MACo OPENING PRESENTATION

Maryland's State-Local Fiscal Record

What counties already carry, and why the current revenue framework leaves little room to respond.

MARYLAND Association of COUNTIES

Task Force to Modernize County and Municipal Revenue Structures

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County budgets already carry major statewide commitments

$8.85B

Local appropriations for public schools in fiscal 2026

$96M

Scheduled drop in local Highway User Revenues in fiscal 2028

$11.4M

Annual county cost of mandated treatment programs in local detention centers

COUNTY GOVERNMENTS ALSO FUND AND DELIVER

Public safety, public health, elections, emergency services, local roads and bridges, school construction, environmental protection, resilience, and other local infrastructure

The State sets many of the policies. Counties provide the people, facilities, systems, and funding that make them work.

Counties turn statewide priorities into local services

95.5% of Maryland local-government spending occurs at the county level

01	**SCHOOLS**	Operating support, special education, student transportation, and school construction
02	**PUBLIC SAFETY**	Police, corrections, fire, EMS, 9-1-1, and emergency management
03	**PUBLIC HEALTH**	Local health departments, behavioral health, prevention, and environmental health/safety
04	**ELECTIONS**	Polling places, workers, equipment, security, accessibility, and canvassing
05	**INFRASTRUCTURE**	Local roads, public facilities, environmental protection, resilience, and capital assets

The formulas capture only part of what counties fund

$8.85B

Local appropriations for public schools in fiscal 2026

$1.4B

County funding above the Blueprint's mandated local share

15

Counties more than 2% above their local-effort requirement

MAJOR COSTS OUTSIDE FULL FORMULA SUPPORT

Special education

roughly $1B annually

Student transportation

roughly $500M annually

County funding reflects actual student and system needs, not excess capacity.

