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MARYLAND LOCAL GOVERNMENT

Maryland Local Government

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Foreword

Local governments in Maryland have evolved significantly since the colonial era when they primarily functioned as administrative arms of the State. Through the subsequent granting of home rule powers, county and municipal governments have been able to enact laws that address the unique needs and challenges confronting their citizens. Even with this expanded authority, the General Assembly spends a significant amount of time each legislative session considering issues affecting local governments and their finances; therefore, it is important that the General Assembly understand the existing political and financial structure of local governments.

As the level of government closest to the people, local governments maintain a key role in developing public policy and providing services throughout the State. Public spending at the local level totals nearly \$28 billion. As a key provider of public services, local governments are responsible for employing nearly 250,000 individuals, which represents over 10% of employment in the State and over 50% of public-sector employment. To assist localities in funding public services, the State provided counties and municipalities with \$7.2 billion in fiscal 2011.

This handbook provides a brief introduction on the structure and powers of local governments in Maryland. A demographic and historical profile for each county is also provided. The handbook covers such topics as the varying forms of local government, local revenue sources, allocation of State funding, local indebtedness, and the State assumption of local programs.

This is the sixth in a series of nine volumes of the 2010 Legislative Handbook Series prepared prior to the start of the General Assembly term by the staff of the Office of Policy Analysis, Department of Legislative Services. The material for this volume was researched and written by Caroline Boice, Georgeanne Carter, Guy Cherry, Erin Dorrien, Scott Gates, Richard Harris, Monica Kearns, Scott Kennedy, Laura Lodge, Jonathan Martin, Amanda Mock, Michael Sanelli, Lisa Simpson, Erik Timme, and Stan Ward, with Gail Renborg-Wood contributing to the development of data. Hiram Burch coordinated and reviewed the volume, while Mark Collins and Lesley Cook assisted with editing. Susan Russell and John Rohrer provided additional review. A special thanks is provided to Alicia Rummings, who prepared and finalized the manuscript.

The Department of Legislative Services trusts that this information will be of use to those interested in learning more about the structure, powers, and finances of local governments in Maryland.

Karl S. Aro
Executive Director
Department of Legislative Services
Maryland General Assembly

Annapolis, Maryland
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Chapter 1. Overview of Local Government in Maryland

When Lord Calvert and his group of English settlers landed on St. Clement's Island in 1634, they brought with them the familiar forms of English government, which included governance on the local level in counties and villages. The settlers immediately set about establishing civil boundaries as they had known them in England with the establishment of St. Mary's City. Just three years later, in 1637, the settlers established St. Mary's County. Since that time, local government has evolved, changing as the times and needs of local communities have changed. Likewise, the law governing local government has developed to address such change. The differences among local governments and the relationship among different levels of government may be best understood in this historical context.

Structure of Local Governments

There is no mention of local government in the U.S. Constitution, and local governments are generally considered creatures of the state. Yet often it is with their local government that citizens most closely identify. Local government units in the United States take on different forms to include counties, municipalities, townships, and special taxing districts. Nationwide there are over 89,000 units of local governments, with 256 being located in Maryland. Local government units in Maryland include 23 counties, Baltimore City, 156 municipalities, and 76 special taxing districts. Based on the types and number of local governments, Maryland's structure is relatively simple. Maryland ranks forty-sixth among the states in terms of the number of local governments, and, unlike many states, Maryland does not have townships or independent school districts. In comparison, Pennsylvania has almost 5,000 local government units, the second highest in the nation. Exhibit 1.1 compares the number of local government units in Maryland with surrounding states. Appendix 1 shows the number and type of local governments in the United States.

The small number of local governments in Maryland has resulted in a more consolidated approach to delivering local government services, particularly in relation to northeastern states. In Maryland, most local services are provided by county governments, with one local school system operating in each county. However, in many states, including neighboring Pennsylvania, local services are provided by sub-county units with multiple local school systems operating in each county. Exhibit 1.2 compares the number of local government units in selected counties in both Maryland and Pennsylvania. Exhibit 1.3 shows the multiple units of local government within York County, Pennsylvania, which include 35 townships and 15 independent school districts.

Exhibit 1.1
Number of Local Government Units in Maryland and Surrounding States

	Delaware	Maryland	Pennsylvania	Virginia	West Virginia
Counties	3	24	66	95	55
Municipalities	57	156	1,016	229	232
Townships	0	0	1,546	0	0
School Districts	19	0	515	0	55
Special Districts	259	76	1,728	187	321
Total	338	256	4,871	511	663
Rank	45th	46th	2nd	44th	38th

Note: School districts in Maryland and Virginia are dependent on another unit of local government for funding and are not classified as a separate unit of local government. Baltimore City is classified as a county government, since the city functions as a “county” for most purposes of State law.

Source: Department of Legislative Services

Exhibit 1.2
Comparison of Number of Local Government Units in Selected Jurisdictions in Maryland and Pennsylvania

County	Maryland		Pennsylvania	
	Baltimore	Frederick	York	Adams
Population	789,814	227,980	428,937	102,323
<i>Sub-county Units</i>				
Municipalities	0	12	37	13
Townships	0	0	35	21
School Districts	0	0	15	6
Special Districts	1	3	42	21
Total	2	16	130	62

Source: Department of Legislative Services

York County School Districts



A detailed map of York County, Maryland, showing its 33 towns. The towns are: Fairview, Newberry, Coneyago, Manchester, Springettsbury, Dover, West York, York, West Manchester, Paradise, Jackson, Grove Spring, North Codorus, Codorus, Springfield, North Hopewell, Hopewell, Shrewsbury, New Freedom, West Manheim, Manheim, Fawn, and Peach Bottom. The county is bordered by Cumberland County to the northwest, Washington County to the west, Adams County to the southwest, Lancaster County to the east, and Dauphin County to the northeast. The Susquehanna River forms the northern and eastern boundaries. The map also shows the locations of Carroll, Monaghan, Franklin, Warrenton, Washington, Wrightsville, Hellam, Lower Windsor, Windsor, Chanceford, Lower Chanceford, Fawn, and Peach Bottom. The map is labeled with 'York County' and 'Maryland' at the bottom.

Source: Department of Legislative Services

Counties are the principal unit of local government in Maryland, responsible for most basic services such as police, fire, local corrections, sanitation, highways, health, and parks and recreation. In addition, counties are responsible for funding public schools, libraries, local community colleges, and the circuit courts. This arrangement is similar to other states south of the Mason-Dixon Line. Northern states traditionally rely more on townships to provide local services; counties, where they exist, play a secondary role. In addition, unlike most states, the local school districts in Maryland are fiscally dependent on the county government for funding.

