

PROPERTY TAX SET-OFFS

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

FISCAL 2020



DEPARTMENT OF LEGISLATIVE SERVICES 2020

**Property Tax Set-offs:
The Use of Local Property Tax Differentials
And Tax Rebates in Maryland
Fiscal 2020**

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

November 2020

Primary Staff for This Report

Hiram Burch
Michael Sousane

Other Staff Who Contributed to This Report

Kamar Merritt

For further information concerning this document contact:

Library and Information Services
Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

Baltimore Area: 410-946-5400 • Washington Area: 301-970-5400

Other Areas: 1-800-492-7122, Extension 5400

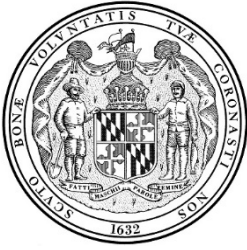
TTY: 410-946-5401 • 301-970-5401

TTY users may also use the Maryland Relay Service
to contact the General Assembly.

Email: libr@mlis.state.md.us

Home Page: <http://mgaleg.maryland.gov>

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at the telephone numbers shown above.



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Ryan Bishop
Director

November 2020

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

Ladies and Gentlemen:

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

Tax set-off systems continue to be of interest to State and local government officials. The Department of Legislative Services conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2020. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Michael Sousane of the Office of Policy Analysis and reviewed by Hiram Burch. Kamar Merritt prepared the manuscript.

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

Sincerely,

Handwritten signature of Victoria L. Gruber in black ink.

Victoria L. Gruber
Executive Director

Handwritten signature of Ryan Bishop in blue ink.

Ryan Bishop
Director

VLG:RB/HLB/km

iii

Contents

Letter of Transmittal	iii
Introduction.....	1
Background	1
Scope.....	2
Explanation of Exhibits and Appendix	3
Summary of Findings.....	3
Tax Differentials/Tax Rebates by County.....	8
Allegany County	8
Anne Arundel County	8
Baltimore County	9
Calvert County	9
Caroline County	9
Carroll County.....	10
Cecil County	10
Charles County.....	11
Dorchester County	11
Frederick County.....	12
Garrett County.....	12
Harford County	13
Howard County	13
Kent County	13
Montgomery County.....	14
Prince George’s County	14

Queen Anne’s County 16

St. Mary’s County 16

Somerset County 17

Talbot County 17

Washington County..... 18

Wicomico County 18

Worcester County..... 18

Appendix 1. Tax Differentials and Tax Rebates – Per Capita Amounts 21

Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2020

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 2020. 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 2020.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2020 to those in fiscal 2019.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2020 with the amount provided in fiscal 2015.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2020 on a per capita basis.

Summary of Findings

Property tax-set offs for municipalities were granted in 18 counties in fiscal 2020. 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 2020, tax differentials and rebates totaled \$109.4 million, a 5.5% increase compared to the prior year. Property set-off amounts were higher in 13 counties, lower in 3 counties, and remained the same in 2 counties. Local funding for tax differentials and rebates in fiscal 2020 ranged from \$43,487 in St. Mary's County to \$31.5 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$95 in Talbot County with the statewide average at \$25.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Talbot, and Washington) provided tax rate differentials totaling \$39.0 million for the municipalities in their jurisdictions. Five counties (Carroll, Cecil, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$12.1 million. Six counties (Dorchester, Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$58.3 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$31.5 million, as did Harford County, totaling \$10.1 million. Dorchester County provided tax rate differentials to Cambridge and Hurlock totaling \$642,742 and provided tax rebates to its other municipalities totaling \$6,050. Frederick County

provided tax rate differentials to Frederick and Myersville totaling \$9.7 million and provided 10 other municipalities with \$4.9 million in tax rebates. Garrett County had a tax rate differential totaling \$70,171 for Mountain Lake Park and provided \$297,000 in rebates to 7 other municipalities. Queen Anne's County provided tax rate differentials to Centreville and Millington totaling \$683,889 and provided 6 other municipalities with \$250,910 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2020. The county real property tax rate within the city was reduced by \$0.374 per \$100 of assessed value resulting in a property tax revenue offset of \$23.2 million in fiscal 2020, or \$593 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 \$10.4 million. The City of Frederick (Frederick County) received a property tax differential amount of \$9.5 million, the third highest amount.

