

# PROPERTY TAX SET-OFFS

THE USE OF LOCAL PROPERTY TAX DIFFERENTIALS  
AND TAX REBATES IN MARYLAND  
FISCAL 2024



DEPARTMENT OF LEGISLATIVE SERVICES 2024

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**Property Tax Set-offs:  
The Use of Local Property Tax Differentials  
And Tax Rebates in Maryland  
Fiscal 2024**

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

**November 2024**

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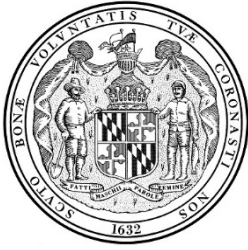
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**DEPARTMENT OF LEGISLATIVE SERVICES**  
**OFFICE OF POLICY ANALYSIS**  
**MARYLAND GENERAL ASSEMBLY**

**Victoria L. Gruber**  
Executive Director

**Ryan Bishop**  
Executive Director

November 2024

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

Dear President Ferguson, Speaker Jones, and Members:

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 conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2024. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Davin Brownell of the Office of Policy Analysis and reviewed by Michael Sousane and Hiram Burch.

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 black ink.

Victoria L. Gruber  
Executive Director

VLG:RB/HLB/db

Handwritten signature of Ryan Bishop in blue ink.

Ryan Bishop  
Director

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# Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2024

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## 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 2024. 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 2024.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2024 to those in fiscal 2023.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2024 with the amount provided in fiscal 2019.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2024 on a per capita basis.

## **Summary of Findings**

Property tax-set offs for municipalities were granted in 18 counties in fiscal 2024. Of the five remaining counties, Baltimore and Howard counties have no municipalities, while Kent, Wicomico, and Worcester counties chose not to establish tax set-offs. In fiscal 2024, tax differentials and rebates totaled \$133.7 million, a 4.0% increase compared to the prior year. Property tax set-off amounts were higher in 15 counties and lower in 2 counties. Local funding for tax differentials and rebates in fiscal 2024 ranged from \$72,788 in St. Mary's County to \$34.3 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$105 in Talbot County with the statewide average at \$30, excluding those counties with no municipalities.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Talbot, and Washington) provided tax rate differentials totaling \$46.2 million for the municipalities in their jurisdictions. Five counties (Carroll, Cecil, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$23.8 million. Six counties (Dorchester, Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$63.7 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$34.3 million, as did Harford County, totaling \$10.7 million. Frederick County provided tax rate differentials to Frederick and Myersville totaling \$11.1 million and provided 10 other municipalities with \$5.2 million in tax rebates. Dorchester County provided

tax differentials to Cambridge and Hurlock totaling \$818,749 and provided tax rebates to seven other municipalities totaling \$6,050. Garrett County had a tax rate differential totaling \$68,309 for Mountain Lake Park and provided \$297,000 in rebates to seven other municipalities. Queen Anne's County provided tax rate differentials to Centreville and Millington totaling \$849,354 and provided six other municipalities with \$285,815 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2024. The county real property tax rate within the city was reduced by \$0.394 per \$100 of assessed value resulting in a property tax revenue offset of \$27.7 million in fiscal 2024, or \$684 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 \$11.0 million. The City of Frederick (Frederick County) received a property tax differential amount of \$10.9 million, the third highest amount.

For a majority of municipalities in Maryland, the per capita tax differential or rebate amount is under \$77 per municipal resident. In 25 municipalities, the county government did not grant either a tax differential or tax rebate. In 14 municipalities, the tax differential or rebate amount exceeded \$200 per municipal resident.

