007**

<u>Municipality</u>	<u>County</u>	<u>Combined Tax Rate</u>
Baltimore City		\$2.288
Morningside	Prince George's	1.982
Mt. Rainier	Prince George's	1.952
Cumberland	Allegany	1.857
Cottage City	Prince George's	1.851
Bladensburg	Prince George's	1.837
Riverdale Park	Prince George's	1.798
Princess Anne	Somerset	1.794
Hyattsville	Prince George's	1.791
Colmar Manor	Prince George's	1.791
University Park	Prince George's	1.772

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 county-wide 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 \$127.3 million in revenues in fiscal 2006. 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 several 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.

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**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

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Senate Bill 1024 and House Bill 1683 of 2006 (neither of which passed) would have required a municipality to be governed by the county APFO until the municipality adopts an ordinance that meets minimum specified standards and requirements. Specified standards and requirements included provisions for the impact of any development or growth within the municipality that affects public schools, libraries, and roadways located in the county. This legislation addressed the concerns that county governments had with developers circumventing county APFO requirements by locating proposed developments in municipalities without, or with less stringent, APFO requirements.

Exhibit 4.1  
**County Real Property Tax Rates in Fiscal 2003 – 2007**  
(per \$100 of assessed value)

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Allegany	\$0.984	\$1.000	\$1.001	\$1.001	\$0.983
Anne Arundel	0.950	0.955	0.941	0.931	0.918
Baltimore City	2.328	2.328	2.328	2.308	2.288
Baltimore	1.115	1.115	1.115	1.115	1.100
Calvert	0.892	0.892	0.892	0.892	0.892
Caroline	0.952	0.952	0.952	0.910	0.870
Carroll	1.048	1.048	1.048	1.048	1.048
Cecil	0.980	0.980	0.980	0.980	0.960
Charles	1.016	1.016	1.026	1.026	1.026
Dorchester	0.880	0.930	0.930	0.920	0.896
Frederick	1.100	1.135	1.135	1.135	1.064
Garrett	1.036	1.036	1.036	1.000	1.000
Harford	1.092	1.092	1.092	1.082	1.082
Howard	1.170	1.170	1.170	1.170	1.140
Kent	1.012	1.012	1.012	0.992	0.972
Montgomery	1.019	1.019	1.009	0.967	0.916
Prince George's	1.286	1.319	1.319	1.319	1.319
Queen Anne's	0.976	0.976	0.926	0.870	0.800
St. Mary's	0.908	0.908	0.878	0.872	0.857
Somerset	1.010	1.010	1.010	0.990	0.940
Talbot	0.553	0.553	0.540	0.520	0.500
Washington	0.948	0.948	0.948	0.948	0.948
Wicomico	1.047	1.041	1.025	0.993	0.942
Worcester	0.730	0.730	0.730	0.730	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 2007**

County	Actual	Actual	Difference	Constant	Difference	Amount in Excess of Constant Yield Ranking by Highest to Lowest		
	FY 2006	FY 2007		Yield Rate				
Allegany	\$1.001	\$0.983	-\$0.018	\$0.965	\$0.018	1.	Garrett	\$0.107
Anne Arundel	0.931	0.918	-0.013	0.874	0.044	2.	Harford	0.093
Baltimore City	2.308	2.288	-0.020	2.224	0.064	3.	Charles	0.092
Baltimore	1.115	1.100	-0.015	1.067	0.033	4.	Calvert	0.087
Calvert	0.892	0.892	0.000	0.805	0.087	5.	Carroll	0.078
Caroline	0.910	0.870	-0.040	0.832	0.038	6.	Worcester	0.078
Carroll	1.048	1.048	0.000	0.970	0.078	7.	Washington	0.075
Cecil	0.980	0.960	-0.020	0.903	0.057	8.	Prince George's	0.068
Charles*	1.026	1.026	0.000	0.934	0.092	9.	Somerset	0.066
Dorchester	0.920	0.896	-0.024	0.896	0.000	10.	Baltimore City	0.064
Frederick*	1.135	1.064	-0.071	1.062	0.002	11.	Cecil	0.057
Garrett	1.000	1.000	0.000	0.893	0.107	12.	Kent	0.055
Harford	1.082	1.082	0.000	0.989	0.093	13.	Montgomery	0.050
Howard*	1.170	1.140	-0.030	1.096	0.044	14.	St. Mary's	0.045
Kent	0.992	0.972	-0.020	0.917	0.055	15.	Howard	0.044
Montgomery*	0.967	0.916	-0.051	0.866	0.050	16.	Anne Arundel	0.044
Prince George's*	1.319	1.319	0.000	1.251	0.068	17.	Caroline	0.038
Queen Anne's	0.870	0.800	-0.070	0.801	-0.001	18.	Baltimore	0.033
St. Mary's	0.872	0.857	-0.015	0.812	0.045	19.	Talbot	0.021
Somerset	0.990	0.940	-0.050	0.874	0.066	20.	Wicomico	0.019
Talbot	0.520	0.500	-0.020	0.479	0.021	21.	Allegany	0.018
Washington	0.948	0.948	0.000	0.873	0.075	22.	Frederick	0.002
Wicomico	0.993	0.942	-0.051	0.923	0.019	23.	Dorchester	0.000
Worcester	0.730	0.700	-0.030	0.622	0.078	24.	Queen Anne's	-0.001

\*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 2003 – 2007**

<b>County</b>	<b>CY 2003</b>	<b>CY 2004</b>	<b>CY 2005</b>	<b>CY 2006</b>	<b>CY 2007</b>
Allegany	2.93%	2.93%	2.93%	2.93%	2.93%
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	2.60%	2.80%	2.80%	2.80%	2.80%
Caroline	2.63%	2.63%	2.63%	2.63%	2.63%
Carroll	2.85%	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	2.45%	3.20%	3.20%	3.20%	3.20%
Kent	2.58%	2.58%	2.85%	2.85%	2.85%
Montgomery	2.95%	3.20%	3.20%	3.20%	3.20%
Prince George's	3.10%	3.20%	3.20%	3.20%	3.10%
Queen Anne's	2.85%	2.85%	2.85%	2.85%	2.85%
St. Mary's	3.10%	3.10%	3.05%	3.00%	3.00%
Somerset	3.15%	3.15%	3.15%	3.15%	3.15%
Talbot	1.79%	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 2006 and 2007

County	Recordation		Transfer		Admissions & Amusement		Hotel/Motel	
	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007
Allegany	3.00	3.00	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%	10.0%	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	5.00	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 2007**  
**25 Largest Municipalities – Ranked by Total Tax Rate**

Rank	Municipality	County	Population July 2005	County Rate	Municipal Rate	County Special Rate	Total Rate
1.	Mt. Rainier	Prince George's	8,751	\$0.803	\$0.790	\$0.359	\$1.952
2.	Cumberland	Allegany	20,915	0.909	0.948	-	1.857
3.	Bladensburg	Prince George's	7,918	0.802	0.676	0.359	1.837
4.	Hyattsville	Prince George's	16,677	0.802	0.630	0.359	1.791
5.	Frederick City	Frederick	57,907	0.936	0.690	0.128	1.754
6.	Greenbelt	Prince George's	22,242	0.796	0.766	0.187	1.749
7.	Hagerstown	Washington	38,326	0.948	0.798	-	1.746
8.	New Carrollton	Prince George's	12,818	0.929	0.450	0.359	1.738
9.	Salisbury	Wicomico	26,295	0.942	0.729	-	1.671
10.	Aberdeen	Harford	14,305	0.926	0.735	-	1.661
11.	Laurel	Prince George's	22,125	0.769	0.720	0.141	1.630
12.	Havre de Grace	Harford	11,884	0.926	0.680	-	1.606
13.	Bowie	Prince George's	53,878	0.945	0.352	0.307	1.604
14.	College Park	Prince George's	25,171	0.943	0.299	0.359	1.601
15.	Cambridge	Dorchester	11,089	0.896	0.676	-	1.572
16.	Takoma Park	Montgomery	18,540	0.624	0.630	0.289	1.543
17.	Elkton	Cecil	14,466	0.960	0.544	-	1.504
18.	Westminster	Carroll	17,761	1.048	0.440	-	1.488
19.	Frostburg	Allegany	7,958	0.911	0.550	-	1.461
20.	Bel Air	Harford	10,014	0.926	0.500	-	1.426
21.	La Plata	Charles	8,442	0.962	0.320	0.064	1.346
22.	Rockville	Montgomery	57,402	0.624	0.312	0.188	1.124
23.	Annapolis	Anne Arundel	36,300	0.548	0.530	-	1.078
24.	Gaithersburg	Montgomery	57,698	0.624	0.212	0.188	1.024
25.	Easton	Talbot	13,447	0.385	0.480	-	0.865
	Baltimore City		635,815	2.288			2.288

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

**Exhibit 4.6  
Tax Differentials and Tax Rebates in Fiscal 2006**

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

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 4.7  
Development Impact Fees and Excise Taxes**

County	Type	FY 2007 Rate Per Dwelling	FY 2006 Estimated Revenues
Allegany	N/A	N/A	N/A
Anne Arundel	Impact Fee	4,781	11,127,876
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	Excise Tax	12,950	5,302,300
Caroline	Excise Tax	5,000	966,402
Carroll	Impact Fee	6,836	3,436,236
Cecil	N/A	N/A	N/A
Charles	Excise Tax	10,859	1,346,948
Dorchester	Excise Tax	3,671	1,265,851
Frederick	Both	11,595	15,064,080
Garrett	N/A	N/A	N/A
Harford	Impact Fee	7,442	3,400,200
Howard	Excise Tax	\$1.87/sq.ft.	13,605,188
Kent	N/A	N/A	N/A
Montgomery	Excise Tax	14,283	13,212,000
Prince George's	Excise Tax	19,361	43,102,486
Queen Anne's	Impact Fee	6,606	2,474,740
St. Mary's	Impact Fee	4,500	3,789,525
Somerset	N/A	N/A	N/A
Talbot	Impact Fee	5,347	1,378,430
Washington	Excise Tax	13,000	7,745,961
Wicomico	Impact Fee	5,231	96,000
Worcester	N/A	N/A	N/A
<b>Total</b>			<b>\$127,314,223</b>

N/A: indicates the jurisdiction does not impose either a development impact fee or excise tax.

Source: Department of Legislative Services



## Chapter 5. Local Revenue Growth

Local revenue growth remains positive in fiscal 2007 due to continued strong increases in property assessments and moderate increases in net taxable income. County assessable base increased by 15.7 percent in fiscal 2007, continuing a four-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 6.0 percent in tax year 2005 compared to 8.4 percent in tax year 2004. **Table 5.1** compares the relative growth in county assessable base and net taxable income.

**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	N/A

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

### 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 2007 totaled \$547.4 billion or \$97,740 per State resident. Per capita assessable base ranges from \$39,723 in Baltimore City to \$297,104 in Worcester County. Statewide, real property accounts for 96 percent of the assessable base and personal property accounts for 4 percent. In Allegany and Calvert counties, property subject to personal property rates accounts for approximately 11.5 percent of each county's assessable base. **Exhibit 5.1** shows the per capita assessable base and assessable base growth for each jurisdiction for fiscal 2007.

**Exhibit 5.2** shows the real, personal, and total county assessable base for each county for fiscal 2007. **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

The soaring real estate market in Maryland fueled by low-interest rates and a strong economy has increased the demand for housing throughout the State, which has contributed to record increases in property assessments. Total county assessable base increased by 15.7 percent in fiscal 2007, the highest annual percentage increase over the last 10 years (fiscal 1998 through 2007). Real property increased by 16.4 percent statewide in fiscal 2007, whereas personal property increased by 2.8 percent.

As shown in **Table 5.2**, the State Department of Assessments and Taxation projects that total county assessable base will grow by 15.8 percent in fiscal 2008 and 12.9 percent in fiscal 2009. This indicates that local property tax collections should continue to remain strong in the near future.

**Table 5.2**  
**County Assessable Base Growth Forecast**

<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
15.7%	15.8%	12.9%

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, ranging from 38.3 percent in Garrett County to 84.3 percent in St. Mary's County. This is the second largest increase in Maryland since the beginning of the triennial reassessments in 1980, with last year being the largest increase. 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 2007 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 \$670,000 in revenues, whereas it generates only \$112,000 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 2007 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 and 18 counties in fiscal 2008. **Table 5.3** lists the counties with assessment caps below 10 percent in fiscal 2007 and 2008. Due to the continuing rise in property assessments, three counties (Caroline, Charles, and Washington) lowered their assessment cap in fiscal 2008, while Prince George's County raised its cap.

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 5.3**  
**Counties with Assessment Caps Below 10%**

County	FY 2007 Cap	FY 2008 Cap
Anne Arundel	2%	2%
Baltimore City	4%	4%
Baltimore	4%	4%
Caroline	10%	5%
Carroll	7%	7%
Cecil	8%	8%
Charles	10%	7%
Dorchester	5%	5%
Frederick	5%	5%
Garrett	5%	5%
Howard	5%	5%
Kent	5%	5%
Prince George's	3%	4%
Queen Anne's	5%	5%
St. Mary's	5%	5%
Talbot	0%	0%
Washington	10%	5%
Worcester	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 \$601.3 million in fiscal 2007, \$994.0 million in fiscal 2008, and \$1.4 billion in fiscal 2009.

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 \$90.0 million in fiscal 2007, \$113.7 million in fiscal 2008, and \$241.4 million in fiscal 2009. **Exhibit 5.7** shows the estimated county property tax revenue foregone for fiscal 2007 through 2009 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 2007, **Exhibit 5.9** shows the associated relief for fiscal 2008, and **Exhibit 5.10** shows associated relief for fiscal 2009.

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.

### State Revenue Loss

The Homestead Tax Credit Program will reduce State property tax revenues by \$38.1 million in fiscal 2007, \$67.7 million in fiscal 2008, and \$95.0 million in fiscal 2009.

## 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 1999.

Net taxable income for Maryland jurisdictions totaled \$119.2 billion in tax year 2005, ranging from \$201.4 million in Somerset County to \$32.2 billion in Montgomery County. For all counties, net taxable income increased by 6.0 percent in tax year 2005, with Queen Anne's County experiencing the greatest increase at 10.6 percent. All jurisdictions, except Dorchester County, experienced an increase in net taxable income in tax year 2005.

