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# **Tax Capacity and Effort of Local Governments in Maryland Fiscal 2019**

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# Objectives

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- Review ways to measure and compare the taxing ability of local governments
- Demonstrate how State aid offsets fiscal disparities among local jurisdictions
- Identify strengths and weaknesses from using tax capacity and effort indexes
- Discuss how the State currently utilizes tax capacity and effort indexes in allocating State aid

# Measuring Taxing Ability of Local Governments

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- **Tax Capacity Index** measures the potential tax base of a local government using State average tax rates
- **Tax Effort Index** measures the extent to which the local tax base is actually taxed
- **Combined Capacity Index** identifies the extent to which State aid offsets tax capacity differences
- **Local Tax Revenues** measured in this analysis include both county and municipal property and income taxes

## Tax Capacity Varies Significantly Among Local Jurisdictions

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- Ability of local governments to generate revenues from their own sources varies significantly
- Per capita local wealth ranges from a low of \$68,170 in Somerset County to a high of \$332,588 in Worcester County – the statewide average is \$158,645
- Local wealth includes **county assessable base**, which measures a jurisdiction's ability to generate property tax revenues, and **net taxable income**, which measures a jurisdiction's ability to generate income tax revenues
- Property and income taxes are the two main sources of local tax revenues, accounting for nearly 90% of total local taxes

**Local Wealth Calculation for Maryland Counties  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Income Base</b>	<b>Total Wealth Amount</b>	<b>Per Capita Wealth Amount</b>	<b>Ranking</b>
Allegany	70,941	\$3,923,496,000	\$1,037,956,175	\$4,961,452,175	\$69,938	23
Anne Arundel	575,523	90,117,577,000	21,185,104,505	111,302,681,505	193,394	6
Baltimore City	602,443	42,632,557,000	11,197,829,180	53,830,386,180	89,353	21
Baltimore	827,859	87,307,221,000	25,741,797,319	113,049,018,319	136,556	15
Calvert	92,065	12,251,251,000	3,061,245,708	15,312,496,708	166,323	9
Caroline	33,306	2,655,399,000	593,480,745	3,248,879,745	97,546	20
Carroll	168,267	20,047,629,000	5,659,032,616	25,706,661,616	152,773	11
Cecil	102,644	10,417,588,000	2,353,850,966	12,771,438,966	124,425	17
Charles	161,476	18,055,886,000	4,332,317,748	22,388,203,748	138,647	14
Dorchester	31,960	2,878,839,000	554,604,879	3,433,443,879	107,429	18
Frederick	254,943	30,907,026,000	8,470,300,423	39,377,326,423	154,455	10
Garrett	29,133	4,567,186,000	566,582,259	5,133,768,259	176,218	8
Harford	253,882	29,051,398,000	7,876,101,563	36,927,499,563	145,451	12
Howard	322,621	53,060,134,000	14,880,056,259	67,940,190,259	210,588	4
Kent	19,434	2,971,083,000	502,586,067	3,473,669,067	178,742	7
Montgomery	1,048,478	194,360,193,000	50,107,576,609	244,467,769,609	233,164	3
Prince George's	909,619	95,546,843,000	19,437,434,268	114,984,277,268	126,409	16
Queen Anne's	50,148	8,256,490,000	1,763,809,264	10,020,299,264	199,815	5
St. Mary's	112,720	12,635,740,000	3,326,126,960	15,961,866,960	141,606	13
Somerset	25,606	1,489,074,000	256,479,792	1,745,553,792	68,170	24
Talbot	37,074	8,436,914,000	1,428,133,539	9,865,047,539	266,091	2
Washington	150,656	12,985,448,000	3,131,202,156	16,116,650,156	106,976	19
Wicomico	103,044	6,438,948,000	1,813,920,029	8,252,868,029	80,091	22
Worcester	51,960	15,852,883,000	1,428,388,724	17,281,271,724	332,588	1
<b>Total</b>	<b>6,035,802</b>	<b>\$766,846,803,000</b>	<b>\$190,705,917,748</b>	<b>\$957,552,720,748</b>	<b>\$158,645</b>	

Note: Total wealth is calculated by adding the assessable base and income base.

