

# PROPERTY TAX SET-OFFS

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

### FISCAL 2022



DEPARTMENT OF LEGISLATIVE SERVICES 2022

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**Property Tax Set-offs:  
The Use of Local Property Tax Differentials  
And Tax Rebates in Maryland  
Fiscal 2022**

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

**December 2022**

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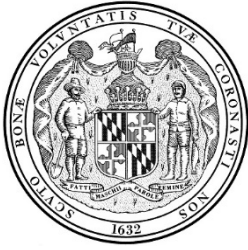
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**DEPARTMENT OF LEGISLATIVE SERVICES**  
**OFFICE OF POLICY ANALYSIS**  
**MARYLAND GENERAL ASSEMBLY**

**Victoria L. Gruber**  
Executive Director

**Ryan Bishop**  
Executive Director

December 2022

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 2022. 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 Michael Sanelli and Hiram Burch. Davin Brownell 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/db

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# **Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2022**

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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 2022. 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 2022.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2022 to those in fiscal 2021.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2022 with the amount provided in fiscal 2017.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2022 on a per capita basis.

## **Summary of Findings**

Property tax-set offs for municipalities were granted in 19 counties in fiscal 2022. Of the 4 remaining counties, Baltimore and Howard counties have no municipalities, while Wicomico and Worcester counties chose not to establish tax set-offs. In fiscal 2022, tax differentials and rebates totaled \$116.9 million, a 1.9% increase compared to the prior year. Property tax set-off amounts were higher in 15 counties, lower in 3 counties, and remained the same in 1 county. Local funding for tax differentials and rebates in fiscal 2022 ranged from \$44,461 in St. Mary's County to \$34.9 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$98 in Talbot County with the statewide average at \$27, excluding those counties with no municipalities.

Eight counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Dorchester, Talbot, and Washington) provided tax rate differentials totaling \$42.3 million for the municipalities in their jurisdictions. Six counties (Carroll, Cecil, Kent, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$13.1 million. Five counties (Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$61.4 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$34.9 million, as did Harford County, totaling \$10.0 million. Frederick County provided tax rate differentials to Frederick and Myersville totaling \$9.9 million and provided 10 other municipalities with \$5.1 million in tax rebates. Garrett County had a tax rate

differential totaling \$71,227 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 \$777,319 and provided 6 other municipalities with \$279,342 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2022. 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 \$25.0 million in fiscal 2022, or \$615 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 \$11.1 million. The City of Frederick (Frederick County) received a property tax differential amount of \$9.7 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 27 municipalities, the county government did not grant either a tax differential or tax rebate. In 12 municipalities, the tax differential or rebate amount exceeded \$200 per municipal resident.

**Exhibit 1**  
**Tax Differentials and Tax Rebates**  
**Fiscal 2022**

<b>County</b>	<b>Tax Differential</b>	<b>Tax Rebate</b>	<b>Total</b>
Allegany	\$1,801,486	\$0	\$1,801,486
Anne Arundel	25,016,722	0	25,016,722
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	3,765,626	0	3,765,626
Caroline	488,746	0	488,746
Carroll	0	2,811,517	2,811,517
Cecil	0	816,051	816,051
Charles	2,096,423	0	2,096,423
Dorchester	682,617	0	682,617
Frederick	9,936,395	5,092,756	15,029,151
Garrett	71,227	297,000	368,227
Harford	6,291,683	3,754,439	10,046,122
Howard	n/a	n/a	n/a
Kent	0	70,000	70,000
Montgomery	0	8,993,070	8,993,070
Prince George's	34,274,024	651,147	34,925,171
Queen Anne's	777,319	279,324	1,056,643
St. Mary's	0	44,461	44,461
Somerset	0	393,200	393,200
Talbot	3,702,004	0	3,702,004
Washington	4,767,444	0	4,767,444
Wicomico	0	0	0
Worcester	0	0	0
<b>Total</b>	<b>\$93,671,718</b>	<b>\$23,202,965</b>	<b>\$116,874,863</b>

n/a: Indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 2**  
**Changes in Tax Differentials and Tax Rebates**  
**Fiscal 2021 and 2022**