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

Exhibit 1
Tax Differentials and Tax Rebates
Fiscal 2020

County	Tax Differential	Tax Rebate	Total
Allegany	\$1,973,569	\$0	\$1,973,569
Anne Arundel	23,256,100	0	23,256,100
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	3,510,287	0	3,510,287
Caroline	459,765	0	459,765
Carroll	0	2,756,200	2,756,200
Cecil	0	754,786	754,786
Charles	1,814,430	0	1,814,430
Dorchester	642,742	6,050	648,792
Frederick	9,744,172	4,931,492	14,675,664
Garrett	70,171	297,000	367,171
Harford	6,558,865	3,586,137	10,145,002
Howard	n/a	n/a	n/a
Kent	0	0	0
Montgomery	0	8,168,433	8,168,433
Prince George's	30,863,475	623,469	31,486,944
Queen Anne's	683,889	250,910	934,799
St. Mary's	0	43,487	43,487
Somerset	0	393,200	393,200
Talbot	3,537,460	0	3,537,460
Washington	4,432,619	0	4,432,619
Wicomico	0	0	0
Worcester	0	0	0
Total	\$87,547,545	\$21,811,164	\$109,358,708

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

Source: Department of Legislative Services

Exhibit 2
Changes in Tax Differentials and Tax Rebates
Fiscal 2019 and 2020

County	2019	2020	Difference	% Difference
Allegany	\$1,747,025	\$1,973,569	\$226,544	13.0%
Anne Arundel	21,523,408	23,256,100	1,732,692	8.1%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,455,513	3,510,287	54,774	1.6%
Caroline	545,280	459,765	-85,515	-15.7%
Carroll	2,104,108	2,756,200	652,092	31.0%
Cecil	740,001	754,786	14,785	2.0%
Charles	1,795,704	1,814,430	18,726	1.0%
Dorchester	640,670	648,792	8,122	1.3%
Frederick	14,202,323	14,675,664	473,342	3.3%
Garrett	367,314	367,171	-143	0.0%
Harford	10,001,341	10,145,002	143,662	1.4%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	8,168,433	8,168,433	0	0.0%
Prince George's	29,306,699	31,486,944	2,180,245	7.4%
Queen Anne's	862,202	934,799	72,597	8.4%
St. Mary's	43,493	43,487	-6	0.0%
Somerset	393,200	393,200	0	0.0%
Talbot	3,455,180	3,537,460	82,280	2.4%
Washington	4,343,566	4,432,619	89,053	2.1%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$103,695,458	\$109,358,708	\$5,663,250	5.5%

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

Source: Department of Legislative Services

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

County	FY 2015	FY 2020	Difference	% Difference
Allegany	\$1,636,392	\$1,973,569	\$337,177	20.6%
Anne Arundel	19,770,439	23,256,100	3,485,661	17.6%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,284,256	3,510,287	226,032	6.9%
Caroline	458,153	459,765	1,612	0.4%
Carroll	2,588,434	2,756,200	167,766	6.5%
Cecil	750,330	754,786	4,456	0.6%
Charles	1,164,178	1,814,430	650,251	55.9%
Dorchester	377,527	648,792	271,265	71.9%
Frederick	12,933,432	14,675,664	1,742,232	13.5%
Garrett	335,630	367,171	31,541	9.4%
Harford	9,474,368	10,145,002	670,634	7.1%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	7,776,718	8,168,433	391,715	5.0%
Prince George's	23,412,705	31,486,944	8,074,239	34.5%
Queen Anne's	380,719	934,799	554,080	145.5%
St. Mary's	49,811	43,487	-6,324	-12.7%
Somerset	315,000	393,200	78,200	24.8%
Talbot	3,149,626	3,537,460	387,834	12.3%
Washington	4,129,295	4,432,619	303,324	7.3%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$91,987,014	\$109,358,708	\$17,371,694	18.9%

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

Source: Department of Legislative Services

Tax Differentials/Tax Rebates by County

Allegany County

During fiscal 2020, 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 2020 is approximately \$2.0 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0886	\$10,671
Cumberland	0.1527	1,361,393
Frostburg	0.1395	472,000
Lonaconing	0.1224	32,770
Luke	0.1239	40,021
Midland	0.0886	10,252
Westernport	0.0886	46,462
Total		\$1,973,569