# Property Tax Capacity Among Local Jurisdictions

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- Property tax is the largest source of local revenues for most counties
- Per capita assessable base ranges from \$55,306 in Allegany County to \$305,098 in Worcester County – the statewide average is \$127,050
- Using statewide average property tax rates, Allegany County would be able to generate \$655 per capita; whereas, Worcester County would be able to generate \$3,616 per capita – the statewide per capita average is \$1,506

**Per Capita Assessable Base in Maryland Counties  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Per Capita Basis Amount</b>	<b>Ranking</b>
Allegany	70,941	\$3,923,496,000	\$55,306	24
Anne Arundel	575,523	90,117,577,000	156,584	7
Baltimore City	602,443	42,632,557,000	70,766	21
Baltimore	827,859	87,307,221,000	105,461	15
Calvert	92,065	12,251,251,000	133,072	9
Caroline	33,306	2,655,399,000	79,727	20
Carroll	168,267	20,047,629,000	119,142	11
Cecil	102,644	10,417,588,000	101,492	17
Charles	161,476	18,055,886,000	111,818	14
Dorchester	31,960	2,878,839,000	90,076	18
Frederick	254,943	30,907,026,000	121,231	10
Garrett	29,133	4,567,186,000	156,770	6
Harford	253,882	29,051,398,000	114,429	12
Howard	322,621	53,060,134,000	164,466	5
Kent	19,434	2,971,083,000	152,881	8
Montgomery	1,048,478	194,360,193,000	185,374	3
Prince George's	909,619	95,546,843,000	105,041	16
Queen Anne's	50,148	8,256,490,000	164,642	4
St. Mary's	112,720	12,635,740,000	112,098	13
Somerset	25,606	1,489,074,000	58,153	23
Talbot	37,074	8,436,914,000	227,570	2
Washington	150,656	12,985,448,000	86,193	19
Wicomico	103,044	6,438,948,000	62,487	22
Worcester	51,960	15,852,883,000	305,098	1
<b>Total</b>	<b>6,035,802</b>	<b>\$766,846,803,000</b>	<b>\$127,050</b>	



**Property Tax Capacity Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Property Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Per Capita Hypothetical Yield</b>	<b>Tax Capacity Index</b>	<b>Rank</b>
Allegany	70,941	\$3,923,496,000	\$60,455,310	\$46,500,191	\$655	44	24
Anne Arundel	575,523	90,117,577,000	795,523,746	1,068,048,627	1,856	123	7
Baltimore City	602,443	42,632,557,000	939,242,846	505,269,288	839	56	21
Baltimore	827,859	87,307,221,000	984,120,932	1,034,741,064	1,250	83	15
Calvert	92,065	12,251,251,000	118,606,169	145,198,442	1,577	105	9
Caroline	33,306	2,655,399,000	32,445,130	31,471,055	945	63	20
Carroll	168,267	20,047,629,000	231,334,346	237,598,961	1,412	94	11
Cecil	102,644	10,417,588,000	128,799,163	123,466,375	1,203	80	17
Charles	161,476	18,055,886,000	233,132,261	213,993,373	1,325	88	14
Dorchester	31,960	2,878,839,000	39,281,153	34,119,205	1,068	71	18
Frederick	254,943	30,907,026,000	389,828,614	366,301,534	1,437	95	10
Garrett	29,133	4,567,186,000	53,768,337	54,129,027	1,858	123	6
Harford	253,882	29,051,398,000	342,720,641	344,309,143	1,356	90	12
Howard	322,621	53,060,134,000	652,680,068	628,854,050	1,949	129	5
Kent	19,434	2,971,083,000	34,303,125	35,212,455	1,812	120	8
Montgomery	1,048,478	194,360,193,000	2,008,036,190	2,303,503,314	2,197	146	3
Prince George's	909,619	95,546,843,000	1,335,966,300	1,132,394,788	1,245	83	16
Queen Anne's	50,148	8,256,490,000	73,840,356	97,853,639	1,951	130	4
St. Mary's	112,720	12,635,740,000	110,827,641	149,755,300	1,329	88	13
Somerset	25,606	1,489,074,000	20,790,424	17,648,094	689	46	23
Talbot	37,074	8,436,914,000	56,609,365	99,991,974	2,697	179	2
Washington	150,656	12,985,448,000	160,335,377	153,899,942	1,022	68	19
Wicomico	103,044	6,438,948,000	97,281,801	76,312,633	741	49	22
Worcester	51,960	15,852,883,000	188,527,166	187,883,990	3,616	240	1
<b>Total</b>	<b>6,035,802</b>	<b>\$766,846,803,000</b>	<b>\$9,088,456,461</b>	<b>\$9,088,456,461</b>	<b>\$1,506</b>	<b>100</b>	

