

PROPERTY TAX SET-OFFS

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

FISCAL 2019



DEPARTMENT OF LEGISLATIVE SERVICES 2019

**Property Tax Set-offs:
The Use of Local Property Tax Differentials
And Tax Rebates in Maryland
Fiscal 2019**

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

November 2019

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

November 2019

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Adrienne A. Jones, Speaker of the House of Delegates
Honorable 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, in accordance with Joint Resolution 31 of 1978, conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2019. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Gail P. Renborg of the Office of Policy Analysis and reviewed by Hiram Burch. Michael S. Raup prepared the manuscript.

The Department of Legislative Services trusts that the study will be useful to members of the General Assembly and to other persons interested in matters relating to tax set-off systems.

Sincerely,

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

VLG:RB/HLB/msr

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Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2019

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 2019. Information was obtained from a survey of the counties and the State Department of Assessments and Taxation. Specifically, assessable base information and tax rate differentials were obtained by using data from the State Department of Assessments and Taxation. 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 2019.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2019 to those in fiscal 2018.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2019 with the amount provided in fiscal 2009.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2019 on a per capita basis.

Summary of Findings

Property tax-set offs for municipalities were granted in 18 counties in fiscal 2019. 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 2019, tax differentials and rebates totaled \$103.7 million, a 3.6% increase compared to the prior year. Property set-off amounts were higher in 11 counties, lower in 5 counties, and remained the same in 2 counties. Local funding for tax differentials and rebates in fiscal 2019 ranged from \$43,493 in St. Mary's County to \$29.3 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$93 in Talbot County with the statewide average at \$24.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Talbot, and Washington) provided tax rate differentials totaling \$36.9 million for the municipalities in their jurisdictions. Five counties (Carroll, Cecil, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$11.4 million. Six counties (Dorchester, Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$55.4 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$29.3 million, as did Harford County, totaling \$10.0 million. Dorchester County provided tax rate differentials to Cambridge and Hurlock totaling \$634,620 and provided tax rebates to its other municipalities totaling \$6,050. Frederick County provided tax rate differentials to Frederick and Myersville totaling \$9.5 million and provided 10 other municipalities with \$4.7 million in tax rebates. Garrett County had a tax rate differential totaling \$70,314 for Mountain Lake Park and provided \$297,000 in rebates to seven other municipalities. Queen Anne's County provided tax rate differentials to Centreville, Millington,

and Sudlersville, totaling \$673,803 and provided five other municipalities with \$188,399 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2019. The county real property tax rate within the city was reduced by \$0.361 per \$100 of assessed value resulting in a property tax revenue offset of \$21.5 million in fiscal 2019, or \$549 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 \$9.75 million. The City of Frederick (Frederick County) received a property tax differential amount of \$9.3 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 (15.6%), the county government did not grant either a tax differential or tax rebate. In 11 municipalities (6.9%), the tax differential or rebate amount exceeded \$200 per municipal resident.

Exhibit 1
Tax Differentials and Tax Rebates
Fiscal 2019

County	Tax Differential	Tax Rebate	Total
Allegany	\$1,747,025	\$0	\$1,747,025
Anne Arundel	21,523,408	0	21,523,408
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	3,455,513	0	3,455,513
Caroline	545,280	0	545,280
Carroll	0	2,104,108	2,104,108
Cecil	0	740,001	740,001
Charles	1,795,704	0	1,795,704
Dorchester	634,620	6,050	640,670
Frederick	9,512,406	4,689,917	14,202,323
Garrett	70,314	297,000	367,314
Harford	6,436,516	3,564,825	10,001,341
Howard	N/A	N/A	N/A
Kent	0	0	0
Montgomery	0	8,168,433	8,168,433
Prince George's	28,683,264	623,435	29,306,699
Queen Anne's	673,803	188,399	862,202
St. Mary's	0	43,493	43,493
Somerset	0	393,200	393,200
Talbot	3,455,180	0	3,455,180
Washington	4,343,566	0	4,343,566
Wicomico	0	0	0
Worcester	0	0	0
Total	\$82,876,597	\$20,818,861	\$103,695,458

