

PROPERTY TAX SET-OFFS

THE USE OF LOCAL PROPERTY TAX DIFFERENTIALS AND TAX REBATES IN MARYLAND

FISCAL 2021



DEPARTMENT OF LEGISLATIVE SERVICES 2021

**Property Tax Set-offs:
The Use of Local Property Tax Differentials
And Tax Rebates in Maryland
Fiscal 2021**

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

November 2021

Primary Staff for This Report

Michael Sousane

Other Staff Who Contributed to This Report

Hiram Burch
Kamar Merritt

For further information concerning this document contact:

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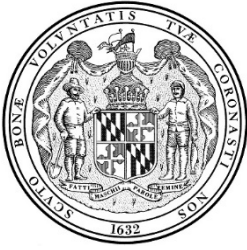
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Executive Director

November 2021

The Honorable Bill Ferguson, President of the Senate
The Honorable Adrienne A. Jones, Speaker of the House of Delegates
Members of the General Assembly

Ladies and Gentlemen:

At the local level, counties and municipalities share in the delivery of public services. To cover the costs of these services, residents of municipalities pay property taxes to both the county and municipal government. To compensate municipalities for services provided in lieu of similar county services, many counties in Maryland have established a tax set-off system by providing either a tax differential or tax rebate to the municipality. A tax differential is a lower county property tax rate within the municipality. A tax rebate is a direct county payment to the municipality; however, the county property tax rate within the municipality remains the same.

Tax set-off systems continue to be of interest to State and local government officials. The Department of Legislative Services (DLS) conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2021. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Michael Sousane of the Office of Policy Analysis and reviewed by Hiram Burch. Kamar Merritt prepared the manuscript.

We trust that the study will be useful to you and to other persons interested in matters relating to tax set-off systems.

Sincerely,

Handwritten signature of Victoria L. Gruber in blue ink.

Victoria L. Gruber
Executive Director

Handwritten signature of Ryan Bishop in blue ink.

Ryan Bishop
Director

VLG:RB/HLB/km

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Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2021

Introduction

Property tax set-offs are meant to compensate for double taxation of municipal taxpayers occurring when both municipal and county property taxes are levied to fund similar services. Therefore, counties compensate municipal taxpayers with property tax set-offs through a tax rate differential or through a tax rebate. A tax rate differential results in a lower county property tax rate within the boundaries of a municipality, whereas a tax rebate is a direct payment to a municipality for providing the services or programs.

Background

Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland mandates that Allegany, Anne Arundel, Baltimore, Garrett, Harford, Howard, Montgomery, and Prince George's counties meet annually with the governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it is demonstrated that a municipality performs services or programs in lieu of similar county services and programs, the governing body of the county **must impose** the county property tax on assessments of property in the municipality at a rate that is less than the general county property tax rate. Section 6-305.1 requires Frederick County to meet annually with the governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it can be demonstrated that a municipality performs services or programs in lieu of similar county services and programs, Frederick County must grant a tax set-off to the municipality in accordance with a formula agreed to by the county and the municipality. If Frederick County and a municipality fail to reach an agreement concerning the formula by which a tax set-off is to be calculated, Frederick County must grant a tax set-off using the formula for the preceding taxable year.

Section 6-306 governs the procedure for the setting of a tax differential in the other counties. The governing bodies of the counties are required to meet annually with governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it is demonstrated that the municipality performs services or programs in lieu of similar county services, the county **may establish** a county property tax rate for property in the municipality that is lower than the general county property tax rate.

Alternatively, both of the above sections provide the counties with the option of making a payment to the municipality to aid the municipality in funding municipal services or programs that are similar to county services or programs. This is commonly known as a tax rebate.

Subsections (d) and (e) of Sections 6-305 and 6-306 of the Tax-Property Article define the procedures for determining the county property tax rate within a municipality. The provisions follow:

(d) *Setting county rate for municipality.* In determining the county property tax rate to be set for assessments of property in a municipality, the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipality instead of similar county services and programs; and
- (2) the extent that the similar services and programs are funded by property tax revenues.

(e) *Rate need not be uniform.* The county property tax rate for assessments of property located in a municipality is not required to be:

- (1) the same as the rate for property located in other municipalities in the county; or
- (2) the same as the rate set in a prior year.

A county and one or more municipalities may enter into an agreement setting different terms or timing for negotiations, calculations, or approval of a tax set-off than are set out under Sections 6-305 and 6-306.

Scope

This report identifies the real property tax differentials and tax rebates made by the governing bodies of the counties during fiscal 2021. Information was obtained from a survey of the counties and the State Department of Assessments and Taxation (SDAT). Specifically, assessable base information and tax rate differentials were obtained by using data from SDAT. The tax rate differentials are calculated per \$100 of assessed property value.