Unlike Maryland’s municipalities, which were established exclusively to meet local needs, counties have traditionally served two roles simultaneously – a provider of local services and an administrative arm of the State. In the first role, the form and extent of county government throughout the State developed based on local needs and on economic, geographic, and population differences. When these differences are considered collectively, they contribute to Maryland’s reputation as “America in Miniature.” In the second role, counties have served as a mechanism to provide services of statewide concern throughout each region of the State.

Baltimore City

Baltimore City is unique among Maryland's local governments. The city is a municipal corporation, but it is generally treated as a county for purposes of State law. Originally, Baltimore City was established as a municipal corporation within the confines of Baltimore County, and the city government performed exclusively municipal functions. However, in 1851, Baltimore City was separated from Baltimore County and has since functioned as an independent unit. Today, Baltimore City operates under the charter home rule form of government.

Municipal Corporations

Maryland has 156 municipal corporations, commonly referred to as municipalities, with home rule powers under Article XI-E of the Maryland Constitution. The dimensions of the municipalities vary widely, as does the number of county residents who live in them. Public works and public safety are the two largest functions for most municipalities in Maryland. Common public services performed by municipalities include street lighting, trash/refuse collection, snow removal, and street maintenance. Police protection, planning and zoning, leaf collection, and water services are provided by at least one-half of municipalities.

Municipalities in Maryland are relatively small, with 61 having fewer than 1,000 residents, while only 8 have more than 25,000 residents (Exhibit 1.4). Rockville, with 62,100 residents, is the largest municipality in Maryland followed by Gaithersburg and Frederick. Port Tobacco in Charles County, with 19 residents, is the State's smallest municipality.

Exhibit 1.4
Maryland Municipalities by Size

<u>Population Range</u>	<u>Number</u>	<u>Percent of Total</u>
25,000 – 65,000	8	5.1%
10,000 – 24,999	12	7.7%
5,000 – 9,999	18	11.5%
2,500 – 4,999	24	15.4%
1,000 – 2,499	33	21.2%
Less than 1,000	61	39.1%
Total	156	100.0%

Source: U.S. Census Bureau

The number of municipalities in each county and the percentage of residents in each county who reside within a municipality vary considerably. Prince George's County, with 27 municipalities, has the greatest number among the 23 counties. Although Prince George's County has the highest number of residents who reside within a municipality (223,739), municipal residents account for only 26.8% of the county population. Talbot County has the highest percentage of residents who reside within a municipality (49.1%). In contrast, in St. Mary's County, 2.2% of residents reside within a municipality. Baltimore and Howard counties have no municipalities located entirely within their boundaries, although a small portion of the Town of Hampstead does extend into Baltimore County. The number of residents in each county who reside within a municipality is provided in Exhibit 1.5.

Exhibit 1.5
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%	22
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%	22
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
Statewide	5,699,478	852,130	15.0%	

Source: Maryland Department of Planning; Department of Legislative Services

Townships and Independent School Districts

Unlike many states, Maryland does not have townships or independent school districts. Townships are geographic and political subdivisions of a county. Townships are located in 20 states, primarily in the Northeast and Midwest. In 11 states, townships may overlap with municipalities. The responsibilities and form of government of townships are specified by the state legislature. The most common responsibilities of

townships include highway maintenance, trash collection, and land use planning. In some states, including Pennsylvania, responsibilities include police and fire protection.

Independent school districts are a separate unit of local government that possess taxing authority. Around 90% of public school systems in the United States are classified as independent school districts. Independent school districts exist in Delaware, Pennsylvania, and West Virginia. School districts in Maryland and Virginia are classified as dependent school districts since they rely on another unit of local government for local funding.

Delivery of Public Services

County and municipal governments in Maryland spend approximately \$27.9 billion annually on public services. Counties are the primary unit of local government responsible for most basic services such as police, fire, local corrections, sanitation, local highways, health, and parks and recreation. Counties also are responsible for funding public schools, libraries, local community colleges, and the circuit courts. In fiscal 2009, expenditures at the county government level totaled \$26.6 billion, which accounted for 95.3% of total local government expenditures.

Compared to counties, municipal corporations in Maryland provide a more limited array of public services. Public works and public safety are the two largest functions of municipal governments, comprising 64.0% of municipal expenditures in fiscal 2009. In addition, municipal corporations do not fund local school systems and community colleges, which account for over 50% of local government expenditures. In fiscal 2009, expenditures at the municipal government level totaled \$1.3 billion, which accounted for only 4.7% of total local government expenditures. However, in five counties, municipal governments account for over 15% of local government expenditures. Exhibit 1.6 shows local government expenditures in Maryland by category. Exhibit 1.7 depicts local government expenditures for each county.

Exhibit 1.6
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

Exhibit 1.7
Local Government Expenditures by County
Fiscal 2009
(\$ in Millions)

County	County	Municipal	Total	Percent County	Percent Municipal
Allegany	\$260.4	\$56.8	\$317.1	82.1%	17.9%
Anne Arundel	2,121.8	96.7	2,218.5	95.6%	4.4%
Baltimore City	3,479.6	0.0	3,479.6	100.0%	0.0%
Baltimore	2,940.3	0.0	2,940.3	100.0%	0.0%
Calvert	408.9	12.2	421.2	97.1%	2.9%
Caroline	118.1	15.0	133.1	88.8%	11.2%
Carroll	691.3	52.1	743.4	93.0%	7.0%
Cecil	354.3	32.5	386.7	91.6%	8.4%
Charles	684.2	14.2	698.5	98.0%	2.0%
Dorchester	144.7	26.1	170.8	84.7%	15.3%
Frederick	1,007.4	170.1	1,177.5	85.6%	14.4%
Garrett	150.0	8.9	158.9	94.4%	5.6%
Harford	1,168.0	52.3	1,220.3	95.7%	4.3%
Howard	1,516.3	0.0	1,516.3	100.0%	0.0%
Kent	80.6	9.8	90.4	89.2%	10.8%
Montgomery	5,633.9	187.0	5,820.9	96.8%	3.2%
Prince George's	3,842.7	165.2	4,007.9	95.9%	4.1%
Queen Anne's	202.0	8.3	210.4	96.0%	4.0%
St. Mary's	393.5	3.4	396.9	99.1%	0.9%
Somerset	90.5	7.8	98.3	92.1%	7.9%
Talbot	130.6	84.0	214.5	60.9%	39.1%
Washington	489.4	117.4	606.8	80.7%	19.3%
Wicomico	376.9	62.7	439.7	85.7%	14.3%
Worcester	304.9	135.5	440.5	69.2%	30.8%
Statewide	\$26,590.6	\$1,318.0	\$27,908.6	95.3%	4.7%