Montgomery County has the highest per capita net taxable income at \$34,759 followed by Howard County at \$29,857. Somerset County has the lowest per capita net taxable income at \$7,791, with Baltimore City having the second lowest at \$10,693. **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 2007**

<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	\$39,736	4.2%	1. Worcester	\$297,104	1. Somerset	23.0%
Anne Arundel	119,063	15.7%	2. Talbot	189,151	2. Worcester	23.0%
Baltimore City	39,723	8.6%	3. Montgomery	157,199	3. St. Mary's	19.6%
Baltimore	79,334	12.4%	4. Queen Anne's	135,369	4. Queen Anne's	18.2%
Calvert	110,804	15.9%	5. Howard	134,436	5. Montgomery	17.8%
Caroline	65,647	16.9%	6. Anne Arundel	119,063	6. Charles	17.7%
Carroll	91,692	15.0%	7. Garrett	112,741	7. Frederick	17.5%
Cecil	81,108	14.2%	8. Calvert	110,804	8. Howard	17.4%
Charles	95,839	17.7%	9. Kent	109,609	9. Garrett	17.3%
Dorchester	76,460	11.5%	10. Frederick	101,010	10. Caroline	16.9%
Frederick	101,010	17.5%	11. Charles	95,839	11. Calvert	15.9%
Garrett	112,741	17.3%	12. Carroll	91,692	12. Anne Arundel	15.7%
Harford	83,284	14.9%	13. St. Mary's	85,241	13. Prince George's	15.1%
Howard	134,436	17.4%	14. Harford	83,284	14. Carroll	15.0%
Kent	109,609	14.2%	15. Cecil	81,108	15. Harford	14.9%
Montgomery	157,199	17.8%	16. Baltimore	79,334	16. Talbot	14.7%
Prince George's	74,134	15.1%	17. Dorchester	76,460	17. Washington	14.4%
Queen Anne's	135,369	18.2%	18. Prince George's	74,134	18. Cecil	14.2%
St. Mary's	85,241	19.6%	19. Washington	71,279	19. Kent	14.2%
Somerset	45,669	23.0%	20. Caroline	65,647	20. Baltimore	12.4%
Talbot	189,151	14.7%	21. Wicomico	62,139	21. Wicomico	12.2%
Washington	71,279	14.4%	22. Somerset	45,669	22. Dorchester	11.5%
Wicomico	62,139	12.2%	23. Allegany	39,736	23. Baltimore City	8.6%
Worcester	297,104	23.0%	24. Baltimore City	39,723	24. Allegany	4.2%
<b>Statewide</b>	<b>\$97,740</b>	<b>15.7%</b>				

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

**Exhibit 5.2**  
**County Assessable Base for Fiscal 2007**  
(\$ in Thousands)

County	Subject to Real Property	Percent Change	Subject to Personal Property	Percent Change	Total Property	Percent Change
Allegany	\$2,586,972	5.7%	\$339,137	-5.8%	\$2,926,109	4.2%
Anne Arundel	58,289,078	16.4%	2,537,610	3.3%	60,826,688	15.7%
Baltimore City	23,270,049	9.2%	1,986,599	2.5%	25,256,648	8.6%
Baltimore	59,388,359	12.9%	2,977,248	3.8%	62,365,607	12.4%
Calvert	8,627,574	17.8%	1,114,843	2.8%	9,742,417	15.9%
Caroline	1,998,513	17.2%	90,503	10.9%	2,089,016	16.9%
Carroll	14,928,927	15.5%	524,939	1.9%	15,453,866	15.0%
Cecil	7,538,061	14.3%	393,942	12.0%	7,932,003	14.2%
Charles	12,412,526	19.1%	892,079	0.6%	13,304,605	17.7%
Dorchester	2,266,874	11.6%	134,043	8.6%	2,400,917	11.5%
Frederick	21,956,977	17.8%	335,934	0.3%	22,292,911	17.5%
Garrett	3,272,030	17.9%	99,937	1.0%	3,371,967	17.3%
Harford	18,994,224	15.5%	932,137	4.2%	19,926,361	14.9%
Howard	34,805,181	17.8%	1,419,656	9.0%	36,224,837	17.4%
Kent	2,143,116	14.2%	38,000	10.8%	2,181,116	14.2%
Montgomery	141,896,429	18.4%	3,918,799	0.8%	145,815,228	17.8%
Prince George's	59,911,071	15.9%	2,815,093	-0.3%	62,726,164	15.1%
Queen Anne's	6,111,806	18.3%	62,635	12.0%	6,174,441	18.2%
St. Mary's	7,966,644	20.2%	260,650	4.6%	8,227,294	19.6%
Somerset	1,116,304	23.8%	64,011	11.4%	1,180,315	23.0%
Talbot	6,696,088	14.8%	53,372	7.8%	6,749,460	14.7%
Washington	9,570,528	14.8%	543,643	7.4%	10,114,171	14.4%
Wicomico	5,141,070	13.0%	476,412	4.2%	5,617,482	12.2%
Worcester	14,185,180	23.4%	298,641	5.6%	14,483,821	23.0%
<b>Statewide</b>	<b>\$525,073,581</b>	<b>16.4%</b>	<b>\$22,309,863</b>	<b>2.8%</b>	<b>\$547,383,444</b>	<b>15.7%</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.3**  
**Growth in County Assessable Base – Real and Personal Property**  
**Fiscal 2000-2009**

County	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009E
Allegany	11.5%	-0.3%	-4.4%	-2.1%	1.5%	3.3%	4.3%	4.2%	7.7%	8.1%
Anne Arundel	3.6%	3.5%	5.6%	6.7%	8.3%	11.5%	14.2%	15.7%	16.3%	12.5%
Baltimore City	0.7%	1.7%	2.5%	2.8%	2.8%	6.8%	7.7%	8.6%	13.5%	11.2%
Baltimore	3.1%	3.0%	2.9%	3.5%	4.0%	5.5%	9.9%	12.4%	15.5%	12.0%
Calvert	3.9%	1.0%	2.1%	5.7%	7.6%	9.9%	12.2%	15.9%	20.6%	16.1%
Caroline	5.3%	5.4%	4.3%	5.0%	5.1%	9.3%	12.6%	16.9%	14.7%	11.2%
Carroll	5.4%	4.5%	5.1%	6.9%	6.5%	8.7%	13.0%	15.0%	15.1%	11.4%
Cecil	5.3%	3.7%	5.0%	6.6%	7.6%	10.9%	11.4%	14.2%	13.7%	13.8%
Charles	4.7%	2.7%	8.2%	5.8%	7.4%	8.2%	12.2%	17.7%	18.1%	10.6%
Dorchester	3.3%	2.7%	2.9%	5.6%	10.2%	6.7%	11.1%	11.5%	14.5%	14.0%
Frederick	6.2%	3.4%	5.8%	6.5%	6.7%	9.4%	16.0%	17.5%	21.3%	9.1%
Garrett	4.7%	6.6%	4.7%	7.4%	8.8%	8.5%	14.3%	17.3%	12.0%	14.5%
Harford	5.3%	4.4%	5.0%	6.1%	5.8%	8.1%	11.2%	14.9%	13.9%	13.6%
Howard	5.9%	5.2%	8.5%	4.2%	7.8%	11.2%	14.2%	17.4%	14.5%	10.2%
Kent	2.1%	1.9%	3.8%	5.0%	7.0%	8.7%	13.0%	14.2%	14.0%	10.0%
Montgomery	2.6%	3.4%	4.6%	6.4%	9.3%	11.8%	16.2%	17.8%	15.7%	13.7%
Prince George's	1.7%	1.5%	3.0%	4.7%	4.6%	7.2%	11.1%	15.1%	16.3%	16.7%
Queen Anne's	4.9%	5.7%	6.6%	8.9%	11.4%	13.3%	14.3%	18.2%	15.4%	12.2%
St. Mary's	5.6%	4.9%	4.2%	5.9%	5.4%	6.5%	10.7%	19.6%	15.7%	11.8%
Somerset	2.8%	2.6%	1.8%	3.8%	5.3%	5.9%	13.3%	23.0%	18.2%	13.1%
Talbot	4.4%	0.5%	11.3%	8.8%	11.1%	13.6%	14.6%	14.7%	17.5%	13.8%
Washington	5.7%	4.6%	6.1%	2.3%	9.4%	3.2%	11.6%	14.4%	15.3%	11.8%
Wicomico	5.8%	4.8%	2.4%	3.9%	5.6%	5.9%	9.1%	12.2%	11.7%	9.6%
Worcester	4.0%	3.5%	6.3%	8.5%	16.0%	19.2%	17.6%	23.0%	17.9%	14.3%
<b>Statewide</b>	<b>3.5%</b>	<b>3.2%</b>	<b>4.5%</b>	<b>5.4%</b>	<b>7.0%</b>	<b>9.4%</b>	<b>13.1%</b>	<b>15.7%</b>	<b>15.8%</b>	<b>12.9%</b>

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
Allegany	\$2,565,195	\$2,604,327	\$2,691,053	\$2,808,112	\$2,926,109	\$3,151,702	\$3,407,153
Anne Arundel	38,118,944	41,297,966	46,036,555	52,554,958	60,826,688	70,721,477	79,557,645
Baltimore City	19,674,089	20,218,975	21,597,384	23,249,753	25,256,648	28,656,498	31,858,258
Baltimore	46,023,190	47,861,367	50,489,382	55,476,797	62,365,607	72,004,253	80,666,343
Calvert	6,336,952	6,819,523	7,496,323	8,408,145	9,742,417	11,752,995	13,647,523
Caroline	1,380,313	1,451,362	1,586,476	1,786,819	2,089,016	2,395,364	2,662,986
Carroll	10,278,303	10,941,349	11,891,468	13,438,532	15,453,866	17,780,344	19,798,913
Cecil	5,222,682	5,620,734	6,235,694	6,945,277	7,932,003	9,019,788	10,263,878
Charles	8,672,489	9,310,426	10,075,543	11,308,138	13,304,605	15,713,032	17,374,602
Dorchester	1,648,897	1,817,529	1,939,327	2,154,025	2,400,917	2,747,888	3,132,928
Frederick	14,007,191	14,951,629	16,353,215	18,975,905	22,292,911	27,045,558	29,497,931
Garrett	2,129,052	2,315,500	2,513,159	2,873,593	3,371,967	3,775,015	4,322,392
Harford	13,640,671	14,428,277	15,597,527	17,345,762	19,926,361	22,696,711	25,794,589
Howard	22,543,862	24,297,361	27,014,393	30,847,706	36,224,837	41,478,910	45,730,409
Kent	1,454,105	1,555,850	1,690,504	1,910,531	2,181,116	2,485,727	2,734,993
Montgomery	87,193,587	95,287,116	106,559,595	123,784,098	145,815,228	168,753,194	191,796,018
Prince George's	43,740,098	45,736,798	49,033,034	54,495,057	62,726,164	72,970,938	85,175,653
Queen Anne's	3,620,689	4,032,277	4,569,035	5,221,808	6,174,441	7,125,984	7,996,515
St. Mary's	5,533,506	5,830,982	6,211,101	6,877,275	8,227,294	9,516,544	10,642,377
Somerset	758,573	799,003	846,503	959,352	1,180,315	1,395,719	1,578,814
Talbot	4,068,200	4,517,967	5,134,091	5,882,773	6,749,460	7,931,957	9,023,712
Washington	7,015,202	7,673,262	7,922,077	8,842,655	10,114,171	11,664,492	13,035,862
Wicomico	4,104,142	4,335,777	4,591,232	5,008,492	5,617,482	6,272,800	6,876,219
Worcester	7,239,037	8,400,551	10,010,931	11,777,360	14,483,821	17,081,411	19,525,868
<b>Statewide</b>	<b>\$356,968,969</b>	<b>\$382,105,908</b>	<b>\$418,085,602</b>	<b>\$472,932,923</b>	<b>\$547,383,444</b>	<b>\$634,138,301</b>	<b>\$716,101,581</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.5**  
**Assessment Increases Will Push Local Revenues Upward in Fiscal 2008**  
**Group 1 of 3**

<b>County</b>	<b>Full Cash Value Increase Before Cap (Over 3 Years)</b>	<b>Average Annual Increase</b>	<b>County Assessment Cap</b>
Allegany	43.3%	14.4%	10%
Anne Arundel	55.4%	18.5%	2%
Baltimore City	58.5%	19.5%	4%
Baltimore	64.8%	21.6%	4%
Calvert	69.7%	23.2%	10%
Caroline	73.6%	24.5%	5%
Carroll	56.9%	19.0%	7%
Cecil	54.0%	18.0%	8%
Charles	62.6%	20.9%	7%
Dorchester	58.5%	19.5%	5%
Frederick	52.2%	17.4%	5%
Garrett	38.3%	12.8%	5%
Harford	55.5%	18.5%	10%
Howard	50.3%	16.8%	5%
Kent	65.2%	21.7%	5%
Montgomery	43.4%	14.5%	10%
Prince George's	79.5%	26.5%	4%
Queen Anne's	50.1%	16.7%	5%
St. Mary's	84.3%	28.1%	5%
Somerset	79.6%	26.5%	10%
Talbot	54.8%	18.3%	0%
Washington	64.7%	21.6%	5%
Wicomico	53.2%	17.7%	10%
Worcester	54.1%	18.0%	3%
<b>Statewide</b>	<b>56.1%</b>	<b>18.7%</b>	

Source: State Department of Assessments and Taxation

**Exhibit 5.6**  
**One-cent Yield in County Real Property Tax Rates**  
**Fiscal 2003-2007**

<b>County</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Allegany	\$216,000	\$223,000	\$233,000	\$245,000	\$259,000
Anne Arundel	3,566,000	3,892,000	4,368,000	5,010,000	5,829,000
Baltimore City	1,759,000	1,821,000	1,966,000	2,131,000	2,327,000
Baltimore	4,319,000	4,506,000	4,771,000	5,261,000	5,939,000
Calvert	552,000	594,000	647,000	732,000	863,000
Caroline	130,000	137,000	151,000	171,000	200,000
Carroll	977,000	1,044,000	1,140,000	1,292,000	1,493,000
Cecil	493,000	534,000	589,000	659,000	754,000
Charles	776,000	840,000	921,000	1,042,000	1,241,000
Dorchester	150,000	168,000	181,000	203,000	227,000
Frederick	1,366,000	1,462,000	1,603,000	1,864,000	2,196,000
Garrett	197,000	218,000	242,000	277,000	327,000
Harford	1,270,000	1,355,000	1,471,000	1,645,000	1,899,000
Howard	2,124,000	2,301,000	2,572,000	2,955,000	3,481,000
Kent	142,000	152,000	166,000	188,000	214,000
Montgomery	8,288,000	9,131,000	10,274,000	11,990,000	14,190,000
Prince George's	4,058,000	4,279,000	4,624,000	5,167,000	5,991,000
Queen Anne's	356,000	397,000	451,000	517,000	611,000
St. Mary's	530,000	560,000	598,000	663,000	797,000
Somerset	68,000	73,000	78,000	90,000	112,000
Talbot	401,000	446,000	508,000	583,000	670,000
Washington	649,000	718,000	744,000	834,000	957,000
Wicomico	364,000	388,000	416,000	455,000	514,000
Worcester	694,000	811,000	973,000	1,149,000	1,419,000

Source: Department of Legislative Services

**Exhibit 5.7**  
**County Tax Relief Due to Homestead Tax Credits**

County	Fiscal 2007		Fiscal 2008		Fiscal 2009	
	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base
Allegany	\$100,670	0.4%	\$463,968	1.7%	\$779,043	2.6%
Anne Arundel	110,586,964	20.7%	163,146,773	26.1%	220,797,956	31.3%
Baltimore City	38,248,114	7.3%	73,685,260	12.2%	111,722,132	16.6%
Baltimore	63,835,257	9.8%	119,234,882	15.8%	176,943,675	20.8%
Calvert	4,440,590	5.8%	9,253,035	9.7%	13,757,859	12.2%
Caroline	551,019	3.2%	1,784,584	8.9%	3,026,071	13.6%
Carroll	12,055,947	7.8%	23,376,849	13.0%	34,645,561	17.2%
Cecil	2,373,237	3.3%	5,438,588	6.6%	8,383,173	8.9%
Charles	6,201,334	4.9%	16,334,503	10.8%	26,352,645	15.7%
Dorchester	931,356	4.6%	2,126,385	9.2%	3,357,482	12.6%
Frederick	21,098,210	9.1%	41,154,269	14.6%	61,909,212	20.1%
Garrett	613,790	1.9%	1,001,145	2.7%	1,404,188	3.3%
Harford	6,622,655	3.2%	13,863,345	5.9%	20,282,287	7.6%
Howard	58,634,151	14.9%	91,959,237	20.3%	127,316,052	25.4%
Kent	1,553,758	7.5%	2,479,809	10.5%	3,476,523	13.3%
Montgomery	141,032,228	10.9%	203,070,315	13.5%	264,953,232	15.5%
Prince George's	107,983,969	13.8%	178,779,699	19.4%	255,306,768	23.6%
Queen Anne's	4,318,270	8.9%	7,760,377	13.8%	11,334,770	17.9%
St. Mary's	4,619,495	6.8%	10,017,885	12.7%	15,541,233	17.6%
Somerset	312,244	3.0%	652,545	5.3%	974,913	6.9%
Talbot	7,071,705	21.2%	9,821,073	25.0%	12,813,348	28.7%
Washington	2,143,556	2.4%	9,083,510	8.7%	15,965,130	13.6%
Wicomico	889,927	1.9%	2,067,817	3.8%	3,134,083	5.2%
Worcester	5,070,265	5.1%	7,418,342	6.3%	10,295,794	7.7%
<b>Statewide</b>	<b>\$601,288,711</b>	<b>11.0%</b>	<b>\$993,974,192</b>	<b>15.4%</b>	<b>\$1,404,473,129</b>	<b>19.0%</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.8**  
**County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2007**