Anne Arundel County

Anne Arundel County set a real tax rate differential of \$0.374 for the City of Annapolis in fiscal 2020 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 2020 is \$23.3 million. In calculating the tax rate differential, several steps were involved. First, county spending was allocated into countywide (e.g., education) and noncity (e.g., police) categories. Second, all county revenues, except property taxes, are allocated to offset the cost of either countywide or noncity services. Third, costs that are offset are used to calculate countywide and noncity property tax rates. Finally, this noncity property tax rate serves as the Annapolis tax rate differential. Highland Beach, the other incorporated municipality in Anne Arundel County, received a real tax differential of \$0.03, which equals \$9,708 in reduced county revenues. The tax differential takes into consideration that the municipality provides public works and planning and zoning services.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Annapolis	\$0.3740	\$23,246,392
Highland Beach	0.0300	9,708
Total		\$23,256,100

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 2020, 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	\$2,658,189
North Beach	0.3360	852,099
Total		\$3,510,287

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 2020, 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	\$218,241
Federalsburg	0.09	131,677
Goldsboro	0.00	0
Greensboro	0.05	47,064
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	6,323
Ridgely	0.05	56,459
Templeville	0.00	0
Total		\$459,765

Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.8 million in fiscal 2020 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	\$368,036
Manchester	279,008
Mount Airy	197,698
New Windsor	75,471
Sykesville	268,037
Taneytown	411,075
Union Bridge	78,814
Westminster	1,078,061
Total	\$2,756,200

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 \times 0.75 tons per capita \times population). The total rebate amount that municipalities in Cecil County received in fiscal 2020 was \$754,786. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate</u>
Cecilton	\$13,313	\$1,066	\$14,379
Charlestown	43,342	2,293	45,635
Chesapeake City	24,281	1,771	26,052
Elkton	327,135	26,759	353,894
North East	92,855	6,149	99,004
Perryville	131,566	8,262	139,828
Port Deposit	16,936	1,521	18,457
Rising Sun	53,707	3,830	57,537
Total	\$703,135	\$51,651	\$754,786

Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2020 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	\$97,537
La Plata	0.1350	1,716,892
Total		\$1,814,430

Dorchester County

In fiscal 2020, two of Dorchester County’s nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$642,742. 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	546,467	0	546,467
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	96,275	0	96,275
Secretary	0.0000	0	1,350	1,350
Vienna	0.0000	0	1,350	1,350
Total		\$642,742	\$6,050	\$648,792

Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$9.7 million in fiscal 2020. Frederick County provided tax rebates totaling \$4.9 million in fiscal 2020 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 2020 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	\$1,047,350	\$1,047,350
Burkittsville	0.0000	0	28,701	28,701
Emmitsburg	0.0000	0	440,603	440,603
Frederick	0.1177	9,518,935	0	9,518,935
Middletown	0.0000	0	674,672	674,672
Mount Airy	0.0000	0	608,062	608,062
Myersville	0.1275	225,237	0	225,237
New Market	0.0000	0	109,162	109,162
Rosemont	0.0000	0	18,418	18,418
Thurmont	0.0000	0	954,841	954,841
Walkersville	0.0000	0	926,346	926,346
Woodsboro	0.0000	0	123,337	123,337
Total		\$9,744,172	\$4,931,492	\$14,675,664

Garrett County

In fiscal 2020, 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 \$70,171. Garrett County also

provided tax rebates to all its other municipalities. Oakland received a rebate of \$147,000 for road paving projects and police protection, and the other municipalities received \$25,000 for their expenditures on town roads. The rebates for all the municipalities totaled \$297,000.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Accident	\$0.0000	\$0	\$25,000	\$25,000
Deer Park	0.0000	0	25,000	25,000
Friendsville	0.0000	0	25,000	25,000
Grantsville	0.0000	0	25,000	25,000
Kitzmilller	0.0000	0	25,000	25,000
Loch Lynn Heights	0.0000	0	25,000	25,000
Mountain Lake Park	0.0653	70,171	0	70,171
Oakland	0.0000	0	147,000	147,000
Total		\$70,171	\$297,000	\$367,171

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 \$6.6 million in fiscal 2020. 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	\$2,140,911	\$1,165,272	\$3,306,183
Bel Air	0.1483	2,150,419	1,219,767	3,370,186
Havre de Grace	0.1483	2,267,535	1,201,098	3,468,633
Total		\$6,558,865	\$3,586,137	\$10,145,002

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 2020.