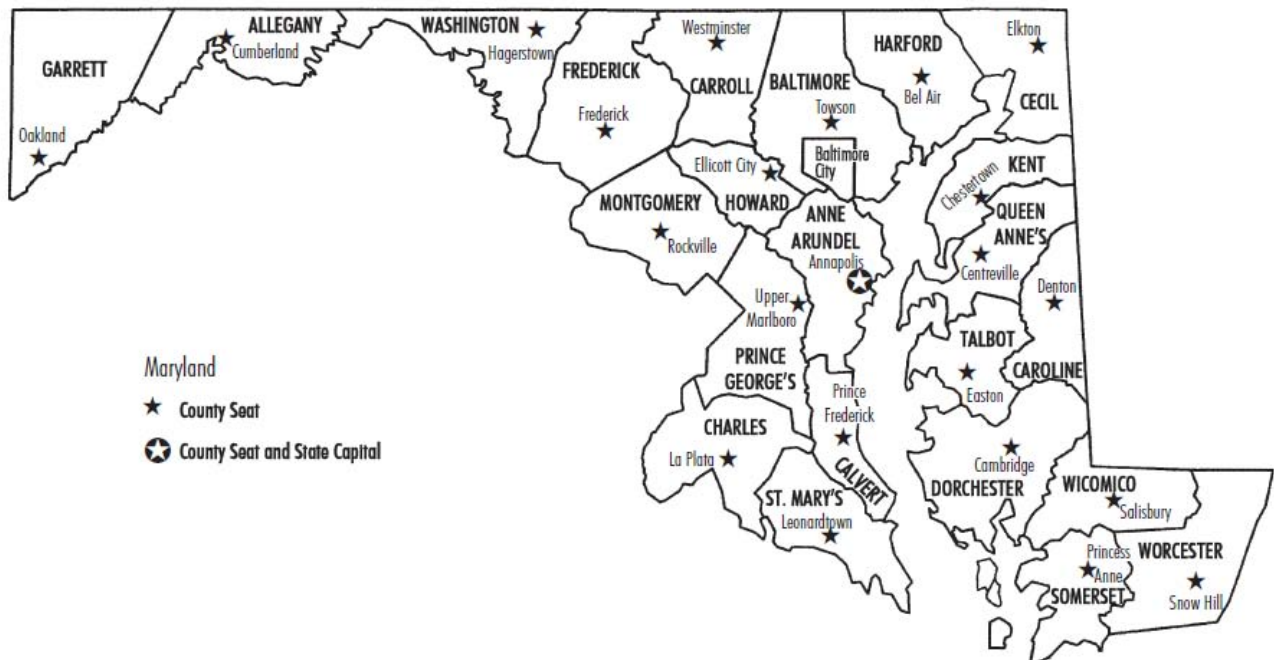
Source: *Local Government Finances Fiscal 2009*, Department of Legislative Services

Demographic Indicators

Land Area and Population

Maryland, consisting of 9,773 square miles, ranks as the forty-second state in terms of land mass. Maryland's counties range in size from Calvert County with 215 square miles to Frederick County with 663 square miles. Baltimore City comprises 81 square miles. Maryland ranks as the nineteenth state in terms of population, with approximately 5.7 million people. Montgomery County has the State's largest population with 972,000 residents, and Kent County has the lowest population with 20,000 residents. Baltimore City, although fourth in total population, has the highest population density in the State. Montgomery County is second in terms of population density, while Garrett County has the lowest population density. A map of Maryland showing each county and county seat is depicted in Exhibit 1.8. Exhibit 1.9 shows the land area, population, and population density for all Maryland jurisdictions.

Exhibit 1.8
State Map of Maryland



Source: Department of Legislative Services

Exhibit 1.9
Maryland Population and Density

County	Population July 2009	Rank	Land Area Sq. Miles	Rank	Population Density	Rank
Allegany	72,532	16	425.4	12	170.5	16
Anne Arundel	521,209	5	415.9	13	1,253.2	5
Baltimore City	637,418	4	80.8	24	7,888.8	1
Baltimore	789,814	3	598.6	3	1,319.4	4
Calvert	89,212	15	215.2	23	414.6	8
Caroline	33,367	20	320.1	19	104.2	19
Carroll	170,089	9	449.1	10	378.7	9
Cecil	100,796	13	348.1	17	289.6	13
Charles	142,226	11	461.0	8	308.5	12
Dorchester	32,043	21	557.5	4	57.5	23
Frederick	227,980	8	662.9	1	343.9	10
Garrett	29,555	22	648.0	2	45.6	24
Harford	242,514	7	440.3	11	550.8	7
Howard	281,884	6	252.0	22	1,118.6	6
Kent	20,247	24	279.4	20	72.5	22
Montgomery	971,600	1	495.5	5	1,960.8	2
Prince George's	834,560	2	485.4	6	1,719.3	3
Queen Anne's	47,958	18	372.2	15	128.9	18
St. Mary's	102,999	12	361.2	16	285.2	14
Somerset	25,959	23	327.2	18	79.3	21
Talbot	36,262	19	269.1	21	134.8	17
Washington	145,910	10	458.1	9	318.5	11
Wicomico	94,222	14	377.2	14	249.8	15
Worcester	49,122	17	473.2	7	103.8	20
Maryland	5,699,478		9,773.4		583.2	

Source: Department of Legislative Services

Racial Composition

Maryland is among the most diverse states in the nation (Exhibit 1.10). Racial minorities comprise 43.2% of the State's population compared to 34.9% nationally as shown in Exhibit 1.11. African Americans are the largest racial minority in Maryland comprising 29.0% of the State's population; whereas Hispanics account for 7.2%, followed by Asians at 5.2%. Montgomery County is one of the most affluent and diverse jurisdictions in Maryland with Hispanics, African Americans, and Asians each comprising between 14 and 16% of the county's population. Exhibit 1.12 shows the racial composition for each jurisdiction in Maryland.

