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MEMORANDUM

July 12, 2012

TO: Government Operations and Fiscal Policy Committee

FROM: Jacob Sesker, Senior Legislative Analyst

SUBJECT: Final Report—Municipal Revenue Sharing Task Force

The Task Force

Each year, the County makes municipal tax duplication payments to the municipalities, as required under State and County law. The Council appropriates funds for these payments in a Municipal Tax Duplication non-departmental account (NDA). County Government makes annual payments from that NDA to the municipalities to compensate for municipal tax duplication—in FY 13 those payments totaled approximately $7.8 million, not including $397,440 in speed camera revenue allocation.

Representatives from the municipalities have long thought that the municipal tax duplication payments were too low. In 2007 the County Executive created a Municipal Revenue Sharing Task Force consisting of representatives from County government and from the municipalities[1]. At the time the report was issued, the following individuals comprised the Task Force:

Municipal Members	County Members
Gavin Cohen, Rockville	Patti Barney, M-NCPPC
Tony Tomasello, Gaithersburg	Kathleen Boucher, ACAO
Julian Mansfield, Friendship Heights	Mike Coveyou (Co-Chair), Finance
Barbara Matthews (Co-Chair), Takoma Park	Blaise DeFazio, OMB
Wade Yost, Poolesville	Scott Foncannon, OCA
	Jacob Sesker, County Council

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[1] Residents, either those living in a municipality or outside of a municipality, were not specifically represented.

The Task Force was charged with reviewing the formulas and methodologies used in calculating municipal tax duplication payments. On July 9, 2012, the Task Force sent its report to the Executive. The report addresses issues that fall under four separate broad categories: tax duplication issues (e.g., calculation of road maintenance costs); contract, grant/financial subsidy issues; revenue sharing issues; and procedural issues (e.g., annual certification of municipal services). The Task Force was unable to reach agreement on many of the issues addressed.[2] The purpose of this memorandum is to summarize key aspects of the report.

Municipalities receiving payments

Currently, there are 22 municipalities that receive municipal tax duplication payments. The three largest recipients of municipal tax duplication payments (Takoma Park, Rockville and Gaithersburg) account for 87% of the municipal tax duplication budget.

1. Barnesville
2. Brookeville
3. Chevy Chase, Sec. III
4. Chevy Chase, Sec. V
5. Chevy Chase View
6. Chevy Chase Village
7. Town of Chevy Chase
8. Drummond
9. Friendship Heights
10. Gaithersburg
11. Garrett Park
12. Glen Echo
13. Kensington
14. Laytonsville
15. Martin's Additions
16. North Chevy Chase
17. Oakmont
18. Poolesville
19. Rockville
20. Somerset
21. Takoma Park
22. Washington Grove

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[2] Staff notes that this is not the first such report. A limited search uncovers two earlier examples: (1) the 1973 Final Report on the Montgomery County Municipal Revenue Program; and (2) the 1996 Tax Duplication Task Force Final Report.

Services for which municipalities receive payments

Ten types of services, provided by some or all municipalities, qualify for municipal tax duplication payments.

1. Road Maintenance (includes general road maintenance, minor bridge maintenance, street signals, and street lighting)
2. Board of Appeals
3. Hearing Examiner (zoning and administrative hearings)
4. Animal Control
5. Human Rights Commission
6. Park Maintenance
7. Transportation Services for Senior Residents
8. Community Services for Senior Residents
9. Takoma Park Crossing Guards
10. Takoma Park Police

The lion's share (roughly 90% each year) of payment is attributable to two services: road maintenance (includes minor bridge repair, streetlights, and traffic signals for Rockville), and police services for Takoma Park. The amount of payment to Takoma Park for police services is calculated in accordance with an existing (arguably outdated) MOU between the County Executive and the City of Takoma Park and, for this reason, the Task Force did not discuss this issue.[3]

Rationale for the payment

Residents of municipalities pay a property tax to their municipality and also pay the General Fund property tax to the County. Property tax is the only tax levied by both the County and by municipalities.

Most of the General Fund property tax that municipal residents pay to the County is used to fund services the County provides to municipal and non-municipal residents alike. For example, General Fund property tax revenue is used to fund public schools and the community college, fire and rescue services, health and human services, libraries, and police for most municipalities.