N/A: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 2
Changes in Tax Differentials and Tax Rebates
Fiscal 2018 and 2019

County	2018	2019	Difference	% Difference
Allegany	\$1,867,036	\$1,747,025	-\$120,010	-6.4%
Anne Arundel	21,643,147	21,523,408	-119,740	-0.6%
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	3,392,275	3,455,513	63,238	1.9%
Caroline	545,484	545,280	-204	0.0%
Carroll	2,182,194	2,104,108	-78,086	-3.6%
Cecil	729,049	740,001	10,952	1.5%
Charles	1,648,150	1,795,704	147,554	9.0%
Dorchester	408,722	640,670	231,948	56.7%
Frederick	13,591,738	14,202,323	610,585	4.5%
Garrett	363,105	367,314	4,209	1.2%
Harford	9,629,452	10,001,341	371,888	3.9%
Howard	N/A	N/A	N/A	N/A
Kent	0	0	0	
Montgomery	8,168,433	8,168,433	0	0.0%
Prince George's	27,114,493	29,306,699	2,192,206	8.1%
Queen Anne's	757,052	862,202	105,150	13.9%
St. Mary's	44,916	43,493	-1,423	-3.2%
Somerset	393,200	393,200	0	0.0%
Talbot	3,366,997	3,455,180	88,183	2.6%
Washington	4,263,530	4,343,566	80,035	1.9%
Wicomico	0	0	0	
Worcester	0	0	0	
Total	\$100,108,974	\$103,695,458	\$3,586,485	3.6%

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 10-year Period

County	FY 2009	FY 2019	Difference	% Difference
Allegany	\$842,658	\$1,747,025	\$904,368	107.3%
Anne Arundel	18,356,709	21,523,408	3,166,699	17.3%
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	2,883,364	3,455,513	572,149	19.8%
Caroline	917,856	545,280	-372,576	-40.6%
Carroll	2,232,534	2,104,108	-128,426	-5.8%
Cecil	750,270	740,001	-10,269	-1.4%
Charles	912,178	1,795,704	883,526	96.9%
Dorchester	427,497	640,670	213,173	49.9%
Frederick	7,393,431	14,202,323	6,808,892	92.1%
Garrett	270,807	367,314	96,507	35.6%
Harford	7,749,661	10,001,341	2,251,680	29.1%
Howard	N/A	N/A	N/A	N/A
Kent	164,945	0	-164,945	-100.0%
Montgomery	7,424,836	8,168,433	743,597	10.0%
Prince George's	19,778,869	29,306,699	9,527,830	48.2%
Queen Anne's	0	862,202	862,202	
St. Mary's	55,780	43,493	-12,287	-22.0%
Somerset	300,000	393,200	93,200	31.1%
Talbot	2,822,476	3,455,180	632,704	22.4%
Washington	1,906,923	4,343,566	2,436,643	127.8%
Wicomico	0	0	0	
Worcester	0	0	0	
Total	\$75,190,793	\$103,695,458	\$28,504,665	37.9%

N/A: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Tax Differentials/Tax Rebates by County

Allegany County

During fiscal 2019, 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, the Upper Potomac River Commission, 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 2019 is approximately \$1.7 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0787	\$9,413
Cumberland	0.1365	1,199,446
Frostburg	0.1256	422,040
Lonaconing	0.1109	29,578
Luke	0.1130	36,414
Midland	0.0787	8,934
Westernport	0.0787	41,201
Total		\$1,747,025

Anne Arundel County

Anne Arundel County set a real tax rate differential of \$0.361 for the City of Annapolis in fiscal 2019 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 2019 is \$21.5 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 tax differential of \$0.03, which equals \$9,539 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	\$0.3610	\$21,513,868
Highland Beach	0.0300	9,539
Total		\$21,523,408

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 2019, these tax differentials totaled approximately \$3.5 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	\$2,622,533
North Beach	0.3360	832,981
Total		\$3,455,513

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 2019, 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	\$0.07	\$252,350
Federalsburg	0.10	143,896
Goldsboro	0.00	0
Greensboro	0.07	65,225
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	6,123
Ridgely	0.07	77,685
Templeville	0.00	0
Total		\$545,280

Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.1 million in fiscal 2019 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	\$282,748
Manchester	219,069
Mount Airy	96,496
New Windsor	53,625
Sykesville	219,135
Taneytown	328,909
Union Bridge	63,342
Westminster	840,784
Total	\$2,104,108

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 2019 was \$740,001. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate</u>
Cecilton	\$12,918	\$1,066	\$13,984
Charlestown	41,396	2,293	43,689
Chesapeake City	23,697	1,771	25,468
Elkton	319,025	26,759	345,784
North East	89,911	6,149	96,060
Perryville	131,349	8,262	139,611
Port Deposit	16,915	1,521	18,436
Rising Sun	53,139	3,830	56,969
Total	\$688,350	\$51,651	\$740,001

Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2019 totaling \$1.8 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	\$0.0380	\$94,017
La Plata	0.1390	1,701,687
Total		\$1,795,704

Dorchester County

In fiscal 2019, two of Dorchester County’s nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$634,620. 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	539,108	0	539,108
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	95,512	0	95,512
Secretary	0.0000	0	1,350	1,350
Vienna	0.0000	0	1,350	1,350
Total		\$634,620	\$6,050	\$640,670

Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$9.5 million in fiscal 2019. Frederick County provided tax rebates totaling \$4.7 million in fiscal 2019 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 2019 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	\$964,419	\$964,419
Burkittsville	0.0000	0	25,931	25,931
Emmitsburg	0.0000	0	422,288	422,288
Frederick	0.1187	9,290,718	0	9,290,718
Middletown	0.0000	0	632,552	632,552
Mount Airy	0.0000	0	589,672	589,672
Myersville	0.1267	221,687	0	221,687
New Market	0.0000	0	105,887	105,887
Rosemont	0.0000	0	14,381	14,381
Thurmont	0.0000	0	922,384	922,384
Walkersville	0.0000	0	898,337	898,337
Woodsboro	0.0000	0	114,066	114,066
Total		\$9,512,406	\$4,689,917	\$14,202,323

Garrett County

In fiscal 2019, 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 \$70,314. 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
Kitzmiller	0.0000	0	25,000	25,000
Loch Lynn Heights	0.0000	0	25,000	25,000
Mountain Lake Park	0.0658	70,314	0	70,314
Oakland	0.0000	0	147,000	147,000
Total		\$70,314	\$297,000	\$367,314

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 \$6.4 million in fiscal 2019. The county also provided approximately \$3.6 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	\$2,100,287	\$1,207,748	\$3,308,035
Bel Air	0.1483	2,109,970	1,168,954	3,278,924
Havre de Grace	0.1483	2,226,259	1,188,123	3,414,382
Total		\$6,436,516	\$3,564,825	\$10,001,341

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 2019.

Montgomery County

Montgomery County provided tax rebates totaling \$8.2 million to 17 municipalities and 3 special taxing districts in fiscal 2019. Barnesville and Chevy Chase, Section V, were the only municipalities that did not receive a tax rebate in fiscal 2019. 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
Town of 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 2019, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$28.7 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.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Berwyn Heights	\$0.1260	\$358,182	\$7,560	\$365,742
Bladensburg	0.1210	548,185	22,146	570,331
Bowie	0.1480	9,600,542	149,877	9,750,419
Brentwood	0.0650	157,369	7,374	164,743
Capitol Heights	0.1020	281,605	10,499	292,104
Cheverly	0.1320	749,759	16,906	766,665
College Park	0.0350	964,642	83,290	1,047,932
Colmar Manor	0.0940	84,468	3,366	87,834
Cottage City	0.0980	92,932	3,159	96,091
District Heights	0.1300	460,195	15,982	476,177
Eagle Harbor	0.0040	311	153	464
Edmonston	0.0900	137,212	3,498	140,710
Fairmount Heights	0.0700	71,022	3,617	74,639
Forest Heights	0.0710	123,395	5,924	129,319
Glenarden	0.1100	558,588	14,525	573,113
Greenbelt	0.1510	3,048,806	63,175	3,111,981
Hyattsville	0.1430	2,711,070	48,082	2,759,152
Landover Hills	0.0920	136,759	4,082	140,841
Laurel	0.1810	5,290,712	68,781	5,359,493
Morningside	0.0640	59,153	5,518	64,671
Mount Rainier	0.1400	609,839	19,560	629,399
New Carrollton	0.1160	841,982	29,377	871,359
North Brentwood	0.0050	2,601	1,252	3,853
Riverdale Park	0.1330	955,757	16,839	972,596
Seat Pleasant	0.1210	346,013	10,995	357,008
University Park	0.1310	423,548	6,168	429,716
Upper Marlboro	0.0790	68,615	1,730	70,345
Total		\$28,683,264	\$623,435	\$29,306,699