## Income Tax Capacity Among Maryland Jurisdictions

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- Income tax is the second major source of local revenues for most counties
- Per capita net taxable income ranges from \$10,016 in Somerset County to \$47,791 in Montgomery County – the statewide average is \$31,596
- Using statewide average income tax rates, Somerset County would be able to generate \$303 per capita; whereas, Montgomery County would be able to generate \$1,448 per capita – the statewide average is \$957 per capita

**Per Capita Net Taxable Income in Maryland Counties  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Net Taxable Income</b>	<b>Per Capita Basis</b>	
			<b>Amount</b>	<b>Ranking</b>
Allegany	70,941	\$1,037,956,175	\$14,631	23
Anne Arundel	575,523	21,185,104,505	36,810	4
Baltimore City	602,443	11,197,829,180	18,587	19
Baltimore	827,859	25,741,797,319	31,094	9
Calvert	92,065	3,061,245,708	33,251	7
Caroline	33,306	593,480,745	17,819	20
Carroll	168,267	5,659,032,616	33,631	6
Cecil	102,644	2,353,850,966	22,932	15
Charles	161,476	4,332,317,748	26,829	13
Dorchester	31,960	554,604,879	17,353	22
Frederick	254,943	8,470,300,423	33,224	8
Garrett	29,133	566,582,259	19,448	18
Harford	253,882	7,876,101,563	31,023	10
Howard	322,621	14,880,056,259	46,122	2
Kent	19,434	502,586,067	25,861	14
Montgomery	1,048,478	50,107,576,609	47,791	1
Prince George's	909,619	19,437,434,268	21,369	16
Queen Anne's	50,148	1,763,809,264	35,172	5
St. Mary's	112,720	3,326,126,960	29,508	11
Somerset	25,606	256,479,792	10,016	24
Talbot	37,074	1,428,133,539	38,521	3
Washington	150,656	3,131,202,156	20,784	17
Wicomico	103,044	1,813,920,029	17,603	21
Worcester	51,960	1,428,388,724	27,490	12
<b>Total</b>	<b>6,035,802</b>	<b>\$190,705,917,748</b>	<b>\$31,596</b>	