However, a small part of the General Fund property tax that municipal residents pay to the County is used to fund services the County does **not** provide to municipal residents (because the municipality provides the services). In such a case, municipal residents are paying two levels of government to provide a service that only one level of government actually provides. As a result, a portion of their payment to the County is a duplicate property tax payment. The property tax is the only duplicate tax—municipal residents do not pay other taxes (e.g., fuel/energy or income taxes) to both the County and a municipality.[4]

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[3] During its deliberations on the FY13 Operating Budget, the Committee requested an update this fall regarding the status of any negotiations between the Executive and the City.

[4] While there is no duplicate income tax, under state law the municipalities receive 17% of income tax revenues collected from municipal residents. In FY10, the income tax accruing to the municipalities exceeded $30 million.

State and County law

Both State[5] and County[6] law require the County to offset these duplicated tax payments. Under State law, the County must offset duplicated payments if the municipality provides a service that the County does not provide and that both the municipality and the County both fund at least partly with property tax revenues.

Under such circumstances, State law[7] requires a County to "set off" the duplication in one of two ways: a) set a lower General Fund property tax rate for the property in a municipality; or b) reimburse the municipal government for the amount of duplicate property tax.[8] Montgomery County does not set a lower property tax rate for property in a municipality, though under §30A-6 of the County Code, the County may do so under limited circumstances (which do not currently apply to any municipality in the County).

The County complies with this State law requirement under a system of reimbursement that reflects "option b" described above. **Note that it is the residents that pay duplicate taxes, but it is the municipality that receives the reimbursement payment from the County.**

The County law is different than State law insofar as it does not limit reimbursement to the portion of the cost of services that would be paid from the County's General Fund property tax revenues. Rather, the County law requires the County to reimburse municipalities for the County's net cost of services (i.e., the net cost of services that would be provided by the County if the services were not provided by municipalities). Because the cost of services is only partially funded by the property tax, the County law goes beyond reimbursement for tax duplication and requires the County to reimburse municipalities for the portion of the County's net cost that is funded by other taxes (e.g., income tax, sales tax, recordation and transfer taxes, energy tax, etc.) paid by municipal residents only once (i.e., not duplicated).

Under the "net cost" method, the County reimburses the net amount the County saves by not providing the service, which is the same as the additional net cost the County would incur if the County provided the service. However, the calculation does not "net out" municipal revenue that would accrue to the County if the municipalities did not exist. Most significantly, each municipality receives 17% of the County income tax paid by its taxpayers, which in FY10 amounted to more than $30 million in revenue accruing to municipalities.[9]

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[5] Under Maryland Tax-Property Article §6-305(c), counties are required to provide a tax setoff for services or programs provided by a municipality *"instead of similar county services or programs"*.

[6] The County's program is established under Montgomery County Code §30A-1. *"There is hereby established a program to reimburse municipalities within the county for those public services provided by the municipalities which would otherwise be provided by the county government."*

[7] Maryland Tax-Property Article, §6-305(a).

[8] Maryland Tax-Property Article, §6-305(d): *"the governing body of the county shall consider:(1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and (2) the extent that the similar services and programs are funded by property tax revenues."*

[9] This amount is significantly higher than the net cost of providing services. If the impact of the municipalities' income tax were included in the calculation, the municipal tax duplication payments would be zero.

Finally, it should be noted that §30A-3 makes it clear that the County Council has the final say regarding the amount of any County reimbursement under the program. It specifically provides that *"[a]ll expenditures by the county under the authority of this chapter shall be subject to the limits of the funds appropriated by the county council."*

Note regarding changes to County law

The Task Force did not recommend any changes to County law. However, Staff notes three potential changes to County law that would be consistent with State law.

First, the County could amend its law to limit the payment made to a municipality to the portion of the County's General Fund revenue derived from property taxes collected in the municipalities and used to fund County services. Doing so would align County law with State law, and focus the County's program on the only truly duplicated tax (property tax).