County	Homestead Tax Cap	County Tax Rate	Real Property 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	\$2,568,877,000	\$10,242,177	\$10,242,177	0.4%	\$100,670	\$0	\$100,670
Anne Arundel	2%	0.918	58,063,641,000	10,024,845,781	12,046,510,236	20.7%	92,028,084	18,558,880	110,586,964
Baltimore City	4%	2.288	22,954,777,000	1,369,853,856	1,671,683,293	7.3%	31,342,256	6,905,858	38,248,114
Baltimore	4%	1.100	59,063,339,000	4,167,191,619	5,803,205,192	9.8%	45,839,108	17,996,149	63,835,257
Calvert	10%	0.892	8,590,074,000	497,823,939	497,823,939	5.8%	4,440,590	0	4,440,590
Caroline	10%	0.870	1,983,513,000	63,335,571	63,335,571	3.2%	551,019	0	551,019
Carroll	7%	1.048	14,842,814,000	912,542,494	1,150,376,593	7.8%	9,563,445	2,492,501	12,055,947
Cecil	8%	0.960	7,497,107,000	199,548,405	247,212,152	3.3%	1,915,665	457,572	2,373,237
Charles	10%	1.026	12,281,738,000	604,418,498	604,418,498	4.9%	6,201,334	0	6,201,334
Dorchester	5%	0.896	2,244,374,000	75,794,723	103,945,943	4.6%	679,121	252,235	931,356
Frederick	5%	1.064	21,801,942,000	1,449,155,706	1,982,914,513	9.1%	15,419,017	5,679,194	21,098,210
Garrett	5%	1.000	3,252,998,000	47,856,641	61,379,010	1.9%	478,566	135,224	613,790
Harford	10%	1.082	18,867,966,000	612,075,335	612,075,335	3.2%	6,622,655	0	6,622,655
Howard	5%	1.140	34,506,076,000	4,347,881,174	5,145,603,384	14.9%	49,544,106	9,090,045	58,634,151
Kent	5%	0.972	2,138,116,000	128,050,881	159,851,658	7.5%	1,244,655	309,104	1,553,758
Montgomery	10%	0.916	141,181,915,000	15,396,531,485	15,396,531,485	10.9%	141,032,228	0	141,032,228
Prince George's	3%	1.319	59,527,752,000	6,390,328,640	8,186,805,841	13.8%	84,288,435	23,695,534	107,983,969
Queen Anne's	5%	0.800	6,076,344,000	402,551,283	539,783,728	8.9%	3,220,410	1,097,860	4,318,270
St. Mary's	5%	0.857	7,914,744,000	376,895,746	539,030,954	6.8%	3,229,997	1,389,499	4,619,495
Somerset	10%	0.940	1,104,244,000	33,217,413	33,217,413	3.0%	312,244	0	312,244
Talbot	0%	0.500	6,664,763,000	1,217,542,895	1,414,340,987	21.2%	6,087,714	983,990	7,071,705
Washington	10%	0.948	9,476,844,000	226,113,536	226,113,536	2.4%	2,143,556	0	2,143,556
Wicomico	10%	0.942	5,104,404,000	94,472,086	94,472,086	1.9%	889,927	0	889,927
Worcester	3%	0.700	14,111,949,000	589,044,838	724,323,558	5.1%	4,123,314	946,951	5,070,265
<b>Statewide</b>			<b>\$521,820,311,000</b>	<b>\$49,237,314,722</b>	<b>\$57,315,197,082</b>	<b>11.0%</b>	<b>\$511,298,116</b>	<b>\$89,990,594</b>	<b>\$601,288,711</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.9**  
**County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2008**

County	Homestead Tax Cap	County Tax Rate	Real Property 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	\$2,795,663,000	\$47,204,039	\$47,204,039	1.7%	\$463,968	\$0	\$463,968
Anne Arundel	2%	0.918	68,037,028,000	15,420,330,543	17,771,979,576	26.1%	141,558,634	21,588,138	163,146,773
Baltimore City	4%	2.288	26,329,231,000	2,706,602,771	3,220,509,615	12.2%	61,927,071	11,758,189	73,685,260
Baltimore	4%	1.100	68,715,382,000	8,805,087,508	10,839,534,722	15.8%	96,855,963	22,378,919	119,234,882
Calvert	10%	0.892	10,710,088,000	1,037,335,778	1,037,335,778	9.7%	9,253,035	0	9,253,035
Caroline	5%	0.870	2,293,422,000	154,769,079	205,124,613	8.9%	1,346,491	438,093	1,784,584
Carroll	7%	1.048	17,161,660,000	1,933,528,855	2,230,615,322	13.0%	20,263,382	3,113,466	23,376,849
Cecil	8%	0.960	8,580,249,000	488,213,764	566,519,553	6.6%	4,686,852	751,736	5,438,588
Charles	7%	1.026	14,700,000,000	1,365,249,554	1,592,056,776	10.8%	14,007,460	2,327,042	16,334,503
Dorchester	5%	0.896	2,592,740,000	190,363,074	237,319,716	9.2%	1,705,653	420,732	2,126,385
Frederick	5%	1.064	26,549,600,000	3,192,065,514	3,867,882,384	14.6%	33,963,577	7,190,691	41,154,269
Garrett	5%	1.000	3,653,500,000	75,716,732	100,114,480	2.7%	757,167	243,977	1,001,145
Harford	10%	1.082	21,626,170,000	1,281,270,312	1,281,270,312	5.9%	13,863,345	0	13,863,345
Howard	5%	1.140	39,767,503,000	7,102,396,564	8,070,139,310	20.3%	80,931,809	11,027,429	91,959,237
Kent	5%	0.972	2,440,893,000	214,387,960	255,124,378	10.5%	2,083,851	395,958	2,479,809
Montgomery	10%	0.916	164,043,396,000	22,169,248,319	22,169,248,319	13.5%	203,070,315	0	203,070,315
Prince George's	4%	1.319	69,897,935,000	11,728,372,703	13,554,184,931	19.4%	154,697,236	24,082,463	178,779,699
Queen Anne's	5%	0.800	7,030,089,000	792,259,660	970,047,094	13.8%	6,338,077	1,422,299	7,760,377
St. Mary's	5%	0.857	9,190,699,000	948,832,952	1,168,948,108	12.7%	8,131,498	1,886,387	10,017,885
Somerset	10%	0.940	1,317,628,000	69,419,634	69,419,634	5.3%	652,545	0	652,545
Talbot	0%	0.500	7,846,480,000	1,725,834,118	1,964,214,505	25.0%	8,629,171	1,191,902	9,821,073
Washington	5%	0.948	11,034,986,000	708,055,222	958,176,125	8.7%	6,712,364	2,371,146	9,083,510
Wicomico	10%	0.942	5,755,000,000	219,513,513	219,513,513	3.8%	2,067,817	0	2,067,817
Worcester	3%	0.700	16,702,019,000	901,597,380	1,059,763,109	6.3%	6,311,182	1,107,160	7,418,342
<b>Statewide</b>			<b>\$608,771,361,000</b>	<b>\$83,277,655,548</b>	<b>\$93,456,245,912</b>	<b>15.4%</b>	<b>\$880,278,464</b>	<b>\$113,695,728</b>	<b>\$993,974,192</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.10**  
**County Assessable Base and Revenue Foregone Due to Homestead Tax Credits – Fiscal 2009**

County	Homestead Tax Cap	County Tax Rate	Real Property 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	\$3,046,901,000	\$79,259,613	\$79,259,613	2.6%	\$779,043	\$0	\$779,043
Anne Arundel	2%	0.918	76,843,900,000	19,076,368,575	24,052,064,932	31.3%	175,121,064	45,676,893	220,797,956
Baltimore City	4%	2.288	29,500,900,000	3,814,037,499	4,882,960,322	16.6%	87,265,178	24,456,954	111,722,132
Baltimore	4%	1.100	77,338,500,000	11,768,443,013	16,085,788,623	20.8%	129,452,873	47,490,802	176,943,675
Calvert	10%	0.892	12,599,000,000	1,542,360,895	1,542,360,895	12.2%	13,757,859	0	13,757,859
Caroline	5%	0.870	2,560,000,000	241,216,053	347,824,212	13.6%	2,098,580	927,491	3,026,071
Carroll	7%	1.048	19,175,000,000	2,668,269,529	3,305,874,125	17.2%	27,963,465	6,682,096	34,645,561
Cecil	8%	0.960	9,823,464,000	707,947,990	873,247,200	8.9%	6,796,301	1,586,872	8,383,173
Charles	7%	1.026	16,350,000,000	2,080,072,587	2,568,483,965	15.7%	21,341,545	5,011,101	26,352,645
Dorchester	5%	0.896	2,980,434,000	275,847,507	374,719,013	12.6%	2,471,594	885,889	3,357,482
Frederick	5%	1.064	29,000,000,000	4,368,628,123	5,818,534,993	20.1%	46,482,203	15,427,009	61,909,212
Garrett	5%	1.000	4,199,300,000	90,605,201	140,418,818	3.3%	906,052	498,136	1,404,188
Harford	10%	1.082	24,713,000,000	1,874,518,200	1,874,518,200	7.6%	20,282,287	0	20,282,287
Howard	5%	1.140	44,000,000,000	9,099,694,046	11,172,975,150	25.4%	103,691,014	23,625,038	127,316,052
Kent	5%	0.972	2,688,584,000	272,861,128	357,666,950	13.3%	2,652,210	824,313	3,476,523
Montgomery	10%	0.916	187,009,471,000	28,925,025,350	28,925,025,350	15.5%	264,953,232	0	264,953,232
Prince George's	4%	1.319	82,074,671,000	15,461,995,046	19,356,085,526	23.6%	203,943,715	51,363,053	255,306,768
Queen Anne's	5%	0.800	7,900,000,000	1,037,229,591	1,416,846,239	17.9%	8,297,837	3,036,933	11,334,770
St. Mary's	5%	0.857	10,308,893,000	1,346,503,140	1,813,446,036	17.6%	11,539,532	4,001,701	15,541,233
Somerset	10%	0.940	1,497,567,000	103,714,142	103,714,142	6.9%	974,913	0	974,913
Talbot	0%	0.500	8,937,900,000	2,062,988,759	2,562,669,574	28.7%	10,314,944	2,498,404	12,813,348
Washington	5%	0.948	12,400,000,000	1,152,994,100	1,684,085,410	13.6%	10,930,384	5,034,746	15,965,130
Wicomico	10%	0.942	6,355,000,000	332,705,163	332,705,163	5.2%	3,134,083	0	3,134,083
Worcester	3%	0.700	19,140,412,000	1,137,927,810	1,470,827,737	7.7%	7,965,495	2,330,299	10,295,794
<b>Statewide</b>			<b>\$690,442,897,000</b>	<b>\$109,521,213,060</b>	<b>\$131,142,102,188</b>	<b>19.0%</b>	<b>\$1,163,115,400</b>	<b>\$241,357,730</b>	<b>\$1,404,473,129</b>

Source: State Department of Assessments and Taxation

**Exhibit 5.11**  
**Net Taxable Income for Maryland Counties**

<b>County</b>	<b>TY 2000 (Sept)</b>	<b>TY 2001 (Sept)</b>	<b>TY 2002 (Sept)</b>	<b>TY 2003 (Sept)</b>	<b>TY 2004 (Sept)</b>	<b>TY 2004 (Nov)</b>	<b>TY 2005 (Nov)</b>
Allegany	\$706,629,397	\$694,141,626	\$699,622,072	\$714,313,115	\$739,320,223	\$767,111,391	\$817,996,221
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
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
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
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
Caroline	306,582,638	312,413,038	312,530,709	328,521,985	363,673,678	375,953,402	399,075,675
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
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
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
Dorchester	345,251,991	316,103,590	314,453,873	323,770,865	377,985,849	384,906,995	384,840,749
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
Garrett	283,293,522	287,001,874	289,751,609	310,991,161	330,251,460	339,671,862	368,190,410
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
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
Kent	273,911,991	273,087,987	258,648,076	270,379,070	302,433,536	327,159,161	354,291,348
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
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
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
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
Somerset	166,302,707	172,250,209	175,812,666	185,207,239	184,782,072	188,223,658	201,352,945
Talbot	756,702,988	680,386,890	649,040,244	696,270,839	817,325,272	989,894,170	1,044,209,152
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
Wicomico	1,020,440,581	1,015,967,416	1,016,956,001	1,090,241,246	1,261,684,204	1,302,476,298	1,354,077,242
Worcester	730,813,591	724,242,753	722,258,056	784,532,994	895,785,885	1,014,401,379	1,028,181,007
<b>Total</b>	<b>\$94,158,455,077</b>	<b>\$91,526,449,260</b>	<b>\$90,734,363,858</b>	<b>\$94,431,546,126</b>	<b>\$102,365,231,749</b>	<b>\$112,450,890,915</b>	<b>\$119,166,911,931</b>

Source: Comptroller's Office



**Exhibit 5.12**  
**Growth in Net Taxable Income**

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

Source: Comptroller's Office

**Exhibit 5.13**  
**Net Taxable Income Measures for Tax Year 2005**

<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	\$11,108	6.6%	1. Montgomery	\$34,759	1. Queen Anne's	10.6%
Anne Arundel	24,190	7.4%	2. Howard	29,857	2. Garrett	8.4%
Baltimore City	10,693	5.8%	3. Talbot	29,263	3. Kent	8.3%
Baltimore	22,849	3.9%	4. Anne Arundel	24,190	4. Montgomery	8.2%
Calvert	21,388	6.3%	5. Queen Anne's	23,229	5. Anne Arundel	7.4%
Caroline	12,541	6.2%	6. Baltimore	22,849	6. Frederick	7.3%
Carroll	20,175	5.3%	7. Frederick	22,103	7. Washington	7.1%
Cecil	15,694	7.0%	8. Calvert	21,388	8. Cecil	7.0%
Charles	18,235	5.4%	9. Worcester	21,091	9. Somerset	7.0%
Dorchester	12,256	0.0%	10. Harford	20,181	10. Harford	6.8%
Frederick	22,103	7.3%	11. Carroll	20,175	11. Allegany	6.6%
Garrett	12,310	8.4%	12. Charles	18,235	12. Calvert	6.3%
Harford	20,181	6.8%	13. St. Mary's	17,942	13. Caroline	6.2%
Howard	29,857	4.3%	14. Kent	17,804	14. Baltimore City	5.8%
Kent	17,804	8.3%	15. Cecil	15,694	15. Talbot	5.5%
Montgomery	34,759	8.2%	16. Washington	15,456	16. Charles	5.4%
Prince George's	13,912	2.7%	17. Wicomico	14,978	17. Carroll	5.3%
Queen Anne's	23,229	10.6%	18. Prince George's	13,912	18. Howard	4.3%
St. Mary's	17,942	4.2%	19. Caroline	12,541	19. St. Mary's	4.2%
Somerset	7,791	7.0%	20. Garrett	12,310	20. Wicomico	4.0%
Talbot	29,263	5.5%	21. Dorchester	12,256	21. Baltimore	3.9%
Washington	15,456	7.1%	22. Allegany	11,108	22. Prince George's	2.7%
Wicomico	14,978	4.0%	23. Baltimore City	10,693	23. Worcester	1.4%
Worcester	21,091	1.4%	24. Somerset	7,791	24. Dorchester	0.0%
<b>Statewide</b>	<b>\$21,278</b>	<b>6.0%</b>				

Source: Comptroller's Office, Department of Legislative Services

## Chapter 6. County Salary Actions

Local government salaries continued to improve in fiscal 2007. All 23 counties and Baltimore City provided their employees with a cost-of-living adjustment (COLA), while 21 counties provided merit or step increases. Additionally, all 24 local boards of education provided COLAs and merit/step increases for their teachers. Teacher COLAs in fiscal 2007 ranged from 3.0 to 7.5 percent. Most local boards (19) provided COLAs in the range of 3 to 4 percent. A majority of local governments provided at least a 4 percent COLA (including any market adjustments) to their employees in fiscal 2007. For comparison purposes, the State provided its employees with a 2.15 percent average COLA. Table 6.1 compares the COLA amounts for county and public school employees in fiscal 2006 and 2007. Exhibit 6.1 indicates the number of jurisdictions providing salary enhancement over the last eight years. Exhibit 6.2 shows local salary enhancements in fiscal 2007.