**Income Tax Capacity Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Net Taxable Income</b>	<b>Income Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Per Capita Hypothetical Yield</b>	<b>Tax Capacity Index</b>	<b>Rank</b>
Allegany	70,941	\$1,037,956,175	\$31,639,253	\$31,443,947	\$443	46	23
Anne Arundel	575,523	21,185,104,505	529,112,339	641,783,642	1,115	117	4
Baltimore City	602,443	11,197,829,180	371,586,273	339,228,140	563	59	19
Baltimore	827,859	25,741,797,319	734,947,654	779,824,542	942	98	9
Calvert	92,065	3,061,245,708	90,099,602	92,737,679	1,007	105	7
Caroline	33,306	593,480,745	17,271,649	17,978,964	540	56	20
Carroll	168,267	5,659,032,616	177,319,787	171,435,291	1,019	106	6
Cecil	102,644	2,353,850,966	69,461,454	71,307,793	695	73	15
Charles	161,476	4,332,317,748	138,770,577	131,243,660	813	85	13
Dorchester	31,960	554,604,879	14,511,325	16,801,255	526	55	22
Frederick	254,943	8,470,300,423	251,211,177	256,600,115	1,006	105	8
Garrett	29,133	566,582,259	14,714,669	17,164,099	589	62	18
Harford	253,882	7,876,101,563	247,277,383	238,599,396	940	98	10
Howard	322,621	14,880,056,259	462,445,038	450,777,889	1,397	146	2
Kent	19,434	502,586,067	13,619,386	15,225,392	783	82	14
Montgomery	1,048,478	50,107,576,609	1,578,784,711	1,517,963,859	1,448	151	1
Prince George's	909,619	19,437,434,268	664,945,323	588,839,547	647	68	16
Queen Anne's	50,148	1,763,809,264	56,298,826	53,433,011	1,066	111	5
St. Mary's	112,720	3,326,126,960	98,128,465	100,762,018	894	93	11
Somerset	25,606	256,479,792	8,214,924	7,769,824	303	32	24
Talbot	37,074	1,428,133,539	31,863,393	43,264,018	1,167	122	3
Washington	150,656	3,131,202,156	90,884,257	94,856,946	630	66	17
Wicomico	103,044	1,813,920,029	59,072,060	54,951,072	533	56	21
Worcester	51,960	1,428,388,724	25,084,322	43,271,749	833	87	12
<b>Total</b>	<b>6,035,802</b>	<b>\$190,705,917,748</b>	<b>\$5,777,263,847</b>	<b>\$5,777,263,847</b>	<b>\$957</b>	<b>100</b>	

# Combined Property and Income Tax Capacity Measures

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- Combining both property tax capacity and income tax capacity provides a more accurate measure of a jurisdiction's overall tax capacity
- Using statewide average property and income tax rates, Somerset County would be able to generate \$993 per capita; whereas, Worcester County would be able to generate \$4,449 per capita – the statewide average is \$2,463 per capita

**Combined Tax Capacity Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Property Hypothetical Yield</b>	<b>Income Hypothetical Yield</b>	<b>Combined Hypothetical Yield</b>	<b>County Yield Per Capita</b>	<b>Tax Capacity Index</b>	<b>Rank</b>
Allegany	70,941	\$46,500,191	\$31,443,947	\$77,944,137	\$1,099	45	23
Anne Arundel	575,523	1,068,048,627	641,783,642	1,709,832,268	2,971	121	6
Baltimore City	602,443	505,269,288	339,228,140	844,497,428	1,402	57	21
Baltimore	827,859	1,034,741,064	779,824,542	1,814,565,606	2,192	89	14
Calvert	92,065	145,198,442	92,737,679	237,936,121	2,584	105	8
Caroline	33,306	31,471,055	17,978,964	49,450,019	1,485	60	20
Carroll	168,267	237,598,961	171,435,291	409,034,252	2,431	99	11
Cecil	102,644	123,466,375	71,307,793	194,774,168	1,898	77	16
Charles	161,476	213,993,373	131,243,660	345,237,033	2,138	87	15
Dorchester	31,960	34,119,205	16,801,255	50,920,459	1,593	65	19
Frederick	254,943	366,301,534	256,600,115	622,901,649	2,443	99	10
Garrett	29,133	54,129,027	17,164,099	71,293,125	2,447	99	9
Harford	253,882	344,309,143	238,599,396	582,908,540	2,296	93	12
Howard	322,621	628,854,050	450,777,889	1,079,631,939	3,346	136	4
Kent	19,434	35,212,455	15,225,392	50,437,847	2,595	105	7
Montgomery	1,048,478	2,303,503,314	1,517,963,859	3,821,467,173	3,645	148	3
Prince George's	909,619	1,132,394,788	588,839,547	1,721,234,335	1,892	77	17
Queen Anne's	50,148	97,853,639	53,433,011	151,286,650	3,017	122	5
St. Mary's	112,720	149,755,300	100,762,018	250,517,317	2,222	90	13
Somerset	25,606	17,648,094	7,769,824	25,417,918	993	40	24
Talbot	37,074	99,991,974	43,264,018	143,255,992	3,864	157	2
Washington	150,656	153,899,942	94,856,946	248,756,889	1,651	67	18
Wicomico	103,044	76,312,633	54,951,072	131,263,705	1,274	52	22
Worcester	51,960	187,883,990	43,271,749	231,155,738	4,449	181	1
<b>Total</b>	<b>6,035,802</b>	<b>\$9,088,456,461</b>	<b>\$5,777,263,847</b>	<b>\$14,865,720,308</b>	<b>\$2,463</b>	<b>100</b>	