<b>County</b>	<b>2021</b>	<b>2022</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$2,100,484	\$1,801,486	-\$298,997	-14.2%
Anne Arundel	24,253,216	25,016,722	763,505	3.1%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,643,655	3,765,626	121,972	3.3%
Caroline	471,185	488,746	17,562	3.7%
Carroll	2,781,578	2,811,517	29,939	1.1%
Cecil	777,732	816,051	38,319	4.9%
Charles	1,953,894	2,096,423	142,529	7.3%
Dorchester	665,185	682,617	17,431	2.6%
Frederick	15,129,789	15,029,151	-100,638	-0.7%
Garrett	367,921	368,227	306	0.1%
Harford	10,650,118	10,046,122	-603,996	-5.7%
Howard	n/a	n/a	n/a	n/a
Kent	0	70,000	70,000	n/a
Montgomery	8,168,433	8,993,070	824,637	10.1%
Prince George's	34,204,640	34,925,171	720,531	2.1%
Queen Anne's	951,347	1,056,643	105,296	11.1%
St. Mary's	43,446	44,461	1,015	2.3%
Somerset	393,200	393,200	0	0.0%
Talbot	3,625,020	3,702,004	76,984	2.1%
Washington	4,496,070	4,767,444	271,374	6.0%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
<b>Total</b>	<b>\$114,676,915</b>	<b>\$116,874,683</b>	<b>\$2,197,767</b>	<b>1.9%</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 2017</b>	<b>FY 2022</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$1,694,029	\$1,801,486	\$107,457	6.3%
Anne Arundel	20,982,758	25,016,722	4,033,964	19.2%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,342,343	3,765,626	423,283	12.7%
Caroline	505,661	488,746	-16,915	-3.3%
Carroll	2,149,647	2,811,517	661,870	30.8%
Cecil	732,155	816,051	83,896	11.5%
Charles	1,680,570	2,096,423	415,853	24.7%
Dorchester	423,506	682,617	259,111	61.2%
Frederick	13,253,344	15,029,151	1,775,807	13.4%
Garrett	362,503	368,227	5,724	1.6%
Harford	9,612,607	10,046,122	433,515	4.5%
Howard	n/a	n/a	n/a	n/a
Kent	0	70,000	70,000	n/a
Montgomery	8,168,433	8,993,070	824,637	10.1%
Prince George's	24,838,947	34,925,171	10,086,224	40.6%
Queen Anne's	616,582	1,056,643	440,061	71.4%
St. Mary's	43,943	44,461	518	1.2%
Somerset	360,000	393,200	33,200	9.2%
Talbot	3,287,613	3,702,004	414,391	12.6%
Washington	4,233,014	4,767,444	534,430	12.6%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
<b>Total</b>	<b>\$96,287,655</b>	<b>\$116,874,683</b>	<b>\$20,587,028</b>	<b>21.4%</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 2022, 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 2022 is approximately \$1.8 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0656	\$7,879
Cumberland	0.1435	1,291,715
Frostburg	0.1123	402,094
Lonaconing	0.0977	27,644
Luke	0.0997	28,638
Midland	0.0656	7,959
Westernport	0.0656	35,558
<b>Total</b>		<b>\$1,801,486</b>

### Anne Arundel County

Anne Arundel County set a real property tax rate differential of \$0.374 for the City of Annapolis in fiscal 2022 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 2022 is \$25.0 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 \$10,074 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	\$25,006,648
Highland Beach	0.0300	10,074
<b>Total</b>		<b>\$25,016,722</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 2022, these tax differentials totaled approximately \$3.8 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	\$2,857,037
North Beach	0.3360	908,589
<b>Total</b>		<b>\$3,765,626</b>