**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 five years, the average weekly wage for State government employees increased by 3.4 percent annually compared to 4.0 percent for local government employees, 6.9 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 2006</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
No COLA	1	0	0	0
1% to 2.9%	7	5	4	0
3% to 3.9%	10	8	13	7
4% and Greater	6	11	7	17

Source: Department of Legislative Services

**Table 6.2**  
**Growth in Average Weekly Wages**

	<u>CY 2000</u>	<u>CY 2005</u>	<u>Annual Increase</u>
Federal Government	\$1,029	\$1,437	6.9%
State Government	710	839	3.4%
Local Government	666	811	4.0%
Private Sector	683	823	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>
<b>State Government</b>								
COLA	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Step Increases	Yes	Yes	Yes	No	No	Yes	Yes	Yes
<b>Local Government</b>								
<b>COLA</b>								
County Employees	21	21	21	21	14	22	23	24
Board of Education	23	24	24	24	23	23	24	24
<b>Step Increases</b>								
County Employees	21	19	18	18	13	19	19	21
Board of Education	24	24	22	24	23	24	24	24
<b>Both COLA and Step</b>								
County Employees	20	20	17	15	9	17	19	21
Board of Education	21	24	22	24	22	23	24	24

Source: Department of Legislative Services

**Exhibit 6.2**  
**Local Government Salary Actions in Fiscal 2007**

County	County Government Generally		Board of Education Teachers		<u>Comments</u>
	COLA	Step	COLA	Step	
Allegany <sup>1</sup>	3.00%	Yes	7.50%	Yes	<sup>1</sup> In Allegany County, board of education bargaining units, other than teachers, received a 5% cost-of-living adjustment (COLA). <sup>2</sup> In Anne Arundel County, labor, maintenance, and clerical workers received a COLA of 2%. County school administrators received a 6% COLA; however, board of education employees represented by AFSCME received a 3% COLA, and board of education secretaries, teacher assistants, and technicians did not receive a COLA in fiscal 2007.
Anne Arundel <sup>2</sup>	3.00%	Yes	6.00%	Yes	
Baltimore City <sup>3</sup>	Varies	Yes	5.00%	Yes	
Baltimore <sup>4</sup>	3.00%	Yes	5.00%	Yes	
Calvert	4.00%	Yes	3.70%	Yes	<sup>3</sup> In Baltimore City, effective January 1, 2007, firefighters and police officers will receive a 3% COLA, and managerial and professional employees will receive a 2% COLA. Employees represented by the City Union of Baltimore received a 3% COLA (effective July 1, 2006) as well as an adjustment of \$0.17 per hour (effective January 1, 2007). Employees represented by AFSCME received a 4% COLA (3% effective July 1, 2006 and 1% effective January 1, 2007). <sup>4</sup> In Baltimore County, police officers and firefighters received a 4% COLA. Board of education bargaining units, other than teachers, received a 3% COLA.
Caroline <sup>5</sup>	7.00%	Yes	4.00%	Yes	
Carroll	2.00%	Yes	3.00%	Yes	
Cecil	4.00%	Yes	4.65%	Yes	
Charles <sup>6</sup>	4.50%	Yes	5.00%	Yes	<sup>5</sup> In Caroline County, sworn police officers and public safety employees received a 3% COLA. <sup>6</sup> In addition to the COLA, Charles County employees received a 5% market adjustment to their salary. <sup>7</sup> In Dorchester County, school administrators received a 4% COLA and school board support staff received a 2% COLA or \$500.
Dorchester <sup>7</sup>	2.50%	Yes	3.50%	Yes	
Frederick	2.00%	Yes	4.50%	Yes	
Garrett <sup>8</sup>	3.00%	Yes	7.50%	Yes	
Harford <sup>9</sup>	3.00%	Yes	3.00%	Yes	<sup>8</sup> Garrett County roads employees received an adjustment of \$0.50 per hour. <sup>9</sup> Harford County teachers received a 4% market adjustment to their salaries in addition to the 3% COLA. <sup>10</sup> Of the 4% COLA for Montgomery County employees, 3% was effective July 9, 2006 and 1% will be effective January 1, 2007. Firefighters (IAFF) and Fire Management employees received a 5% COLA (4% effective July 9, 2006 and 1% effective January 7, 2007). <sup>11</sup> In Prince George's County, correctional officers, police officers (FOP), sheriff's officials and deputies, and fire officials and fire fighters received a 3% COLA. <sup>12</sup> In addition to the 1.5% COLA in Somerset County, county employees also received a 4% salary adjustment reflecting implementation of Phase III (final) of the county's special salary scale adjustment plan. Somerset County school administrators received a 5% COLA and board of education classified employees received a 1% COLA. <sup>13</sup> In Washington County, school administrators received a 6% COLA but did not receive merit/step increases. Other board of education classified employees (excluding teachers) did not.
Howard	3.00%	Yes	3.50%	Yes	
Kent	4.00%	No	4.00%	Yes	
Montgomery <sup>10</sup>	4.00%	Yes	4.00%	Yes	
Prince George's <sup>11</sup>	2.50%	Yes	5.00%	Yes	
Queen Anne's	3.25%	Yes	3.25%	Yes	
St. Mary's	4.00%	Yes	3.00%	Yes	
Somerset <sup>12</sup>	1.50%	Yes	4.00%	Yes	
Talbot	5.00%	Yes	4.00%	Yes	
Washington <sup>13</sup>	4.50%	No	4.00%	Yes	
Wicomico	8.00%	No	6.00%	Yes	
Worcester	4.00%	Yes	4.00%	Yes	
<b>Number Granting</b>	<b>24</b>	<b>21</b>	<b>24</b>	<b>24</b>	

Source: Department of Legislative Services



## Chapter 7. Public School Funding

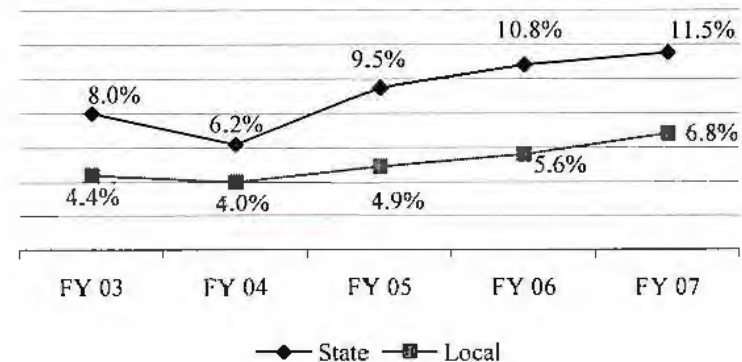
Public schools are funded from federal, State, and local sources. Approximately 50 percent of public school funding in Maryland comes from local sources, and 45 percent comes from the State. The federal government provides only 6 percent of public school funding. As shown in **Exhibit 7.1**, the reliance on local funding varies across the State. Local revenue as a percent of total public school funding ranges from 18.3 percent in Baltimore City to 73.5 percent in Montgomery County. State funding as a percent of public school revenues ranges from 23.0 percent in Montgomery County to 72.2 percent in Caroline County. Five local school systems, Baltimore City and Allegany, Caroline, 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 \$4.5 billion in fiscal 2007, representing an increase of 55.2 percent in State support for public education and an average annual increase of 9.2 percent over the five years. The average annual increases will outpace the rate of general fund revenue growth, which is expected to average 6.7 percent over the same five-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 34.7 percent in fiscal 2007. Projections of State aid and general fund revenues suggest that this percentage could increase to nearly 37 percent in fiscal 2008, the first year that the Bridge to Excellence Act will be fully phased in. **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 \$12,100 in total funding for each pupil in fiscal 2007. Baltimore City had the highest per pupil revenues at \$14,091, while Montgomery County had the second highest at \$13,937. Queen Anne's County, had the lowest per pupil revenues at \$10,072. **Exhibit 7.2** shows the per pupil revenues for public schools in fiscal 2007 by revenue source.

Per pupil federal funding in fiscal 2007 averaged \$698 statewide, ranging from \$341 in Howard County to \$1,791 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 2007 averaged \$5,422 statewide, ranging from \$2,969 in Talbot County to \$9,725 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 2007 averaged \$5,964 statewide, ranging from \$2,232 in Caroline County to \$10,244 in Montgomery County, as shown in **Exhibit 7.5**.

Worcester, Howard, and Talbot counties had the next highest per pupil local funding.

## Local Appropriations

Local appropriations to the boards of education totaled \$4.9 billion in fiscal 2007, representing a 6.8 percent increase from the prior year. Increases in local appropriations range from less than 1 percent in Baltimore City to 12.6 percent in Worcester County. Since fiscal 2002, local appropriations have increased by 5.2 percent annually. Local appropriations in Baltimore City and Somerset County have increased by less than 1 percent annually over this period, while the local appropriation in Charles County has increased by 7.9 percent annually, the highest growth rate in the State. **Exhibit 7.6** shows the local appropriations to the boards of education for fiscal 2002 through 2007, 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 five years (fiscal 2003 through 2007), State officials have provided almost \$1 billion for local school construction projects. As shown in **Exhibit 7.8**, combined State funding for school construction projects over the last five years has ranged from \$4.8 million in Talbot County to about \$108.1 million in both Montgomery and Prince George's counties.



**Exhibit 7.1**  
**Revenue Sources for Public Schools in Fiscal 2007**

<u>County</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Ranking by Percent State</u>		<u>Ranking by Percent Local</u>	
Allegany	8.1%	67.2%	24.7%	1.	Caroline 72.2%	1.	Montgomery 73.5%
Anne Arundel	4.1%	34.4%	61.5%	2.	Baltimore City 69.0%	2.	Worcester 70.7%
Baltimore City	12.7%	69.0%	18.3%	3.	Allegany 67.2%	3.	Talbot 66.2%
Baltimore	6.8%	42.0%	51.2%	4.	Somerset 62.7%	4.	Howard 66.0%
Calvert	4.0%	45.8%	50.2%	5.	Wicomico 62.6%	5.	Anne Arundel 61.5%
Caroline	6.3%	72.2%	21.5%	6.	Dorchester 57.8%	6.	Queen Anne's 53.1%
Carroll	3.8%	47.1%	49.2%	7.	Washington 56.1%	7.	Kent 52.9%
Cecil	4.6%	56.1%	39.4%	8.	Cecil 56.1%	8.	Baltimore 51.2%
Charles	4.4%	50.8%	44.8%	9.	Prince George's 54.9%	9.	Frederick 50.2%
Dorchester	8.6%	57.8%	33.6%	10.	St. Mary's 52.7%	10.	Calvert 50.2%
Frederick	4.2%	45.6%	50.2%	11.	Garrett 52.3%	11.	Carroll 49.2%
Garrett	7.3%	52.3%	40.4%	12.	Charles 50.8%	12.	Harford 46.2%
Harford	4.1%	49.7%	46.2%	13.	Harford 49.7%	13.	Charles 44.8%
Howard	2.7%	31.3%	66.0%	14.	Carroll 47.1%	14.	St. Mary's 41.2%
Kent	8.7%	38.4%	52.9%	15.	Calvert 45.8%	15.	Garrett 40.4%
Montgomery	3.5%	23.0%	73.5%	16.	Frederick 45.6%	16.	Cecil 39.4%
Prince George's	6.1%	54.9%	39.0%	17.	Baltimore 42.0%	17.	Prince George's 39.0%
Queen Anne's	6.9%	40.0%	53.1%	18.	Queen Anne's 40.0%	18.	Washington 38.6%
St. Mary's	6.1%	52.7%	41.2%	19.	Kent 38.4%	19.	Dorchester 33.6%
Somerset	12.7%	62.7%	24.6%	20.	Anne Arundel 34.4%	20.	Wicomico 31.0%
Talbot	5.9%	27.8%	66.2%	21.	Howard 31.3%	21.	Allegany 24.7%
Washington	5.3%	56.1%	38.6%	22.	Talbot 27.8%	22.	Somerset 24.6%
Wicomico	6.4%	62.6%	31.0%	23.	Worcester 23.4%	23.	Caroline 21.5%
Worcester	5.9%	23.4%	70.7%	24.	Montgomery 23.0%	24.	Baltimore City 18.3%
<b>Total</b>	<b>5.8%</b>	<b>44.9%</b>	<b>49.4%</b>				

Source: Local School Budgets, Department of Legislative Services

**Exhibit 7.2**  
**Per Pupil Revenues for Public Schools in Fiscal 2007**

<u>County</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>	<u>Ranking by Total Per Pupil Funding</u>
Allegany	\$989	\$8,215	\$3,014	\$12,218	1. Baltimore City \$14,091
Anne Arundel	454	3,795	6,777	11,027	2. Montgomery 13,937
Baltimore City	1,791	9,725	2,575	14,091	3. Worcester 13,325
Baltimore	788	4,871	5,949	11,608	4. Somerset 13,115
Calvert	424	4,820	5,282	10,526	5. Kent 12,836
Caroline	659	7,494	2,232	10,385	6. Howard 12,393
Carroll	391	4,890	5,107	10,388	7. Prince George's 12,297
Cecil	479	5,881	4,127	10,487	8. Allegany 12,218
Charles	470	5,448	4,802	10,721	9. Baltimore 11,608
Dorchester	937	6,294	3,655	10,886	10. Anne Arundel 11,027
Frederick	430	4,724	5,202	10,356	11. Garrett 10,905
Garrett	801	5,704	4,400	10,905	12. Dorchester 10,886
Harford	439	5,264	4,899	10,601	13. Wicomico 10,831
Howard	341	3,875	8,177	12,393	14. Charles 10,721
Kent	1,120	4,927	6,788	12,836	15. Talbot 10,668
Montgomery	482	3,211	10,244	13,937	16. Harford 10,601
Prince George's	748	6,748	4,801	12,297	17. Calvert 10,526
Queen Anne's	697	4,025	5,351	10,072	18. Cecil 10,487
St. Mary's	634	5,444	4,262	10,341	19. Carroll 10,388
Somerset	1,667	8,228	3,220	13,115	20. Caroline 10,385
Talbot	632	2,969	7,066	10,668	21. Frederick 10,356
Washington	543	5,750	3,952	10,244	22. St. Mary's 10,341
Wicomico	693	6,780	3,359	10,831	23. Washington 10,244
Worcester	783	3,116	9,427	13,325	24. Queen Anne's 10,072
<b>Total</b>	<b>\$698</b>	<b>\$5,422</b>	<b>\$5,964</b>	<b>\$12,084</b>	

Source: Local School Budgets, Department of Legislative Services

**Exhibit 7.3**  
**Federal Funding for Public Schools in Fiscal 2007**

<u>County</u>	<u>Enrollment</u>	<u>Total Federal Aid</u>	<u>Per Pupil</u>	<u>Ranking by Per Pupil Aid</u>	
Allegany	9,084	\$8,979,976	\$989	1.	Baltimore City \$1,791
Anne Arundel	71,800	32,592,378	454	2.	Somerset 1,667
Baltimore City	80,763	144,606,633	1,791	3.	Kent 1,120
Baltimore	101,924	80,315,332	788	4.	Allegany 989
Calvert	17,112	7,258,017	424	5.	Dorchester 937
Caroline	5,309	3,497,576	659	6.	Garrett 801
Carroll	28,346	11,082,487	391	7.	Baltimore 788
Cecil	15,924	7,633,990	479	8.	Worcester 783
Charles	25,822	12,147,340	470	9.	Prince George's 748
Dorchester	4,472	4,188,495	937	10.	Queen Anne's 697
Frederick	39,482	16,981,629	430	11.	Wicomico 693
Garrett	4,528	3,626,671	801	12.	Caroline 659
Harford	38,666	16,970,290	439	13.	St. Mary's 634
Howard	48,148	16,408,653	341	14.	Talbot 632
Kent	2,226	2,494,115	1,120	15.	Washington 543
Montgomery	134,792	65,014,851	482	16.	Montgomery 482
Prince George's	125,443	93,873,297	748	17.	Cecil 479
Queen Anne's	7,464	5,199,148	697	18.	Charles 470
St. Mary's	15,911	10,094,415	634	19.	Anne Arundel 454
Somerset	2,772	4,621,734	1,667	20.	Harford 439
Talbot	4,224	2,670,966	632	21.	Frederick 430
Washington	21,079	11,436,833	543	22.	Calvert 424
Wicomico	14,390	9,968,051	693	23.	Carroll 391
Worcester	6,487	5,077,000	783	24.	Howard 341
<b>Total</b>	<b>826,168</b>	<b>\$576,739,877</b>	<b>\$698</b>		

Source: Local School Budgets, Department of Legislative Services

**Exhibit 7.4**  
**State Funding for Public Schools in Fiscal 2007**

County	Enrollment	Total State Aid	Per Pupil	Ranking by Per Pupil Aid	
Allegany	9,084	\$74,627,166	\$8,215	1.	Baltimore City \$9,725
Anne Arundel	71,800	272,514,501	3,795	2.	Somerset 8,228
Baltimore City	80,763	785,447,447	9,725	3.	Allegany 8,215
Baltimore	101,924	496,503,795	4,871	4.	Caroline 7,494
Calvert	17,112	82,477,261	4,820	5.	Wicomico 6,780
Caroline	5,309	39,787,765	7,494	6.	Prince George's 6,748
Carroll	28,346	138,611,929	4,890	7.	Dorchester 6,294
Cecil	15,924	93,642,405	5,881	8.	Cecil 5,881
Charles	25,822	140,673,413	5,448	9.	Washington 5,750
Dorchester	4,472	28,147,990	6,294	10.	Garrett 5,704
Frederick	39,482	186,502,290	4,724	11.	Charles 5,448
Garrett	4,528	25,825,606	5,704	12.	St. Mary's 5,444
Harford	38,666	203,528,385	5,264	13.	Harford 5,264
Howard	48,148	186,563,092	3,875	14.	Kent 4,927
Kent	2,226	10,968,536	4,927	15.	Carroll 4,890
Montgomery	134,792	432,810,370	3,211	16.	Baltimore 4,871
Prince George's	125,443	846,478,728	6,748	17.	Calvert 4,820
Queen Anne's	7,464	30,040,132	4,025	18.	Frederick 4,724
St. Mary's	15,911	86,626,145	5,444	19.	Queen Anne's 4,025
Somerset	2,772	22,807,872	8,228	20.	Howard 3,875
Talbot	4,224	12,542,766	2,969	21.	Anne Arundel 3,795
Washington	21,079	121,196,594	5,750	22.	Montgomery 3,211
Wicomico	14,390	97,564,641	6,780	23.	Worcester 3,116
Worcester	6,487	20,214,151	3,116	24.	Talbot 2,969
Unallocated	0	43,436,990	53		
<b>Total</b>	<b>826,168</b>	<b>\$4,479,539,970</b>	<b>\$5,422</b>		