# **State Aid Reduces Fiscal Disparities Among Local Jurisdictions**

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- Primary goal of many State aid programs is to reduce disparity in the revenue capacity among jurisdictions
- Nearly 70% of State aid is allocated based on local wealth, whereby less affluent jurisdictions receive relatively more funding
- State aid to local jurisdictions significantly offsets the variations in the tax capacity among jurisdictions

**Combined Tax Capacity Index – Adjusted for State Aid  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Combined Hypothetical Yield</b>	<b>State Aid Amount</b>	<b>Adjusted Hypothetical Yield</b>	<b>Adjusted Yield Per Capita</b>	<b>Adjusted Capacity Index</b>	<b>Rank</b>
Allegany	70,941	\$77,944,137	\$119,202,928	\$197,147,065	\$2,779	74	23
Anne Arundel	575,523	1,709,832,268	521,612,950	2,231,445,218	3,877	104	6
Baltimore City	602,443	844,497,428	1,371,051,539	2,215,548,967	3,678	98	9
Baltimore	827,859	1,814,565,606	861,804,150	2,676,369,756	3,233	86	20
Calvert	92,065	237,936,121	105,738,855	343,674,976	3,733	100	7
Caroline	33,306	49,450,019	70,059,293	119,509,312	3,588	96	11
Carroll	168,267	409,034,252	172,901,489	581,935,741	3,458	92	13
Cecil	102,644	194,774,168	142,204,312	336,978,480	3,283	88	19
Charles	161,476	345,237,033	224,364,093	569,601,126	3,527	94	12
Dorchester	31,960	50,920,459	55,460,054	106,380,513	3,329	89	18
Frederick	254,943	622,901,649	309,488,125	932,389,774	3,657	98	10
Garrett	29,133	71,293,125	37,001,543	108,294,668	3,717	99	8
Harford	253,882	582,908,540	267,352,492	850,261,032	3,349	90	17
Howard	322,621	1,079,631,939	353,191,060	1,432,822,999	4,441	119	4
Kent	19,434	50,437,847	15,959,242	66,397,089	3,417	91	15
Montgomery	1,048,478	3,821,467,173	975,019,529	4,796,486,702	4,575	122	2
Prince George's	909,619	1,721,234,335	1,414,075,018	3,135,309,353	3,447	92	14
Queen Anne's	50,148	151,286,650	48,167,941	199,454,591	3,977	106	5
St. Mary's	112,720	250,517,317	131,380,938	381,898,255	3,388	91	16
Somerset	25,606	25,417,918	45,498,436	70,916,354	2,770	74	24
Talbot	37,074	143,255,992	24,157,420	167,413,412	4,516	121	3
Washington	150,656	248,756,889	218,823,654	467,580,543	3,104	83	21
Wicomico	103,044	131,263,705	185,601,233	316,864,938	3,075	82	22
Worcester	51,960	231,155,738	39,298,801	270,454,539	5,205	139	1
<b>Total</b>	<b>6,035,802</b>	<b>\$14,865,720,308</b>	<b>\$7,709,415,095</b>	<b>\$22,575,135,403</b>	<b>\$3,740</b>	<b>100</b>	