The following payments are excluded from amounts reported as tax rebates:

- mandatory State pass-through from counties to municipalities, such as supplemental police aid and distributions from the State Fire, Rescue, and Ambulance Fund;

- county sales and services taxes, license fees, and alcoholic beverage dispensary profits required by State law to be shared with municipalities; and
- funds to which a municipality has a claim, such as Program Open Space.

Explanation of Exhibits and Appendix

- **Exhibit 1** summarizes the findings of the tax set-off study for fiscal 2021.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2021 to those in fiscal 2020.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2021 with the amount provided in fiscal 2016.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2021 on a per capita basis.

Summary of Findings

Property tax-set offs for municipalities were granted in 18 counties in fiscal 2021. Of the 5 remaining counties, Baltimore and Howard counties have no municipalities, while Kent, Wicomico, and Worcester counties chose not to establish tax set-offs. In fiscal 2021, tax differentials and rebates totaled \$114.7 million, a 4.9% increase compared to the prior year. Property tax set-off amounts were higher in 15 counties, lower in 1 county, and remained the same in 2 counties. Local funding for tax differentials and rebates in fiscal 2021 ranged from \$43,446 in St. Mary's County to \$34.2 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$98 in Talbot County with the statewide average at \$19.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Talbot, and Washington) provided tax rate differentials totaling \$40.5 million for the municipalities in their jurisdictions. Five counties (Carroll, Cecil, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$12.2 million. Six counties (Dorchester, Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$62 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$34.2 million, as did Harford County, totaling \$10.7 million. Dorchester County provided tax rate differentials to Cambridge and Hurlock totaling \$659,135 and provided tax rebates to its other municipalities totaling \$6,050. Frederick County provided tax

rate differentials to Frederick and Myersville totaling \$10.1 million and provided 10 other municipalities with \$5 million in tax rebates. Garrett County had a tax rate differential totaling \$70,921 for Mountain Lake Park and provided \$297,000 in rebates to 7 other municipalities. Queen Anne's County provided tax rate differentials to Centreville and Millington totaling \$688,598 and provided 6 other municipalities with \$262,749 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2021. The county real property tax rate within the city was reduced by \$0.374 per \$100 of assessed value resulting in a property tax revenue offset of \$24.2 million in fiscal 2021, or \$613 per city resident. The City of Bowie (Prince George's County) received the next largest tax set-off amount with a property tax differential amount of \$11 million. The City of Frederick (Frederick County) received a property tax differential amount of \$9.9 million, the third highest amount.

For a majority of municipalities in Maryland, the per capita tax differential or rebate amount is under \$75 per municipal resident. In 25 municipalities, the county government did not grant either a tax differential or tax rebate. In 11 municipalities, the tax differential or rebate amount exceeded \$200 per municipal resident.

Exhibit 1
Tax Differentials and Tax Rebates
Fiscal 2021

County	Tax Differential	Tax Rebate	Total
Allegany	\$2,100,484	\$0	\$2,100,484
Anne Arundel	24,253,216	0	24,253,216
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	3,643,655	0	3,643,655
Caroline	471,185	0	471,185
Carroll	0	2,781,578	2,781,578
Cecil	0	777,732	777,732
Charles	1,953,894	0	1,953,894
Dorchester	659,135	6,050	665,185
Frederick	10,126,037	5,003,752	15,129,789
Garrett	70,921	297,000	367,921
Harford	6,706,013	3,944,105	10,650,118
Howard	n/a	n/a	n/a
Kent	0	0	0
Montgomery	0	8,168,433	8,168,433
Prince George's	33,581,171	623,469	34,204,640
Queen Anne's	688,598	262,749	951,347
St. Mary's	0	43,446	43,446
Somerset	0	393,200	393,200
Talbot	3,625,020	0	3,625,020
Washington	4,496,070	0	4,496,070
Wicomico	0	0	0
Worcester	0	0	0
Total	\$92,375,402	\$22,301,514	\$114,676,915

n/a: Indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 2
Changes in Tax Differentials and Tax Rebates
Fiscal 2020 and 2021

County	2020	2021	Difference	% Difference
Allegany	\$1,973,569	\$2,100,484	\$126,915	6.4%
Anne Arundel	23,256,100	24,253,216	997,116	4.3%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,510,287	3,643,655	133,367	3.8%
Caroline	459,765	471,185	11,420	2.5%
Carroll	2,756,200	2,781,578	25,378	0.9%
Cecil	754,786	777,732	22,946	3.0%
Charles	1,814,430	1,953,894	139,465	7.7%
Dorchester	648,792	665,185	16,393	2.5%
Frederick	14,675,664	15,129,789	454,125	3.1%
Garrett	367,171	367,921	751	0.2%
Harford	10,145,002	10,650,118	505,116	5.0%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	8,168,433	8,168,433	0	0.0%
Prince George's	31,486,944	34,204,640	2,717,696	8.6%
Queen Anne's	934,799	951,347	16,548	1.8%
St. Mary's	43,487	43,446	-41	-0.1%
Somerset	393,200	393,200	0	0.0%
Talbot	3,537,460	3,625,020	87,560	2.5%
Washington	4,432,619	4,496,070	63,451	1.4%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$109,358,708	\$114,676,915	\$5,318,207	4.9%

n/a: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 3
Changes in Tax Differentials and Tax Rebates
Over a Five-year Period