Source: Local School Budgets, Department of Legislative Services

**Exhibit 7.5**  
**Local Funding for Public Schools in Fiscal 2007**

<u>County</u>	<u>Enrollment</u>	<u>Local Appropriation</u>	<u>Per Pupil</u>	<u>Ranking by Per Pupil</u>	
Allegany	9,084	\$27,380,000	\$3,014	1.	Montgomery \$10,244
Anne Arundel	71,800	486,604,350	6,777	2.	Worcester 9,427
Baltimore City	80,763	207,940,795	2,575	3.	Howard 8,177
Baltimore	101,924	606,301,744	5,949	4.	Talbot 7,066
Calvert	17,112	90,378,744	5,282	5.	Kent 6,788
Caroline	5,309	11,850,000	2,232	6.	Anne Arundel 6,777
Carroll	28,346	144,760,300	5,107	7.	Baltimore 5,949
Cecil	15,924	65,715,090	4,127	8.	Queen Anne's 5,351
Charles	25,822	124,006,000	4,802	9.	Calvert 5,282
Dorchester	4,472	16,344,830	3,655	10.	Frederick 5,202
Frederick	39,482	205,380,682	5,202	11.	Carroll 5,107
Garrett	4,528	19,925,000	4,400	12.	Harford 4,899
Harford	38,666	189,414,800	4,899	13.	Charles 4,802
Howard	48,148	393,710,890	8,177	14.	Prince George's 4,801
Kent	2,226	15,110,000	6,788	15.	Garrett 4,400
Montgomery	134,792	1,380,770,860	10,244	16.	St. Mary's 4,262
Prince George's	125,443	602,243,300	4,801	17.	Cecil 4,127
Queen Anne's	7,464	39,940,413	5,351	18.	Washington 3,952
St. Mary's	15,911	67,811,488	4,262	19.	Dorchester 3,655
Somerset	2,772	8,925,712	3,220	20.	Wicomico 3,359
Talbot	4,224	29,848,888	7,066	21.	Somerset 3,220
Washington	21,079	83,303,108	3,952	22.	Allegany 3,014
Wicomico	14,390	48,329,815	3,359	23.	Baltimore City 2,575
Worcester	6,487	61,150,026	9,427	24.	Caroline 2,232
<b>Total</b>	<b>826,168</b>	<b>\$4,927,146,835</b>	<b>\$5,964</b>		

Source: Local School Budgets, Department of Legislative Services

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

<b>County</b>	<b>Budgeted FY 2002</b>	<b>Budgeted FY 2003</b>	<b>Budgeted FY 2004</b>	<b>Budgeted FY 2005</b>	<b>Budgeted FY 2006</b>	<b>Budgeted FY 2007</b>
Allegany	\$25,030	\$25,530	\$25,930	\$25,630	\$26,630	\$27,380
Anne Arundel	362,680	383,840	390,600	414,261	449,214	486,604
Baltimore City	207,359	207,400	207,555	207,603	207,839	207,941
Baltimore	544,998	548,229	560,272	570,494	591,733	606,302
Calvert	68,900	73,413	76,413	80,913	85,713	90,379
Caroline	10,677	10,923	10,877	10,977	11,300	11,850
Carroll	105,968	111,428	118,061	125,158	135,585	144,760
Cecil	50,884	53,984	56,090	58,709	62,229	65,715
Charles	84,874	90,874	94,623	101,794	112,217	124,006
Dorchester	14,128	15,069	15,069	15,220	15,423	16,345
Frederick	142,610	150,627	168,753	175,397	189,208	205,381
Garrett	15,225	15,781	17,570	18,363	18,800	19,925
Harford	138,335	145,851	147,272	154,047	175,415	189,415
Howard	276,040	292,401	310,590	334,590	362,590	393,711
Kent	12,887	13,437	13,075	13,676	14,276	15,110
Montgomery	1,029,704	1,079,189	1,133,352	1,208,019	1,273,231	1,380,771
Prince George's	467,788	496,973	521,254	545,372	562,043	602,243
Queen Anne's	30,978	32,757	35,007	36,587	38,037	39,940
St. Mary's	52,511	54,511	56,125	58,900	62,634	67,811
Somerset	8,692	8,679	8,562	8,499	8,548	8,926
Talbot	24,019	25,744	25,835	26,360	27,898	29,849
Washington	68,261	71,713	74,798	78,817	81,986	83,303
Wicomico	43,744	44,665	45,680	46,125	46,925	48,330
Worcester	44,101	47,125	48,164	51,720	54,296	61,150
<b>Total</b>	<b>\$3,830,394</b>	<b>\$4,000,144</b>	<b>\$4,161,528</b>	<b>\$4,367,231</b>	<b>\$4,613,769</b>	<b>\$4,927,147</b>

Source: Local School Budgets, Department of Legislative Services

**Exhibit 7.7**  
**Local Appropriations to the Boards of Education**  
**Annual Percent Increases – Fiscal 2002 - 2007**

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

Source: Local School Budgets, Department of Legislative Services

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

<b>County</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>5-Year Total</b>
Allegany	\$0	\$240	\$125	\$12,000	\$18,650	\$31,015
Anne Arundel	8,831	7,662	7,329	19,457	22,675	65,954
Baltimore City	13,840	11,151	11,483	21,523	39,436	97,433
Baltimore	12,470	11,541	11,563	25,218	35,053	95,845
Calvert	10,891	6,600	7,344	3,437	2,723	30,995
Caroline	1,055	1,175	269	4,699	2,935	10,133
Carroll	8,534	6,538	6,768	7,434	8,282	37,556
Cecil	0	5,023	8,246	8,656	8,271	30,196
Charles	10,598	6,463	6,400	8,267	10,200	41,928
Dorchester	3,268	177	991	656	872	5,964
Frederick	11,525	10,380	9,657	11,910	17,942	61,414
Garrett	2,395	984	1,098	1,507	1,235	7,219
Harford	6,181	5,356	7,439	8,287	11,096	38,359
Howard	12,356	9,254	8,800	15,273	17,808	63,491
Kent	550	345	555	2,000	3,479	6,929
Montgomery	18,000	10,584	9,036	30,431	40,040	108,091
Prince George's	18,000	12,763	10,174	29,833	37,425	108,195
Queen Anne's	5,000	3,004	338	6,897	3,000	18,239
St. Mary's	7,443	3,989	5,883	3,271	5,495	26,081
Somerset	0	163	3,612	14,300	12,022	30,097
Talbot	0	0	0	2,422	2,405	4,827
Washington	1,361	2,003	2,375	6,431	4,478	16,648
Wicomico	2,684	729	3,993	7,616	4,178	19,200
Worcester	1,518	376	2,400	2,241	6,872	13,407
Bond Premium	0	0	0	0	6,100	6,100
<b>Total</b>	<b>\$156,500</b>	<b>\$116,500</b>	<b>\$125,878</b>	<b>\$253,766</b>	<b>\$322,672</b>	<b>\$975,316</b>

Source: Public School Construction Program, Department of Legislative Services



## Chapter 8. Local General Fund Balances

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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 2006 for each county. **Exhibit 8.2** shows the combined general fund/“rainy day” balances for the last three fiscal years.

Local governments ended fiscal 2006 with general fund balances, including “rainy day” accounts, totaling \$2.0 billion. These balances increased by \$260 million from the prior year, as illustrated in Exhibit 8.2. The general fund/“rainy day” balances as a percentage of general fund revenues increased from 16.8 to 18.0 percent. In comparison, the State’s combined general fund/“rainy day” balances for fiscal 2006 were \$2.8 billion, an increase of \$1.2 billion from 2005. The State’s combined general fund/“rainy day” balances as a percentage of general fund revenues increased from 8.7 to 14.6 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.

Twenty-one counties reported an increase in their general fund/“rainy day” balances between fiscal 2005 and 2006. Three counties experienced decreases in their general fund balances between fiscal 2005 and 2006.

Exhibit 8.1  
**County Unreserved General Fund Balances and "Rainy Day" Funds**  
**Fiscal 2006**  
(\$ 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) **	\$70,932.6	\$1,234.2	\$6,500.0	\$2,627.0	\$10,361.3	14.6%	\$7,734.2	10.9%
Anne Arundel (c)	1,052,747.1	33,057.6	38,754.4	59,582.0	131,394.0	12.5%	71,812.0	6.8%
Baltimore City (c)	1,200,740.0	12,007.0	82,787.0	53,410.0	148,204.0	12.3%	94,794.0	7.9%
Baltimore (b)	1,491,152.0	122,523.0	76,016.0	81,126.0	279,665.0	18.8%	198,539.0	13.3%
Calvert (b)	163,565.9	15,152.0	25,387.8	15,500.0	56,039.8	34.3%	40,539.8	24.8%
Caroline	40,181.9	6,912.7	0.0	0.0	6,912.7	17.2%	6,912.7	17.2%
Carroll (b)	261,205.0	13,542.6	14,750.0	16,467.9	44,760.5	17.1%	28,292.6	10.8%
Cecil (c)	136,971.1	5,533.6	11,124.1	22,814.3	39,472.0	28.8%	16,657.7	12.2%
Charles	273,719.7	46,298.5	0.0	19,903.0	66,201.5	24.2%	46,298.5	16.9%
Dorchester (d)	47,508.1	2,796.5	2,707.6	5,152.8	10,656.8	22.4%	5,504.0	11.6%
Frederick (a)	386,419.8	37,232.2	16,625.0	51,885.9	105,743.1	27.4%	53,857.2	13.9%
Garrett**	62,385.1	5,389.1	0.0	20,298.7	25,687.8	41.2%	5,389.1	8.6%
Harford (b)	360,475.1	30,801.3	21,477.3	31,085.8	83,364.4	23.1%	52,278.6	14.5%
Howard (c)	684,342.3	7,739.6	38,423.4	57,954.1	104,117.0	15.2%	46,163.0	6.7%
Kent (c)	36,323.0	2,705.5	0.0	0.0	2,705.5	7.4%	2,705.5	7.4%
Montgomery (d)	2,438,397.6	107,281.9	107,786.6	174,488.3	389,556.8	16.0%	215,068.5	8.8%
Prince George's (b)	1,424,015.5	128,658.8	46,014.8	70,170.2	244,843.9	17.2%	174,673.7	12.3%
Queen Anne's (c)**	90,431.7	13,512.8	5,956.2	1,504.0	20,973.0	23.2%	19,468.9	21.5%
St. Mary's (b)	166,122.2	14,479.8	11,027.9	19,993.6	45,501.3	27.4%	25,507.7	15.4%
Somerset	27,135.1	454.9	0.0	9,250.0	9,704.9	35.8%	454.9	1.7%
Talbot	71,503.2	25,387.3	0.0	7,285.9	32,673.1	45.7%	25,387.3	35.5%
Washington (b)	176,181.8	403.7	29,545.3	0.0	29,949.1	17.0%	29,949.1	17.0%
Wicomico (b)	118,465.0	16,485.1	6,527.4	9,080.3	32,092.8	27.1%	23,012.5	19.4%
Worcester (d)	155,124.0	500.0	14,171.4	37,355.8	52,027.2	33.5%	14,671.4	9.5%
<b>Total</b>	<b>\$10,936,044.7</b>	<b>\$650,089.8</b>	<b>\$555,582.1</b>	<b>\$766,935.4</b>	<b>\$1,972,607.4</b>	<b>18.0%</b>	<b>\$1,205,672.0</b>	<b>11.0%</b>
State of Maryland (c)	\$19,205,282.0	\$730,866.0	\$758,783.0	\$1,311,018.0	\$2,800,667.0	14.6%	\$1,489,649.0	7.8%

Notes: Although these balances represent available resources at June 30, 2006, 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 2006; 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 2004 through 2006**  
**(\$ in Thousands)**

County	FY 2004 Balances	Percent of General Fund	FY 2005 Balances	General Fund Revenues	FY 2006 Balances	General Fund Revenues
Allegany	\$9,990.2	15.3%	\$9,400.0	14.1%	\$10,361.3	14.6%
Anne Arundel	86,845.6	9.4%	129,710.4	13.3%	131,394.0	12.5%
Baltimore City	94,881.0	9.2%	138,509.0	12.5%	148,204.0	12.3%
Baltimore	173,288.0	13.7%	237,379.0	17.2%	279,665.0	18.8%
Calvert	39,447.5	26.5%	47,719.8	27.9%	56,039.8	34.3%
Caroline	4,988.2	14.8%	9,809.2	27.1%	6,912.7	17.2%
Carroll	34,501.0	14.3%	55,122.8	20.4%	44,760.5	17.1%
Cecil	27,202.9	24.0%	34,080.9	27.7%	39,472.0	28.8%
Charles	15,545.7	7.9%	40,681.0	17.2%	66,201.5	24.2%
Dorchester	4,585.3	11.8%	9,269.7	21.7%	10,656.8	22.4%
Frederick	66,308.5	20.1%	89,066.4	25.0%	105,743.1	27.4%
Garrett	7,580.9	14.0%	21,391.7	37.6%	25,687.8	41.2%
Harford	58,819.8	18.9%	86,135.3	25.7%	83,364.4	23.1%
Howard	36,764.9	6.7%	67,396.2	10.9%	104,117.0	15.2%
Kent	2,408.1	8.2%	2,444.1	7.5%	2,705.5	7.4%
Montgomery	235,047.2	11.2%	341,754.7	14.7%	389,556.8	16.0%
Prince George's	122,106.4	10.5%	222,018.2	16.9%	244,843.9	17.2%
Queen Anne's	11,588.5	15.2%	9,690.4	11.7%	20,973.0	23.2%
St. Mary's	21,694.0	15.8%	33,098.9	22.3%	45,501.3	27.4%
Somerset	5,019.6	18.0%	7,185.6	28.2%	9,704.9	35.8%
Talbot	17,311.6	31.0%	27,919.3	42.9%	32,673.1	45.7%
Washington	19,115.4	12.9%	23,540.5	14.5%	29,949.1	17.0%
Wicomico	16,424.1	15.6%	26,208.1	23.8%	32,092.8	27.1%
Worcester	29,074.2	24.2%	42,741.6	30.8%	52,027.2	33.5%
<b>Total</b>	<b>\$1,140,538.5</b>	<b>12.3%</b>	<b>\$1,712,272.8</b>	<b>16.8%</b>	<b>\$1,972,607.4</b>	<b>18.0%</b>
State of Maryland	\$623,711.0	3.8%	\$1,605,750.0	8.7%	\$2,800,667.0	14.6%

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 2004 through 2006; additional information concerning rainy day funds obtained from county finance offices



## Chapter 9. Local Debt Measures

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### County Debt

As of June 30, 2005, Maryland counties and Baltimore City had \$11.4 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 2001 through 2005.

Between fiscal 2001 and 2005, local debt for counties and Baltimore City increased by \$1.4 billion or 13.8 percent. This represents a 3.4 percent average annual increase over the five-year period. The Washington Suburban Sanitary Commission (WSSC) accounted for 12.8 percent of the total debt in fiscal 2005. In the exhibits, WSSC debt was apportioned equally between Montgomery and Prince George's counties. Montgomery County had \$3.1 billion in outstanding debt, while Prince George's County had \$1.7 billion in debt. In comparison, Kent and Somerset counties were the smallest borrowers. Kent County had \$19.3 million in outstanding debt, while Somerset County had \$17.7 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 \$667.2 million outstanding debt as of June 30, 2005, and the State of Maryland had \$11.0 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 1995, 2000, and 2005. County debt to assessable base has remained steady over the decade. Baltimore City and Prince George's County were the only jurisdictions that had debt-to-assessable-base ratios of 5 percent or higher during the period. However, Prince George's County debt-to-assessable base has decreased and now is below 5 percent. The high ratio in Baltimore City (7.9 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 2005 the State had a debt-to-assessable-base ratio of 2.6 percent that decreased from 2.8 percent in 1995. The municipalities/special taxing districts had a ratio of 1.0 percent in 2005.

Exhibit 9.3 shows debt per capita for the counties and Baltimore City. Based on United States Census Bureau population estimates, debt per capita increased from \$1,703 in fiscal 1995 to \$2,049 in fiscal 2005, a 20.3 percent increase over the decade. The largest increases in per capita debt were in Baltimore City, Harford, Kent, and Worcester counties.