**Comparison of Tax Capacity Index and State Aid Adjusted Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>County Yield Per Capita</b>	<b>Tax Capacity Index</b>	<b>Rank</b>	<b>Adjusted Yield Per Capita</b>	<b>Adjusted Capacity Index</b>	<b>Rank</b>
Allegany	70,941	\$1,099	45	23	\$2,779	74	23
Anne Arundel	575,523	2,971	121	6	3,877	104	6
Baltimore City	602,443	1,402	57	21	3,678	98	9
Baltimore	827,859	2,192	89	14	3,233	86	20
Calvert	92,065	2,584	105	8	3,733	100	7
Caroline	33,306	1,485	60	20	3,588	96	11
Carroll	168,267	2,431	99	11	3,458	92	13
Cecil	102,644	1,898	77	16	3,283	88	19
Charles	161,476	2,138	87	15	3,527	94	12
Dorchester	31,960	1,593	65	19	3,329	89	18
Frederick	254,943	2,443	99	10	3,657	98	10
Garrett	29,133	2,447	99	9	3,717	99	8
Harford	253,882	2,296	93	12	3,349	90	17
Howard	322,621	3,346	136	4	4,441	119	4
Kent	19,434	2,595	105	7	3,417	91	15
Montgomery	1,048,478	3,645	148	3	4,575	122	2
Prince George's	909,619	1,892	77	17	3,447	92	14
Queen Anne's	50,148	3,017	122	5	3,977	106	5
St. Mary's	112,720	2,222	90	13	3,388	91	16
Somerset	25,606	993	40	24	2,770	74	24
Talbot	37,074	3,864	157	2	4,516	121	3
Washington	150,656	1,651	67	18	3,104	83	21
Wicomico	103,044	1,274	52	22	3,075	82	22
Worcester	51,960	4,449	181	1	5,205	139	1
<b>Total</b>	<b>6,035,802</b>	<b>\$2,463</b>	<b>100</b>		<b>\$3,740</b>	<b>100</b>	

## Tax Effort Affected by Several Factors

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- Tax effort measures the extent to which the local tax base is actually taxed
- Tax effort is not a measure of what the tax level should be and should not be used to judge whether local governments are taxing too little or too much
- Tax effort is affected by a jurisdiction's wealth base, available revenue sources, demand for local services, tax limitation measures, acceptance of higher taxes, and fees

## High- and Low-wealth Jurisdictions Can Have a Relatively High Tax Effort

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- Howard County (a high-wealth jurisdiction) has an above-average property and income tax effort
- Montgomery County (a high-wealth jurisdiction) has an above-average income tax effort but a below-average property tax effort
- Some low-wealth jurisdictions (Caroline, Cecil, Dorchester, and Washington counties) have above-average property tax effort; however, their income tax effort is below average. Three of these jurisdictions (Caroline, Dorchester, and Washington) have subsequently raised their local income tax rate to the maximum rate authorized under State law (3.2%) and, therefore, future rankings for income tax effort will be higher for these counties
- Some low-wealth jurisdictions (Baltimore City and Allegany, Somerset, and Wicomico counties) have an above-average property and income tax effort