Montgomery County

Montgomery County provided tax rebates totaling \$8.2 million to 17 municipalities and 3 special taxing districts in fiscal 2020. Barnesville and Chevy Chase, Section 5, were the only municipalities that did not receive a tax rebate in fiscal 2020. 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. 3	31,513
Chevy Chase, Sec. 5	0
Chevy Chase View	41,275
Chevy Chase Village	100,524
Chevy Chase	131,669
Drummond*	4,613
Friendship Heights*	95,245
Gaithersburg	1,206,567
Garrett Park	48,367
Glen Echo	20,762
Kensington	156,809
Laytonsville	14,293
Martin's Additions	26,832
North Chevy Chase	25,195
Oakmont*	3,278
Poolesville	228,936
Rockville	2,409,750
Somerset	56,173
Takoma Park	3,513,643
Washington Grove	44,922
Total	\$8,168,433

*Denotes a special taxing district.

Prince George's County

In fiscal 2020, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$30.9 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	\$377,684	\$7,560	\$385,244
Bladensburg	0.1340	633,981	22,146	656,126
Bowie	0.1520	10,269,379	149,877	10,419,256
Brentwood	0.0770	197,064	7,374	204,437
Capitol Heights	0.1140	331,423	10,499	341,922
Cheverly	0.1350	807,511	16,906	824,417
College Park	0.0340	998,841	83,290	1,082,131
Colmar Manor	0.1040	98,757	3,399	102,156
Cottage City	0.0940	94,737	3,159	97,896
District Heights	0.1330	495,759	15,982	511,742
Eagle Harbor	0.0030	246	153	398
Edmonston	0.0960	153,593	3,498	157,091
Fairmount Heights	0.0830	88,396	3,617	92,013
Forest Heights	0.0720	129,607	5,924	135,531
Glenarden	0.1170	622,683	14,525	637,208
Greenbelt	0.1570	3,331,050	63,175	3,394,225
Hyattsville	0.1490	2,934,615	48,082	2,982,697
Landover Hills	0.0860	134,911	4,084	138,995
Laurel	0.1830	5,584,104	68,781	5,652,884
Morningside	0.0800	77,733	5,518	83,251
Mount Rainier	0.1440	658,453	19,560	678,013
New Carrollton	0.1220	940,242	29,377	969,619
North Brentwood	0.0050	2,715	1,252	3,967
Riverdale Park	0.1350	1,020,384	16,839	1,037,223
Seat Pleasant	0.1190	360,902	10,995	371,898
University Park	0.1340	449,604	6,168	455,772
Upper Marlboro	0.0770	69,103	1,730	70,833
Total		\$30,863,475	\$623,469	\$31,486,944

Queen Anne's County

In fiscal 2020, two of Queen Anne's County's eight municipalities, Centreville and Millington, received tax rate differentials totaling \$683,889. Six other municipalities received tax rebates totaling \$250,910. 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	\$12,343	\$12,343
Centreville	0.1187	682,942	0	682,942
Church Hill	0.0000	0	42,130	42,130
Millington	0.0737	948	0	948
Queen Anne	0.0000	0	3,363	3,363
Queenstown	0.0000	0	157,792	157,792
Sudlersville	0.0000	0	34,332	34,332
Templeville	0.0000	0	950	950
Total		\$683,889	\$250,910	\$934,799

St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$43,487 to the Town of Leonardtown in fiscal 2020 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	\$43,487

Somerset County

Somerset County provided tax rebates in fiscal 2020 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 2020, 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	\$2,738,563
Oxford	0.1180	346,935
Queen Anne	0.0601	4,078
St. Michaels	0.1270	378,348
Trappe	0.0980	69,537
Total		\$3,537,460

Washington County

For fiscal 2020, 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 2020 tax differentials totaled approximately \$4.4 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$395,308
Clear Spring	0.125	27,424
Funkstown	0.125	61,776
Hagerstown	0.125	3,277,194
Hancock	0.125	122,827
Keedysville	0.125	121,849
Sharpsburg	0.125	53,094
Smithsburg	0.125	237,214
Williamsport	0.125	135,933
Total		\$4,432,619

Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2020.

Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2020.