Queen Anne's County

In fiscal 2019, three of Queen Anne's County's eight municipalities, Centreville, Millington, and Sudlersville, received tax rate differentials totaling \$673,803. The other five municipalities received tax rebates totaling \$188,399. 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	\$11,854	\$11,854
Centreville	0.1126	641,951	0	641,951
Church Hill	0.0000	0	35,490	35,490
Millington	0.0674	894	0	894
Queen Anne	0.0000	0	3,363	3,363
Queenstown	0.0000	0	136,742	136,742
Sudlersville	0.0859	30,958	0	30,958
Templeville	0.0000	0	950	950
Total		\$673,803	\$188,399	\$862,202

St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$43,493 to the Town of Leonardtown in fiscal 2019 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	\$43,493

Somerset County

Somerset County provided tax rebates in fiscal 2019 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 2019, Talbot County provided tax rate differentials totaling \$3.5 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	\$2,680,344
Oxford	0.1170	338,413
Queen Anne	0.0601	4,063
St. Michaels	0.1270	364,451
Trappe	0.0980	67,908
Total		\$3,455,180

Washington County

For fiscal 2019, 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 2019 tax differentials totaled approximately \$4.3 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$379,358
Clear Spring	0.125	27,319
Funkstown	0.125	61,898
Hagerstown	0.125	3,216,902
Hancock	0.125	122,258
Keedysville	0.125	118,387
Sharpsburg	0.125	51,727
Smithsburg	0.125	230,517
Williamsport	0.125	135,200
Total		\$4,343,566

Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2019.

Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2019.

Appendix

**Appendix 1. Tax Differentials and Tax Rebates – Per Capita Amounts
Fiscal 2019**

<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	427	\$9,413	\$0	\$9,413	\$22
Cumberland	19,480	1,199,446	0	1,199,446	62
Frostburg	8,564	422,040	0	422,040	49
Lonaconing	1,116	29,578	0	29,578	27
Luke	61	36,414	0	36,414	597
Midland	419	8,934	0	8,934	21
Westernport	1,746	41,201	0	41,201	24
Anne Arundel					
Annapolis	39,174	\$21,513,868	\$0	\$21,513,868	\$549
Highland Beach	110	9,539	0	9,539	87
Calvert					
Chesapeake Beach	5,990	\$2,622,533	\$0	\$2,622,533	\$438
North Beach	2,027	832,981	0	832,981	411
Caroline					
Denton	4,493	\$252,350	\$0	\$252,350	\$56
Federalsburg	2,661	143,896	0	143,896	54
Goldsboro	232	0	0	0	0
Greensboro	1,878	65,225	0	65,225	35
Henderson	142	0	0	0	0
Hillsboro	158	0	0	0	0
Marydel	138	0	0	0	0
Preston	703	6,123	0	6,123	9
Ridgely	1,650	77,685	0	77,685	47
Templeville*	28	0	0	0	0
Carroll					
Hampstead*	6,387	\$0	\$282,748	\$282,748	\$44
Manchester	4,853	0	219,069	219,069	45
Mount Airy*	5,573	0	96,496	96,496	17
New Windsor	1,404	0	53,625	53,625	38
Sykesville	3,957	0	219,135	219,135	55
Taneytown	6,816	0	328,909	328,909	48

Appendix 1 (continued)