## 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 2022, 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	\$235,633
Federalsburg	0.08	123,959
Goldsboro	0.00	0
Greensboro	0.06	61,675
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	6,796
Ridgely	0.05	60,683
Templeville	0.00	0
<b>Total</b>		<b>\$488,746</b>



## Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.8 million in fiscal 2022 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	\$383,928
Manchester	289,506
Mount Airy	203,998
New Windsor	76,708
Sykesville	263,049
Taneytown	415,460
Union Bridge	83,725
Westminster	1,095,143
<b>Total</b>	<b>\$2,811,517</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 \$51,651 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 2022 was \$816,051. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate</u>
Cecilton	\$14,209	\$1,066	\$15,275
Charlestown	50,110	2,293	52,403
Chesapeake City	25,629	1,771	27,400
Elkton	342,205	26,759	368,964
North East	121,060	6,149	127,209
Perryville	136,140	8,262	144,402
Port Deposit	17,410	1,521	18,931
Rising Sun	57,637	3,830	61,467
<b>Total</b>	<b>\$764,400</b>	<b>\$51,651</b>	<b>\$816,051</b>

### Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2022 totaling \$2.1 million for performing government services in the areas of planning and growth management, police services, parks, and public works. The rate is determined by calculating the expenditures funded by property taxes for parallel services provided by the municipality and dividing this amount by the municipality’s assessable base. The Town of Port Tobacco received neither a tax differential nor a tax rebate as the town did not perform any services in lieu of those performed by the county.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Indian Head	\$0.0390	\$115,684
La Plata	0.1420	1,980,740
Port Tobacco	0.0000	0
<b>Total</b>		<b>\$2,096,423</b>

### Dorchester County

In fiscal 2022, two of Dorchester County’s nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$682,617. 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.

<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	\$0	\$0
Cambridge	0.0733	581,896	0	581,896
Church Creek	0.0000	0	0	0
East New Market	0.0000	0	0	0
Eldorado	0.0000	0	0	0
Galestown	0.0000	0	0	0
Hurlock	0.0821	100,721	0	100,721
Secretary	0.0000	0	0	0
Vienna	0.0000	0	0	0
<b>Total</b>		<b>\$682,617</b>	<b>\$0</b>	<b>\$682,617</b>

## Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$9.9 million in fiscal 2022. Frederick County provided tax rebates totaling \$5.1 million in fiscal 2022 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 2022 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	\$1,135,261	\$1,135,261
Burkittsville	0.0000	0	27,570	27,570
Emmitsburg	0.0000	0	426,617	426,617
Frederick	0.1095	9,713,244	0	9,713,244
Middletown	0.0000	0	668,917	668,917
Mount Airy	0.0000	0	618,457	618,457
Myersville	0.1193	223,151	0	223,151
New Market	0.0000	0	121,852	121,852
Rosemont	0.0000	0	20,258	20,258
Thurmont	0.0000	0	984,852	984,852
Walkersville	0.0000	0	965,481	965,481
Woodsboro	0.0000	0	123,491	123,491
<b>Total</b>		<b>\$9,936,395</b>	<b>\$5,092,756</b>	<b>\$15,029,151</b>

## Garrett County

In fiscal 2022, 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 \$71,227. 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	0.0644	71,227	0	71,227
Oakland	0.0000	0	147,000	147,000
<b>Total</b>		<b>\$71,227</b>	<b>\$297,000</b>	<b>\$368,227</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 \$6.3 million in fiscal 2022. The county also provided approximately \$3.8 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	\$0.1366	\$2,072,890	\$1,243,417	\$3,316,307
Bel Air	0.1366	2,028,248	1,230,227	3,258,475
Havre de Grace	0.1366	2,190,546	1,280,795	3,471,341
<b>Total</b>		<b>\$6,291,683</b>	<b>\$3,754,439</b>	<b>\$10,046,122</b>

### Howard County

There are no incorporated municipalities in Howard County.