**Exhibit 1**  
**Tax Differentials and Tax Rebates**  
**Fiscal 2024**

<b>County</b>	<b>Tax Differential</b>	<b>Tax Rebate</b>	<b>Total</b>
Allegany	\$2,124,007	\$0	\$2,124,007
Anne Arundel	27,736,750	0	27,736,750
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	4,189,240	0	4,189,240
Caroline	548,987	0	548,987
Carroll	0	2,924,365	2,924,365
Cecil	0	984,731	984,731
Charles	2,357,633	0	2,357,633
Dorchester	818,749	6,050	824,799
Frederick	11,137,790	5,243,255	16,381,045
Garrett	68,309	297,000	365,309
Harford	6,773,285	3,900,931	10,674,216
Howard	n/a	n/a	n/a
Kent	0	0	0
Montgomery	0	18,937,554	18,937,554
Prince George's	33,672,759	639,909	34,312,668
Queen Anne's	849,354	285,815	1,135,169
St. Mary's	0	72,788	72,788
Somerset	0	844,976	844,976
Talbot	3,962,179	0	3,962,179
Washington	5,308,510	0	5,308,510
Wicomico	0	0	0
Worcester	0	0	0
<b>Total</b>	<b>\$99,547,552</b>	<b>\$34,137,374</b>	<b>\$133,684,926</b>

n/a: Indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 2**  
**Changes in Tax Differentials and Tax Rebates**  
**Fiscal 2023 and 2024**

<b>County</b>	<b>2023</b>	<b>2024</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$2,068,856	\$2,124,007	\$55,151	2.7%
Anne Arundel	25,583,845	27,736,750	2,152,905	8.4%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,944,780	4,189,240	244,460	6.2%
Caroline	514,431	548,987	34,556	6.7%
C Carroll	2,687,236	2,924,365	237,129	8.8%
Cecil	874,203	984,731	110,528	12.6%
Charles	2,217,677	2,357,633	139,956	6.3%
Dorchester	758,072	824,799	66,727	8.8%
Frederick	15,959,815	16,381,045	421,230	2.6%
Garrett	369,326	365,309	-4,017	-1.1%
Harford	10,157,108	10,674,216	517,108	5.1%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0
Montgomery	17,437,603	18,937,554	1,499,951	8.6%
Prince George's	35,126,165	34,312,668	-813,497	-2.3%
Queen Anne's	1,090,809	1,135,169	44,360	4.1%
St. Mary's	70,929	72,788	1,859	2.6%
Somerset	844,976	844,976	0	0.0%
Talbot	3,803,338	3,962,179	158,841	4.2%
Washington	4,989,071	5,308,510	319,439	6.4%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
<b>Total</b>	<b>\$128,498,240</b>	<b>\$133,684,926</b>	<b>\$5,186,686</b>	<b>4.0%</b>

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**

<b>County</b>	<b>FY 2019</b>	<b>FY 2024</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$1,747,025	\$2,124,007	\$376,982	21.6%
Anne Arundel	21,523,408	27,736,750	6,213,342	28.9%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,455,513	4,189,240	733,727	21.2%
Caroline	545,280	548,987	3,707	0.7%
Carroll	2,104,108	2,924,365	820,257	39.0%
Cecil	740,001	984,731	244,730	33.1%
Charles	1,795,704	2,357,633	561,929	31.3%
Dorchester	640,670	824,799	184,129	28.7%
Frederick	14,202,323	16,381,045	2,178,722	15.3%
Garrett	367,314	365,309	-2,005	-0.5%
Harford	10,001,341	10,674,216	672,875	6.7%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	9,360,833	18,937,554	9,576,721	102.3%
Prince George's	29,306,699	34,312,668	5,005,969	17.1%
Queen Anne's	862,202	1,135,169	272,967	31.7%
St. Mary's	43,493	72,788	29,295	67.4%
Somerset	393,200	844,976	451,776	114.9%
Talbot	3,455,180	3,962,179	506,999	14.7%
Washington	4,343,566	5,308,510	964,944	22.2%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
<b>Total</b>	<b>\$104,887,860</b>	<b>\$133,684,926</b>	<b>\$28,797,066</b>	<b>27.5%</b>

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

Source: Department of Legislative Services

## Tax Differentials/Tax Rebates by County

### Allegany County

During fiscal 2024, 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 2024 is approximately \$2.1 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0757	\$10,225
Cumberland	0.1567	1,500,623
Frostburg	0.1289	503,242
Lonaconing	0.1141	35,893
Luke	0.1157	19,293
Midland	0.0757	10,227
Westernport	0.0757	44,504
<b>Total</b>		<b>\$2,124,007</b>