Appendix

Appendix 1
Tax Differentials and Tax Rebates – Per Capita Amounts
Fiscal 2020

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Allegheny					
Barton	423	\$10,671	\$0	\$10,671	\$25
Cumberland	19,284	1,361,393	0	1,361,393	71
Frostburg	8,505	472,000	0	472,000	55
Lonaconing	1,107	32,770	0	32,770	30
Luke	60	40,021	0	40,021	667
Midland	414	10,252	0	10,252	25
Westernport	1,726	46,462	0	46,462	27
Anne Arundel					
Annapolis	39,223	\$23,246,392	\$0	\$23,246,392	\$593
Highland Beach	110	9,708	0	9,708	88
Calvert					
Chesapeake Beach	6,030	\$2,658,189	\$0	\$2,658,189	\$441
North Beach	2,039	852,099	0	852,099	418
Caroline					
Denton	4,512	\$218,241	\$0	\$218,241	\$48
Federalsburg	2,661	131,677	0	131,677	49
Goldsboro	230	0	0	0	0
Greensboro	1,877	47,064	0	47,064	25
Henderson	143	0	0	0	0
Hillsboro	156	0	0	0	0
Marydel	139	0	0	0	0
Preston	703	6,323	0	6,323	9
Ridgely	1,657	56,459	0	56,459	34
Templeville*	29	0	0	0	0
Carroll					
Hampstead*	6,401	\$0	\$368,036	\$368,036	\$57
Manchester	4,851	0	279,008	279,008	58
Mount Airy*	5,571	0	197,698	197,698	35
New Windsor	1,398	0	75,471	75,471	54
Sykesville	3,958	0	268,037	268,037	68
Taneytown	6,817	0	411,075	411,075	60
Union Bridge	963	0	78,814	78,814	82

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Westminster	18,640	0	1,078,061	1,078,061	58
Cecil					
Cecilton	670	\$0	\$14,379	\$14,379	\$21
Charlestown	1,196	0	45,635	45,635	38
Chesapeake City	691	0	26,052	26,052	38
Elkton	15,622	0	353,894	353,894	23
North East	3,642	0	99,004	99,004	27
Perryville	4,419	0	139,828	139,828	32
Port Deposit	763	0	18,457	18,457	24
Rising Sun	2,781	0	57,537	57,537	21
Charles					
Indian Head	3,802	\$97,537	\$0	\$97,537	\$26
La Plata	9,631	1,716,892	0	1,716,892	178
Port Tobacco	15	0	0	0	0
Dorchester					
Brookview	58	\$0	\$450	\$450	\$8
Cambridge	12,260	546,467	0	546,467	45
Church Creek	121	0	425	425	4
East New Market	377	0	1,350	1,350	4
Eldorado	57	0	425	425	7
Galestown	133	0	700	700	5
Hurlock	2,024	96,275	0	96,275	48
Secretary	500	0	1,350	1,350	3
Vienna	265	0	1,350	1,350	5
Frederick					
Brunswick	6,491	\$0	\$1,047,350	\$1,047,350	\$161
Burkittsville	165	0	28,701	28,701	174
Emmitsburg	3,198	0	440,603	440,603	138
Frederick	72,244	9,518,935	0	9,518,935	132
Middletown	4,792	0	674,672	674,672	141
Mount Airy*	3,887	0	608,062	608,062	156
Myersville	1,838	225,237	0	225,237	123
New Market	738	0	109,162	109,162	148
Rosemont	322	0	18,418	18,418	57
Thurmont	6,895	0	954,841	954,841	138
Walkersville	6,415	0	926,346	926,346	144
Woodsboro	1,269	0	123,337	123,337	97

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Garrett					
Accident	312	\$0	\$25,000	\$25,000	\$80
Deer Park	368	0	25,000	25,000	68
Friendsville	479	0	25,000	25,000	52
Grantsville	865	0	25,000	25,000	29
Kitzmiller	303	0	25,000	25,000	83
Loch Lynn Heights	530	0	25,000	25,000	47
Mountain Lake Park	2,074	70,171	0	70,171	34
Oakland	1,815	0	147,000	147,000	81
Harford					
Aberdeen	16,019	\$2,140,911	\$1,165,272	\$3,306,183	\$206
Bel Air	10,119	2,150,419	1,219,767	3,370,186	333
Havre de Grace	14,018	2,267,535	1,201,098	3,468,633	247
Kent					
Betterton	316	\$0	\$0	\$0	\$0
Chestertown	5,051	0	0	0	0
Galena	582	0	0	0	0
Millington*	566	0	0	0	0
Rock Hall	1,274	0	0	0	0
Montgomery					
Barnesville	179	\$0	\$0	\$0	\$0
Brookeville	144	0	8,067	8,067	56
Chevy Chase, Sec. 3	794	0	31,513	31,513	40
Chevy Chase, Sec. 5	702	0	0	0	0
Chevy Chase	2,984	0	131,669	131,669	44
Chevy Chase View	980	0	41,275	41,275	42
Chevy Chase Village	2,056	0	100,524	100,524	49
Drummond	-	0	4,613	4,613	0
Friendship Heights	-	0	95,245	95,245	0
Gaithersburg	67,985	0	1,206,567	1,206,567	18
Garrett Park	1,049	0	48,367	48,367	46
Glen Echo	270	0	20,762	20,762	77
Kensington	2,329	0	156,809	156,809	67
Laytonsville	381	0	14,293	14,293	38
Martin's Additions	993	0	26,832	26,832	27
North Chevy Chase	595	0	25,195	25,195	42
Oakmont	-	0	3,278	3,278	0
Poolesville	5,244	0	228,936	228,936	44