County	FY 2016	FY 2021	Difference	% Difference
Allegany	\$1,630,764	\$2,100,484	\$469,720	28.8%
Anne Arundel	19,912,437	24,253,216	4,340,779	21.8%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,317,739	3,643,655	325,915	9.8%
Caroline	473,753	471,185	-2,568	-0.5%
Carroll	2,143,653	2,781,578	637,925	29.8%
Cecil	741,659	777,732	36,073	4.9%
Charles	1,647,149	1,953,894	306,745	18.6%
Dorchester	382,815	665,185	282,371	73.8%
Frederick	13,076,136	15,129,789	2,053,653	15.7%
Garrett	358,630	367,921	9,291	2.6%
Harford	9,522,265	10,650,118	1,127,853	11.8%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	7,656,182	8,168,433	512,251	6.7%
Prince George's	23,750,076	34,204,640	10,454,564	44.0%
Queen Anne's	584,516	951,347	366,831	62.8%
St. Mary's	42,973	43,446	473	1.1%
Somerset	360,000	393,200	33,200	9.2%
Talbot	3,241,229	3,625,020	383,791	11.8%
Washington	4,173,203	4,496,070	322,867	7.7%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$93,015,180	\$114,676,915	\$21,661,735	23.3%

n/a: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Tax Differentials/Tax Rebates by County

Allegany County

During fiscal 2021, Allegany County provided a tax rate differential to all of its seven municipalities for performing governmental services in areas including planning and zoning, police protection, public works, highway construction and maintenance, solid waste disposal, and emergency medical services. The rates are determined by calculating the net property tax support of each area of service and dividing it by the amount of revenue generated by \$1 of property tax levy. The estimated value of the tax differentials in fiscal 2021 is approximately \$2.1 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.1010	\$11,817
Cumberland	0.1584	1,433,487
Frostburg	0.1477	514,408
Lonaconing	0.1328	36,413
Luke	0.1342	39,108
Midland	0.1010	11,806
Westernport	0.1010	53,445
Total		\$2,100,484

Anne Arundel County

Anne Arundel County set a real property tax rate differential of \$0.374 for the City of Annapolis in fiscal 2021 for providing a variety of services that the county performs outside the city limits, including police protection, fire, public works, planning and zoning, and parks and recreation. The estimated value of the tax differential in fiscal 2021 is \$24.3 million. In calculating the tax rate differential, several steps were involved. First, county spending was allocated into countywide (*e.g.*, education) and noncity (*e.g.*, police) categories. Second, all county revenues, except property taxes, are allocated to offset the cost of either countywide or noncity services. Third, costs that are offset are used to calculate countywide and noncity property tax rates. Finally, this noncity property tax rate serves as the Annapolis tax rate differential. Highland Beach, the other incorporated municipality in Anne Arundel County, received a real property tax rate differential of \$0.03, which equals \$9,741 in reduced county revenues. The tax differential takes into consideration that the municipality provides public works and planning and zoning services.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Annapolis	\$0.3740	\$24,243,476
Highland Beach	0.0300	9,741
Total		\$24,253,216

Baltimore County

There are no incorporated municipalities solely within Baltimore County; however, a small part of Hampstead is located in the county.

Calvert County

Calvert County provided a tax rate differential for its two municipalities for public safety, public works, parks and recreation, and economic development. In fiscal 2021, these tax differentials totaled approximately \$3.6 million. The county periodically assesses the reasonableness of the differential by calculating the net cost to the municipalities of providing duplicative public services and what the net cost to the county would be to provide the same services for the municipality. These costs are used with property assessment data to calculate a range within which the tax rate differential should fall. If the differential falls within the range, the county advises that the differentials remain unchanged.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Chesapeake Beach	\$0.3360	\$2,761,769
North Beach	0.3360	881,886
Total		\$3,643,655

Caroline County

Caroline County provides tax rate differentials to municipalities with police protection. The differential rate is based on a formula of county police coverage. In fiscal 2021, Caroline County provided tax differentials totaling approximately \$0.5 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Denton	\$0.06	\$225,792
Federalsburg	0.08	121,756
Goldsboro	0.00	0
Greensboro	0.06	58,466
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	6,521
Ridgely	0.05	58,649
Templeville	0.00	0
Total		\$471,185

Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.8 million in fiscal 2021 in accordance with a longstanding agreement between the county and the municipalities. Funding is allocated to each municipality based in part on assessable base, inflation, and population. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Rebate Amount</u>
Hampstead	\$372,653
Manchester	284,723
Mount Airy	202,466
New Windsor	75,101
Sykesville	262,591
Taneytown	414,980
Union Bridge	81,481
Westminster	1,087,583
Total	\$2,781,578

Cecil County

Cecil County returned to its eight municipalities a general rebate equivalent to \$0.028 per \$100 of assessed property values for police protection and street lighting. In addition, the county made rebate payments to its municipalities totaling \$51,651 to offset the cost of refuse and garbage collection. The trash rebate is based on the average tons per capita of refuse deposited in the county landfill (\$3.00 per ton × 0.75 tons per capita × population). The total rebate amount that municipalities in Cecil County received in fiscal 2021 was \$777,732. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate</u>
Cecilton	\$13,757	\$1,066	\$14,823
Charlestown	46,741	2,293	49,034
Chesapeake City	24,809	1,771	26,580
Elkton	334,010	26,759	360,769
North East	100,425	6,149	106,574
Perryville	133,748	8,262	142,010
Port Deposit	16,969	1,521	18,490
Rising Sun	55,620	3,830	59,450
Total	\$726,081	\$51,651	\$777,732

Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2021 totaling \$2 million for performing government services in the areas of planning and growth management, police services, parks, and public works. The rate is determined by calculating the expenditures funded by property taxes for parallel services provided by the municipality and dividing this amount by the municipality’s assessable base. The Town of Port Tobacco received neither a tax differential nor a tax rebate as the town did not perform any services in lieu of those performed by the county.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Indian Head	\$0.0390	\$105,021
La Plata	0.1390	1,848,873
Port Tobacco	0.0000	0
Total		\$1,953,894

Dorchester County

In fiscal 2021, two of Dorchester County’s nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$659,135. The county’s other municipalities received tax rebates totaling \$6,050. The tax differentials are provided to compensate the municipalities for providing duplicative services, including police and planning and zoning. The tax rate differentials were calculated by multiplying the net cost to the county of providing the services by the percentage of those costs funded by real property taxes and the percentage of the county’s assessable property base located in each municipality. The tax rebate amounts are based on historical funding levels established by the county government.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Brookview	\$0.0000	\$0	\$450	\$450
Cambridge	0.0733	560,283	0	560,283
Church Creek	0.0000	0	425	425
East New Market	0.0000	0	1,350	1,350
Eldorado	0.0000	0	425	425
Galestown	0.0000	0	700	700
Hurlock	0.0821	98,853	0	98,853
Secretary	0.0000	0	1,350	1,350
Vienna	0.0000	0	1,350	1,350
Total		\$659,135	\$6,050	\$665,185

Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$10.1 million in fiscal 2021. Frederick County provided tax rebates totaling \$5.0 million in fiscal 2021 to the other 10 municipalities for highways, police protection, planning and zoning, and parks and recreation. The tax rebates were determined by calculating a certain factor (called a CAP factor), which is based on the municipalities' total taxable income, assessable base, and population compared to the county's total taxable income, assessable base, and population. The net expenditures for each of the duplicative services were then calculated. For police protection and planning and zoning, the net expenditures for duplicative services were used to calculate the cost of these services per capita for the municipality; however, for highways, cost per mile was used, and for parks and recreation, cost per acre of parkland was used. The county then compared the per capita (or per mile or acre) calculation to the net cost of the service multiplied by the CAP factor. The lesser of the two calculations was the total amount to be distributed among the municipalities, based on each municipality's population. The tax rate differentials are calculated in a similar manner. The total tax set-off amounts in fiscal 2021 were as follows:

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Brunswick	\$0.0000	\$0	\$1,081,586	\$1,081,586
Burkittsville	0.0000	0	28,573	28,573
Emmitsburg	0.0000	0	435,005	435,005
Frederick	0.1168	9,903,378	0	9,903,378
Middletown	0.0000	0	657,252	657,252
Mount Airy	0.0000	0	615,529	615,529
Myersville	0.1227	222,659	0	222,659
New Market	0.0000	0	123,733	123,733
Rosemont	0.0000	0	17,727	17,727
Thurmont	0.0000	0	971,682	971,682
Walkersville	0.0000	0	946,661	946,661
Woodsboro	0.0000	0	126,004	126,004
Total		\$10,126,037	\$5,003,752	\$15,129,789