Second, the County could amend its law to allow broad use of tax rate differentials instead of tax duplication payments.[10] A tax rate differential system would entail setting different County property tax rates for each municipality, based on either duplicative property taxes (as required by State law) or duplicative costs (as required by current County law). This would mean that the General County property tax rate would be different in each municipality, and would be calculated to reduce the total General County property tax rate paid by all of the property owners in each municipality by the amount of the reimbursement payment that would have been due to each municipal government.[11]

Third, the County could amend its law to allow reimbursement for services, even if the service is actually provided by the County in the municipality. Section 30A-2 currently lists four conditions that must be met in order to qualify for tax duplication payments, one of which is that the service is not actually provided by the County within the municipality. This requirement represents the distinction between police services in Takoma Park (reimbursable) and Rockville (not reimbursable).

Areas of agreement and disagreement

The Task Force addressed many issues, either at the initiative of the municipal representatives or at the initiative of the County representatives. There was no agreement among the parties with respect to many of those issues. County and municipal representatives will attend the briefing and can explain their positions. Section 2.3 of the report summarizes the issues on which

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[10] According to a DLS 2011 report, eight Maryland counties set differential tax rates in their municipalities, four of which use both the tax differential and tax rebate (duplication payment) options. For relevant tables from that report, see © 8-13.

[11] According to the Task Force report, using tax rate differentials (rather than tax duplication payments) would increase the workloads of the Finance Department and Office of Management and Budget. However, the change would also improve the transparency of taxation, reduce the burden of general County property taxes on municipal property owners, and allow municipalities to set property tax rates that more accurately reflect the services that those municipalities provide to their residents.

the parties could not reach agreement. Section 2.2 of the report summarizes the issues on which the parties were able to reach substantial agreement.

Some of the areas in which County and municipal representatives reached substantial agreement will result in changes in the process for the FY14 Operating Budget. For example, the municipalities will begin an annual certification process by which each municipality will certify in writing that they provide the services for which they receive payments. The County will create a process by which the municipalities can request and receive supporting documentation so that the municipalities can audit the calculations prepared by the County.

In other areas of substantial agreement, there remains a gulf between the County and the affected municipality. For example, there was agreement regarding Takoma Park's entitlement to a tax duplication payment for recreation services but there remains a difference between the parties with respect to how that payment should be calculated. Takoma Park believes that it should be entitled to $245,000 for recreation services, whereas the County believes that Takoma Park is entitled to a payment of $114,030.

Key issues

Several key issues from the Task Force Report are highlighted below. Other issues are addressed in the report and may be raised by the parties during the course of this briefing. The Committee may request follow-up on these or other issues.

Under State law, as noted above, the County must offset duplicated payments if the municipality provides a service that the County does not provide and that both the municipality and the County both fund at least partly with property tax revenues. Under County law, however, the County reimburses municipalities for the County's net cost of services (i.e., the net cost of services that would be provided by the County if the services were not provided by municipalities).[12] **Most of the differences between the County and municipal positions, whether with respect to roads or recreation centers, has to do with the mechanics of "netting."** For example, duplication payments for road maintenance depend to a great deal on whether County highway user revenues are included or excluded from the calculation.

The County reimburses all municipalities for road maintenance. In doing so, the County calculates the County's actual cost per mile for road maintenance service (operating and capital costs) and divides that figure by total County road miles. This cost-per-mile-of-County-road factor can then by applied to the number of road miles in any given municipality. After making some adjustments for bridge maintenance, the total cost is further adjusted to reflect the ratio of tax-supported transportation expenditures to total transportation expenditures. Section 3.5 and Appendix 14 of the report describe the current methodology.

Local activity crosses jurisdictional boundaries, and as such municipal facilities are often used by non-municipal residents. As a result, municipal representatives have requested that the

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[12] For a detailed discussion of tax duplication methodologies, see the excellent analysis by my predecessor, Chuck Sherer, entitled "Discussion of Municipal Tax Duplication Methodologies" (Appendix 9 of the Task Force Report), which is attached at © 1.

County should contribute more to support those facilities which are burdened by non-municipal users. Two examples of this are the Takoma Park recreation programs (see Sections 4.6 and 5.2 of the report) and the Gaithersburg Senior Center (Section 5.1). An even more complex example of this problem exists with parks maintenance—some parks in the system are utilized by residents who are outside of the Metropolitan District (i.e., do not pay the parks tax); similarly, there are municipally maintained parks that are used by residents from outside of the municipality that maintains the park.