Exhibit 1.10 Leading States for Minorities Percent of State Population

1. Hawaii	74.9%	6. Maryland	43.2%
2. New Mexico	59.1%	7. Arizona	42.7%
3. California	58.3%	8. Georgia	42.5%
4. Texas	53.3%	9. Mississippi	41.7%
5. Nevada	44.2%	10. Florida	40.5%

Source: U.S. Census Bureau

Exhibit 1.11 Maryland Racial Composition in 2009

	Maryland	United States
White	56.8%	65.1%
African American	29.0%	12.3%
Hispanic/Latino	7.2%	15.8%
Asian	5.2%	4.5%
American Indian	0.3%	0.8%
Native Hawaiian	0.1%	0.1%
Multiracial	1.5%	1.5%

Source: U.S. Census Bureau

Exhibit 1.12
Racial Composition in Maryland Counties
July 2009

County	White	African American	Hispanic/Latino	Asian	Other
Allegany	90.5%	6.6%	1.1%	0.6%	1.2%
Anne Arundel	74.4%	15.4%	4.9%	3.2%	2.1%
Baltimore City	30.9%	62.6%	3.0%	1.9%	1.5%
Baltimore	65.3%	25.3%	3.3%	4.3%	1.7%
Calvert	79.4%	14.6%	2.7%	1.3%	1.9%
Caroline	77.9%	13.9%	5.9%	0.8%	1.5%
Carroll	91.1%	4.0%	2.0%	1.7%	1.2%
Cecil	88.9%	6.0%	2.6%	1.1%	1.5%
Charles	50.7%	39.8%	3.9%	2.5%	3.0%
Dorchester	68.0%	27.4%	2.5%	1.0%	1.2%
Frederick	79.3%	8.8%	6.3%	3.7%	2.0%
Garrett	97.6%	0.9%	0.6%	0.3%	0.6%
Harford	80.8%	12.3%	2.9%	2.2%	1.8%
Howard	62.5%	17.4%	5.4%	12.3%	2.4%
Kent	78.9%	15.8%	3.5%	0.7%	1.1%
Montgomery	51.9%	16.3%	16.1%	13.7%	2.0%
Prince George's	17.0%	63.8%	13.5%	3.8%	1.8%
Queen Anne's	87.2%	8.2%	2.2%	1.1%	1.3%
St. Mary's	77.7%	14.8%	3.0%	2.3%	2.2%
Somerset	54.0%	40.9%	2.7%	0.9%	1.6%
Talbot	81.0%	13.3%	3.6%	0.9%	1.1%
Washington	84.4%	9.7%	2.9%	1.4%	1.6%
Wicomico	69.2%	23.7%	3.8%	1.9%	1.5%
Worcester	80.5%	14.6%	2.8%	0.9%	1.2%
Maryland	56.8%	29.0%	7.2%	5.2%	1.8%
United States	65.1%	12.3%	15.8%	4.5%	2.4%

Source: U.S. Census Bureau, Maryland Department of Planning

Over the last nine years of available data (2000-2009), gains in the State's population were comprised entirely from growth in minority groups. During this period, the State's minority population increased by 23.3%, while the white population decreased by 1.9%. The State's Hispanic population increased by 80.4% during this period, with the Asian population increasing by 37.3% and African Americans by 11.9%. Exhibit 1.13 shows population growth by racial composition. Exhibit 1.14 shows the

change in minority population by county and Exhibit 1.15 shows the growth in the minority share of a county's population.

Exhibit 1.13
Population Growth by Racial Composition
April 2000 to July 2009

County	Total Population	White	African American	Hispanic/ Latino	Asian
Allegany	-3.2%	-5.4%	20.4%	45.2%	18.4%
Anne Arundel	6.4%	-0.9%	21.7%	98.7%	44.4%
Baltimore City	-2.1%	-3.1%	-4.6%	74.3%	21.6%
Baltimore	4.7%	-7.1%	32.1%	91.5%	39.3%
Calvert	19.6%	14.4%	33.5%	115.1%	76.5%
Caroline	12.1%	7.9%	5.3%	149.0%	55.2%
Carroll	12.7%	7.9%	99.4%	125.3%	150.6%
Cecil	17.3%	12.4%	80.0%	97.9%	79.1%
Charles	18.0%	-11.4%	80.8%	105.9%	63.8%
Dorchester	4.5%	3.1%	1.1%	105.5%	45.9%
Frederick	16.7%	4.8%	61.8%	207.2%	155.9%
Garrett	-1.0%	-1.9%	103.1%	45.0%	36.8%
Harford	10.9%	4.3%	48.6%	65.8%	60.8%
Howard	13.7%	-2.5%	37.2%	101.6%	80.3%
Kent	5.5%	6.0%	-4.1%	30.4%	35.5%
Montgomery	11.3%	-3.8%	19.3%	55.8%	32.8%
Prince George's	4.1%	-27.7%	6.0%	98.0%	1.7%
Queen Anne's	18.2%	16.4%	11.1%	140.8%	114.8%
St. Mary's	19.4%	15.2%	27.7%	77.3%	52.6%
Somerset	4.9%	1.3%	4.6%	106.3%	88.5%
Talbot	7.2%	6.9%	-6.6%	115.0%	23.4%
Washington	10.6%	4.7%	38.3%	168.9%	98.4%
Wicomico	11.3%	7.4%	13.2%	92.7%	16.9%
Worcester	5.5%	5.5%	-7.0%	129.4%	52.9%
Maryland	7.6%	-1.9%	11.9%	80.4%	37.3%

Source: U.S. Census Bureau, Maryland Department of Planning

Exhibit 1.14
Growth in Minority Population by County

County	April 2000	July 2009	Population Change	Percent Change	Rank
Allegany	5,528	6,902	1,374	24.9%	16
Anne Arundel	98,113	133,274	35,161	35.8%	12
Baltimore City	447,821	440,429	-7,392	-1.7%	24
Baltimore	198,666	273,674	75,008	37.8%	10
Calvert	12,587	18,341	5,754	45.7%	9
Caroline	5,693	7,385	1,692	29.7%	15
Carroll	7,243	15,111	7,868	108.6%	1
Cecil	6,265	11,196	4,931	78.7%	4
Charles	39,192	70,142	30,950	79.0%	3
Dorchester	9,545	10,254	709	7.4%	21
Frederick	22,935	47,285	24,350	106.2%	2
Garrett	444	697	253	57.0%	7
Harford	30,663	46,599	15,936	52.0%	8
Howard	67,042	105,659	38,617	57.6%	6
Kent	4,127	4,270	143	3.5%	23
Montgomery	349,089	467,168	118,079	33.8%	13
Prince George's	605,103	692,619	87,516	14.5%	18
Queen Anne's	4,637	6,147	1,510	32.6%	14
St. Mary's	16,739	22,921	6,182	36.9%	11
Somerset	10,906	11,936	1,030	9.4%	19
Talbot	6,323	6,879	556	8.8%	20
Washington	14,227	22,741	8,514	59.8%	5
Wicomico	23,981	29,041	5,060	21.1%	17
Worcester	9,056	9,585	529	5.8%	22
Maryland	1,995,925	2,460,255	464,330	23.3%	