### Kent County

Kent County provided a total of \$70,000 in tax rebates to its five municipalities in fiscal 2022. The rebates offset duplicative services provided by municipalities and are equivalent to \$0.00715 per \$100 of assessed property values in each municipality.

<u>Municipality</u>	<u>Rebate Amount</u>
Betterton	\$4,405
Chestertown	42,254
Galena	3,830
Millington	2,642
Rock Hall	16,869
<b>Total</b>	<b>\$70,000</b>

### Montgomery County

Montgomery County provided tax rebates totaling \$9.0 million to 17 municipalities and 3 special taxing districts in fiscal 2022. Barnesville and Chevy Chase, Section 5, were the only municipalities that did not receive a tax rebate in fiscal 2022. The tax rebates are based on the county council's appropriation.

<u>Municipality</u>	<u>Rebate Amount</u>
Barnesville	\$0
Brookeville	9,379
Chevy Chase, Sec. 3	35,898
Chevy Chase, Sec. 5	0
Chevy Chase View	47,925
Chevy Chase Village	115,430
Chevy Chase	150,803
Drummond*	5,356
Friendship Heights*	96,240
Gaithersburg	1,390,490
Garrett Park	56,230
Glen Echo	24,105
Kensington	179,696
Laytonsville	22,765
Martin's Additions	31,153
North Chevy Chase	29,291
Oakmont*	3,806
Poolesville	277,637
Rockville	2,800,679
Somerset	65,657
Takoma Park	3,598,374
Washington Grove	52,156
<b>Total</b>	<b>\$8,993,070</b>

\* Denotes a special taxing district.

## Prince George's County

In fiscal 2022, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$34.3 million and tax rebates totaling \$0.7 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.

<b><u>Municipality</u></b>	<b><u>Real Property Tax Rate Differential</u></b>	<b><u>Differential Amount</u></b>	<b><u>Tax Rebate</u></b>	<b><u>Total</u></b>
Berwyn Heights	\$0.1420	\$467,334	\$8,231	\$475,565
Bladensburg	0.1440	729,000	22,486	751,486
Bowie	0.1520	10,963,598	149,877	11,113,475
Brentwood	0.0860	256,519	8,379	264,898
Capitol Heights	0.1390	443,447	10,723	454,169
Cheverly	0.1390	913,579	18,839	932,418
College Park	0.0350	1,118,664	83,290	1,201,954
Colmar Manor	0.1270	133,545	3,483	137,028
Cottage City	0.0940	104,085	3,446	107,531
District Heights	0.1410	569,649	20,607	590,255
Eagle Harbor	0.0020	192	153	344
Edmonston	0.1030	178,981	3,498	182,480
Fairmount Heights	0.0810	97,679	3,908	101,586
Forest Heights	0.1100	210,732	7,997	218,729
Glenarden	0.1120	652,016	16,371	668,388
Greenbelt	0.1530	3,507,525	64,151	3,571,676
Hyattsville	0.1570	3,433,692	48,082	3,481,774
Landover Hills	0.0870	148,160	5,644	153,803
Laurel	0.1850	6,239,807	68,781	6,308,588
Morningside	0.0840	89,189	5,518	94,707
Mount Rainier	0.1450	741,847	22,179	764,026
New Carrollton	0.1380	1,169,637	33,467	1,203,104
North Brentwood	0.0040	2,412	1,428	3,840
Riverdale Park	0.1300	1,122,880	17,335	1,140,215

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Seat Pleasant	0.1260	417,587	14,943	432,530
University Park	0.1400	506,459	6,254	512,713
Upper Marlboro	0.0560	55,810	2,077	57,887
<b>Total</b>		<b>\$34,274,024</b>	<b>\$651,147</b>	<b>\$34,925,171</b>