**Property Tax Effort Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Assessable Base</b>	<b>Property Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Tax Effort Index</b>	<b>Rank</b>
Allegany	70,941	\$3,923,496,000	\$60,455,310	\$46,500,191	130	2
Anne Arundel	575,523	90,117,577,000	795,523,746	1,068,048,627	74	22
Baltimore City	602,443	42,632,557,000	939,242,846	505,269,288	186	1
Baltimore	827,859	87,307,221,000	984,120,932	1,034,741,064	95	18
Calvert	92,065	12,251,251,000	118,606,169	145,198,442	82	20
Caroline	33,306	2,655,399,000	32,445,130	31,471,055	103	12
Carroll	168,267	20,047,629,000	231,334,346	237,598,961	97	17
Cecil	102,644	10,417,588,000	128,799,163	123,466,375	104	9
Charles	161,476	18,055,886,000	233,132,261	213,993,373	109	7
Dorchester	31,960	2,878,839,000	39,281,153	34,119,205	115	6
Frederick	254,943	30,907,026,000	389,828,614	366,301,534	106	8
Garrett	29,133	4,567,186,000	53,768,337	54,129,027	99	15
Harford	253,882	29,051,398,000	342,720,641	344,309,143	100	14
Howard	322,621	53,060,134,000	652,680,068	628,854,050	104	11
Kent	19,434	2,971,083,000	34,303,125	35,212,455	97	16
Montgomery	1,048,478	194,360,193,000	2,008,036,190	2,303,503,314	87	19
Prince George's	909,619	95,546,843,000	1,335,966,300	1,132,394,788	118	4
Queen Anne's	50,148	8,256,490,000	73,840,356	97,853,639	75	21
St. Mary's	112,720	12,635,740,000	110,827,641	149,755,300	74	23
Somerset	25,606	1,489,074,000	20,790,424	17,648,094	118	5
Talbot	37,074	8,436,914,000	56,609,365	99,991,974	57	24
Washington	150,656	12,985,448,000	160,335,377	153,899,942	104	10
Wicomico	103,044	6,438,948,000	97,281,801	76,312,633	127	3
Worcester	51,960	15,852,883,000	188,527,166	187,883,990	100	13
<b>Total</b>	<b>6,035,802</b>	<b>\$766,846,803,000</b>	<b>\$9,088,456,461</b>	<b>\$9,088,456,461</b>	<b>100</b>	

**Income Tax Effort Index  
Fiscal 2019**

<b>County</b>	<b>Population</b>	<b>Net Taxable Income</b>	<b>Income Tax Revenues</b>	<b>Hypothetical Yield</b>	<b>Tax Effort Index</b>	<b>Rank</b>
Allegany	70,941	\$1,037,956,175	\$31,639,253	\$31,443,947	101	11
Anne Arundel	575,523	21,185,104,505	529,112,339	641,783,642	82	22
Baltimore City	602,443	11,197,829,180	371,586,273	339,228,140	110	2
Baltimore	827,859	25,741,797,319	734,947,654	779,824,542	94	18
Calvert	92,065	3,061,245,708	90,099,602	92,737,679	97	15
Caroline	33,306	593,480,745	17,271,649	17,978,964	96	16
Carroll	168,267	5,659,032,616	177,319,787	171,435,291	103	9
Cecil	102,644	2,353,850,966	69,461,454	71,307,793	97	13
Charles	161,476	4,332,317,748	138,770,577	131,243,660	106	4
Dorchester	31,960	554,604,879	14,511,325	16,801,255	86	20
Frederick	254,943	8,470,300,423	251,211,177	256,600,115	98	12
Garrett	29,133	566,582,259	14,714,669	17,164,099	86	21
Harford	253,882	7,876,101,563	247,277,383	238,599,396	104	8
Howard	322,621	14,880,056,259	462,445,038	450,777,889	103	10
Kent	19,434	502,586,067	13,619,386	15,225,392	89	19
Montgomery	1,048,478	50,107,576,609	1,578,784,711	1,517,963,859	104	7
Prince George's	909,619	19,437,434,268	664,945,323	588,839,547	113	1
Queen Anne's	50,148	1,763,809,264	56,298,826	53,433,011	105	6
St. Mary's	112,720	3,326,126,960	98,128,465	100,762,018	97	14
Somerset	25,606	256,479,792	8,214,924	7,769,824	106	5
Talbot	37,074	1,428,133,539	31,863,393	43,264,018	74	23
Washington	150,656	3,131,202,156	90,884,257	94,856,946	96	17
Wicomico	103,044	1,813,920,029	59,072,060	54,951,072	107	3
Worcester	51,960	1,428,388,724	25,084,322	43,271,749	58	24
<b>Total</b>	<b>6,035,802</b>	<b>\$190,705,917,748</b>	<b>\$5,777,263,847</b>	<b>\$5,777,263,847</b>	<b>100</b>	