Next steps

1. Report back to the Committee regarding any requested additional information or follow-up briefings.
2. Review progress during discussion of the FY14 Operating Budget.

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9	Tax Differentials and Tax Rebates on a Per Capita Basis (Appendix 2), ibid.
10	County and Municipal Real Property Tax Rates (Appendix 3), ibid.
11	Residents Residing in Municipalities (Appendix 4), ibid.
12	Local Government Expenditures in Maryland (Appendix 5), ibid.

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Appendix 9: *"Discussion of Municipal Tax Duplication Methodologies"*
by Chuck Sherer, Task Force Member
November 5, 2007

Municipal tax duplication payments are based on State and County law, both of which are appendices in this report. There are at least two methods for calculating the payments. Both methods start by calculating the net County cost to provide the service (total cost minus non County revenues, such as State aid and user fees). If a service were funded entirely by non-County revenue, then the net County cost is zero, so there is no basis for reimbursement since there is no tax duplication, and the County does not save any County taxes by not providing the service in the municipalities.

Method I calculates the amount of tax duplication directly. Method II calculates the net County cost per unit of service (such as road miles maintained) and multiplies by the number of units the municipality serves. Road cost will be used to illustrate.

Method I. Based on State law The County has always used some variation of method II, but method I is an option consistent with State law (see attachment, Tax Property Article, section 6-305). The State requires the County to meet [annually] with the municipalities. "After the meeting if it can be demonstrated that a municipal corporation performs services or programs instead of similar county services or programs, the governing body of the county shall grant a tax setoff to the municipal corporation."

The "tax setoff" can be a lower property tax rate for the residents in the municipality or a payment from the County to the municipal corporation. The County has always given a payment, not a lower rate. State law does not specify how the counties should calculate the amount of reimbursement, but does say that "the governing body of the county shall consider:

(1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and

(2) the extent that the similar services and programs are funded by property tax revenues."

The above section specifies that the municipality must perform the service to get a reimbursement, and implies that the amount of reimbursement is the portion of the County service that is funded by property taxes from residents in the municipalities. In FY06, property tax was 35% of General Fund taxes, so property tax funds 35% of the net County cost (Net County cost = Total County cost - non-County revenues, such as State and Federal aid, and user fees.)

In summary, to get a reimbursement or lower tax rate:

- The law says that the municipality must provide the service that the County does not provide (see §c on page 6).

- The law implies that the municipality and the County must fund the service partly by property tax revenues (see §d on page 6).

FY06 General Fund Revenue	Amount	% of total
Property tax	$782,131,830	35.0%
County Income Tax	1,044,561,989	46.8%
Real Property Transfer Tax	145,478,479	6.5%
Energy Tax	117,381,196	5.3%
Recordation Tax	96,239,932	4.3%
Telephone Tax	29,176,263	1.3%
Hotel/Motel Tax	15,869,779	0.7%
Admissions Tax	2,365,311	0.1%
Total taxes	$2,233,204,779	100.0%

So, if the County's net cost (total cost minus non-County revenues) to maintain one mile of road is $5,000, then the property tax funded portion of that cost is $1,750 (35% of $5,000).

What is the rationale for municipal tax duplication payments, and how much should the payments be?

1. Residents of municipalities pay a property tax to their municipality and also pay the General Fund property tax to the County. Property tax is the only duplicate tax, levied by both the County and by municipalities.

2. Most of the General Fund property tax that municipal residents pay to the County is used to fund services the County provides to the municipal residents, such as the public schools and the community college, fire and rescue services, health and human services, libraries, and police for most municipalities.

3. However, a small part of the General Fund property tax that municipal residents pay to the County is used to fund services the County does not provide to the residents, because the municipality provides the services. This portion of their payment to the County is a duplicate property tax payment. There are no other duplicate tax payments, so there is no rationale for reimbursing the portion of net County cost funded by other taxes.

4. Because the municipal residents are paying the County for some services the County does not provide to these residents, State law requires the County to do one of the following: a) set a lower General Fund property tax rate for the residents in a municipality; or b) reimburse the municipal government for the amount of property tax (the duplicate property tax).