### Anne Arundel County

Anne Arundel County set a real property tax rate differential of \$0.394 for the City of Annapolis in fiscal 2024 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 2024 is \$27.7 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 \$10,369 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	\$0.3940	\$27,726,381
Highland Beach	0.0300	10,369
<b>Total</b>		<b>\$27,736,750</b>

### 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 2024, these tax differentials totaled approximately \$4.2 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	\$3,183,283
North Beach	0.3360	1,005,957
<b>Total</b>		<b>\$4,189,240</b>

### Caroline County

Caroline County provides tax rate differentials to municipalities with police protection. Historically, the differential rate is based on a formula of county police coverage. However, county commissioners have held differentials constant over the last four years. In fiscal 2024, 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	\$267,225
Federalsburg	0.08	134,067
Goldsboro	0.00	0
Greensboro	0.06	73,447
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	7,385
Ridgely	0.05	66,863
Templeville	0.00	0
<b>Total</b>		<b>\$548,987</b>



## Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.9 million in fiscal 2024 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	\$341,926
Manchester	329,393
Mount Airy	188,605
New Windsor	76,734
Sykesville	235,444
Taneytown	499,564
Union Bridge	68,953
Westminster	1,183,746
<b>Total</b>	<b>\$2,924,365</b>

## 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 \$51,652 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 2024 was \$984,731. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate Amount</u>
Cecilton	\$15,250	\$1,067	\$16,317
Charlestown	57,369	2,293	59,662
Chesapeake City	26,663	1,771	28,434
Elkton	391,184	26,759	417,943
North East	144,305	6,149	150,454
Perryville	182,545	8,262	190,807
Port Deposit	52,829	1,521	54,350
Rising Sun	62,934	3,830	66,764
<b>Total</b>	<b>\$933,079</b>	<b>\$51,652</b>	<b>\$984,731</b>

### Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2024 totaling \$2.4 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. During the fiscal 2024 budget process, the county board of commissioners voted to maintain the fiscal 2022 approved tax differential rates for both the town of Indian Head and La Plata. 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	\$144,910
La Plata	0.1420	2,212,723
Port Tobacco	0.0000	0
<b>Total</b>		<b>\$2,357,633</b>

### Dorchester County

In fiscal 2024, two of Dorchester County’s nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$0.8 million, and all 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 levels 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	706,275	0	706,275
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	112,474	0	112,474
Secretary	0.0000	0	1,350	1,350
Vienna	0.0000	0	1,350	1,350
<b>Total</b>		<b>\$818,749</b>	<b>\$6,050</b>	<b>\$824,799</b>

## Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$11.1 million in fiscal 2024. Frederick County provided tax rebates totaling \$5.2 million in fiscal 2024 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 2024 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	\$1,243,254	\$1,243,254
Burkittsville	0.0000	0	30,236	30,236
Emmitsburg	0.0000	0	434,028	434,028
Frederick	0.1048	10,893,739	0	10,893,739
Middletown	0.0000	0	755,387	755,387
Mount Airy	0.0000	0	584,129	584,129
Myersville	0.1162	244,051	0	244,051
New Market	0.0000	0	140,565	140,565
Rosemont	0.0000	0	23,541	23,541
Thurmont	0.0000	0	933,376	933,376
Walkersville	0.0000	0	960,555	960,555
Woodsboro	0.0000	0	138,184	138,184
<b>Total</b>		<b>\$11,137,790</b>	<b>\$5,243,255</b>	<b>\$16,381,045</b>

## Garrett County

In fiscal 2024, 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 \$68,309. 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>Rebate Amount</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	0.0569	68,309	0	68,309
Oakland	0.0000	0	147,000	147,000
<b>Total</b>		<b>\$68,309</b>	<b>\$297,000</b>	<b>\$365,309</b>

### 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 \$6.8 million in fiscal 2024. 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>Rebate Amount</u>	<u>Total</u>
Aberdeen	\$0.1366	\$2,210,439	\$1,291,130	\$3,501,569
Bel Air	0.1366	2,138,152	1,255,802	3,393,954
Havre de Grace	0.1366	2,424,694	1,353,999	3,778,693
<b>Total</b>		<b>\$6,773,285</b>	<b>\$3,900,931</b>	<b>\$10,674,216</b>