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Union Bridge	964	0	63,342	63,342	66
Westminster	18,648	0	840,784	840,784	45
Cecil					
Cecilton	673	\$0	\$13,984	\$13,984	\$21
Charlestown	1,195	0	43,689	43,689	37
Chesapeake City	693	0	25,468	25,468	37
Elkton	15,640	0	345,784	345,784	22
North East	3,632	0	96,060	96,060	26
Perryville	4,421	0	139,611	139,611	32
Port Deposit	762	0	18,436	18,436	24
Rising Sun	2,799	0	56,969	56,969	20
Charles					
Indian Head	3,807	\$94,017	\$0	\$94,017	\$25
La Plata	9,453	1,701,687	0	1,701,687	180
Port Tobacco	15	0	0	0	0
Dorchester					
Brookview	58	\$0	\$450	\$450	\$8
Cambridge	12,285	539,108	0	539,108	44
Church Creek	121	0	425	425	4
East New Market	375	0	1,350	1,350	4
Eldorado	57	0	425	425	7
Galestown	134	0	700	700	5
Hurlock	2,023	95,512	0	95,512	47
Secretary	502	0	1,350	1,350	3
Vienna	265	0	1,350	1,350	5
Frederick					
Brunswick	6,364	\$0	\$964,419	\$964,419	\$152
Burkittsville	163	0	25,931	25,931	159
Emmitsburg	3,137	0	422,288	422,288	135
Frederick City	72,146	9,290,718	0	9,290,718	129
Middletown	4,688	0	632,552	632,552	135
Mount Airy*	3,879	0	589,672	589,672	152
Myersville	1,799	221,687	0	221,687	123
New Market	728	0	105,887	105,887	145
Rosemont	318	0	14,381	14,381	45
Thurmont	6,752	0	922,384	922,384	137
Walkersville	6,281	0	898,337	898,337	143
Woodsboro	1,240	0	114,066	114,066	92

Appendix 1 (continued)

<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	312	\$0	\$25,000	\$25,000	\$80
Deer Park	370	0	25,000	25,000	68
Friendsville	483	0	25,000	25,000	52
Grantsville	868	0	25,000	25,000	29
Kitzmilller	304	0	25,000	25,000	82
Loch Lynn Heights	528	0	25,000	25,000	47
Mountain Lake Park	2,083	70,314	0	70,314	34
Oakland	1,825	0	147,000	147,000	81
Harford					
Aberdeen	16,053	\$2,100,287	\$1,207,748	\$3,308,035	\$206
Bel Air	10,044	2,109,970	1,168,954	3,278,924	326
Havre de Grace	13,792	2,226,259	1,188,123	3,414,382	248
Kent					
Betterton	316	\$0	\$0	\$0	\$0
Chestertown	5,054	0	0	0	0
Galena	580	0	0	0	0
Millington*	570	0	0	0	0
Rock Hall	1,269	0	0	0	0
Montgomery					
Barnesville	180	\$0	\$0	\$0	\$0
Brookeville	144	0	8,067	8,067	56
Chevy Chase, Sec. 3	791	0	31,513	31,513	40
Chevy Chase, Sec. 5	711	0	0	0	0
Chevy Chase	2,992	0	131,669	131,669	44
Chevy Chase View	986	0	41,275	41,275	42
Chevy Chase Village	2,060	0	100,524	100,524	49
Drummond	-	0	4,613	4,613	-
Friendship Heights	-	0	95,245	95,245	-
Gaithersburg	68,289	0	1,206,567	1,206,567	18
Garrett Park	1,050	0	48,367	48,367	46
Glen Echo	271	0	20,762	20,762	77
Kensington	2,374	0	156,809	156,809	66
Laytonsville	378	0	14,293	14,293	38
Martin's Additions	996	0	26,832	26,832	27
North Chevy Chase	597	0	25,195	25,195	42
Oakmont	-	0	3,278	3,278	-
Poolesville	5,242	0	228,936	228,936	44
Rockville	68,268	0	2,409,750	2,409,750	35

Appendix 1 (continued)