Garrett County

In fiscal 2021, Garrett County provided a tax rate differential to Mountain Lake Park. The tax differential was granted for highway and street expenditures by the municipality. The real property tax rate differential for Mountain Lake Park is equal to the municipal property tax rate multiplied by the assessable base of each Garrett County government entity located within Mountain Lake Park that the county has authority over and/or for which the county provides funding. The total value of the tax differentials for Mountain Lake Park was \$70,921. Garrett County also provided tax rebates to all its other municipalities. Oakland received a rebate of \$147,000 for road paving projects and police

protection, and the other municipalities received \$25,000 for their expenditures on town roads. The rebates for all the municipalities totaled \$297,000.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Accident	\$0.0000	\$0	\$25,000	\$25,000
Deer Park	0.0000	0	25,000	25,000
Friendsville	0.0000	0	25,000	25,000
Grantsville	0.0000	0	25,000	25,000
Kitzmilller	0.0000	0	25,000	25,000
Loch Lynn Heights	0.0000	0	25,000	25,000
Mountain Lake Park	0.0651	70,921	0	70,921
Oakland	0.0000	0	147,000	147,000
Total		\$70,921	\$297,000	\$367,921

Harford County

Harford County provided a tax differential for its three municipalities for services performed in the area of road maintenance. The estimated value of the Harford County tax rate differentials totaled \$6.7 million in fiscal 2021. The county also provided approximately \$3.9 million in tax rebates to its municipalities for police services. The tax rebates are determined by calculating the cost of operating the Criminal Patrol Division of the County Sheriff's Department funded by county property taxes and then multiplying that figure by the ratio of each municipality's assessable tax base to the countywide assessable tax base.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Aberdeen	\$0.1483	\$2,216,098	\$1,310,402	\$3,526,500
Bel Air	0.1483	2,166,296	1,284,830	3,451,126
Havre de Grace	0.1483	2,323,620	1,348,873	3,672,493
Total		\$6,706,013	\$3,944,105	\$10,650,118

Howard County

There are no incorporated municipalities in Howard County.

Kent County

Kent County did not provide tax set-offs to its municipalities in fiscal 2021.

Montgomery County

Montgomery County provided tax rebates totaling \$8.2 million to 17 municipalities and 3 special taxing districts in fiscal 2021. Barnesville and Chevy Chase, Section 5, were the only municipalities that did not receive a tax rebate in fiscal 2021. The tax rebates are based on the county council's appropriation.

<u>Municipality</u>	<u>Rebate Amount</u>
Barnesville	\$0
Brookeville	8,067
Chevy Chase, Sec. III	31,513
Chevy Chase, Sec. V	0
Chevy Chase View	41,275
Chevy Chase Village	100,524
Chevy Chase	131,669
Drummond*	4,613
Friendship Heights*	95,245
Gaithersburg	1,206,567
Garrett Park	48,367
Glen Echo	20,762
Kensington	156,809
Laytonsville	14,293
Martin's Additions	26,832
North Chevy Chase	25,195
Oakmont*	3,278
Poolesville	228,936
Rockville	2,409,750
Somerset	56,173
Takoma Park	3,513,643
Washington Grove	44,922
Total	\$8,168,433

*Denotes a special taxing district.

Prince George's County

In fiscal 2021, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$33.6 million and tax rebates totaling \$0.6 million. County law requires the cost for each service for each municipality identified in the prior year county budget to be assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocated to a specific service. The aggregate municipal requests for "in lieu of" service credit, as certified by the county, are translated into a dollar value. This dollar value is calculated by totaling the products of the tax rate

equivalent cost of the service multiplied by each municipality's assessable base. Each of these net service values is then reduced to reflect the portion of each county service paid for by the property tax levy. The sum of the tax rate values of the duplicative services constitutes the calculated tax rate differential for each municipality. The county uses a three-year rolling average in applying the calculated tax differentials to provide stability to municipal residents' county tax rates in the event of rate changes due to county services reorganization, economic fluctuations, or other factors. The county also provides tax rebates for solid waste collection and code enforcement.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Berwyn Heights	\$0.1420	\$447,288	\$7,560	\$454,848
Bladensburg	0.1420	698,688	22,146	720,834
Bowie	0.1560	10,873,306	149,877	11,023,183
Brentwood	0.0830	234,515	7,374	241,889
Capitol Heights	0.1290	393,989	10,499	404,488
Cheverly	0.1400	879,275	16,906	896,181
College Park	0.0350	1,075,596	83,290	1,158,886
Colmar Manor	0.1160	117,880	3,399	121,279
Cottage City	0.0910	96,547	3,159	99,706
District Heights	0.1400	547,194	15,982	563,176
Eagle Harbor	0.0030	265	153	417
Edmonston	0.1030	170,884	3,498	174,382
Fairmount Heights	0.0840	94,560	3,617	98,177
Forest Heights	0.0920	171,575	5,924	177,499
Glenarden	0.1200	672,063	14,525	686,588
Greenbelt	0.1640	3,634,599	63,175	3,697,774
Hyattsville	0.1560	3,263,982	48,082	3,312,064
Landover Hills	0.0890	146,288	4,084	150,372
Laurel	0.1860	5,971,335	68,781	6,040,116
Morningside	0.1820	185,585	5,518	191,103
Mount Rainier	0.1460	706,736	19,560	726,296
New Carrollton	0.1360	1,109,849	29,377	1,139,225
North Brentwood	0.0040	2,284	1,252	3,535
Riverdale Park	0.1410	1,132,211	16,839	1,149,050
Seat Pleasant	0.1240	395,777	10,995	406,772
University Park	0.1400	490,886	6,168	497,054
Upper Marlboro	0.0720	68,016	1,730	69,746
Total		\$33,581,171	\$623,469	\$34,204,640