Source: U.S. Census Bureau

Exhibit 1.15
Growth in Minority Share of Population by County

County	April 2000	July 2009	Percentage Change	Rank
Allegany	7.4%	9.5%	2.1%	16
Anne Arundel	20.0%	25.6%	5.5%	7
Baltimore City	68.8%	69.1%	0.3%	21
Baltimore	26.3%	34.7%	8.3%	4
Calvert	16.9%	20.6%	3.7%	12
Caroline	19.1%	22.1%	3.0%	13
Carroll	4.8%	8.9%	4.1%	10
Cecil	7.3%	11.1%	3.8%	11
Charles	32.5%	49.3%	16.8%	1
Dorchester	31.1%	32.0%	0.9%	19
Frederick	11.7%	20.7%	9.0%	3
Garrett	1.5%	2.4%	0.9%	20
Harford	14.0%	19.2%	5.2%	8
Howard	27.0%	37.5%	10.4%	2
Kent	21.5%	21.1%	-0.4%	24
Montgomery	40.0%	48.1%	8.1%	5
Prince George's	75.5%	83.0%	7.5%	6
Queen Anne's	11.4%	12.8%	1.4%	18
St. Mary's	19.4%	22.3%	2.8%	14
Somerset	44.1%	46.0%	1.9%	17
Talbot	18.7%	19.0%	0.3%	22
Washington	10.8%	15.6%	4.8%	9
Wicomico	28.3%	30.8%	2.5%	15
Worcester	19.5%	19.5%	0.1%	23
Maryland	37.7%	43.2%	5.5%	

Source: U.S. Census Bureau

Population Growth

Managing growth remains a key issue as Maryland's population continues to expand. From 2000 to 2009, the State's population increased by nearly 403,000 people. This represents a 7.6% increase over the nine-year period, giving Maryland the twenty-third highest growth rate in the nation. For comparison purposes, the U.S. population increased by 9.1% during this same period. Maryland's population growth is attributable to natural increases and international immigration. Maryland continues to experience population losses from net internal migration, movement among the states, for the sixth consecutive year. This decline was offset by a high level of

international immigration. Over the last nine years, over 191,000 foreign-born individuals have entered the State, residing primarily in Montgomery and Prince George's counties. International immigration has helped to offset the sizable decreases in internal migration within both jurisdictions. From 2000 through 2009, Montgomery County realized a net loss of 67,700 residents due to internal migration, and Prince George's County realized a net loss of 77,200 residents. The only other jurisdictions in Maryland with a net decrease in internal migration are Baltimore City and Allegany, Anne Arundel, and Garrett counties. Exhibit 1.16 shows the growth in population for each jurisdiction since 2000, and Exhibit 1.17 shows components of population change since 2000.

Exhibit 1.16
Population Growth in Maryland by County

County	April 2000	July 2009	Population Change	Percent Change	Rank
Allegany	74,930	72,532	-2,398	-3.2%	24
Anne Arundel	489,664	521,209	31,545	6.4%	15
Baltimore City	651,154	637,418	-13,736	-2.1%	23
Baltimore	754,308	789,814	35,506	4.7%	19
Calvert	74,563	89,212	14,649	19.6%	1
Caroline	29,772	33,367	3,595	12.1%	9
Carroll	150,897	170,089	19,192	12.7%	8
Cecil	85,951	100,796	14,845	17.3%	5
Charles	120,546	142,226	21,680	18.0%	4
Dorchester	30,675	32,043	1,368	4.5%	20
Frederick	195,276	227,980	32,704	16.7%	6
Garrett	29,846	29,555	-291	-1.0%	22
Harford	218,590	242,514	23,924	10.9%	12
Howard	247,849	281,884	34,035	13.7%	7
Kent	19,200	20,247	1,047	5.5%	17
Montgomery	873,346	971,600	98,254	11.3%	11
Prince George's	801,516	834,560	33,044	4.1%	21
Queen Anne's	40,560	47,958	7,398	18.2%	3
St. Mary's	86,232	102,999	16,767	19.4%	2
Somerset	24,747	25,959	1,212	4.9%	18
Talbot	33,812	36,262	2,450	7.2%	14
Washington	131,923	145,910	13,987	10.6%	13
Wicomico	84,644	94,222	9,578	11.3%	10
Worcester	46,543	49,122	2,579	5.5%	16
Maryland	5,296,544	5,699,478	402,934	7.6%	

Source: U.S. Census Bureau

Exhibit 1.17
Components of Maryland Population Change
April 2000 to July 2009

County	Net Natural Increase	International Migration	Internal Migration	Residual	Total
Allegany	-1,865	117	-173	-477	-2,398
Anne Arundel	29,996	4,978	-375	-3,054	31,545
Baltimore City	18,636	11,254	-77,509	33,883	-13,736
Baltimore	18,276	16,928	5,217	-4,915	35,506
Calvert	3,986	432	10,523	-292	14,649
Caroline	1,215	663	1,880	-163	3,595
Carroll	6,082	839	12,872	-601	19,192
Cecil	4,471	509	10,324	-459	14,845
Charles	9,445	447	12,349	-561	21,680
Dorchester	-153	77	1,614	-170	1,368
Frederick	14,837	2,757	16,176	-1,066	32,704
Garrett	85	54	-258	-172	-291
Harford	11,798	1,691	11,673	-1,238	23,924
Howard	19,967	9,680	6,028	-1,640	34,035
Kent	-544	86	1,604	-99	1,047
Montgomery	74,571	89,435	-67,717	1,965	98,254
Prince George's	67,445	46,919	-77,225	-4,095	33,044
Queen Anne's	1,429	433	5,687	-151	7,398
St. Mary's	7,138	302	9,699	-372	16,767
Somerset	57	308	992	-145	1,212
Talbot	-535	367	2,828	-210	2,450
Washington	4,049	814	9,919	-795	13,987
Wicomico	3,560	1,589	4,947	-518	9,578
Worcester	-712	583	2,953	-245	2,579
Maryland	293,234	191,262	-95,972	14,410	402,934

Source: U.S. Census Bureau

Population growth throughout Maryland has not been uniform. The largest growth occurred in Southern Maryland, the Eastern Shore, and the north-central region of the State. Baltimore City and many economically distressed rural counties realized either marginal growth or continued reductions in population. Calvert County led the State in the pace of population growth between 2000 and 2009 with a growth rate of 19.6%. Five other counties, Cecil, Charles, Frederick, Queen Anne's, and St. Mary's, had growth rates above 15%. Baltimore City and Allegany and Garrett counties were the only

jurisdictions that lost population since 2000. Exhibit 1.18 depicts the change in Maryland population by region since 1970. The change in population for each county and region since 1970 is shown in Appendix 2.

