

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 394

(Senator Exum, *et al.*)

Education, Health, and Environmental Affairs

Environmental Matters

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**Municipalities - Authority to Enter into Agreements with Other Municipalities**

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This bill authorizes municipalities to enter into agreements with other municipalities for purposes that include the joint administration of the municipalities, procurement activities, the provision of municipal services, and the joint funding and management of projects that are centrally located to the municipalities.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential decrease in municipal expenditures depending on whether agreements are entered into and the types of agreements. Revenues are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Article XI-E of the Maryland Constitution grants a municipality authority to amend or repeal its charter or local laws relating to the incorporation, organization, government, or affairs of the municipality and authority to adopt a new charter. Procedures governing charter amendments are found in Article 23A, Sections 11 through 18 of the Annotated Code.

The General Assembly has codified the powers of a municipality in Article 23A, Section 2 of the Annotated Code. This section includes a detailed list of municipal powers. Article 23A, Section 2 also provides a broad grant of authority:

*...to pass such ordinances not contrary to the Constitution of Maryland, public general law, or except as provided in Section 2B of this Article [Application of county legislation to municipalities], public local law as they may deem necessary in order to assure the good government of the municipality, to protect and preserve the municipality's rights, property, and privileges, to preserve peace and good order, to secure persons and property from danger and destruction, and to protect the health, comfort and convenience of the citizens of the municipality...*

There are also two areas where municipalities have concurrent authority with the General Assembly: limitations on property taxes and limitations on debt.

**Background:** There are 156 municipalities with home rule powers under Article XI-E of the Maryland Constitution. Despite a common foundation under the Maryland Constitution, there is a great variety in the size, structure, budget, and services of municipalities. With limited exceptions, the authority granted to municipalities under the constitution and public general laws is uniform throughout the State. However, the extent that such authority is exercised within an individual municipality is a decision of the voters by adoption or amendment of their charter and, within the confines of the charter, a decision of their elected government by adoption of local laws.

**Local Fiscal Effect:** Municipalities could realize decreased expenditures through cooperative agreements with other municipalities. Cooperative agreements between municipalities for items such as police protection, street maintenance, trash removal, water and sewer maintenance may allow municipalities to pool their resources in order to have more purchasing power, thereby reducing their individual expenditures. However, the extent to which municipal expenditures may decrease as a result of any cooperative agreements cannot be reliably estimated at this time and depend on the types of agreements entered into. **Exhibit 1** shows municipal expenditures in fiscal 2007 by county. **Exhibit 2** shows local government expenditures for counties and municipalities by category.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** City of Frederick, City of Havre de Grace, Maryland Municipal League, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2010  
ncs/hlb

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**Exhibit 1**  
**Local Government Expenditures**  
**Fiscal 2007**

<b>County</b>	<b>County (\$ in Millions)</b>	<b>Municipal (\$ in Millions)</b>	<b>Total (\$ in Millions)</b>	<b>Percent County</b>	<b>Percent Municipal</b>
Allegany	\$265.0	\$50.0	\$315.0	84.1%	15.9%
Anne Arundel	1,875.7	74.8	1,950.5	96.2%	3.8%
Baltimore City	3,287.5	0.0	3,287.5	100.0%	0.0%
Baltimore	2,913.6	0.0	2,913.6	100.0%	0.0%
Calvert	347.3	8.9	356.2	97.5%	2.5%
Caroline	121.7	16.8	138.5	87.9%	12.1%
Carroll	567.5	51.2	618.7	91.7%	8.3%
Cecil	340.0	29.1	369.1	92.1%	7.9%
Charles	649.3	12.7	662.0	98.1%	1.9%
Dorchester	111.9	32.0	143.9	77.8%	22.2%
Frederick	838.6	116.9	955.6	87.8%	12.2%
Garrett	125.8	7.0	132.8	94.7%	5.3%
Harford	892.2	47.0	939.1	95.0%	5.0%
Howard	1,313.8	0.0	1,313.8	100.0%	0.0%
Kent	70.7	8.2	78.9	89.6%	10.4%
Montgomery	5,015.6	174.0	5,189.6	96.6%	3.4%
Prince George's	3,484.4	159.5	3,644.0	95.6%	4.4%
Queen Anne's	192.0	7.8	199.8	96.1%	3.9%
St. Mary's	327.4	5.8	333.2	98.3%	1.7%
Somerset	86.9	7.5	94.4	92.0%	8.0%
Talbot	111.5	81.0	192.6	57.9%	42.1%
Washington	398.5	108.1	506.6	78.7%	21.3%
Wicomico	312.9	56.3	369.2	84.8%	15.2%
Worcester	220.1	123.2	343.4	64.1%	35.9%
<b>Statewide</b>	<b>\$23,870.0</b>	<b>\$1,177.8</b>	<b>\$25,047.8</b>	<b>95.3%</b>	<b>4.7%</b>

Source: *Local Government Finances Fiscal 2007*, Department of Legislative Services

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**Exhibit 2**  
**Local Government Expenditures by Category**  
**Fiscal 2007**

<b>Category</b>	<b>Total Local Expenditures</b>	<b>Percent of Total</b>	<b>County Expenditures</b>	<b>Municipal Expenditures</b>	<b>Percent County</b>	<b>Percent Municipal</b>
General Government	\$1,555,012,189	6.2%	\$1,410,712,255	\$144,299,934	90.7%	9.3%
Public Safety						
Police	1,417,964,717	5.7%	1,233,099,171	184,865,546	87.0%	13.0%
Fire	810,477,316	3.2%	765,700,139	44,777,177	94.5%	5.5%
Corrections	315,308,588	1.3%	315,308,588	-	100.0%	0.0%
Other Public Safety	285,555,144	1.1%	259,821,532	25,733,612	91.0%	9.0%
Public Works						
Transportation	1,197,918,527	4.8%	1,042,392,993	155,525,534	87.0%	13.0%
Water/Sewer Services	1,880,783,265	7.5%	1,621,887,646	258,895,619	86.2%	13.8%
Other Public Works	100,010,614	0.4%	6,310,173	93,700,441	6.3%	93.7%
Education						
Public Schools	11,392,110,108	45.5%	11,392,110,108	-	100.0%	0.0%
Community Colleges	942,415,362	3.8%	942,415,362	-	100.0%	0.0%
Libraries	270,884,093	1.1%	270,884,093	-	100.0%	0.0%
Health/Social Services	958,419,754	3.8%	958,419,754	-	100.0%	0.0%
Parks and Recreation	698,587,156	2.8%	600,358,721	98,228,435	85.9%	14.1%
Community/Economic Development	720,143,440	2.9%	664,631,851	55,511,589	92.3%	7.7%
Miscellaneous	1,064,059,427	4.2%	1,015,951,837	48,107,590	95.5%	4.5%
Debt Service	1,438,200,251	5.7%	1,370,014,077	68,186,174	95.3%	4.7%
<b>Total</b>	<b>\$25,047,849,951</b>	<b>100.0%</b>	<b>\$23,870,018,300</b>	<b>\$1,177,831,651</b>	<b>95.3%</b>	<b>4.7%</b>

Source: *Local Government Finances Fiscal 2007*, Department of Legislative Services