

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 493

(Montgomery County Delegation and Prince George's
County Delegation)

Ways and Means

**Prince George's County - Property Tax Setoffs in Municipal Corporations -
Maryland-National Capital Park and Planning Commission Taxes MC/PG 432-07**

This bill requires Prince George's County to provide a property tax setoff to a municipality that performs services or programs in lieu of similar services or programs provided by the Maryland-National Capital Park and Planning Commission (M-NCPPC). Prince George's County must consider services and programs provided by the M-NCPPC in determining the county tax rate for assessments of property in a municipality. The property tax setoff applies against the county M-NCPPC tax rate.

Fiscal Summary

State Effect: None.

Local Effect: M-NCPPC revenues could decrease to the extent that property tax setoffs are granted to municipalities. Prince George's County property tax revenues would not be affected. County expenditures are not directly affected.

Small Business Effect: Minimal.

Analysis

Current Law: The Prince George's County property tax rate is \$1.319 per \$100 of assessment for fiscal 2007. The general property tax rate is capped at \$0.96; the M-NCPPC rate is \$0.279, which represents 21.2% of the total county property tax rate. **Exhibit 1** shows the county-wide property tax rates in Prince George's County for fiscal 2007.

Exhibit 1
Prince George's County Property Tax Rates
Fiscal 2007

	<u>Real Property</u> <u>Tax Rate</u>	<u>Percent of</u> <u>Total</u>
General Tax	\$0.960	72.8%
M-NCPPC	0.279	21.2%
WSTC	0.026	2.0%
Stormwater	<u>0.054</u>	<u>4.1%</u>
Total Rate	\$1.319	100.0%

Source: Department of Legislative Services

Background: To compensate municipalities for providing services in lieu of similar county services or programs and to address the effect of double taxation in municipalities (when residents pay both county and municipal property taxes), 17 counties provided property tax set-offs in fiscal 2006, through either a tax rate differential or tax rebate. A municipal tax rate differential takes the form of a reduced county property tax rate within the boundaries of a municipality. A tax rebate is a direct grant to municipalities for providing services that are similar to county services. These services include police protection, highway and street maintenance, sanitation and waste collection, planning and zoning, and recreation and parks. In fiscal 2006, municipal tax differentials and rebates totaled approximately \$59.5 million, a 14.5% increase over the prior year. **Exhibit 2** shows the amount of tax set-offs provided in fiscal 2006 by county.

M-NCPPC is a bicounty agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Regional District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program.

M-NCPPC imposes four special property taxes on real property in Prince George's County. The fiscal 2007 real property tax rates for these four taxes are shown below.

Recreation Tax (Countywide)	\$0.0592
Advance Land Acquisition Tax (Countywide)	\$0.0013
Administration Tax (Regional District)	\$0.0466
Park Tax (Metropolitan District)	<u>\$0.1719</u>
Total	\$0.2790

The recreation and the advance land acquisition taxes are imposed countywide. The administration tax is used to fund general administration and planning and is only imposed in the regional district, from which the City of Laurel is excluded. The park tax is imposed in the metropolitan district, from which the Town of District Heights, City of Greenbelt, and City of Laurel are excluded.

Local Fiscal Effect: M-NCPPC revenues could decrease to the extent that property tax setoffs are granted to municipalities. The actual revenue decrease cannot be reliably estimated and depends on the municipal tax setoff rate granted by the county. The bill would not affect Prince George's County property tax revenues. **Exhibit 3** shows the current county and municipal tax rates in Prince George's County for fiscal 2007.

Exhibit 2
Tax Differentials and Tax Rebates in Fiscal 2006

County	Tax Differential	Tax Rebate	Total
Allegany	\$815,009	\$0	\$815,009
Anne Arundel	16,524,487	0	16,524,487
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	2,002,378	0	2,002,378
Caroline	592,504	0	592,504
Carroll	0	2,130,555	2,130,555
Cecil	0	491,045	491,045
Charles	735,875	0	735,875
Dorchester	0	69,000	69,000
Frederick	0	5,405,180	5,405,180
Garrett	214,828	0	214,828
Harford	4,280,483	1,296,801	5,577,284
Howard	N/A	N/A	N/A
Kent	0	128,508	128,508
Montgomery	0	7,256,887	7,256,887
Prince George's	13,619,026	669,672	14,288,698
Queen Anne's	0	0	0
St. Mary's	0	55,370	55,370
Somerset	0	0	0
Talbot	1,806,947	0	1,806,947
Washington	0	1,382,248	1,382,248
Wicomico	0	0	0
Worcester	0	0	0
Total	\$40,591,537	\$18,885,266	\$59,476,803

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 3
Prince George's County and Municipal Real Property Tax Rates
Fiscal 2007

Jurisdiction	Population July 2005	County Rate	Municipal Rate	County Special Rate	Total Rate
Prince George's County	846,123	\$0.960	–	\$0.359	\$1.319
Berwyn Heights	3,068	0.809	0.486	0.359	1.654
Bladensburg	7,918	0.802	0.676	0.359	1.837
Bowie	53,878	0.945	0.352	0.307	1.604
Brentwood	2,937	0.937	0.248	0.359	1.544
Capitol Heights	4,313	0.824	0.412	0.359	1.595
Cheverly	6,668	0.816	0.450	0.359	1.625
College Park	25,171	0.943	0.299	0.359	1.601
Colmar Manor	1,312	0.942	0.490	0.359	1.791
Cottage City	1,176	0.822	0.670	0.359	1.851
District Heights	6,296	0.814	0.650	0.187	1.651
Eagle Harbor	58	0.955	0.292	0.359	1.606
Edmonston	1,390	0.815	0.500	0.359	1.674
Fairmount Heights	1,566	0.880	0.420	0.359	1.659
Forest Heights	2,679	0.858	0.470	0.359	1.687
Glenarden	6,380	0.834	0.296	0.359	1.489
Greenbelt	22,242	0.796	0.766	0.187	1.749
Hyattsville	16,677	0.802	0.630	0.359	1.791
Landover Hills	1,589	0.808	0.480	0.359	1.647
Laurel	22,125	0.769	0.720	0.141	1.630
Morningside	1,459	0.823	0.800	0.359	1.982
Mt. Rainier	8,751	0.803	0.790	0.359	1.952
New Carrollton	12,818	0.929	0.450	0.359	1.738
North Brentwood	487	0.949	0.288	0.359	1.596
Riverdale Park	6,630	0.798	0.641	0.359	1.798
Seat Pleasant	5,063	0.813	0.580	0.359	1.752
University Park	2,401	0.813	0.600	0.359	1.772
Upper Marlboro	683	0.870	0.240	0.359	1.469

Source: State Department of Assessments and Taxation, Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Maryland-National Capital Park and Planning Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2007
ncs/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510