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5. Reimbursements are for services described in #3 above. The most expensive such service is maintaining roads. The amount of duplicate property tax to be reimbursed is calculated as follows (revenues and costs are in the General Fund):

   a. Determine the total cost the County incurs to provide the service (such as road maintenance) and subtract any non-County revenues, such as State aid and user fees, to get the net County cost. The net County cost is funded by County taxes. In FY06, the net County cost to maintain roads was $13.5 million. (If the entire cost were funded by non-County revenues, there would be no funding from property taxes, no duplication, and no reimbursements.)

   b. Calculate property taxes as a percent of total taxes, which was 35% in FY06. This means that 35% of the net County cost of each service was funded by property taxes.

   c. Multiply the percent from b (property taxes as a percent of total taxes) by the net County cost from a to determine the amount of the net County cost which was funded by property taxes. 35% of $13.5 million = $4.7 million. (The $8.8 million remainder of the net County cost was funded by the other County taxes.)

   d. **Calculate General Fund property taxes from each municipality as a percent of total General Fund property taxes. For example, if the residents of a municipality contribute 1% of total General Fund property taxes, then these residents paid for 1% of the net County cost of each General Fund service, whether the County provided the service to the municipality or not.**

   e. Calculate the duplicate property taxes: multiply the % from d by the amount from c.
   1% of $4.7 million = $47,000. This is the amount of General Fund property tax the residents of the municipality paid the County for a service the County did not provide, which is the amount the County should reimburse the municipality. It is the duplicate property tax payment.

   f. Repeat a-e for each eligible service.

Method II. Based on County law (see attachment, Chapter 30A of the County Code). The County Code specifies the "Determination of amount of reimbursement. a) Subject to the provisions of section 30A-4, each participating municipality shall be reimbursed by an amount determined by the county executive to approximate the amount of municipal tax revenues required to fund the eligible services. b) The amount of reimbursement

shall be limited to the amount the county executive estimates the county would expend if it were providing the services."

County calculation (©3). The County has not tried to determine "the amount of municipal tax revenues required to fund the eligible services." This would require County staff to analyze in great detail the financial records of each municipality, which would be extremely difficult, and extremely time consuming. Instead, the County has tried to calculate the amount the County would spend if the County provided the service (since this is the limit/maximum, the County is not underpaying). **In other words, the amount of reimbursement is determined from the amount the County saves by not providing the service, which is the amount by which the County's budget would increase if the County started providing the service.** However, if a municipality does not levy a property tax, the County does not reimburse for any costs, since there is no property tax duplication (this may be mixing method I with method II).

The County starts with the total cost, subtracts any non-County funding (such as State aid, Federal aid, and user fees) to get the net County cost. If a service were funded entirely by non-County revenue, then the net County cost is zero, so there is no basis for reimbursement since there is no tax duplication, and the County does not save any County taxes by not providing the service in the municipalities.

Using road maintenance as an example, the County then divides the net County cost by the number of road miles the County maintains to get the net County cost per mile, which is multiplied by the number of miles in each municipality. The result is our best estimate of "...the amount the county executive estimates the county would expend if it were providing the services."

Variations Two variations for calculating the amount of reimbursements are:

1. Reduce the number calculated in the box above by the amount of income tax that funds the service (47% of the net County cost), since the municipalities already get an income tax payment of 17% of the County income tax paid by its residents. (In FY06, the municipalities' share totaled $28 million, see ©8.)

2. Reimburse only the property tax funded portion, which was 35% of the net County cost. Compared to variation 1, this variation reduces the number calculated in the box above by all other taxes, not just the income tax. If the County wanted to use this option, County staff recommend using method I above, which is a more direct way to measure property tax duplication.

Cost issues for both methods

1. Overhead One question is which items are included in the total costs, before deducting non-County funding? One way to think about this is to ask which costs would increase if the County had to maintain one more mile (or 10 or 100, etc.). The answer is clearly all materials, operating expenses, and labor directly associated with maintaining the road. Should any overhead costs should be included? The answer is that:

- overhead costs should be included if they would increase if the County had to maintain more miles; and
- overhead costs should not be included if they would not increase if the County had to maintain more miles.