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Somerset	1,280	0	56,173	56,173	44
Takoma Park	17,768	0	3,513,643	3,513,643	198
Washington Grove	561	0	44,922	44,922	80
Prince George's					
Berwyn Heights	3,261	\$358,182	\$7,560	\$365,742	\$112
Bladensburg	9,421	548,185	22,146	570,331	61
Bowie	58,682	9,600,542	149,877	9,750,419	166
Brentwood	3,478	157,369	7,374	164,743	47
Capitol Heights	4,524	281,605	10,499	292,104	65
Cheverly	6,449	749,759	16,906	766,665	119
College Park	32,196	964,642	83,290	1,047,932	33
Colmar Manor	1,461	84,468	3,366	87,834	60
Cottage City	1,357	92,932	3,159	96,091	71
District Heights	5,984	460,195	15,982	476,177	80
Eagle Harbor	70	311	153	464	7
Edmonston	1,491	137,212	3,498	140,710	94
Fairmount Heights	1,524	71,022	3,617	74,639	49
Forest Heights	2,571	123,395	5,924	129,319	50
Glenarden	6,195	558,588	14,525	573,113	93
Greenbelt	23,280	3,048,806	63,175	3,111,981	134
Hyattsville	18,243	2,711,070	48,082	2,759,152	151
Landover Hills	1,648	136,759	4,082	140,841	85
Laurel	25,723	5,290,712	68,781	5,359,493	208
Morningside	1,289	59,153	5,518	64,671	50
Mt. Rainier	8,104	609,839	19,560	629,399	78
New Carrollton	12,964	841,982	29,377	871,359	67
North Brentwood	554	2,601	1,252	3,853	7
Riverdale Park	7,225	955,757	16,839	972,596	135
Seat Pleasant	4,776	346,013	10,995	357,008	75
University Park	2,641	423,548	6,168	429,716	163
Upper Marlboro	673	68,615	1,730	70,345	105
Queen Anne's					
Barclay	167	\$0	\$11,854	\$11,854	\$71
Centreville	4,809	641,951	0	641,951	133
Church Hill	761	0	35,490	35,490	47
Millington*	38	894	0	894	24
Queen Anne*	130	0	3,363	3,363	26
Queenstown	684	0	136,742	136,742	200

Appendix 1 (continued)

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Sudlersville	480	30,958	0	30,958	64
Templeville*	89	0	950	950	11
St. Mary's					
Leonardtwn	3,759	\$0	\$43,493	\$43,493	\$12
Somerset					
Crisfield	2,571	\$0	\$196,600	\$196,600	\$76
Princess Anne	3,523	0	196,600	196,600	56
Talbot					
Easton	16,494	\$2,680,344	\$0	\$2,680,344	\$163
Oxford	604	338,413	0	338,413	560
Queen Anne*	84	4,063	0	4,063	48
St. Michaels	1,026	364,451	0	364,451	355
Trappe	997	67,908	0	67,908	68
Washington					
Boonsboro	3,579	\$379,358	\$0	\$379,358	\$106
Clear Spring	361	27,319	0	27,319	76
Funkstown	872	61,898	0	61,898	71
Hagerstown	40,205	3,216,902	0	3,216,902	80
Hancock	1,541	122,258	0	122,258	79
Keedysville	1,211	118,387	0	118,387	98
Sharpsburg	639	51,727	0	51,727	81
Smithsburg	2,968	230,517	0	230,517	78
Williamsport	2,106	135,200	0	135,200	64
Wicomico					
Delmar	3,231	\$0	\$0	\$0	\$0
Fruitland	5,289	0	0	0	0
Hebron	1,093	0	0	0	0
Mardela Springs	348	0	0	0	0
Pittsville	1,465	0	0	0	0
Salisbury	32,809	0	0	0	0
Sharptown	648	0	0	0	0
Willards	1,011	0	0	0	0
Worcester					
Berlin	4,818	\$0	\$0	\$0	\$0
Ocean City	6,927	0	0	0	0

Appendix 1 (continued)

<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	4,042	0	0	0	0
Snow Hill	2,038	0	0	0	0

*Municipality is in two counties.

Source: Department of Legislative Services