## Combined Tax Effort Index Fiscal 2019

County	Population	Property Hypothetical Yield	Income Hypothetical Yield	Combined Hypothetical Yield	Property Tax Revenues	Income Tax Revenues	Combined Tax Revenues	Tax Effort Index	Rank
Allegany	70,941	\$46,500,191	\$31,443,947	\$77,944,137	\$60,455,310	\$31,639,253	\$92,094,563	118	3
Anne Arundel	575,523	1,068,048,627	641,783,642	1,709,832,268	795,523,746	529,112,339	1,324,636,085	77	23
Baltimore City	602,443	505,269,288	339,228,140	844,497,428	939,242,846	371,586,273	1,310,829,119	155	1
Baltimore	827,859	1,034,741,064	779,824,542	1,814,565,606	984,120,932	734,947,654	1,719,068,586	95	17
Calvert	92,065	145,198,442	92,737,679	237,936,121	118,606,169	90,099,602	208,705,771	88	20
Caroline	33,306	31,471,055	17,978,964	49,450,019	32,445,130	17,271,649	49,716,779	101	13
Carroll	168,267	237,598,961	171,435,291	409,034,252	231,334,346	177,319,787	408,654,133	100	14
Cecil	102,644	123,466,375	71,307,793	194,774,168	128,799,163	69,461,454	198,260,617	102	10
Charles	161,476	213,993,373	131,243,660	345,237,033	233,132,261	138,770,577	371,902,838	108	6
Dorchester	31,960	34,119,205	16,801,255	50,920,459	39,281,153	14,511,325	53,792,478	106	7
Frederick	254,943	366,301,534	256,600,115	622,901,649	389,828,614	251,211,177	641,039,791	103	9
Garrett	29,133	54,129,027	17,164,099	71,293,125	53,768,337	14,714,669	68,483,006	96	15
Harford	253,882	344,309,143	238,599,396	582,908,540	342,720,641	247,277,383	589,998,024	101	11
Howard	322,621	628,854,050	450,777,889	1,079,631,939	652,680,068	462,445,038	1,115,125,106	103	8
Kent	19,434	35,212,455	15,225,392	50,437,847	34,303,125	13,619,386	47,922,511	95	16
Montgomery	1,048,478	2,303,503,314	1,517,963,859	3,821,467,173	2,008,036,190	1,578,784,711	3,586,820,901	94	18
Prince George's	909,619	1,132,394,788	588,839,547	1,721,234,335	1,335,966,300	664,945,323	2,000,911,623	116	4
Queen Anne's	50,148	97,853,639	53,433,011	151,286,650	73,840,356	56,298,826	130,139,182	86	21
St. Mary's	112,720	149,755,300	100,762,018	250,517,317	110,827,641	98,128,465	208,956,106	83	22
Somerset	25,606	17,648,094	7,769,824	25,417,918	20,790,424	8,214,924	29,005,348	114	5
Talbot	37,074	99,991,974	43,264,018	143,255,992	56,609,365	31,863,393	88,472,758	62	24
Washington	150,656	153,899,942	94,856,946	248,756,889	160,335,377	90,884,257	251,219,634	101	12
Wicomico	103,044	76,312,633	54,951,072	131,263,705	97,281,801	59,072,060	156,353,861	119	2
Worcester	51,960	187,883,990	43,271,749	231,155,738	188,527,166	25,084,322	213,611,488	92	19
<b>Total</b>	<b>6,035,802</b>	<b>\$9,088,456,461</b>	<b>\$5,777,263,847</b>	<b>\$14,865,720,308</b>	<b>\$9,088,456,461</b>	<b>\$5,777,263,847</b>	<b>\$14,865,720,308</b>	<b>100</b>	

# Tax Capacity and Effort Measures Have Strengths and Weaknesses

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## Strengths

- Reliable measure of relative trends in the fiscal well-being of a jurisdiction
- Measures can be used across all jurisdictions in the State
- Useful to gauge the level of equalization of State aid

## Weaknesses

- Ignores local demand for or acceptance of higher taxes and fees
- Not an indicator for an “ideal” revenue mix or level of taxation
- Some local revenues not included in the calculations