Baltimore City and Howard, Montgomery, and Prince George's counties had the highest debt per capita.

The high ratios in Montgomery and Prince George's counties were attributed to 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, Somerset, and Talbot counties had the lowest debt per capita. For comparative purposes, the State's debt in fiscal 2005 amounted to \$1,984 per person, a 31 percent increase from \$1,516 per person in 1995. The municipalities/special taxing districts had a ratio of \$811 per person in 2005.

## 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, 2005. 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 Baa1. 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 2001 to 2005**  
**(\$ in Thousands)**

<b>County</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>Average Annual Change</b>
Allegany	\$53,384	\$50,481	\$46,395	\$53,843	\$54,777	-0.9%
Anne Arundel	659,063	752,629	830,063	744,837	798,865	3.9%
Baltimore City	1,309,545	1,491,796	1,599,069	1,708,014	1,704,519	8.2%
Baltimore	869,951	989,183	1,124,932	1,307,770	1,239,763	9.1%
Calvert	60,261	75,282	101,143	105,554	104,567	10.8%
Caroline	28,595	32,092	31,246	29,703	27,321	0.6%
Carroll	225,828	209,490	208,802	204,173	229,758	1.1%
Cecil	63,709	72,386	72,500	86,589	95,252	9.7%
Charles	111,535	116,843	135,427	199,902	241,811	16.4%
Dorchester	23,248	28,563	26,202	30,136	27,199	3.3%
Frederick	320,263	304,167	359,150	376,180	357,595	5.8%
Garrett	21,269	20,224	30,344	29,289	25,481	4.6%
Harford	269,007	282,963	285,511	285,534	314,951	4.6%
Howard	652,455	593,725	683,524	705,554	743,718	1.9%
Kent	13,184	13,650	17,019	19,052	19,288	8.1%
Montgomery	3,076,454	3,154,483	3,164,498	3,182,429	3,073,653	0.5%
Prince George's	1,730,841	1,742,513	1,729,623	1,894,509	1,746,564	0.1%
Queen Anne's	74,608	70,544	66,294	74,083	69,744	6.2%
St. Mary's	119,482	135,401	145,296	161,749	179,347	7.5%
Somerset	17,479	17,630	15,560	14,701	17,653	1.3%
Talbot	20,172	31,929	30,197	28,661	27,092	6.3%
Washington	153,541	154,942	150,407	147,505	148,093	0.0%
Wicomico	78,903	77,799	77,196	77,057	76,479	-0.6%
Worcester	58,554	57,834	60,455	54,747	70,132	2.4%
<b>Total</b>	<b>\$10,011,330</b>	<b>\$10,476,550</b>	<b>\$10,990,853</b>	<b>\$11,521,572</b>	<b>\$11,393,622</b>	<b>3.4%</b>

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 1995	FY 2000	FY 2005	FY 1995	FY 2000	FY 2005	FY 1995	FY 2000	FY 2005
Allegany	\$2,203,810	\$2,745,386	\$2,691,053	\$33,317	\$57,372	\$54,777	1.5%	2.1%	2.0%
Anne Arundel	28,407,121	32,672,190	46,036,555	574,604	658,503	798,865	2.0%	2.0%	1.7%
Baltimore City	18,610,809	18,302,808	21,597,384	866,256	1,147,836	1,704,519	4.7%	6.3%	7.9%
Baltimore	37,091,995	41,878,986	50,489,382	864,021	801,669	1,239,763	2.3%	1.9%	2.5%
Calvert	4,760,926	5,811,373	7,496,323	60,228	62,705	104,567	1.3%	1.1%	1.4%
Caroline	982,171	1,197,889	1,586,476	16,431	26,469	27,321	1.7%	2.2%	1.7%
Carroll	7,124,260	8,692,801	11,891,468	145,083	217,020	229,758	2.0%	2.5%	1.9%
Cecil	3,783,562	4,450,608	6,235,694	46,082	59,918	95,252	1.2%	1.3%	1.5%
Charles	6,055,452	7,375,626	10,075,543	106,458	113,162	241,811	1.8%	1.5%	2.4%
Dorchester	1,290,474	1,452,255	1,939,327	21,886	23,092	27,199	1.7%	1.6%	1.4%
Frederick	9,728,903	11,813,227	16,353,215	170,629	270,003	357,595	1.8%	2.3%	2.2%
Garrett	1,419,934	1,775,423	2,513,159	14,056	20,377	25,481	1.0%	1.1%	1.0%
Harford	9,172,990	11,695,881	15,597,527	133,052	251,009	314,951	1.5%	2.1%	2.0%
Howard	15,078,380	18,907,875	27,014,393	611,403	677,845	743,718	4.1%	3.6%	2.8%
Kent	1,163,957	1,299,814	1,690,504	6,657	13,069	19,288	0.6%	1.0%	1.1%
Montgomery	68,568,942	75,715,322	106,559,595	2,668,753	2,999,170	3,073,653	3.9%	4.0%	2.9%
Prince George's	37,050,813	39,846,936	49,033,034	1,843,014	1,739,153	1,746,564	5.0%	4.4%	3.6%
Queen Anne's	2,395,080	2,951,117	4,569,035	36,266	51,564	69,744	1.5%	1.7%	1.5%
St. Mary's	3,762,634	4,781,180	6,211,101	95,419	125,100	179,347	2.5%	2.6%	2.9%
Somerset	602,073	699,860	846,503	10,313	16,578	17,653	1.7%	2.4%	2.1%
Talbot	2,910,101	3,342,561	5,134,091	14,635	19,994	27,092	0.5%	0.6%	0.5%
Washington	4,961,668	6,190,115	7,922,077	129,085	148,326	148,093	2.6%	2.4%	1.9%
Wicomico	3,078,658	3,622,052	4,591,232	57,673	78,814	76,479	1.9%	2.2%	1.7%
Worcester	5,375,434	6,033,266	10,010,931	29,505	62,369	70,132	0.5%	1.0%	0.7%
<b>Total</b>	<b>\$275,580,140</b>	<b>\$313,254,544</b>	<b>\$418,085,602</b>	<b>\$8,554,826</b>	<b>\$9,641,117</b>	<b>\$11,393,622</b>	<b>3.1%</b>	<b>3.1%</b>	<b>2.7%</b>

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 1994	July 1999	July 2004	FY 1995	FY 2000	FY 2005	FY 1995	FY 2000	FY 2005
Allegany	75,203	75,288	73,999	\$33,317	\$57,372	\$54,777	\$443	\$762	\$740
Anne Arundel	456,499	484,800	508,356	574,604	658,503	798,865	1,259	1,358	1,571
Baltimore City	713,248	657,441	641,943	866,256	1,147,836	1,704,519	1,215	1,746	2,655
Baltimore	721,250	749,425	781,171	864,021	801,669	1,239,763	1,198	1,070	1,587
Calvert	61,706	72,858	86,293	60,228	62,705	104,567	976	861	1,212
Caroline	28,645	29,610	31,088	16,431	26,469	27,321	574	894	879
Carroll	134,779	149,149	166,489	145,083	217,020	229,758	1,076	1,455	1,380
Cecil	77,031	84,591	95,536	46,082	59,918	95,252	598	708	997
Charles	108,159	118,571	135,702	106,458	113,162	241,811	984	954	1,782
Dorchester	30,716	30,783	31,002	21,886	23,092	27,199	713	750	877
Frederick	171,801	191,606	217,456	170,629	270,003	357,595	993	1,409	1,644
Garrett	29,558	29,834	30,043	14,056	20,377	25,481	476	683	848
Harford	200,922	216,408	235,290	133,052	251,009	314,951	662	1,160	1,339
Howard	212,975	243,007	266,532	611,403	677,845	743,718	2,871	2,789	2,790
Kent	18,610	19,015	19,761	6,657	13,069	19,288	358	687	976
Montgomery	805,835	862,350	921,631	2,668,753	2,999,170	3,073,653	3,312	3,478	3,335
Prince George's	757,553	795,048	841,642	1,843,014	1,739,153	1,746,564	2,433	2,187	2,075
Queen Anne's	35,691	40,077	44,963	36,266	51,564	69,744	1,016	1,287	1,551
St. Mary's	78,737	85,627	94,950	95,419	125,100	179,347	1,212	1,461	1,889
Somerset	24,426	24,766	25,764	10,313	16,578	17,653	422	669	685
Talbot	32,082	33,656	35,130	14,635	19,994	27,092	456	594	771
Washington	127,651	131,178	139,193	129,085	148,326	148,093	1,011	1,131	1,064
Wicomico	80,121	83,714	88,608	57,673	78,814	76,479	720	941	863
Worcester	39,862	45,707	48,790	29,505	62,369	70,132	740	1,365	1,437
<b>Total</b>	<b>5,023,060</b>	<b>5,254,509</b>	<b>5,561,332</b>	<b>\$8,554,826</b>	<b>\$9,641,117</b>	<b>\$11,393,622</b>	<b>\$1,703</b>	<b>\$1,835</b>	<b>\$2,049</b>

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 2005**

<b>County</b>	<b>Standard &amp; Poor's</b>	<b>Moody's</b>	<b>Fitch</b>
Allegany	A-	Baa1	-
Anne Arundel	AA+	Aa1	AA+
Baltimore City	A+	A1	A+
Baltimore	AAA	Aaa	AAA
Calvert	AA	Aa2	AA+
Caroline	-	A3,Aaa	-
Carroll	AA	Aa2	AA+
Cecil	AA-	A1	-
Charles	AA	Aa2	AA+
Dorchester	A	A2	-
Frederick	AA	Aa2	AA+
Garrett <sup>1</sup>	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	-
Washington	A+	A1	AA-
Wicomico	A+	A2	A+
Worcester	-	Aa3	AA-

<sup>1</sup> MBIA insured for specific projects; not county rating.

Note: (-) means not rated.

Source: Maryland Association of Counties

## Chapter 10. Balance of State Payments

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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. **Exhibit 10.1** shows two aid-to-revenue ratios.

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 0.67 for Allegany County in 2004 indicates that, for every dollar of fiscal 2004 State tax revenues allocated to Allegany County, the county received \$0.67 in direct State aid. The amount of direct grants received for each \$1.00 of taxes paid ranged from \$0.11 in Worcester County to \$1.05 in Somerset County in fiscal 2004. Statewide, the weighted average for this measure was \$0.35, and the county mean was \$0.45. The amount for Baltimore City includes State-assumed functions.

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**Table 10.1**  
**Counties with the Highest and Lowest State Aid Amounts**

<u>Highest Amounts</u>	<u>Lowest Amounts</u>
Somerset	Worcester
Baltimore City	Talbot
Caroline	Montgomery
Allegany	Anne Arundel
Garrett	Howard

Source: Department of Legislative Services

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The second ratio compares direct State aid and payments-on-behalf to total revenue allocations. Again, using Allegany County as the example, in fiscal 2004 the county received \$0.69 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 2004 varied from \$0.13 for Worcester County to \$1.06 for Somerset County. Statewide, the weighted average was \$0.37, and the county mean was \$0.47.

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 2004 for example, Allegany County's direct aid index is \$1.90. In other words, Allegany's ratio was 90 percent above the State average. Including payments-on-behalf lowers Allegany's ratio to \$1.86 or 86 percent above the statewide average. **Exhibit 10.2** shows State aid received as a percent of the statewide average.

## Findings

In fiscal 2004, 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. The ratios for 14 counties matched or exceeded this statewide average. State aid-to-revenue allocation ratios for three of Maryland's largest subdivisions (Anne Arundel, Baltimore, and Montgomery counties) were considerably below the statewide average.

Consequently, the county average ratio of \$0.47, calculated by summing the county ratios and dividing by 24, is somewhat higher than the statewide weighted average. The standard deviation measures the variation in ratios across the counties – the higher the standard deviation, the greater the variation.

Worcester, Talbot, and Montgomery counties had the lowest ratios in fiscal 2004 (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. Since 1995, the amount of State aid-to-revenue collections has increased significantly for Baltimore City, while increasing slightly for Montgomery and Worcester counties. The ratio for Somerset County has decreased, while the ratios have remained relatively constant for Caroline and Talbot counties.

Between 1995 and 2004, State financial assistance received (direct grants only) as a percent of the statewide average increased in 2 counties, decreased in 13 counties, and remained relatively stable in 9 counties. Over the same period, total State financial assistance received (direct grants and payments-on-behalf) increased in 2 counties, decreased in 12 counties, and remained relatively stable in 10 counties.

For the purposes of this analysis, a trend for a particular county is considered to be relatively stable if the variation between the 1995 and 2004 measure is less than one-tenth. Baltimore City and Prince George's County have received

significant increases in State aid in relation to the amount of State tax revenue generated in the two jurisdictions. The ratio in Baltimore City has increased from 2.21 in fiscal 1995 to 2.67 in fiscal 2004. The ratio in Prince George's County has increased from 1.16 in fiscal 1995 to 1.38 in fiscal 2004. Between fiscal 1995 and 2004, State aid has increased by 44.1 percent in Baltimore City and 78.9 percent in Prince George's County, compared to 60.3 percent statewide.

Since fiscal 2001, State financial assistance (direct grants and payments-on-behalf) decreased in six counties. Garrett County realized the largest decrease followed by Washington and Dorchester counties. The decreases in these counties are a result of strong growth in State tax revenues and below average growth in State aid. For example, Garrett County had the second highest growth in per capita State tax revenue allocations from fiscal 2001 and 2004, while Washington County had the highest and Dorchester County the fifth highest. In terms of per capita growth in State aid, Garrett County had the twelfth highest, Washington County the fifteenth highest, and Dorchester County the eighteenth highest.

**Exhibit 10.3** 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. Baltimore City, the fourth most populous subdivision, receives the largest percentage of State grants, followed by Prince George's County, the second most populous subdivision.

**Exhibit 10.4** depicts 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 2004 as measured on a per capita basis include Worcester, Talbot, Howard, Montgomery, 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. Subdivisions that generate more State tax revenue per capita typically have a greater proportion of residents with higher incomes.

Jurisdictions that receive the greatest amount of State aid in fiscal 2004 as measured on a per capita basis include Baltimore City and Caroline, Garrett, Allegany, and Dorchester counties. Counties receiving the least amount of State aid include Talbot, Worcester, Montgomery, Anne Arundel, and Baltimore. 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* analysis.