With regard to costs in the Department of Public Works and Transportation, none of the costs associated with the director, deputy directors, or division chiefs should be included, because none of these costs would increase if the County took over maintenance of the municipal roads, none of these costs would increase. **These costs are fixed with respect to the number of miles maintained.**

The only overhead costs that should be included in calculating reimbursement are whatever such costs would increase if the County started maintaining more miles, which are the first line supervisors of the direct labor. The County also includes the supervisors of the first line supervisors. Including the two levels of supervision just mentioned might slightly overstate the costs, because the County might not create another depot in addition to the five existing depots, nor would the number of first line supervisors necessarily increase. However, the Department includes these costs in its accounting so the costs can be easily seen in the County's financial reports, and we see no reason to take these costs out.

2. Capital costs In calculating the FY08 reimbursement for road maintenance, OMB used the FY06 actual expenditures in FY06 for the four Capital Improvements Program projects listed below. The Clarksburg project should not have been used. Mr. Orlin identified several projects that should have been used, and will presumably be used in future years: Neighborhood Traffic Calming, Street Tree Preservation, and Guardrail Replacement.

Roadway Maintenance - Capital Improvement Program (CIP)	FY06 actual expenditure
Primary Arterial Resurfacing	$6,802,537
Rural Residential Resurfacing	1,976,255
Clarksburg Area Rehabilitation	542,057
Sidewalk and Infrastructure (curb/gutter replacement)	3,852,318
Capital budget costs	$13,173,167

Most of the expenditures are funded by County bonds, so the County spreads the cost over 20 years. However, the County uses the total cost shown above in calculating the FY06 road costs, which overstates the cash outflow in FY06: the total cost is 10 times the FY06 amount the County actually paid (the debt service payment, as shown on ©6).

For ease of presentation, assume the FY06 expenditures were $10 million (instead of $13.2 million), that the County finances that cost with 20 year bonds, makes equal principal payments each year, and that the interest rate is 5%. The term "debt service" means the payment of principal plus the payment of interest. The principal payment is the same each year and the interest payment decreases each year, so the debt service payment decreases, from $1 million in the first year to $525,000 in the last year. There are at least two ways that these capital costs can be accounted for in calculating municipal tax duplication payments.

1. The current method, which uses the total $10 million cost in calculating the FY06 road costs. While the total cost is 10 times the FY06 payment of $1 million (see attached spreadsheet), the County has incurred a $10 million obligation, and the present value of all debt service payments is $10 million, so this is an accurate measure of the County's FY06 cost.

2. An alternative method would be to use the FY06 debt service payment of $1 million, plus the comparable FY06 payment for the total cost financed in FY05, plus the comparable FY06 payment for the total cost financed in FY04, and so on for the previous 17 years. As can be easily imagined, this would be extremely tedious to do — the person doing the calculation would need to add 20 different amounts from 20 debt service schedules for multiple projects every year!

What we cannot do is to mix the two methods. We must choose one or the other. The municipal representatives have asked that some amount of interest be included, which we can do if we use method 2. However, we cannot add interest to method 1. If

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we did this, we would presumably have 20 interest payments in each of the next 20 years starting in FY08, and the present value of these payments would be in addition to the $10 million total cost we have already assumed, so the total present value would exceed the $10 million total cost. This is clearly wrong, so we cannot include interest if we use method 1 (but we must include interest if we use method 2).

Exhibit 3
Tax Differentials and Tax Rebates
Fiscal 2010

County	Tax Differential	Tax Rebate	Total
Allegany	$1,204,375	$0	$1,204,375
Anne Arundel	25,314,437	0	25,314,437
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	3,704,026	0	3,704,026
Caroline	1,046,937	0	1,046,937
Carroll	0	2,331,479	2,331,479
Cecil	0	813,452	813,452
Charles	913,414	0	913,414
Dorchester	455,679	6,050	461,729
Frederick	0	6,601,768	6,601,768
Garrett	53,045	174,080	227,125
Harford	7,198,028	2,274,714	9,472,742
Howard	N/A	N/A	N/A
Kent	0	185,633	185,633
Montgomery	0	7,482,613	7,482,613
Prince George's	33,605,645	669,671	34,275,316
Queen Anne's	0	0	0
St. Mary's	0	64,425	64,425
Somerset	0	300,000	300,000
Talbot	4,076,993	0	4,076,993
Washington	0	1,988,255	1,988,255
Wicomico	0	0	0
Worcester	0	0	0
Total	**$77,572,577**	**$22,892,140**	**$100,464,717**