### 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 2024.

## Montgomery County

Montgomery County provided tax rebates totaling \$18.9 million to 17 municipalities and 3 special taxing districts in fiscal 2024. Barnesville and Chevy Chase, Section V, were the only municipalities that did not receive a tax rebate in fiscal 2024. Montgomery County provides reimbursement based on the county executive's approximation of costs that the county would incur if it were to provide a municipality with transportation, police, crossing guards, and park maintenance services. Payment calculations are based on the final audited costs of performing eligible services during the second prior fiscal year. This rebate methodology was adopted by the county in 2022 and phases in such that for fiscal 2024 (listed below), municipalities receive rebates equal to 90% of the calculated amount and for fiscal 2025 onward, the county provides the full calculated amount. In addition to these general rebates, Takoma Park receives a secondary rebate for its operation of a public free library. In fiscal 2024, the Takoma Park library rebate totaled \$172,416 (included in the amount shown below).

<u>Municipality</u>	<u>Rebate Amount</u>
Barnesville	\$0
Brookeville	16,359
Chevy Chase, Sec. III	59,835
Chevy Chase, Sec. V	0
Chevy Chase View	83,516
Chevy Chase Village	310,085
Town of Chevy Chase	255,739
Drummond*	9,334
Friendship Heights*	114,884
Gaithersburg	3,936,730
Garrett Park	98,083
Glen Echo	42,004
Kensington	282,334
Laytonsville	47,801
Martin's Additions	54,285
North Chevy Chase	51,092
Oakmont*	6,632
Poolesville	570,761
Rockville	7,382,680
Somerset	112,394
Takoma Park	5,412,120
Washington Grove	90,886
<b>Total</b>	<b>\$18,937,554</b>

\* Denotes a special taxing district.

## Prince George's County

In fiscal 2024, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$33.7 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. The rebate is calculated based on municipal population as a share of the prior year's rebate amount with additional code enforcement amounts added as applicable.

<b><u>Municipality</u></b>	<b><u>Real Property Tax Rate Differential</u></b>	<b><u>Differential Amount</u></b>	<b><u>Rebate Amount</u></b>	<b><u>Total</u></b>
Berwyn Heights	\$0.1270	\$472,121	\$8,232	\$480,353
Bladensburg	0.1190	644,433	22,486	666,919
Bowie	0.1360	10,800,800	151,425	10,952,225
Brentwood	0.0730	243,649	0	243,649
Capitol Heights	0.1200	426,396	10,723	437,119
Cheverly	0.1130	819,583	18,840	838,423
College Park	0.0370	1,342,232	89,494	1,431,726
Colmar Manor	0.1020	119,702	0	119,702
Cottage City	0.0820	101,164	0	101,164
District Heights	0.1200	530,091	20,607	550,698
Eagle Harbor	0.0010	110	0	110
Edmonston	0.0880	170,721	0	170,721
Fairmount Heights	0.0650	91,577	3,908	95,485
Forest Heights	0.1000	226,082	0	226,082
Glenarden	0.1120	703,662	16,372	720,034
Greenbelt	0.1320	3,343,281	64,597	3,407,878
Hyattsville	0.1370	3,430,206	54,265	3,484,471
Landover Hills	0.0850	159,498	5,644	165,142
Laurel	0.1560	5,972,572	77,056	6,049,628
Morningside	0.0820	94,852	0	94,852
Mount Rainier	0.1300	755,827	22,180	778,007

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
New Carrollton	0.1260	1,187,329	33,467	1,220,796
North Brentwood	0.0040	2,590	0	2,590
Riverdale Park	0.1120	1,016,408	17,336	1,033,744
Seat Pleasant	0.1200	433,519	14,944	448,463
University Park	0.1260	510,260	6,255	516,515
Upper Marlboro	0.0660	74,094	2,078	76,172
<b>Total</b>		<b>\$33,672,759</b>	<b>\$639,909</b>	<b>\$34,312,668</b>