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Rockville	68,079	0	2,409,750	2,409,750	35
Somerset	1,273	0	56,173	56,173	44
Takoma Park	17,725	0	3,513,643	3,513,643	198
Washington Grove	561	0	44,922	44,922	80
Prince George's					
Berwyn Heights	3,255	\$377,684	\$7,560	\$385,244	\$118
Bladensburg	9,408	633,981	22,146	656,126	70
Bowie	58,643	10,269,379	149,877	10,419,256	178
Brentwood	3,471	197,064	7,374	204,437	59
Capitol Heights	4,514	331,423	10,499	341,922	76
Cheverly	6,428	807,511	16,906	824,417	128
College Park	32,163	998,841	83,290	1,082,131	34
Colmar Manor	1,454	98,757	3,399	102,156	70
Cottage City	1,356	94,737	3,159	97,896	72
District Heights	5,984	495,759	15,982	511,742	86
Eagle Harbor	69	246	153	398	6
Edmonston	1,490	153,593	3,498	157,091	105
Fairmount Heights	1,522	88,396	3,617	92,013	60
Forest Heights	2,564	129,607	5,924	135,531	53
Glenarden	6,143	622,683	14,525	637,208	104
Greenbelt	23,224	3,331,050	63,175	3,394,225	146
Hyattsville	18,230	2,934,615	48,082	2,982,697	164
Landover Hills	1,636	134,911	4,084	138,995	85
Laurel	25,631	5,584,104	68,781	5,652,884	221
Morningside	1,279	77,733	5,518	83,251	65
Mt. Rainier	8,093	658,453	19,560	678,013	84
New Carrollton	12,928	940,242	29,377	969,619	75
North Brentwood	551	2,715	1,252	3,967	7
Riverdale Park	7,200	1,020,384	16,839	1,037,223	144
Seat Pleasant	4,738	360,902	10,995	371,898	78
University Park	2,631	449,604	6,168	455,772	173
Upper Marlboro	673	69,103	1,730	70,833	105
Queen Anne's					
Barclay	165	\$0	\$12,343	\$12,343	\$75
Centreville	4,944	682,942	0	682,942	138
Church Hill	753	0	42,130	42,130	56
Millington*	38	948	0	948	25
Queen Anne*	129	0	3,363	3,363	26

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Queenstown	695	0	157,792	157,792	227
Sudlersville	474	0	34,332	34,332	72
Templeville*	88	0	950	950	11
St. Mary's					
Leonardtwn	3,824	\$0	\$43,487	\$43,487	\$11
Somerset					
Crisfield	2,564	\$0	\$196,600	\$196,600	\$77
Princess Anne	3,513	0	196,600	196,600	56
Talbot					
Easton	16,671	\$2,738,563	\$0	\$2,738,563	\$164
Oxford	606	346,935	0	346,935	572
Queen Anne*	84	4,078	0	4,078	49
St. Michaels	1,040	378,348	0	378,348	364
Trappe	1,000	69,537	0	69,537	70
Washington					
Boonsboro	3,655	\$395,308	\$0	\$395,308	\$108
Clear Spring	362	27,424	0	27,424	76
Funkstown	871	61,776	0	61,776	71
Hagerstown	40,100	3,277,194	0	3,277,194	82
Hancock	1,529	122,827	0	122,827	80
Keedysville	1,221	121,849	0	121,849	100
Sharpsburg	647	53,094	0	53,094	82
Smithsburg	2,974	237,214	0	237,214	80
Williamsport	2,089	135,933	0	135,933	65
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

<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