**Exhibit 10.1**  
**State Financial Assistance Received for Each \$1.00 of Taxes Paid**  
**Fiscal 2002-2004**

County	Direct State Grants			Direct Grants and Payments-on-behalf		
	2002	2003	2004	2002	2003	2004
Allegany	0.64	0.70	0.67	0.67	0.73	0.69
Anne Arundel	0.24	0.24	0.22	0.26	0.27	0.24
Baltimore City	0.98	1.05	0.98	1.01	1.08	1.00
Baltimore	0.23	0.24	0.23	0.25	0.27	0.26
Calvert	0.44	0.46	0.46	0.47	0.50	0.48
Caroline	0.95	1.03	0.97	0.99	1.07	0.99
Carroll	0.35	0.37	0.35	0.38	0.39	0.37
Cecil	0.63	0.65	0.62	0.66	0.69	0.64
Charles	0.39	0.40	0.39	0.42	0.43	0.42
Dorchester	0.65	0.65	0.61	0.67	0.68	0.63
Frederick	0.31	0.32	0.31	0.33	0.35	0.33
Garrett	0.70	0.70	0.67	0.72	0.72	0.67
Harford	0.37	0.39	0.38	0.40	0.42	0.40
Howard	0.21	0.22	0.22	0.24	0.25	0.25
Kent	0.34	0.35	0.30	0.37	0.38	0.32
Montgomery	0.14	0.16	0.15	0.17	0.19	0.19
Prince George's	0.47	0.52	0.49	0.50	0.55	0.51
Queen Anne's	0.27	0.31	0.29	0.29	0.34	0.31
St. Mary's	0.39	0.40	0.39	0.41	0.43	0.41
Somerset	1.04	1.11	1.05	1.07	1.14	1.06
Talbot	0.11	0.10	0.12	0.13	0.12	0.14
Washington	0.37	0.38	0.36	0.40	0.41	0.34
Wicomico	0.41	0.45	0.44	0.44	0.49	0.47
Worcester	0.10	0.10	0.11	0.12	0.13	0.13
<b>Total</b>	<b>0.35</b>	<b>0.37</b>	<b>0.35</b>	<b>0.37</b>	<b>0.40</b>	<b>0.37</b>
<b>County Mean</b>	<b>0.45</b>	<b>0.47</b>	<b>0.45</b>	<b>0.47</b>	<b>0.50</b>	<b>0.47</b>
<b>Standard Deviation</b>	<b>0.26</b>	<b>0.28</b>	<b>0.26</b>	<b>0.26</b>	<b>0.28</b>	<b>0.26</b>

Source: Department of Legislative Services



**Exhibit 10.2**  
**State Financial Assistance Received as a Percent of the Statewide Average**  
**Fiscal 2002-2004**

County	Direct State Grants			Direct Grants and Payments-on-behalf		
	2002	2003	2004	2002	2003	2004
Allegany	1.84	1.89	1.90	1.79	1.84	1.86
Anne Arundel	0.70	0.66	0.63	0.71	0.67	0.64
Baltimore City	2.83	2.85	2.79	2.70	2.73	2.67
Baltimore	0.66	0.66	0.67	0.68	0.68	0.69
Calvert	1.26	1.26	1.30	1.26	1.26	1.29
Caroline	2.75	2.81	2.76	2.65	2.70	2.64
Carroll	1.01	1.00	0.99	1.01	1.00	0.99
Cecil	1.81	1.78	1.76	1.77	1.73	1.71
Charles	1.14	1.09	1.13	1.13	1.09	1.12
Dorchester	1.87	1.76	1.75	1.81	1.70	1.69
Frederick	0.89	0.87	0.88	0.89	0.87	0.89
Garrett	2.02	1.92	1.91	1.93	1.83	1.80
Harford	1.08	1.05	1.07	1.08	1.05	1.07
Howard	0.62	0.60	0.64	0.66	0.64	0.68
Kent	0.98	0.96	0.87	0.98	0.97	0.87
Montgomery	0.41	0.42	0.43	0.47	0.48	0.50
Prince George's	1.35	1.41	1.40	1.33	1.38	1.38
Queen Anne's	0.77	0.86	0.83	0.78	0.86	0.83
St. Mary's	1.12	1.08	1.11	1.11	1.08	1.11
Somerset	3.01	3.03	2.99	2.87	2.88	2.84
Talbot	0.32	0.27	0.36	0.35	0.30	0.38
Washington	1.08	1.03	1.02	1.07	1.03	0.91
Wicomico	1.18	1.24	1.25	1.17	1.23	1.25
Worcester	0.29	0.28	0.33	0.32	0.32	0.35
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>County Mean</b>	<b>1.29</b>	<b>1.28</b>	<b>1.28</b>	<b>1.27</b>	<b>1.26</b>	<b>1.26</b>
<b>Standard Deviation</b>	<b>0.77</b>	<b>0.78</b>	<b>0.76</b>	<b>0.72</b>	<b>0.72</b>	<b>0.70</b>

Source: Department of Legislative Services

**Exhibit 10.3**  
**Comparison of State Tax Revenues and Grants**  
**Fiscal 2004**

County	<u>Share of Population</u>			<u>Share of State Tax Revenues</u>			<u>Share of State Grants</u>		
	Population	Percent of Total	Ranking	Total Revenues	Percent of Total	Ranking	Total Grants	Percent of Total	Ranking
Allegany	73,867	1.3%	16	\$98,016,618	0.9%	17	\$68,009,551	1.7%	15
Anne Arundel	505,028	9.2	5	1,095,688,803	10.4	4	263,701,026	6.7	5
Baltimore City	643,304	11.7	4	863,868,127	8.2	5	861,614,004	21.9	1
Baltimore	775,902	14.1	3	1,612,918,537	15.3	2	413,400,818	10.5	3
Calvert	84,103	1.5	15	147,768,206	1.4	14	71,383,377	1.8	14
Caroline	30,899	0.6	20	34,487,516	0.3	22	34,072,938	0.9	17
Carroll	163,438	3.0	9	305,571,791	2.9	9	113,449,711	2.9	9
Cecil	92,955	1.7	12	114,564,503	1.1	16	73,329,609	1.9	13
Charles	132,299	2.4	11	259,651,279	2.5	11	108,550,213	2.8	10
Dorchester	30,616	0.6	21	42,769,587	0.4	21	26,950,865	0.7	19
Frederick	213,576	3.9	8	442,705,088	4.2	7	147,410,965	3.7	8
Garrett	30,098	0.5	22	43,835,858	0.4	20	29,555,713	0.8	18
Harford	231,893	4.2	7	412,719,008	3.9	8	165,050,730	4.2	6
Howard	263,866	4.8	6	629,728,125	6.0	6	159,773,382	4.1	7
Kent	19,701	0.4	24	32,542,210	0.3	23	10,548,212	0.3	24
Montgomery	916,073	16.6	1	2,137,111,136	20.3	1	396,176,262	10.1	4
Prince George's	835,159	15.2	2	1,319,581,921	12.5	3	678,709,159	17.2	2
Queen Anne's	44,191	0.8	18	84,352,718	0.8	19	26,129,083	0.7	20
St. Mary's	92,675	1.7	13	162,195,977	1.5	12	67,305,037	1.7	16
Somerset	25,542	0.5	23	20,853,663	0.2	24	22,132,263	0.6	21
Talbot	34,548	0.6	19	92,327,167	0.9	18	12,960,963	0.3	23
Washington	136,816	2.5	10	269,789,983	2.6	10	91,409,393	2.3	11
Wicomico	87,362	1.6	14	158,651,445	1.5	13	74,262,669	1.9	12
Worcester	48,566	0.9	17	144,079,924	1.4	15	18,906,215	0.5	22
<b>Total</b>	<b>5,512,477</b>	<b>100.0%</b>		<b>\$10,525,779,190</b>	<b>100.0%</b>		<b>\$3,934,792,158</b>	<b>100.0%</b>	

Source: Department of Legislative Services

**Exhibit 10.4**  
**Per Capita Allocation of State Tax Revenues and Grants**  
**Fiscal 2004**

County	Population	<u>Allocation of State Tax Revenues</u>			<u>State Grants to Local Governments*</u>		
		Total Revenues	Per Capita Amount	Ranking	Total Grants	Per Capita Amount	Ranking
Allegany	73,867	\$98,016,618	\$1,327	21	\$68,009,551	\$921	4
Anne Arundel	505,028	1,095,688,803	2,170	5	263,701,026	522	21
Baltimore City	643,304	863,868,127	1,343	20	861,614,004	1,339	1
Baltimore	775,902	1,612,918,537	2,079	6	413,400,818	533	20
Calvert	84,103	147,768,206	1,757	14	71,383,377	849	8
Caroline	30,899	34,487,516	1,116	23	34,072,938	1,103	2
Carroll	163,438	305,571,791	1,870	11	113,449,711	694	14
Cecil	92,955	114,564,503	1,232	22	73,329,609	789	11
Charles	132,299	259,651,279	1,963	9	108,550,213	820	9
Dorchester	30,616	42,769,587	1,397	19	26,950,865	880	5
Frederick	213,576	442,705,088	2,073	7	147,410,965	690	15
Garrett	30,098	43,835,858	1,456	18	29,555,713	982	3
Harford	231,893	412,719,008	1,780	13	165,050,730	712	13
Howard	263,866	629,728,125	2,387	3	159,773,382	606	17
Kent	19,701	32,542,210	1,652	16	10,548,212	535	19
Montgomery	916,073	2,137,111,136	2,333	4	396,176,262	432	22
Prince George's	835,159	1,319,581,921	1,580	17	678,709,159	813	10
Queen Anne's	44,191	84,352,718	1,909	10	26,129,083	591	18
St. Mary's	92,675	162,195,977	1,750	15	67,305,037	726	12
Somerset	25,542	20,853,663	816	24	22,132,263	867	6
Talbot	34,548	92,327,167	2,672	2	12,960,963	375	24
Washington	136,816	269,789,983	1,972	8	91,409,393	668	16
Wicomico	87,362	158,651,445	1,816	12	74,262,669	850	7
Worcester	48,566	144,079,924	2,967	1	18,906,215	389	23
<b>Total</b>	<b>5,512,477</b>	<b>\$10,525,779,190</b>	<b>\$1,909</b>		<b>\$3,934,792,158</b>	<b>\$714</b>	

Source: Department of Legislative Services



## Chapter 11. Tax Capacity and Effort

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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.

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

<u>Highest Tax Capacity</u>	<u>Lowest Tax Capacity</u>
Worcester Talbot Montgomery Howard Queen Anne’s	Somerset Baltimore City Allegany Caroline Wicomico
<u>Highest Tax Effort</u>	<u>Lowest Tax Effort</u>
Baltimore City Allegany Prince George’s Wicomico Somerset	Talbot Worcester Queen Anne’s Kent Calvert

Source: Department of Legislative Services

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## 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
<b>State Average</b>	<b>100</b>		<b>100</b>	

Source: Department of Legislative Services



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

<b>County</b>	<b>Tax Capacity</b>	<b>Combined Capacity</b>	<b>Difference Between Index</b>
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
<b>State Average</b>	<b>100</b>	<b>100</b>	<b>0</b>

Source: Department of Legislative Services



## Appendices

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**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	<b>Maryland</b>	<b>265</b>	<b>23</b>	<b>157</b>	<b>0</b>	<b>85</b>
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		<b>United States</b>	<b>87,525</b>	<b>3,034</b>	<b>19,429</b>	<b>16,504</b>	<b>48,558</b>

Source: United States 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>
<b>Allegany</b>			<b>Carroll</b>		
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
<b>Anne Arundel</b>			<b>Cecil</b>		
Annapolis	1708	Ch. 7	Cecilton	1864	Ch. 353
Highland Beach	1922	Ch. 213	Charlestown	1786	Ch. 20
<b>Baltimore County</b>			Chesapeake City	1849	Ch. 271
None			Elkton	1821	Ch. 143
<b>Calvert</b>			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
<b>Caroline</b>			<b>Charles</b>		
Denton	1802	Ch. 25	Indian Head	1920	Ch. 590
Federalsburg	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>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Dorchester</b>			<b>Harford</b>		
Brookview	1953	Ch. 704	Aberdeen	1892	Ch. 136
Cambridge	1793	Ch. 66	Bel Air	1874	Ch. 273
Church Creek	1867	Ch. 53	Havre de Grace	1785	Ch. 55
East New Market	1832	Ch. 167			
Eldorado	1947	Ch. 313	<b>Howard</b>		
Galestown	1951	Ch. 92	None		
Hurlock	1892	Ch. 249			
Secretary	1900	Ch. 555	<b>Kent</b>		
Vienna	1833	Ch. 216	Betterton	1906	Ch. 227
			Chestertown	1805	Ch. 271
<b>Frederick</b>			Galena	1858	Ch. 373
Brunswick	1890	Ch. 577	Millington (also in Queen Anne's)	1890	Ch. 386
Burkittsville	1894	Ch. 652	Rock Hall	1908	Ch. 171
Emmitsburg	1824	Ch. 29			
Frederick	1816	Ch. 74	<b>Montgomery</b>		
Middletown	1833	Ch. 143	Barnesville	1888	Ch. 254
Mount Airy (also in Carroll)	1894	Ch. 91	Brookeville	1808	Ch. 90
Myersville	1904	Ch. 94	Chevy Chase	1918	Ch. 177
New Market	1878	Ch. 90	Chevy Chase, Sec. 3	1982	Referendum
Rosemont	1953	Ch. 262	Chevy Chase, Sec. 5	1982	Referendum
Thurmont	1894	Ch. 16	Chevy Chase View	1993	Referendum
Walkersville	1892	Ch. 351	Chevy Chase Village	1910	Ch. 382
Woodsboro	1836	Ch. 299	Gaithersburg	1878	Ch. 397
			Garrett Park	1898	Ch. 453
<b>Garrett</b>			Glen Echo	1904	Ch. 436
Accident	1916	Ch. 514	Kensington	1894	Ch. 621
Deer Park	1884	Ch. 519	Laytonsville	1892	Ch. 497
Friendsville	1902	Ch. 477	Martin's Additions	1985	Referendum
Grantsville	1864	Ch. 99	North Chevy Chase	1996	Referendum
Kitzmiller	1906	Ch. 285	Poolesville	1867	Ch. 174
Loch Lynn Heights	1896	Ch. 450	Rockville	1860	Ch. 373
Mountain Lake Park	1931	Ch. 507	Somerset	1906	Ch. 795
Oakland	1862	Ch. 250	Takoma Park	1890	Ch. 480
			Washington Grove	1937	Ch. 372



<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Prince George's</b>			<b>Queen Anne's</b>		
Berwyn Heights	1896	Ch. 267	Barclay	1931	Ch. 483
Bladensburg	1854	Ch. 137	Centreville	1794	Ch. 23
Bowie	1882	Ch. 488	Church Hill	1876	Ch. 201
Brentwood	1912	Ch. 401	Millington (also in Kent)	1890	Ch. 386
Capitol Heights	1910	Ch. 513	Queen Anne (also in Talbot)	1953	Ch. 17
Cheverly	1931	Ch. 200	Queenstown	1892	Ch. 542
College Park	1945	Ch. 1051	Sudlersville	1870	Ch. 313
Colmar Manor	1927	Ch. 178	Templeville (also in Caroline)	1865	Ch. 86
Cottage City	1924	Ch. 390			
District Heights	1936	Ch. 61	<b>St. Mary's</b>		
Eagle Harbor	1929	Ch. 397	Leonardtwn	1858	Ch. 73
Edmonston	1924	Ch. 154			
Fairmount Heights	1935	Ch. 199	<b>Somerset</b>		
Forest Heights	1949	Ch. 142	Crisfield	1872	Ch. 151
Glenarden	1939	Ch. 650	Princess Anne	1894	Ch. 543
Greenbelt	1937	Ch. 532			
Hyattsville	1886	Ch. 424	<b>Talbot</b>		
Landover Hills	1945	Ch. 465	Easton	1790	Ch. 14
Laurel	1870	Ch. 260	Oxford	1852	Ch. 367
Morningside	1949	Ch. 589	Queen Anne (also in Queen Anne's)	1953	Ch. 17
Mount Rainier	1910	Ch. 514	St. Michaels	1804	Ch. 82
New Carrollton	1953	Ch. 441	Trappe	1827	Ch. 103
North Brentwood	1924	Ch. 508			
Riverdale Park	1920	Ch. 731	<b>Washington</b>		
Seat Pleasant	1931	Ch. 197	Boonsboro	1831	Ch. 139
University Park	1936	Ch. 132	Clear Spring	1836	Ch. 141
Upper Marlboro	1870	Ch. 363	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>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Wicomico</b>			<b>Worcester</b>		
Delmar	1888	Ch. 167	Berlin	1868	Ch. 424
Fruitland	1947	Ch. 662	Ocean City	1880	Ch. 209
Hebron	1931	Ch. 90	Pocomoke City	1878	Ch. 253
Mardela Springs	1906	Ch. 325	Snow Hill	1812	Ch. 72
Pittsville	1906	Ch. 499			
Salisbury	1854	Ch. 287			
Sharptown	1874	Ch. 465			
Willards	1906	Ch. 195			

Source: Maryland State Archives, Department of Legislative Services

**Appendix 3**  
**Residents Residing in Municipalities**  
**July 2005**

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

Source: Maryland Department of Planning, Department of Legislative Services



**Appendix 4**  
**Washington and Baltimore Metropolitan Statistical Areas**

				<b>Population Change</b>		<b>Percent Change</b>	
	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>1990-2000</u>	<u>2000-2005</u>	<u>1990-2000</u>	<u>2000-2005</u>
<b>Washington Metropolitan Area</b>	<b>4,122,199</b>	<b>4,796,183</b>	<b>5,214,666</b>	<b>673,984</b>	<b>418,483</b>	<b>16.4%</b>	<b>8.7%</b>
<b>District of Columbia</b>	<b>606,900</b>	<b>572,059</b>	<b>550,521</b>	<b>-34,841</b>	<b>-21,538</b>	<b>-5.7%</b>	<b>-3.8%</b>
<b>Maryland</b>	<b>1,788,314</b>	<b>2,065,242</b>	<b>2,221,154</b>	<b>276,928</b>	<b>155,912</b>	<b>15.5%</b>	<b>7.5%</b>
Calvert	51,372	74,563	87,925	23,191	13,362	45.1%	17.9%
Charles	101,154	120,546	138,822	19,392	18,276	19.2%	15.2%
Frederick	150,208	195,277	220,701	45,069	25,424	30.0%	13.0%
Montgomery	762,875	873,341	927,583	110,466	54,242	14.5%	6.2%
Prince George's	722,705	801,515	846,123	78,810	44,608	10.9%	5.6%
<b>Virginia</b>	<b>1,691,059</b>	<b>2,116,692</b>	<b>2,393,785</b>	<b>425,633</b>	<b>277,093</b>	<b>25.2%</b>	<b>13.1%</b>
Alexandria City	111,183	128,283	135,337	17,100	7,054	15.4%	5.5%
Arlington	170,936	189,453	195,965	18,517	6,512	10.8%	3.4%
Clarke	12,101	12,652	14,205	551	1,553	4.6%	12.3%
Fairfax City	19,622	21,498	21,963	1,876	465	9.6%	2.2%
Fairfax	818,584	969,749	1,006,529	151,165	36,780	18.5%	3.8%
Falls Church City	9,578	10,377	10,781	799	404	8.3%	3.9%
Fauquier	48,741	55,139	64,997	6,398	9,858	13.1%	17.9%
Fredericksburg City	19,027	19,279	20,732	252	1,453	1.3%	7.5%
Loudoun	86,129	169,599	255,518	83,470	85,919	96.9%	50.7%
Manassas City	27,957	35,135	37,569	7,178	2,434	25.7%	6.9%
Manassas Park City	6,734	10,290	11,622	3,556	1,332	52.8%	12.9%
Prince William	215,686	280,813	348,588	65,127	67,775	30.2%	24.1%
Spotsylvania	57,403	90,395	116,549	32,992	26,154	57.5%	28.9%
Stafford	61,236	92,446	117,874	31,210	25,428	51.0%	27.5%
Warren	26,142	31,584	35,556	5,442	3,972	20.8%	12.6%
<b>West Virginia</b>	<b>35,926</b>	<b>42,190</b>	<b>49,206</b>	<b>6,264</b>	<b>7,016</b>	<b>17.4%</b>	<b>16.6%</b>
Jefferson	35,926	42,190	49,206	6,264	7,016	17.4%	16.6%