### Queen Anne's County

In fiscal 2024, two of Queen Anne's County's eight municipalities, Centreville and Millington, received tax rate differentials totaling \$849,354. Six other municipalities received tax rebates totaling \$285,815. 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>Rebate Amount</u>	<u>Total</u>
Barclay	\$0.0000	\$0	\$18,012	\$18,012
Centreville	0.1300	848,154	0	848,154
Church Hill	0.0000	0	53,901	53,901
Millington	0.0850	1,200	0	1,200
Queen Anne	0.0000	0	4,887	4,887
Queenstown	0.0000	0	164,922	164,922
Sudlersville	0.0000	0	43,093	43,093
Templeville	0.0000	0	1,000	1,000
<b>Total</b>		<b>\$849,354</b>	<b>\$285,815</b>	<b>\$1,135,169</b>

### St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$72,788 to the Town of Leonardtown in fiscal 2024 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	\$72,788

**Somerset County**

Somerset County provided tax rebates in fiscal 2024 to Crisfield and Princess Anne in the amount of \$422,488 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	\$422,488
Princess Anne	422,488
<b>Total</b>	<b>\$844,976</b>

**Talbot County**

In fiscal 2024, Talbot County provided tax rate differentials totaling approximately \$4.0 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	\$0.1329	\$3,059,596
Oxford	0.1179	359,164
Queen Anne	0.0600	4,565
St. Michaels	0.1269	440,072
Trappe	0.0979	98,782
<b>Total</b>		<b>\$3,962,179</b>



## Washington County

For fiscal 2024, 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 2024 tax differentials totaled approximately \$5.3 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$462,923
Clear Spring	0.125	28,702
Funkstown	0.125	106,274
Hagerstown	0.125	3,947,049
Hancock	0.125	128,518
Keedysville	0.125	135,443
Sharpsburg	0.125	59,786
Smithsburg	0.125	292,520
Williamsport	0.125	147,295
<b>Total</b>		<b>\$5,308,510</b>

## Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2024.

## Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2024.

## Appendix 1. Tax Differentials and Tax Rebates – Per Capita Amounts

Fiscal 2024					
<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
<b>Allegany</b>					
Barton	458	\$10,225	\$0	\$10,225	\$22
Cumberland	18,751	1,500,623	0	1,500,623	80
Frostburg	6,963	503,242	0	503,242	72
Lonaconing	984	35,893	0	35,893	36
Luke	82	19,293	0	19,293	235
Midland	478	10,227	0	10,227	21
Westernport	1,777	44,504	0	44,504	25
<b>Anne Arundel</b>					
Annapolis	40,552	\$27,726,381	\$0	\$27,726,381	\$684
Highland Beach	106	10,369	0	10,369	98
<b>Calvert</b>					
Chesapeake Beach	6,492	\$3,183,283	\$0	\$3,183,283	\$490
North Beach	2,177	1,005,957	0	1,005,957	462
<b>Caroline</b>					
Denton	4,979	\$267,225	\$0	\$267,225	\$54
Federalsburg	2,804	134,067	0	134,067	48
Goldsboro	210	0	0	0	0
Greensboro	1,925	73,447	0	73,447	38
Henderson	160	0	0	0	0
Hillsboro	133	0	0	0	0
Marydel	173	0	0	0	0
Preston	676	7,385	0	7,385	11
Ridgely	1,611	66,863	0	66,863	42
Templeville*	32	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>
<b>Carroll</b>					
Hampstead*	6,395	\$0	\$341,926	\$341,926	\$53
Manchester	5,527	0	329,393	329,393	60
Mount Airy*	6,276	0	188,605	188,605	30
New Windsor	1,470	0	76,734	76,734	52
Sykesville	4,412	0	235,444	235,444	53
Taneytown	7,400	0	499,564	499,564	68
Union Bridge	953	0	68,953	68,953	72
Westminster	20,536	0	1,183,746	1,183,746	58
<b>Cecil</b>					
Cecilton	687	\$0	\$16,317	\$16,317	\$24
Charlestown	1,520	0	59,662	59,662	39
Chesapeake City	746	0	28,434	28,434	38
Elkton	15,968	0	417,943	417,943	26
North East	4,163	0	150,454	150,454	36
Perryville	4,480	0	190,807	190,807	43
Port Deposit	625	0	54,350	54,350	87
Rising Sun	2,773	0	66,764	66,764	24
<b>Charles</b>					
Indian Head	4,170	\$144,910	\$0	\$144,910	\$35
La Plata	10,878	2,212,723	0	2,212,723	203
Port Tobacco	25	0	0	0	0
<b>Dorchester</b>					
Brookview	47	\$0	\$450	\$450	\$10
Cambridge	13,176	706,275	0	706,275	54
Church Creek	104	0	425	425	4
East New Market	400	0	1,350	1,350	3
Eldorado	46	0	425	425	9
Galestown	114	0	700	700	6
Hurlock	2,085	112,474	0	112,474	54
Secretary	469	0	1,350	1,350	3
Vienna	272	0	1,350	1,350	5
<b>Frederick</b>					
Brunswick	8,309	\$0	\$1,243,254	\$1,243,254	\$150
Burkittsville	149	0	30,236	30,236	203