School-construction needs already exceed available funding

>$747M

Fiscal 2027 requests submitted by local school systems

$360M

Historically available core funding used for initial planning

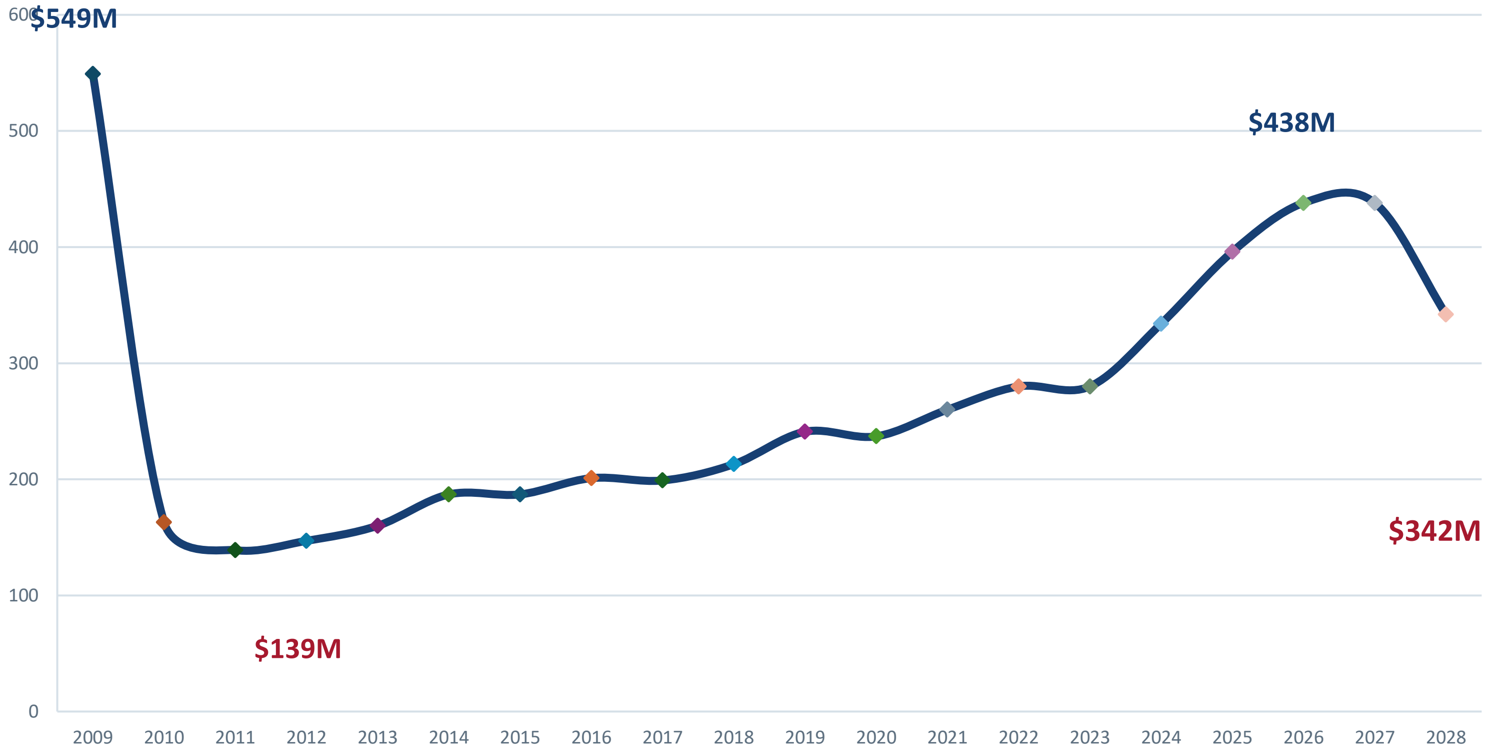
>2×

Requests compared with the funding typically available

The Interagency Commission says these requests represent only part of the need to build, operate, and maintain safe, healthy, and educationally sufficient facilities.

Counties finance the local share while labor, materials, building systems, security, and resilience costs continue to rise.

Local governments maintain most roads. State support falls again.



>80%

of Maryland road miles are maintained by local governments

Nearly $1B

in Baltimore City HUR losses over roughly 15 years

$96M less

for local roads and bridges in fiscal 2028

When the State partnership falls short, local dollars and property taxes fill the gap.

New State policies become local operating costs

MAT IN LOCAL JAILS

All 23 local detention centers operate mandated screening and treatment programs for opioid use disorder.

$11.4M in annual county costs

ELECTIONS

Counties fund polling places, workers, equipment, security, accessibility, language assistance, canvassing, and litigation.

County-funded operations

PUBLIC HEALTH

Local health departments carry State and local responsibilities through county staff, facilities, matching funds, and response capacity.

Shared work needs reliable support

Policy decisions create staffing, procurement, facilities, technology, and compliance costs on county budgets.

COUNTY REVENUE

Most county revenue cannot absorb a new general obligation

$42.7B

County and Baltimore City revenue in fiscal 2024, excluding debt proceeds

PROPERTY	24.1%	INCOME	18.3%	OTHER TAX	4.6%	CHARGES	10.6%
FEDERAL	9.0%	STATE	27.7%	OTHER	5.7%		

Property and income taxes supply most broad, locally controlled capacity. State and federal aid, service charges, and other revenues often come with limits on how counties may use them.

Meaningful local capacity still rests on two main taxes

PROPERTY TAX

Broad base.
Local authority.
Immediate taxpayer impact.

Often the remaining source of meaningful capacity when other revenues fall short.

LOCAL INCOME TAX

State administered.
Statutory ceiling.
Little room in many counties.

Other local tools remain narrow, uneven, county-specific, or unavailable.

The current framework pushes counties back toward the property tax when major costs grow.