Queen Anne's County

In fiscal 2021, two of Queen Anne's County's eight municipalities, Centreville and Millington, received tax rate differentials totaling \$688,598. Six other municipalities received tax rebates totaling \$262,749. The tax differentials are provided to compensate the municipalities for providing duplicative services including police, planning and zoning, and roads. Both the tax rate differentials and the tax rebates were calculated by determining a tax rate for each government service or function in the county and then determining, in conjunction with the municipality, what level of service they provide in lieu of county services. That level of service equates to a county rate which, along with the assessable base, is then used to calculate the amount of a tax differential. For the tax rebates, the tax rate, based on the municipal assessable base, represents the amount of rebate for that municipality.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Barclay	\$0.0000	\$0	\$14,427	\$14,427
Centreville	0.1176	687,608	0	687,608
Church Hill	0.0000	0	45,964	45,964
Millington	0.0777	990	0	990
Queen Anne	0.0000	0	3,363	3,363
Queenstown	0.0000	0	162,597	162,597
Sudlersville	0.0000	0	35,448	35,448
Templeville	0.0000	0	950	950
Total		\$688,598	\$262,749	\$951,347

St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$43,446 to the Town of Leonardtown in fiscal 2021 to offset taxes for duplicative services such as planning and zoning, road maintenance, and public works. The rebate is based on the total assessed value of county-owned property within the municipality's corporate limits multiplied by an equitable tax rate on those properties.

<u>Municipality</u>	<u>Rebate Amount</u>
Leonardtown	\$43,446

Somerset County

Somerset County provided tax rebates in fiscal 2021 to Crisfield and Princess Anne in the amount of \$393,200 to help fund the cost of several paramedics used by the local ambulance companies. In Princess Anne, payments are made directly to the Princess Anne Fire Department.

<u>Municipality</u>	<u>Rebate Amount</u>
Crisfield	\$196,600
Princess Anne	196,600
Total	\$393,200

Talbot County

In fiscal 2021, Talbot County provided tax rate differentials totaling \$3.6 million to its five municipalities for performing governmental services in the areas of planning and zoning, police and fire protection, building code enforcement, parks and recreation, tourism and economic development, highways and streets, and public works. The county established real property tax rate differentials based on a “county cost for parallel services” formula until fiscal 2000, when, in addition to the formula, additional annual adjustments were made. In recent years, the adjusted tax differential has been more than the tax differential calculated under the parallel services formula. The county also provides a tax rate differential for utility property located in the municipalities.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Easton	\$0.1330	\$2,808,125
Oxford	0.1180	354,797
Queen Anne	0.0601	4,133
St. Michaels	0.1270	387,717
Trappe	0.0980	70,248
Total		\$3,625,020

Washington County

For fiscal 2021, Washington County provided tax differentials to its nine municipalities for providing services such as police protection, public works, planning and zoning, parks, and road overlay. Prior to fiscal 2011, the county provided tax rebates to its municipalities for providing these services. The tax differential is determined by calculating the portion of the county property tax rate that is used to fund services throughout the entire county, including in municipalities, and the portion of the county property tax rate that is used to fund services only in areas outside of municipalities. The latter tax rate is the amount of the tax differential for the municipalities. The fiscal 2021 tax differentials totaled approximately \$4.5 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$410,141
Clear Spring	0.125	27,686
Funkstown	0.125	62,621
Hagerstown	0.125	3,306,436
Hancock	0.125	123,610
Keedysville	0.125	125,390
Sharpsburg	0.125	54,954
Smithsburg	0.125	245,848
Williamsport	0.125	139,384
Total		\$4,496,070

Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2021.

Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2021.