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Emmitsburg	2,959	0	434,028	434,028	147
Frederick City	85,793	10,893,739	0	10,893,739	127
Middletown	5,307	0	755,387	755,387	142
Mount Airy*	3,613	0	584,129	584,129	162
Myersville	1,943	244,051	0	244,051	126
New Market	1,641	0	140,565	140,565	86
Rosemont	292	0	23,541	23,541	81
Thurmont	6,680	0	933,376	933,376	140
Walkersville	6,610	0	960,555	960,555	145
Woodsboro	1,174	0	138,184	138,184	118
<b>Garrett</b>					
Accident	330	\$0	\$25,000	\$25,000	\$76
Deer Park	302	0	25,000	25,000	83
Friendsville	428	0	25,000	25,000	58
Grantsville	958	0	25,000	25,000	26
Kitzmiller	293	0	25,000	25,000	85
Loch Lynn Heights	485	0	25,000	25,000	52
Mountain Lake Park	2,117	68,309	0	68,309	32
Oakland	1,820	0	147,000	147,000	81
<b>Harford</b>					
Aberdeen	18,006	\$2,210,439	\$1,291,130	\$3,501,569	\$194
Bel Air	10,490	2,138,152	1,255,802	3,393,954	324
Havre de Grace	15,032	2,424,694	1,353,999	3,778,693	251
<b>Kent</b>					
Betterton	283	\$0	\$0	\$0	\$0
Chestertown	5,590	0	0	0	0
Galena	531	0	0	0	0
Millington	522	0	0	0	0
Rock Hall	1,189	0	0	0	0
<b>Montgomery</b>					
Barnesville	144	\$0	\$0	\$0	\$0
Brookeville	162	0	16,359	16,359	101
Chevy Chase, Sec. III	791	0	59,835	59,835	76
Chevy Chase, Sec. V	663	0	0	0	0
Chevy Chase View	996	0	83,516	83,516	84