Exhibit 1.18
Share of State Population by Region

Region	1970	1980	1990	2000	2009
Baltimore	52.7%	51.5%	49.1%	47.4%	46.4%
Washington Suburban	32.4%	32.3%	34.2%	35.3%	35.7%
Southern Maryland	3.0%	4.0%	4.8%	5.3%	5.9%
Western Maryland	5.3%	5.2%	4.7%	4.5%	4.4%
Eastern Shore	6.6%	7.0%	7.2%	7.5%	7.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Department of Legislative Services

Median Household Income

Maryland continues to be one of the most affluent states in the nation with high income levels and low poverty rates. For example, Maryland had the third highest median household income in the nation based on a three-year average for 2007 through 2009. Like Maryland, a majority of the high income states are located in the Northeast and Mid-Atlantic region. In contrast, states with the lowest income levels continue to be concentrated in the Southeastern region of the country. Exhibit 1.19 lists the 10 states with the highest and lowest median household income.

The median household income in 2009 for Maryland jurisdictions ranged from \$39,900 in Allegany County to \$100,100 in Howard County. Montgomery County had the second highest median income at \$94,050, and Calvert County had the third highest at \$87,700. Four counties (Allegany, Dorchester, Kent, and Somerset) and Baltimore City had income levels below 70% of the statewide average. Exhibit 1.20 ranks Maryland counties by median household income and Exhibit 1.21 shows the growth in median household income over a 10-year period.

Exhibit 1.19
Median Household Income in the United States
(Three-year Average Median for 2007-2009)

<u><i>Top 10 States</i></u>			<u><i>Bottom 10 States</i></u>		
1.	New Hampshire	\$66,654	41.	North Carolina	\$43,229
2.	Connecticut	65,213	42.	South Carolina	42,945
3.	Maryland	65,183	43.	Montana	42,778
4.	New Jersey	64,143	44.	Alabama	42,652
5.	Alaska	63,505	45.	Louisiana	42,528
6.	Virginia	61,151	46.	Kentucky	41,489
7.	Hawaii	61,055	47.	Tennessee	40,895
8.	Massachusetts	59,981	48.	West Virginia	40,627
9.	Colorado	59,964	49.	Arkansas	39,392
10.	Washington	58,964	50.	Mississippi	36,650

Source: U.S. Census Bureau

Exhibit 1.20
Median Household Income for Maryland Counties

County	CY 1989	Rank	CY 1999	Rank	CY 2009	Rank
Allegany	\$21,546	24	\$30,800	22	\$39,900	24
Anne Arundel	45,147	5	61,750	5	82,400	5
Baltimore City	24,045	21	30,100	23	40,550	23
Baltimore	38,837	11	50,650	12	63,550	13
Calvert	47,608	3	65,950	3	87,700	3
Caroline	27,758	18	38,850	19	57,050	15
Carroll	42,378	7	60,000	7	79,300	7
Cecil	36,019	13	50,500	13	64,900	12
Charles	46,415	4	62,200	4	86,650	4
Dorchester	24,922	20	34,100	20	46,600	20
Frederick	41,382	9	60,300	6	81,200	6
Garrett	22,733	23	32,250	21	50,800	19
Harford	41,680	8	57,250	8	76,450	9
Howard	54,348	1	74,150	1	100,100	1
Kent	30,104	15	39,850	17	46,600	20
Montgomery	54,089	2	71,550	2	94,050	2
Prince George's	43,127	6	55,250	10	71,300	11
Queen Anne's	39,190	10	57,050	9	75,250	10
St. Mary's	37,158	12	54,700	11	79,000	8
Somerset	23,379	22	29,900	24	40,800	22
Talbot	31,885	14	43,550	14	62,250	14
Washington	29,632	16	40,600	16	53,600	17
Wicomico	28,512	17	39,050	18	52,700	18
Worcester	27,586	19	40,650	15	54,750	16
Maryland	\$39,386		\$52,850		\$70,050	

Source: U.S. Census Bureau

Exhibit 1.21
Income Growth – Median Household Income

County	CY 1999	CY 2009	Percent Change	Rank
Allegany	\$30,800	\$39,900	29.5%	20
Anne Arundel	61,750	82,400	33.4%	14
Baltimore City	30,100	40,550	34.7%	10
Baltimore	50,650	63,550	25.5%	23
Calvert	65,950	87,700	33.0%	15
Caroline	38,850	57,050	46.8%	2
Carroll	60,000	79,300	32.2%	16
Cecil	50,500	64,900	28.5%	22
Charles	62,200	86,650	39.3%	5
Dorchester	34,100	46,600	36.7%	6
Frederick	60,300	81,200	34.7%	12
Garrett	32,250	50,800	57.5%	1
Harford	57,250	76,450	33.5%	13
Howard	74,150	100,100	35.0%	8
Kent	39,850	46,600	16.9%	24
Montgomery	71,550	94,050	31.4%	19
Prince George's	55,250	71,300	29.0%	21
Queen Anne's	57,050	75,250	31.9%	18
St. Mary's	54,700	79,000	44.4%	3
Somerset	29,900	40,800	36.5%	7
Talbot	43,550	62,250	42.9%	4
Washington	40,600	53,600	32.0%	17
Wicomico	39,050	52,700	35.0%	9
Worcester	40,650	54,750	34.7%	11
Maryland	\$52,850	\$70,050	32.5%	

Source: U.S. Census Bureau

Employment Type

The private sector accounts for almost 80% of employment in Maryland with the government sector accounting for 20%. The reliance on government employment ranges from 10.9% in Talbot County to 45.9% in Somerset County. The high reliance on government employment in Somerset County is due primarily to the location of correctional facilities in the county as well as a major State institution of higher education. The State government accounts for 4.3% of total employment in Maryland while local governments account for 10.3%. Due to the State's proximity to the nation's capital, Maryland has a high concentration of federal employment, which accounts for nearly 6% of total employment in the State. Nearly one-third of federal positions are located in Montgomery County with an additional 20% located in Prince George's County. St. Mary's and Harford counties have the highest reliance on federal employment, due to the location of federal military installations. Exhibit 1.22 shows employment in Maryland counties by sector and Exhibit 1.23 shows the county share of total employment by sector.

Employment Growth

Employment growth is one indicator of an economy's overall health. The total number and the percent change in new jobs created are widely used performance measures. Total employment in Maryland from 2005 to 2010 decreased by 2.1%, resulting in a net loss of approximately 52,400 jobs. The highest job losses occurred in Baltimore City and Dorchester and Worcester counties. Six counties, however, experienced growth in employment during this period, with the highest level of growth occurring in St. Mary's, Howard, and Anne Arundel counties. Exhibit 1.24 shows the change in employment for each county from the first quarter in 2005 to the first quarter in 2010.