	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>Population Change</u>		<u>Percent Change</u>	
				<u>1990-2000</u>	<u>2000-2005</u>	<u>1990-2000</u>	<u>2000-2005</u>
<b>Baltimore Metropolitan Area</b>	<b>2,382,172</b>	<b>2,552,994</b>	<b>2,655,675</b>	<b>170,822</b>	<b>102,681</b>	<b>7.2%</b>	<b>4.0%</b>
Baltimore City	736,014	651,154	635,815	-84,860	-15,339	-11.5%	-2.4%
Anne Arundel	427,239	489,656	510,878	62,417	21,222	14.6%	4.3%
Baltimore	692,134	754,292	786,113	62,158	31,821	9.0%	4.2%
Carroll	123,372	150,897	168,541	27,525	17,644	22.3%	11.7%
Harford	182,132	218,590	239,259	36,458	20,669	20.0%	9.5%
Howard	187,328	247,842	269,457	60,514	21,615	32.3%	8.7%
Queen Anne's	33,953	40,563	45,612	6,610	5,049	19.5%	12.4%

Source: United States Census Bureau

**Appendix 5**  
**Special County Property Tax Rates**  
**Fiscal 2007**

	Real Property Tax Rate	Percent of Total
<b>Charles County</b>		
General Tax	\$0.962	93.8%
Fire District Tax	0.064	6.2%
<b>Total Rate</b>	<b>\$1.026</b>	<b>100.0%</b>
<b>Frederick County</b>		
General Tax	\$0.936	88.0%
Fire District Tax (Urban)	0.128	12.0%
<b>Total Rate</b>	<b>\$1.064</b>	<b>100.0%</b>
<b>Howard County</b>		
General Tax	\$1.0140	89.0%
Fire District Tax (Metro)	0.1255	11.0%
<b>Total Rate</b>	<b>\$1.1395</b>	<b>100.0%</b>
<b>Montgomery County</b>		
General Tax	\$0.624	68.1%
Transit Tax	0.053	5.8%
Fire District Tax	0.134	14.6%
M-NCPPC	0.078	8.5%
Recreation Tax	0.024	2.6%
Storm Drainage Tax	0.003	0.3%
<b>Total Rate</b>	<b>\$0.916</b>	<b>100.0%</b>
<b>Prince George's County</b>		
General Tax	\$0.960	72.8%
M-NCPPC	0.279	21.2%
WSTC	0.026	2.0%
Stormwater	0.054	4.1%
<b>Total Rate</b>	<b>\$1.319</b>	<b>100.0%</b>

Source: Department of Legislative Services





**Appendix 6**  
**County and Municipal Real Property Tax Rates**  
**Fiscal 2007**

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Allegany</b>	<b>73,639</b>	<b>\$0.9829</b>			<b>\$0.9829</b>
Barton	464	0.9494	0.2220	-	1.1714
Cumberland	20,915	0.9087	0.9479	-	1.8566
Frostburg	7,958	0.9111	0.5500	-	1.4611
Lonaconing	1,164	0.9283	0.3400	-	1.2683
Luke	76	0.9227	0.5000	-	1.4227
Midland	457	0.9474	0.2800	-	1.2274
Westernport	2,020	0.9263	0.6000	-	1.5263
<b>Anne Arundel</b>	<b>510,878</b>	<b>0.918</b>			<b>0.918</b>
Annapolis	36,300	0.548	0.530	-	1.078
Highland Beach	111	0.918	0.416	-	1.334
<b>Baltimore City</b>	<b>635,815</b>	<b>2.288</b>			<b>2.288</b>
<b>Baltimore</b>	<b>786,113</b>	<b>1.100</b>			<b>1.100</b>
<b>Calvert</b>	<b>87,925</b>	<b>0.892</b>			<b>0.892</b>
Chesapeake Beach	3,463	0.556	0.440	-	0.996
North Beach	1,882	0.556	0.670	-	1.226

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Caroline</b>	<b>31,822</b>	<b>\$0.870</b>			<b>\$0.870</b>
Denton	3,252	0.750	0.660	-	1.410
Federalsburg	2,637	0.750	0.640	-	1.390
Goldsboro	210	0.830	0.400	-	1.230
Greensboro	1,944	0.750	0.545	-	1.295
Henderson	121	0.830	0.300	-	1.130
Hillsboro	158	0.830	0.160	-	0.990
Marydel	143	0.830	0.300	-	1.130
Preston	582	0.750	0.360	-	1.110
Ridgely	1,354	0.750	0.530	-	1.280
Templeville*	25	0.830	0.252	-	1.082
<b>Carroll</b>	<b>168,541</b>	<b>1.048</b>			<b>1.048</b>
Hampstead	5,451	1.048	0.200	-	1.248
Manchester	3,557	1.048	0.184	-	1.232
Mount Airy*	4,065	1.048	0.183	-	1.231
New Windsor	1,359	1.048	0.160	-	1.208
Sykesville	4,440	1.048	0.330	-	1.378
Taneytown	5,453	1.048	0.320	-	1.368
Union Bridge	1,085	1.048	0.300	-	1.348
Westminster	17,761	1.048	0.440	-	1.488
<b>Cecil</b>	<b>97,796</b>	<b>0.960</b>			<b>0.960</b>
Cecilton	485	0.960	0.240	-	1.200
Charlestown	1,091	0.960	0.280	-	1.240
Chesapeake City	802	0.960	0.462	-	1.422
Elkton	14,466	0.960	0.544	-	1.504
North East	2,817	0.960	0.480	-	1.440
Perryville	3,770	0.960	0.362	-	1.322
Port Deposit	693	0.960	0.551	-	1.511
Rising Sun	1,785	0.960	0.360	-	1.320

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Charles</b>	<b>138,822</b>	<b>\$0.9620</b>		<b>\$0.0640</b>	<b>\$1.0260</b>
Indian Head	3,642	0.9620	0.3200	0.0640	1.3460
La Plata	8,442	0.9620	0.3200	0.0640	1.3460
Port Tobacco	18	0.9620	0.0400	0.0640	1.0660
<b>Dorchester</b>	<b>31,401</b>	<b>0.896</b>			<b>0.896</b>
Brookview	64	0.896	0.260	-	1.156
Cambridge	11,089	0.896	0.676	-	1.572
Church Creek	84	0.896	0.150	-	1.046
East New Market	245	0.896	0.540	-	1.436
Eldorado	59	0.896	0.180	-	1.076
Galestown	99	0.896	0.290	-	1.186
Hurlock	2,003	0.896	0.720	-	1.616
Secretary	501	0.896	0.320	-	1.216
Vienna	301	0.896	0.480	-	1.376
<b>Frederick</b>	<b>220,701</b>	<b>0.936</b>		<b>0.128</b>	<b>1.064</b>
Brunswick	5,242	0.936	0.452	0.080	1.468
Burkittsville	186	0.936	0.140	0.128	1.204
Emmitsburg	2,369	0.936	0.360	0.128	1.424
Frederick City	57,907	0.936	0.690	0.128	1.754
Middletown	2,860	0.936	0.232	0.128	1.296
Mount Airy*	4,310	0.936	0.183	0.080	1.199
Myersville	1,509	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	0.128	1.104
Thurmont	6,036	0.936	0.265	0.128	1.329
Walkersville	5,593	0.936	0.156	0.080	1.172
Woodsboro	912	0.936	0.129	0.128	1.193

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Garrett</b>	<b>29,909</b>	<b>\$1.000</b>			<b>\$1.000</b>
Accident	340	1.000	0.224	-	1.224
Deer Park	392	1.000	0.300	-	1.300
Friendsville	518	1.000	0.240	-	1.240
Grantsville	593	1.000	0.260	-	1.260
Kitzmilller	288	1.000	0.360	-	1.360
Loch Lynn Heights	449	1.000	0.270	-	1.270
Mountain Lake Park	2,164	0.945	0.362	-	1.307
Oakland	1,896	0.925	0.480	-	1.405
<b>Harford</b>	<b>239,259</b>	<b>1.082</b>			<b>1.082</b>
Aberdeen	14,305	0.926	0.735	-	1.661
Bel Air	10,014	0.926	0.500	-	1.426
Havre de Grace	11,884	0.926	0.680	-	1.606
<b>Howard</b>	<b>269,457</b>	<b>1.014</b>		<b>0.1255</b>	<b>1.140</b>
<b>Kent</b>	<b>19,899</b>	<b>0.972</b>			<b>0.972</b>
Betterton	340	0.972	0.320	-	1.292
Chestertown	4,673	0.972	0.370	-	1.342
Galena	473	0.972	0.240	-	1.212
Millington*	337	0.972	0.280	-	1.252
Rock Hall	2,566	0.972	0.320	-	1.292

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Montgomery</b>	<b>927,583</b>	<b>\$0.624</b>		<b>\$0.292</b>	<b>\$0.916</b>
Barnesville	186	0.624	0.060	0.212	0.896
Battery Park		0.624	0.050	0.292	0.966
Brookeville	127	0.624	0.150	0.212	0.986
Chevy Chase, Sec. 3	786	0.624	0.020	0.292	0.936
Chevy Chase, Sec. 5	653	0.624	0.000	0.292	0.916
Chevy Chase	2,776	0.624	0.026	0.292	0.942
Chevy Chase View	888	0.624	0.023	0.292	0.939
Chevy Chase Village	2,086	0.624	0.123	0.292	1.039
Drummond		0.624	0.048	0.292	0.964
Friendship Heights		0.624	0.040	0.289	0.953
Gaithersburg	57,698	0.624	0.212	0.188	1.024
Garrett Park	942	0.624	0.190	0.289	1.103
Glen Echo	251	0.624	0.120	0.292	1.036
Kensington	1,920	0.624	0.147	0.289	1.060
Laytonsville	329	0.624	0.140	0.212	0.976
Martin's Additions	891	0.624	0.008	0.292	0.924
North Chevy Chase	477	0.624	0.052	0.292	0.968
Oakmont		0.624	0.060	0.292	0.976
Poolesville	5,498	0.624	0.200	0.212	1.036
Rockville	57,402	0.624	0.312	0.188	1.124
Somerset	1,154	0.624	0.040	0.292	0.956
Takoma Park	18,540	0.624	0.630	0.289	1.543
Washington Grove	536	0.624	0.202	0.188	1.014

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Prince George's</b>	<b>846,123</b>	<b>\$0.960</b>		<b>\$0.359</b>	<b>\$1.319</b>
Berwyn Heights	3,068	0.809	0.486	0.359	1.654
Bladensburg	7,918	0.802	0.676	0.359	1.837
Bowie	53,878	0.945	0.352	0.307	1.604
Brentwood	2,937	0.937	0.248	0.359	1.544
Capitol Heights	4,313	0.824	0.412	0.359	1.595
Cheverly	6,668	0.816	0.450	0.359	1.625
College Park	25,171	0.943	0.299	0.359	1.601
Colmar Manor	1,312	0.942	0.490	0.359	1.791
Cottage City	1,176	0.822	0.670	0.359	1.851
District Heights	6,296	0.814	0.650	0.187	1.651
Eagle Harbor	58	0.955	0.292	0.359	1.606
Edmonston	1,390	0.815	0.500	0.359	1.674
Fairmount Heights	1,566	0.880	0.420	0.359	1.659
Forest Heights	2,679	0.858	0.470	0.359	1.687
Glenarden	6,380	0.834	0.296	0.359	1.489
Greenbelt	22,242	0.796	0.766	0.187	1.749
Hyattsville	16,677	0.802	0.630	0.359	1.791
Landover Hills	1,589	0.808	0.480	0.359	1.647
Laurel	22,125	0.769	0.720	0.141	1.630
Morningside	1,459	0.823	0.800	0.359	1.982
Mt. Rainier	8,751	0.803	0.790	0.359	1.952
New Carrollton	12,818	0.929	0.450	0.359	1.738
North Brentwood	487	0.949	0.288	0.359	1.596
Riverdale Park	6,630	0.798	0.641	0.359	1.798
Seat Pleasant	5,063	0.813	0.580	0.359	1.752
University Park	2,401	0.813	0.600	0.359	1.772
Upper Marlboro	683	0.870	0.240	0.359	1.469

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Queen Anne's</b>	<b>45,612</b>	<b>\$0.800</b>			<b>\$0.800</b>
Barclay	146	0.800	0.100	-	0.900
Centreville	2,660	0.800	0.470	-	1.270
Church Hill	542	0.800	0.340	-	1.140
Millington*	34	0.800	0.280	-	1.080
Queen Anne*	93	0.800	0.180	-	0.980
Queenstown	638	0.800	0.200	-	1.000
Sudlersville	394	0.800	0.167	-	0.967
Templeville*	56	0.800	0.252	-	1.052
<b>St. Mary's</b>	<b>96,518</b>	<b>0.857</b>			<b>0.857</b>
Leonardtown	2,075	0.857	0.150	-	1.007
<b>Somerset</b>	<b>25,845</b>	<b>0.940</b>			<b>0.940</b>
Crisfield	2,808	0.940	0.700	-	1.640
Princess Anne	2,800	0.940	0.854	-	1.794
<b>Talbot</b>	<b>35,683</b>	<b>0.500</b>			<b>0.500</b>
Easton	13,447	0.385	0.480	-	0.865
Oxford	746	0.400	0.290	-	0.690
Queen Anne*	79	0.450	0.180	-	0.630
St. Michaels	1,121	0.390	0.640	-	1.030
Trappe	1,137	0.430	0.300	-	0.730

<b>Jurisdiction</b>	<b>Population July 2005</b>	<b>County Rate</b>	<b>Municipal Rate</b>	<b>County Special Rate</b>	<b>Total Rate</b>
<b>Washington</b>	<b>141,895</b>	<b>\$0.948</b>			<b>\$0.948</b>
Boonsboro	2,982	0.948	0.300	-	1.248
Clear Spring	467	0.948	0.190	-	1.138
Funkstown	960	0.948	0.220	-	1.168
Hagerstown	38,326	0.948	0.798	-	1.746
Hancock	1,736	0.948	0.395	-	1.343
Keedysville	812	0.948	0.180	-	1.128
Sharpsburg	674	0.948	0.176	-	1.124
Smithsburg	2,859	0.948	0.280	-	1.228
Williamsport	2,135	0.948	0.405	-	1.353
<b>Wicomico</b>	<b>90,402</b>	<b>0.942</b>			<b>0.942</b>
Delmar	2,290	0.942	0.676	-	1.618
Fruitland	3,953	0.942	0.700	-	1.642
Hebron	1,022	0.942	0.400	-	1.342
Mardela Springs	360	0.942	0.200	-	1.142
Pittsville	1,188	0.942	0.360	-	1.302
Salisbury	26,295	0.942	0.729	-	1.671
Sharptown	621	0.942	0.620	-	1.562
Willards	959	0.942	0.460	-	1.402
<b>Worcester</b>	<b>48,750</b>	<b>0.700</b>			<b>0.700</b>
Berlin	3,711	0.700	0.730	-	1.430
Ocean City	7,049	0.700	0.430	-	1.130
Pocomoke City	3,909	0.700	0.760	-	1.460
Snow Hill	2,323	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