### Queen Anne's County

In fiscal 2022, two of Queen Anne's County's eight municipalities, Centreville and Millington, received tax rate differentials totaling \$777,319. Six other municipalities received tax rebates totaling \$279,324. 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	\$17,495	\$17,495
Centreville	0.1300	776,225	0	776,225
Church Hill	0.0000	0	50,622	50,622
Millington	0.0850	1,095	0	1,095
Queen Anne	0.0000	0	4,667	4,667
Queenstown	0.0000	0	164,922	164,922
Sudlersville	0.0000	0	40,618	40,618
Templeville	0.0000	0	1,000	1,000
<b>Total</b>		<b>\$777,319</b>	<b>\$279,324</b>	<b>\$1,056,643</b>

### St. Mary’s County

St. Mary’s County provided a tax rebate in the amount of \$44,461 to the Town of Leonardtown in fiscal 2022 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	\$44,461

### Somerset County

Somerset County provided tax rebates in fiscal 2022 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
<b>Total</b>	<b>\$393,200</b>

### Talbot County

In fiscal 2022, Talbot County provided tax rate differentials totaling \$3.7 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	\$2,877,688
Oxford	0.1180	350,083
Queen Anne	0.0601	4,223
St. Michaels	0.1270	398,865
Trappe	0.0980	71,145
<b>Total</b>		<b>\$3,702,004</b>



## Washington County

For fiscal 2022, 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 2022 tax differentials totaled approximately \$4.8 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$422,729
Clear Spring	0.125	27,382
Funkstown	0.125	64,625
Hagerstown	0.125	3,537,203
Hancock	0.125	122,979
Keedysville	0.125	128,858
Sharpsburg	0.125	56,696
Smithsburg	0.125	265,403
Williamsport	0.125	141,568
<b>Total</b>		<b>\$4,767,444</b>

## Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2022.

## Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2022.

# Appendix

## Appendix 1 Tax Differentials and Tax Rebates – Per Capita Amounts Fiscal 2022

<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	453	\$7,879	\$0	\$7,879	\$17
Cumberland	18,736	1,291,715	0	1,291,715	69
Frostburg	7,044	402,094	0	402,094	57
Lonaconing	989	27,644	0	27,644	28
Luke	86	28,638	0	28,638	333
Midland	476	7,959	0	7,959	17
Westernport	1,767	35,558	0	35,558	20
<b>Anne Arundel</b>					
Annapolis	40,687	\$25,006,648	\$0	\$25,006,648	\$615
Highland Beach	118	10,074	0	10,074	85
<b>Calvert</b>					
Chesapeake Beach	6,436	\$2,857,037	\$0	\$2,857,037	\$444
North Beach	2,164	908,589	0	908,589	420
<b>Caroline</b>					
Denton	4,793	\$235,633	\$0	\$235,633	\$49
Federalsburg	2,842	123,959	0	123,959	44
Goldsboro	215	0	0	0	0
Greensboro	1,928	61,675	0	61,675	32
Henderson	160	0	0	0	0
Hillsboro	128	0	0	0	0
Marydel	177	0	0	0	0
Preston	682	6,796	0	6,796	10
Ridgely	1,621	60,683	0	60,683	37
Templeville*	32	0	0	0	0
<b>Carroll</b>					
Hampstead*	6,303	\$0	\$383,928	\$383,928	\$61
Manchester	5,445	0	289,506	289,506	53
Mount Airy*	6,181	0	203,998	203,998	33
New Windsor	1,452	0	76,708	76,708	53