The employment growth rate was calculated by using average quarterly employment data as reported by the Maryland Department of Labor, Licensing, and Regulation. Employment growth statistics represent the available jobs within a jurisdiction but not the employment status for residents of the jurisdiction. The employment status of residents within a jurisdiction is indicated by the unemployment rate.

Exhibit 1.22
Employment in Maryland Counties by Sector
First Quarter 2010

County	Private Sector	Government Sector	Government Sector		
			Federal	State	Local
Allegany	76.3%	23.7%	1.9%	10.7%	11.1%
Anne Arundel	82.5%	17.5%	4.1%	4.2%	9.1%
Baltimore City	75.4%	24.6%	3.3%	12.9%	8.4%
Baltimore	83.6%	16.4%	4.5%	3.0%	8.8%
Calvert	80.2%	19.8%	0.7%	1.2%	17.8%
Caroline	80.0%	20.0%	1.1%	2.1%	16.8%
Carroll	84.3%	15.7%	0.6%	2.3%	12.8%
Cecil	77.8%	22.2%	5.5%	1.2%	15.5%
Charles	76.6%	23.4%	5.8%	1.0%	16.5%
Dorchester	77.6%	22.4%	1.8%	7.1%	13.5%
Frederick	82.0%	18.0%	4.3%	0.8%	12.9%
Garrett	84.1%	15.9%	0.7%	2.0%	13.2%
Harford	75.0%	25.0%	12.0%	0.6%	12.3%
Howard	87.1%	12.9%	0.5%	2.4%	10.0%
Kent	85.8%	14.2%	1.1%	4.0%	9.2%
Montgomery	80.3%	19.7%	10.1%	0.3%	9.2%
Prince George's	70.2%	29.8%	9.1%	6.3%	14.3%
Queen Anne's	78.4%	21.6%	0.8%	1.6%	19.2%
St. Mary's	67.9%	32.1%	20.3%	2.0%	9.8%
Somerset	54.1%	45.9%	1.0%	29.3%	15.6%
Talbot	89.1%	10.9%	1.6%	1.2%	8.1%
Washington	85.1%	14.9%	1.1%	4.2%	9.6%
Wicomico	81.6%	18.4%	0.8%	5.9%	11.7%
Worcester	80.3%	19.7%	1.1%	2.0%	16.5%
Unallocated	98.0%	2.0%	0.3%	1.7%	0.1%
Maryland	79.7%	20.3%	5.7%	4.3%	10.3%

Source: *Employment and Payroll Annual Report*, Department of Labor, Licensing, and Regulation

Exhibit 1.23
County Share of Total Employment by Sector
First Quarter 2010

County	State Population	Private Sector	Government Sector	Government Sector		
				Federal	State	Local
Allegany	1.3%	1.1%	1.4%	0.4%	3.0%	1.3%
Anne Arundel	9.1%	9.5%	8.0%	6.8%	9.1%	8.1%
Baltimore City	11.2%	12.7%	16.2%	7.7%	40.5%	10.9%
Baltimore	13.9%	15.6%	12.0%	11.9%	10.6%	12.6%
Calvert	1.6%	0.9%	0.8%	0.1%	0.2%	1.5%
Caroline	0.6%	0.3%	0.3%	0.1%	0.2%	0.6%
Carroll	3.0%	2.3%	1.7%	0.2%	1.2%	2.7%
Cecil	1.8%	1.1%	1.2%	1.1%	0.3%	1.7%
Charles	2.5%	1.6%	1.9%	1.7%	0.4%	2.6%
Dorchester	0.6%	0.4%	0.5%	0.1%	0.7%	0.6%
Frederick	4.0%	3.8%	3.3%	2.9%	0.7%	4.6%
Garrett	0.5%	0.5%	0.4%	0.1%	0.2%	0.6%
Harford	4.3%	3.1%	4.1%	7.0%	0.5%	3.9%
Howard	4.9%	6.4%	3.8%	0.5%	3.3%	5.7%
Kent	0.4%	0.3%	0.2%	0.1%	0.3%	0.3%
Montgomery	17.0%	18.3%	17.6%	32.4%	1.2%	16.2%
Prince George's	14.6%	10.8%	17.9%	19.7%	18.2%	16.9%
Queen Anne's	0.8%	0.5%	0.5%	0.1%	0.2%	1.0%
St. Mary's	1.8%	1.4%	2.6%	6.0%	0.8%	1.6%
Somerset	0.5%	0.2%	0.6%	0.0%	1.8%	0.4%
Talbot	0.6%	0.8%	0.4%	0.2%	0.2%	0.6%
Washington	2.6%	2.8%	1.9%	0.5%	2.6%	2.4%
Wicomico	1.7%	1.8%	1.6%	0.2%	2.5%	2.0%
Worcester	0.9%	0.8%	0.7%	0.2%	0.4%	1.2%
Unallocated		2.9%	0.2%	0.1%	0.9%	0.0%
Maryland	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: *Employment and Payroll Annual Report*, Department of Labor, Licensing, and Regulation

Exhibit 1.24
Employment Growth in Maryland Counties – Over Five-year Period
First Quarter 2005 and 2010