Appendix

Appendix 1
Tax Differentials and Tax Rebates – Per Capita Amounts
Fiscal 2021

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Allegany					
Barton	419	\$11,817	\$0	\$11,817	\$28
Cumberland	19,131	1,433,487	0	1,433,487	75
Frostburg	8,465	514,408	0	514,408	61
Lonaconing	1,096	36,413	0	36,413	33
Luke	60	39,108	0	39,108	652
Midland	410	11,806	0	11,806	29
Westernport	1,712	53,445	0	53,445	31
Anne Arundel					
Annapolis	39,524	\$24,243,476	\$0	\$24,243,476	\$613
Highland Beach	111	9,741	0	9,741	88
Calvert					
Chesapeake Beach	6,066	\$2,761,769	\$0	\$2,761,769	\$455
North Beach	2,054	881,886	0	881,886	429
Caroline					
Denton	4,538	\$225,792	\$0	\$225,792	\$50
Federalsburg	2,658	121,756	0	121,756	46
Goldsboro	233	0	0	0	0
Greensboro	1,878	58,466	0	58,466	31
Henderson	143	0	0	0	0
Hillsboro	156	0	0	0	0
Marydel	136	0	0	0	0
Preston	700	6,521	0	6,521	9
Ridgely	1,655	58,649	0	58,649	35
Templeville*	28	0	0	0	0
Carroll					
Hampstead*	6,426	\$0	\$372,653	\$372,653	\$58
Manchester	4,876	0	284,723	284,723	58
Mount Airy*	5,604	0	202,466	202,466	36
New Windsor	1,404	0	75,101	75,101	53
Sykesville	3,973	0	262,591	262,591	66
Taneytown	6,846	0	414,980	414,980	61
Union Bridge	963	0	81,481	81,481	85

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Westminster	18,712	0	1,087,583	1,087,583	58
Cecil					
Cecilton	674	\$0	\$14,823	\$14,823	\$22
Charlestown	1,202	0	49,034	49,034	41
Chesapeake City	695	0	26,580	26,580	38
Elkton	15,665	0	360,769	360,769	23
North East	3,609	0	106,574	106,574	30
Perryville	4,449	0	142,010	142,010	32
Port Deposit	766	0	18,490	18,490	24
Rising Sun	2,784	0	59,450	59,450	21
Charles					
Indian Head	3,787	\$105,021	\$0	\$105,021	\$28
La Plata	9,800	1,848,873	0	1,848,873	189
Port Tobacco	15	0	0	0	0
Dorchester					
Brookview	58	\$0	\$450	\$450	\$8
Cambridge	12,213	560,283	0	560,283	46
Church Creek	120	0	425	425	4
East New Market	374	0	1,350	1,350	4
Eldorado	57	0	425	425	7
Galestown	135	0	700	700	5
Hurlock	2,007	98,853	0	98,853	49
Secretary	496	0	1,350	1,350	3
Vienna	264	0	1,350	1,350	5
Frederick					
Brunswick	6,652	\$0	\$1,081,586	\$1,081,586	\$163
Burkittsville	168	0	28,573	28,573	170
Emmitsburg	3,270	0	435,005	435,005	133
Frederick City	73,308	9,903,378	0	9,903,378	135
Middletown	4,910	0	657,252	657,252	134
Mount Airy*	3,898	0	615,529	615,529	158
Myersville	1,884	222,659	0	222,659	118
New Market	757	0	123,733	123,733	163
Rosemont	332	0	17,727	17,727	53
Thurmont	7,070	0	971,682	971,682	137
Walkersville	6,574	0	946,661	946,661	144
Woodsboro	1,302	0	126,004	126,004	97

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Garrett					
Accident	311	\$0	\$25,000	\$25,000	\$80
Deer Park	367	0	25,000	25,000	68
Friendsville	477	0	25,000	25,000	52
Grantsville	865	0	25,000	25,000	29
Kitzmilller	301	0	25,000	25,000	83
Loch Lynn Heights	525	0	25,000	25,000	48
Mountain Lake Park	2,065	70,921	0	70,921	34
Oakland	1,803	0	147,000	147,000	82
Harford					
Aberdeen	15,964	\$2,216,098	\$1,310,402	\$3,526,500	\$221
Bel Air	10,266	2,166,296	1,284,830	3,451,126	336
Havre de Grace	14,147	2,323,620	1,348,873	3,672,493	260
Kent					
Betterton	311	\$0	\$0	\$0	\$0
Chestertown	5,001	0	0	0	0
Galena	574	0	0	0	0
Millington*	557	0	0	0	0
Rock Hall	1,255	0	0	0	0
Montgomery					
Barnesville	178	\$0	\$0	\$0	\$0
Brookeville	144	0	8,067	8,067	56
Chevy Chase, Sec. 3	794	0	31,513	31,513	40
Chevy Chase, Sec. 5	702	0	0	0	0
Chevy Chase	2,980	0	131,669	131,669	44
Chevy Chase View	979	0	41,275	41,275	42
Chevy Chase Village	2,050	0	100,524	100,524	49
Drummond	-	0	4,613	4,613	0
Friendship Heights	-	0	95,245	95,245	0
Gaithersburg	67,741	0	1,206,567	1,206,567	18
Garrett Park	1,015	0	48,367	48,367	48
Glen Echo	269	0	20,762	20,762	77
Kensington	2,448	0	156,809	156,809	64
Laytonsville	353	0	14,293	14,293	40
Martin's Additions	991	0	26,832	26,832	27
North Chevy Chase	597	0	25,195	25,195	42
Oakmont	-	0	3,278	3,278	0
Poolesville	5,249	0	228,936	228,936	44