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Sykesville	4,335	0	263,049	263,049	61
Taneytown	7,284	0	415,460	415,460	57
Union Bridge	939	0	83,725	83,725	89
Westminster	20,062	0	1,095,143	1,095,143	55
<b>Cecil</b>					
Cecilton	675	\$0	\$15,275	\$15,275	\$23
Charlestown	1,495	0	52,403	52,403	35
Chesapeake City	736	0	27,400	27,400	37
Elkton	15,791	0	368,964	368,964	23
North East	4,094	0	127,209	127,209	31
Perryville	4,404	0	144,402	144,402	33
Port Deposit	617	0	18,931	18,931	31
Rising Sun	2,744	0	61,467	61,467	22
<b>Charles</b>					
Indian Head	3,919	\$115,684	\$0	\$115,684	\$30
La Plata	10,404	1,980,740	0	1,980,740	190
Port Tobacco	25	0	0	0	0
<b>Dorchester</b>					
Brookview	45	\$0	\$0	\$0	\$0
Cambridge	13,097	581,896	0	581,896	44
Church Creek	101	0	0	0	0
East New Market	387	0	0	0	0
Eldorado	43	0	0	0	0
Galestown	111	0	0	0	0
Hurlock	2,066	100,721	0	100,721	49
Secretary	467	0	0	0	0
Vienna	270	0	0	0	0
<b>Frederick</b>					
Brunswick	8,046	\$0	\$1,135,261	\$1,135,261	\$141
Burkittsville	149	0	27,570	27,570	185
Emmitsburg	2,842	0	426,617	426,617	150
Frederick City	79,588	9,713,244	0	9,713,244	122
Middletown	5,132	0	668,917	668,917	130
Mount Airy*	3,574	0	618,457	618,457	173
Myersville	1,816	223,151	0	223,151	123
New Market	1,581	0	121,852	121,852	77
Rosemont	283	0	20,258	20,258	72

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Thurmont	6,450	0	984,852	984,852	153
Walkersville	6,366	0	965,481	965,481	152
Woodsboro	1,135	0	123,491	123,491	109
<b>Garrett</b>					
Accident	338	\$0	\$25,000	\$25,000	\$74
Deer Park	306	0	25,000	25,000	82
Friendsville	437	0	25,000	25,000	57
Grantsville	948	0	25,000	25,000	26
Kitzmilller	298	0	25,000	25,000	84
Loch Lynn Heights	495	0	25,000	25,000	51
Mountain Lake Park	2,118	71,227	0	71,227	34
Oakland	1,817	0	147,000	147,000	81
<b>Harford</b>					
Aberdeen	16,889	\$2,072,890	\$1,243,417	\$3,316,307	\$196
Bel Air	10,715	2,028,248	1,230,227	3,258,475	304
Havre de Grace	14,873	2,190,546	1,280,795	3,471,341	233
<b>Kent</b>					
Betterton	284	\$0	\$4,405	\$4,405	\$16
Chestertown	5,603	0	42,254	42,254	8
Galena	536	0	3,830	3,830	7
Millington*	525	0	2,642	2,642	5
Rock Hall	1,192	0	16,869	16,869	14
<b>Montgomery</b>					
Barnesville	144	\$0	\$0	\$0	\$0
Brookeville	163	0	9,379	9,379	58
Chevy Chase, Sec. 3	793	0	35,898	35,898	45
Chevy Chase, Sec. 5	666	0	0	0	0
Chevy Chase	2,873	0	150,803	150,803	52
Chevy Chase View	995	0	47,925	47,925	48
Chevy Chase Village	2,030	0	115,430	115,430	57
Drummond	-	0	5,356	5,356	0
Friendship Heights	-	0	96,240	96,240	0
Gaithersburg	69,101	0	1,390,490	1,390,490	20
Garrett Park	984	0	56,230	56,230	57
Glen Echo	276	0	24,105	24,105	87
Kensington	2,108	0	179,696	179,696	85
Laytonsville	569	0	22,765	22,765	40