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

Jurisdiction	Population July 2009	Tax Differential	Tax Rebate	Total Amount	Per Capita Amount
Montgomery	971,600				
Barnesville	203	$0	$0	$0	$0
Brookeville	134	0	7,158	7,158	53
Chevy Chase, Sec. 3	812	0	32,322	32,322	40
Chevy Chase, Sec. 5	675	0	0	0	0
Chevy Chase	2,868	0	43,460	43,460	15
Chevy Chase View	921	0	105,837	105,837	115
Chevy Chase Village	2,157	0	137,187	137,187	64
Drummond	N/A	0	4,857	4,857	N/A
Friendship Heights	N/A	0	86,993	86,993	N/A
Gaithersburg	59,986	0	1,230,181	1,230,181	21
Garrett Park	976	0	50,106	50,106	51
Glen Echo	261	0	21,858	21,858	84
Kensington	1,955	0	144,800	144,800	74
Laytonsville	368	0	13,677	13,677	37
Martin's Additions	921	0	22,627	22,627	25
North Chevy Chase	495	0	25,181	25,181	51
Oakmont	N/A	0	3,451	3,451	N/A
Poolesville	5,806	0	221,771	221,771	38
Rockville	62,105	0	2,228,449	2,228,449	36
Somerset	1,195	0	55,335	55,335	46
Takoma Park	18,027	0	3,000,069	3,000,069	166
Washington Grove	579	0	47,294	47,294	82
Prince George's	834,560				
Berwyn Heights	2,978	$744,103	$8,231	$752,334	$253
Bladensburg	7,686	800,214	22,486	822,700	107
Bowie	53,417	7,765,439	162,210	7,927,649	148
Brentwood	2,838	72,933	8,379	81,312	29
Capitol Heights	4,160	503,769	10,723	514,492	124
Cheverly	6,470	1,040,156	20,883	1,061,039	164
College Park	27,286	371,781	81,797	453,578	17
Colmar Manor	1,277	77,423	3,483	80,906	63
Cottage City	1,141	168,775	3,446	172,221	151
District Heights	6,127	646,939	22,500	669,439	109

Jurisdiction	Population July 2009	County Rate	Municipal Rate	County Special Rate	Total Rate
Montgomery (continued)					
Chevy Chase	2,868	$0.683	$0.010	$0.233	$0.926
Chevy Chase View	921	0.683	0.022	0.233	0.938
Chevy Chase Village	2,157	0.683	0.096	0.233	1.012
Drummond	N/A	0.683	0.048	0.233	0.964
Friendship Heights	N/A	0.683	0.040	0.230	0.953
Gaithersburg	59,986	0.683	0.212	0.143	1.038
Garrett Park	976	0.683	0.192	0.230	1.105
Glen Echo	261	0.683	0.130	0.233	1.046
Kensington	1,955	0.683	0.122	0.230	1.035
Laytonsville	368	0.683	0.110	0.162	0.955
Martin's Additions	921	0.683	0.008	0.233	0.924
North Chevy Chase	495	0.683	0.052	0.233	0.968
Oakmont	N/A	0.683	0.040	0.233	0.956
Poolesville	5,806	0.683	0.150	0.162	0.995
Rockville	62,105	0.683	0.292	0.143	1.118
Somerset	1,195	0.683	0.040	0.233	0.956
Takoma Park	18,027	0.683	0.580	0.230	1.493
Washington Grove	579	0.683	0.181	0.143	1.007
Prince George's	**834,560**	**$0.960**		**$0.359**	**$1.319**
Berwyn Heights	2,978	0.797	$0.486	0.359	1.642
Bladensburg	7,686	0.790	0.740	0.359	1.889
Bowie	53,417	0.866	0.380	0.306	1.552
Brentwood	2,838	0.934	0.382	0.359	1.675
Capitol Heights	4,160	0.810	0.401	0.359	1.570
Cheverly	6,470	0.804	0.480	0.359	1.643
College Park	27,286	0.946	0.322	0.359	1.627
Colmar Manor	1,277	0.887	1.038	0.359	2.284
Cottage City	1,141	0.814	0.560	0.359	1.733
District Heights	6,127	0.802	0.730	0.186	1.718
Eagle Harbor	57	0.959	0.292	0.359	1.610
Edmonston	1,350	0.809	0.600	0.359	1.768
Fairmount Heights	1,519	0.869	0.420	0.359	1.648
Forest Heights	2,592	0.841	0.530	0.359	1.730
Glenarden	6,406	0.825	0.296	0.359	1.480
Greenbelt	21,439	0.784	0.786	0.246	1.816
Hyattsville	15,604	0.788	0.630	0.359	1.777
Landover Hills	1,536	0.797	0.480	0.359	1.636
Laurel	22,672	0.755	0.710	0.200	1.665