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Rockville	69,512	0	2,409,750	2,409,750	35
Somerset	1,259	0	56,173	56,173	45
Takoma Park	17,696	0	3,513,643	3,513,643	199
Washington Grove	551	0	44,922	44,922	82
Prince George's					
Berwyn Heights	3,249	\$447,288	\$7,560	\$454,848	\$140
Bladensburg	9,409	698,688	22,146	720,834	77
Bowie	58,212	10,873,306	149,877	11,023,183	189
Brentwood	3,439	234,515	7,374	241,889	70
Capitol Heights	4,514	393,989	10,499	404,488	90
Cheverly	6,417	879,275	16,906	896,181	140
College Park	32,173	1,075,596	83,290	1,158,886	36
Colmar Manor	1,458	117,880	3,399	121,279	83
Cottage City	1,355	96,547	3,159	99,706	74
District Heights	5,979	547,194	15,982	563,176	94
Eagle Harbor	69	265	153	417	6
Edmonston	1,490	170,884	3,498	174,382	117
Fairmount Heights	1,523	94,560	3,617	98,177	64
Forest Heights	2,558	171,575	5,924	177,499	69
Glenarden	6,151	672,063	14,525	686,588	112
Greenbelt	23,229	3,634,599	63,175	3,697,774	159
Hyattsville	18,217	3,263,982	48,082	3,312,064	182
Landover Hills	1,635	146,288	4,084	150,372	92
Laurel	25,548	5,971,335	68,781	6,040,116	236
Morningside	1,279	185,585	5,518	191,103	149
Mt. Rainier	8,117	706,736	19,560	726,296	89
New Carrollton	12,909	1,109,849	29,377	1,139,225	88
North Brentwood	549	2,284	1,252	3,535	6
Riverdale Park	7,192	1,132,211	16,839	1,149,050	160
Seat Pleasant	4,736	395,777	10,995	406,772	86
University Park	2,628	490,886	6,168	497,054	189
Upper Marlboro	672	68,016	1,730	69,746	104
Queen Anne's					
Barclay	165	\$0	\$14,427	\$14,427	\$87
Centreville	4,949	687,608	0	687,608	139
Church Hill	755	0	45,964	45,964	61
Millington*	38	990	0	990	26
Queen Anne*	127	0	3,363	3,363	26

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Queenstown	701	0	162,597	162,597	232
Sudlersville	487	0	35,448	35,448	73
Templeville*	88	0	950	950	11
St. Mary's					
Leonardtwn	3,912	\$0	\$43,446	\$43,446	\$11
Somerset					
Crisfield	2,534	\$0	\$196,600	\$196,600	\$78
Princess Anne	3,492	0	196,600	196,600	56
Talbot					
Easton	16,611	\$2,808,125	\$0	\$2,808,125	\$169
Oxford	602	354,797	0	354,797	589
Queen Anne*	84	4,133	0	4,133	49
St. Michaels	1,029	387,717	0	387,717	377
Trappe	1,000	70,248	0	70,248	70
Washington					
Boonsboro	3,655	\$410,141	\$0	\$410,141	\$112
Clear Spring	362	27,686	0	27,686	76
Funkstown	871	62,621	0	62,621	72
Hagerstown	39,918	3,306,436	0	3,306,436	83
Hancock	1,522	123,610	0	123,610	81
Keedysville	1,220	125,390	0	125,390	103
Sharpsburg	643	54,954	0	54,954	85
Smithsburg	2,969	245,848	0	245,848	83
Williamsport	2,074	139,384	0	139,384	67
Wicomico					
Delmar	3,596	\$0	\$0	\$0	\$0
Fruitland	5,326	0	0	0	0
Hebron	1,096	0	0	0	0
Mardela Springs	351	0	0	0	0
Pittsville	1,476	0	0	0	0
Salisbury	33,017	0	0	0	0
Sharptown	664	0	0	0	0
Willards	1,012	0	0	0	0
Worcester					
Berlin	4,940	\$0	\$0	\$0	\$0
Ocean City	6,913	0	0	0	0

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Pocomoke City	4,095	0	0	0	0
Snow Hill	2,046	0	0	0	0

*Municipality is in two counties.

Source: Department of Legislative Services