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Chevy Chase Village	2,027	0	310,085	310,085	153
Chevy Chase	2,866	0	255,739	255,739	89
Drummond	-	0	9,334	9,334	0
Friendship Heights	-	0	114,884	114,884	0
Gaithersburg	69,563	0	3,936,730	3,936,730	57
Garrett Park	982	0	98,083	98,083	100
Glen Echo	276	0	42,004	42,004	152
Kensington	2,108	0	282,334	282,334	134
Laytonsville	572	0	47,801	47,801	84
Martin's Additions	931	0	54,285	54,285	58
North Chevy Chase	676	0	51,092	51,092	76
Oakmont	-	0	6,632	6,632	0
Poolesville	5,720	0	570,761	570,761	100
Rockville	67,297	0	7,382,680	7,382,680	110
Somerset	1,177	0	112,394	112,394	95
Takoma Park	17,464	0	5,412,120	5,412,120	310
Washington Grove	500	0	90,886	90,886	182
<b>Prince George's</b>					
Berwyn Heights	3,265	\$472,121	\$8,232	\$480,353	\$147
Bladensburg	9,446	644,433	22,486	666,919	71
Bowie	57,254	10,800,800	151,425	10,952,225	191
Brentwood	3,725	243,649	0	243,649	65
Capitol Heights	3,952	426,396	10,723	437,119	111
Cheverly	6,015	819,583	18,840	838,423	139
College Park	34,187	1,342,232	89,494	1,431,726	42
Colmar Manor	1,555	119,702	0	119,702	77
Cottage City	1,298	101,164	0	101,164	78
District Heights	5,811	530,091	20,607	550,698	95
Eagle Harbor	64	110	0	110	2
Edmonston	1,573	170,721	0	170,721	109
Fairmount Heights	1,489	91,577	3,908	95,485	64
Forest Heights	2,593	226,082	0	226,082	87
Glenarden	6,270	703,662	16,372	720,034	115
Greenbelt	24,360	3,343,281	64,597	3,407,878	140
Hyattsville	20,662	3,430,206	54,265	3,484,471	169
Landover Hills	1,764	159,498	5,644	165,142	94
Laurel	29,400	5,972,572	77,056	6,049,628	206
Morningside	1,212	94,852	0	94,852	78

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Mt. Rainier	8,119	755,827	22,180	778,007	96
New Carrollton	13,405	1,187,329	33,467	1,220,796	91
North Brentwood	575	2,590	0	2,590	5
Riverdale Park	7,164	1,016,408	17,336	1,033,744	144
Seat Pleasant	4,456	433,519	14,944	448,463	101
University Park	2,379	510,260	6,255	516,515	217
Upper Marlboro	703	74,094	2,078	76,172	108
<b>Queen Anne's</b>					
Barclay	181	\$0	\$18,012	\$18,012	\$100
Centreville	4,745	848,154	0	848,154	179
Church Hill	819	0	53,901	53,901	66
Millington*	22	1,200	0	1,200	55
Queen Anne*	129	0	4,887	4,887	38
Queenstown	739	0	164,922	164,922	223
Sudlersville	514	0	43,093	43,093	84
Templeville*	86	0	1,000	1,000	12
<b>St. Mary's</b>					
Leonardtwn	4,974	\$0	\$72,788	\$72,788	\$15
<b>Somerset</b>					
Crisfield	2,486	\$0	\$422,488	\$422,488	\$170
Princess Anne	3,534	0	422,488	422,488	120
<b>Talbot</b>					
Easton	17,225	\$3,059,596	\$0	\$3,059,596	\$178
Oxford	600	359,164	0	359,164	599
Queen Anne*	61	4,565	0	4,565	75
St. Michaels	1,061	440,072	0	440,072	415
Trappe	1,345	98,782	0	98,782	73
<b>Washington</b>					
Boonsboro	3,823	\$462,923	\$0	\$462,923	\$121
Clear Spring	370	28,702	0	28,702	78
Funkstown	852	106,274	0	106,274	125
Hagerstown	43,553	3,947,049	0	3,947,049	91
Hancock	1,557	128,518	0	128,518	83
Keedysville	1,217	135,443	0	135,443	111

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Sharpsburg	564	59,786	0	59,786	106
Smithsburg	3,149	292,520	0	292,520	93
Williamsport	2,086	147,295	0	147,295	71
<b>Wicomico</b>					
Delmar	4,569	\$0	\$0	\$0	\$0
Fruitland	5,869	0	0	0	0
Hebron	1,105	0	0	0	0
Mardela Springs	354	0	0	0	0
Pittsville	1,637	0	0	0	0
Salisbury	33,159	0	0	0	0
Sharptown	698	0	0	0	0
Willards	977	0	0	0	0
<b>Worcester</b>					
Berlin	5,346	\$0	\$0	\$0	\$0
Ocean City	6,915	0	0	0	0
Pocomoke City	4,401	0	0	0	0
Snow Hill	2,273	0	0	0	0

\* Municipality is in two counties.

Source: Department of Legislative Services