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Martin's Additions	933	0	31,153	31,153	33
North Chevy Chase	676	0	29,291	29,291	43
Oakmont	-	0	3,806	3,806	0
Poolesville	5,708	0	277,637	277,637	49
Rockville	67,139	0	2,800,679	2,800,679	42
Somerset	1,175	0	65,657	65,657	56
Takoma Park	17,462	0	3,598,374	3,598,374	206
Washington Grove	498	0	52,156	52,156	105
<b>Prince George's</b>					
Berwyn Heights	3,298	\$467,334	\$8,231	\$475,565	\$144
Bladensburg	9,525	729,000	22,486	751,486	79
Bowie	57,644	10,963,598	149,877	11,113,475	193
Brentwood	3,770	256,519	8,379	264,898	70
Capitol Heights	3,991	443,447	10,723	454,169	114
Cheverly	6,076	913,579	18,839	932,418	153
College Park	35,110	1,118,664	83,290	1,201,954	34
Colmar Manor	1,572	133,545	3,483	137,028	87
Cottage City	1,311	104,085	3,446	107,531	82
District Heights	5,867	569,649	20,607	590,255	101
Eagle Harbor	66	192	153	344	5
Edmonston	1,591	178,981	3,498	182,480	115
Fairmount Heights	1,501	97,679	3,908	101,586	68
Forest Heights	2,620	210,732	7,997	218,729	83
Glenarden	6,315	652,016	16,371	668,388	106
Greenbelt	24,555	3,507,525	64,151	3,571,676	145
Hyattsville	20,873	3,433,692	48,082	3,481,774	167
Landover Hills	1,786	148,160	5,644	153,803	86
Laurel	29,490	6,239,807	68,781	6,308,588	214
Morningside	1,222	89,189	5,518	94,707	78
Mt. Rainier	8,212	741,847	22,179	764,026	93
New Carrollton	13,519	1,169,637	33,467	1,203,104	89
North Brentwood	580	2,412	1,428	3,840	7
Riverdale Park	7,247	1,122,880	17,335	1,140,215	157
Seat Pleasant	4,459	417,587	14,943	432,530	97
University Park	2,417	506,459	6,254	512,713	212
Upper Marlboro	644	55,810	2,077	57,887	90
<b>Queen Anne's</b>					

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Barclay	185	\$0	\$17,495	\$17,495	\$95
Centreville	4,735	776,225	0	776,225	164
Church Hill	811	0	50,622	50,622	62
Millington*	22	1,095	0	1,095	50
Queen Anne*	131	0	4,667	4,667	36
Queenstown	723	0	164,922	164,922	228
Sudlersville	514	0	40,618	40,618	79
Templeville*	85	0	1,000	1,000	12
<b>St. Mary's</b>					
Leonardtwn	4,745	\$0	\$44,461	\$44,461	\$9
<b>Somerset</b>					
Crisfield	2,448	\$0	\$196,600	\$196,600	\$80
Princess Anne	3,428	0	196,600	196,600	57
<b>Talbot</b>					
Easton	17,118	\$2,877,688	\$0	\$2,877,688	\$168
Oxford	611	350,083	0	350,083	573
Queen Anne*	62	4,223	0	4,223	68
St. Michaels	1,066	398,865	0	398,865	374
Trappe	1,182	71,145	0	71,145	60
<b>Washington</b>					
Boonsboro	3,789	\$422,729	\$0	\$422,729	\$112
Clear Spring	368	27,382	0	27,382	74
Funkstown	844	64,625	0	64,625	77
Hagerstown	43,487	3,537,203	0	3,537,203	81
Hancock	1,543	122,979	0	122,979	80
Keedysville	1,208	128,858	0	128,858	107
Sharpsburg	560	56,696	0	56,696	101
Smithsburg	3,060	265,403	0	265,403	87
Williamsport	2,074	141,568	0	141,568	68
<b>Wicomico</b>					
Delmar	3,891	\$0	\$0	\$0	\$0
Fruitland	5,677	0	0	0	0
Hebron	1,099	0	0	0	0
Mardela Springs	351	0	0	0	0
Pittsville	1,618	0	0	0	0
Salisbury	32,930	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>
Sharptown	690	0	0	0	0
Willards	957	0	0	0	0
<b>Worcester</b>					
Berlin	5,064	\$0	\$0	\$0	\$0
Ocean City	6,900	0	0	0	0
Pocomoke City	4,354	0	0	0	0
Snow Hill	2,159	0	0	0	0

\* Municipality is in two counties.

Source: Department of Legislative Services