For most Marylanders, little local income-tax room remains

3.30%

Maximum county income-tax rate under State law

16 of 24

Jurisdictions with a flat or top 2026 rate of at least 3.20%

84%

Marylanders living in one of those jurisdictions

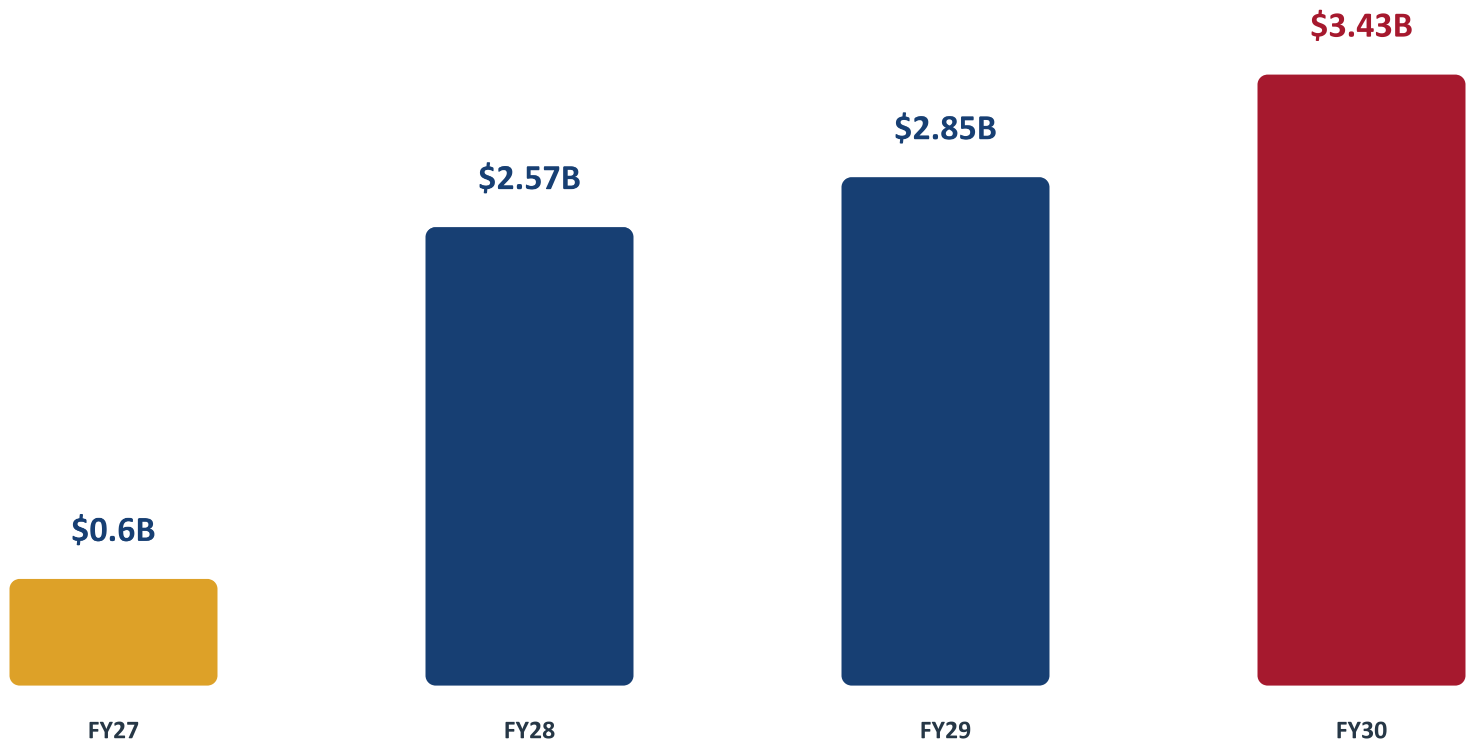
84% of Marylanders Live where the flat or top rate is already 3.20% or higher

Dorchester and Kent levy 3.30%. Anne Arundel and Frederick use graduated schedules that reach 3.20% for higher-income taxpayers.

In many counties, meaningful new revenue therefore falls back on the property tax. It does not track household income and creates immediate affordability concerns.

State budget gaps will put county funding back on the table

Projected structural shortfall



5.6%

annual spending growth

3.5%

annual revenue growth

State savings plans cannot become new county costs.

The task force should give counties workable options

01	**PRACTICAL OPTIONS**	Identify revenue tools capable of producing meaningful, reasonably stable local revenue.
02	**LOCAL DECISIONS**	Let locally elected officials decide whether to use them through a public budget process.
03	**WORKABLE ADMINISTRATION**	Use existing State tax bases, returns, audits, and collection systems where practical.
04	**NO NEW COST SHIFTS**	Do not use local authority to reduce State aid or move State responsibilities onto county budgets.

Different counties have different economies and service demands. The framework should leave room for those differences.

Counties need options that match the responsibilities already on local budgets.

Recognize the record.

Counties already carry major State-local commitments.

Expand practical flexibility.

Different local economies require different options.

Preserve the partnership.

New authority cannot become a reason for new State cost shifts.