Appendix 4
Residents Residing in Municipalities
July 2009

County	County Population	Municipal Population	Percent of County	Rank
Allegany	72,532	32,301	44.5%	3
Anne Arundel	521,209	36,991	7.1%	19
Baltimore City	637,418	0	0.0%	24
Baltimore	789,814	0	0.0%	22
Calvert	89,212	5,283	5.9%	20
Caroline	33,367	11,553	34.6%	9
Carroll	170,089	43,559	25.6%	12
Cecil	100,796	26,391	26.2%	11
Charles	142,226	12,743	9.0%	18
Dorchester	32,043	15,386	48.0%	2
Frederick	227,980	89,873	39.4%	5
Garrett	29,555	6,633	22.4%	13
Harford	242,514	37,246	15.4%	16
Howard	281,884	0	0.0%	24
Kent	20,247	7,812	38.6%	6
Montgomery	971,600	160,444	16.5%	15
Prince George's	834,560	223,739	26.8%	10
Queen Anne's	47,958	5,649	11.8%	17
St. Mary's	102,999	2,283	2.2%	21
Somerset	25,959	5,706	22.0%	14
Talbot	36,262	17,800	49.1%	1
Washington	145,910	53,221	36.5%	7
Wicomico	94,222	40,304	42.8%	4
Worcester	49,122	17,213	35.0%	8
Total	**5,699,478**	**852,131**	**15.0%**	

Source: Maryland Department of Planning; Department of Legislative Services

Appendix 5
Local Government Expenditures in Maryland
Fiscal 2009

	Total Local Expenditures	Percent of Total	County Expenditures	Municipal Expenditures	Percent County	Percent Municipal
General Government	$1,809,231,670	6.5%	$1,635,176,806	$174,054,864	90.4%	9.6%
Public Safety						
Police	1,571,476,460	5.6%	1,364,325,515	207,150,945	86.8%	13.2%
Fire	907,864,339	3.3%	857,825,115	50,039,224	94.5%	5.5%
Corrections	367,505,209	1.3%	367,505,209	0	100.0%	0.0%
Other Public Safety	344,472,722	1.2%	313,249,790	31,222,932	90.9%	9.1%
Public Works						
Transportation	1,334,123,131	4.8%	1,151,867,029	182,256,102	86.3%	13.7%
Water/Sewer Services	2,010,927,241	7.2%	1,734,733,953	276,193,288	86.3%	13.7%
Other Public Works	104,420,655	0.4%	7,447,360	96,973,295	7.1%	92.9%
Education						
Public Schools	12,827,714,897	46.0%	12,827,714,897	0	100.0%	0.0%
Community Colleges	1,242,437,884	4.5%	1,242,437,884	0	100.0%	0.0%
Libraries	291,060,722	1.0%	291,060,722	0	100.0%	0.0%
Health/Social Services	1,006,828,155	3.6%	1,006,828,155	0	100.0%	0.0%
Parks and Recreation	796,826,931	2.9%	665,115,925	131,711,006	83.5%	16.5%
Community/Economic Development	790,674,610	2.8%	743,055,026	47,619,584	94.0%	6.0%
Miscellaneous	1,024,138,489	3.7%	982,164,616	41,973,873	95.9%	4.1%
Debt Service	1,478,863,225	5.3%	1,400,091,354	78,771,871	94.7%	5.3%
Total	**$27,908,566,340**	**100.0%**	**$26,590,599,356**	**$1,317,966,984**	**95.3%**	**4.7%**

Source: Department of Legislative Services

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