County	<u>Average Employment within Jurisdiction</u>				Rank	<u>Jobs Per 1,000 Residents</u>		
	1Q 2005	1Q 2010	Difference	% Difference		1Q 2010	Percent of State Avg.	Rank
Allegany	30,004	28,747	-1,257	-4.2%	16	396.3	94.5%	9
Anne Arundel	216,625	220,228	3,603	1.7%	3	422.5	100.7%	8
Baltimore City	347,521	320,403	-27,118	-7.8%	23	502.7	119.8%	1
Baltimore	362,909	355,189	-7,720	-2.1%	11	449.7	107.2%	5
Calvert	20,487	20,420	-67	-0.3%	7	228.9	54.6%	24
Caroline	8,505	8,192	-313	-3.7%	14	245.5	58.5%	23
Carroll	52,598	52,772	174	0.3%	5	310.3	73.9%	18
Cecil	28,305	26,916	-1,389	-4.9%	18	267.0	63.6%	20
Charles	39,665	38,924	-741	-1.9%	10	273.7	65.2%	19
Dorchester	11,651	10,591	-1,060	-9.1%	24	330.5	78.8%	16
Frederick	89,461	89,106	-355	-0.4%	8	390.9	93.2%	10
Garrett	11,228	11,069	-159	-1.4%	9	374.5	89.3%	12
Harford	78,749	78,828	79	0.1%	6	325.0	77.5%	17
Howard	135,462	141,169	5,707	4.2%	2	500.8	119.4%	2
Kent	7,693	7,179	-514	-6.7%	21	354.6	84.5%	14
Montgomery	450,943	433,226	-17,717	-3.9%	15	445.9	106.3%	6
Prince George's	307,496	292,271	-15,225	-5.0%	19	350.2	83.5%	15
Queen Anne's	12,162	12,292	130	1.1%	4	256.3	61.1%	21
St. Mary's	37,088	39,850	2,762	7.4%	1	386.9	92.2%	11
Somerset	6,707	6,417	-290	-4.3%	17	247.2	58.9%	22
Talbot	18,281	17,291	-990	-5.4%	20	476.8	113.6%	3
Washington	64,641	62,279	-2,362	-3.7%	13	426.8	101.7%	7
Wicomico	44,418	42,924	-1,494	-3.4%	12	455.6	108.6%	4
Worcester	19,654	18,216	-1,438	-7.3%	22	370.8	88.4%	13
Unallocated	41,453	56,834	15,381	37.1%				
Maryland	2,443,706	2,391,333	-52,373	-2.1%		419.6	100.0%	

Note: The employment growth rate was calculated by using average quarterly employment data. Employment growth statistics represent the available jobs within a jurisdiction, not the employment status for residents of the jurisdiction.

Source: *Employment and Payroll Annual Report*, Department of Labor, Licensing, and Regulation

Chapter 2. County and Municipal Profiles

Maryland is a diverse State encompassing the mountainous regions of Western Maryland, waterfront communities along the Chesapeake Bay, historic towns, rolling hills and horse farms in the north-central region of the State, and the urban center along the Baltimore-Washington corridor. This diversity is also reflected in the State's people and families. Maryland is today a dynamic and culturally enriched State comprising people from approximately 180 different countries speaking over 80 languages. The following section provides a brief history and profile of each county, and includes a link to the county's official website.

Allegany County

Allegany County, located in Western Maryland, was created out of Washington County in 1789. The name "Allegany" comes from "oolikhanna," a Native American term meaning "beautiful stream." The county represents one aspect of Maryland's varying landscapes, billing itself as the "Mountain Side of Maryland."

Allegany County has seven municipal corporations, including the industrial city of Cumberland, the county's largest municipal corporation and county seat. Cumberland was founded in 1787 and named for Fort Cumberland, where George Washington assumed his first military command during the French and Indian War. The city's role as a transportation hub spurred its development. The Chesapeake and Ohio Canal ran more than 180 miles from Washington, DC to Cumberland. The National Road, the first road built with federal funds, began in Cumberland and ran west more than 600 miles to Vandalia, Illinois. The Queen City Transportation Museum relates the history of the canal and the road and displays historic automobiles, carriages, and wagons.

The City of Frostburg grew up around an inn on the National Road. Today, it is home to Frostburg State University, part of the University System of Maryland. The university plays a central role in the cultural and economic life of Western Maryland. The Appalachian Laboratory of the University of Maryland's Center for Environmental Science is also in Frostburg. The laboratory conducts ecological research and strives to protect the natural resources of the region, including the Chesapeake Bay watershed.

Visitors come to Allegany County to enjoy the excellent outdoor recreation opportunities, including fishing, boating, hiking, biking, and golf, and to take in the breathtaking mountain views. There are several State parks and forests in Allegany, including Dan's Mountain State Park, Green Ridge State Forest, and Rocky Gap State Park. Rocky Gap State Park features a lodge and golf resort with a Jack Nicklaus

signature golf course. Other popular attractions include the Chesapeake and Ohio Canal National Historical Park and Canal Place. In addition, the Western Maryland Scenic Railroad offers rides between historic Cumberland and Frostburg, and the Great Allegany Passage hiking and biking trail provides a continuous off-road route from Cumberland to Pittsburgh.

Historically, Allegany's economy was based on manufacturing, and this sector remains important today. Other important industries include information technology, biotechnology, and tourism. The Allegany Business Center is a new technology business park in Frostburg resulting from a partnership between Frostburg State University, State and local government, and the private sector.

Since 1974, Allegany County has operated as a code home rule county, governed by three county commissioners. Allegany County's official website is found at <http://www.gov.allconet.org>.

Anne Arundel County

Anne Arundel County, created by the General Assembly in 1650, is named for Lady Anne Arundell, the wife of Cecilius Calvert, Second Lord Baltimore and founder of the Maryland colony. The county has two municipal corporations, Annapolis and Highland Beach.

Annapolis, which serves as the county seat as well as the State capital, is one of the oldest and most historic cities in the country. Chartered in 1708, Annapolis is known for its rich architectural heritage. The city has the highest concentration of eighteenth century Georgian-style buildings in the nation. Annapolis was briefly the capital of the United States in 1783 and 1784, when Congress met in the State House. The treaty ending the Revolutionary War was ratified there in 1784. The State House remains the oldest state capitol building in continuous legislative use in the nation. All four Maryland signers of the Declaration of Independence had homes in Annapolis, all of which are still standing. The United States Naval Academy, founded in 1845, trains the nation's naval officers. The historic campus includes Bancroft Hall, one of the largest student dormitories in the world, and the crypt of Revolutionary War naval hero John Paul Jones. Once an important seaport, Annapolis is known today as "America's Sailing Capital."

Anne Arundel County has more than 500 miles of scenic Chesapeake Bay coastline. There are many waterfront communities. Sandy Point State Park near the Chesapeake Bay Bridge offers public access to the water, as do county parks such as Downs Memorial Park in Pasadena and Quiet Waters Park near Annapolis.

Located in the Baltimore/Washington corridor, the county has a diverse, advanced economy with Baltimore-Washington International Thurgood Marshall Airport being a major economic force. The county is also an important center for the defense industry, with the National Security Agency and Fort George G. Meade being located in the county. Employment at Fort Meade is expected to grow significantly due to the Base Realignment and Closure process. Eight of the top 10 defense contractors in the nation have a presence in the county. The county's economy is also grounded in telecommunications, distribution operations, retail, and technical support services. Arundel Mills Mall in Hanover is one of the area's largest and busiest malls with over 200 stores.

Since 1964, Anne Arundel County has been a charter county, governed by an elected executive and a seven-member council. Anne Arundel County's official website is found at <http://www.aacounty.org>.

Baltimore City

Baltimore City was named for Cecilius Calvert's Barony in Ireland. The city was first incorporated in 1796 and was originally a part of Baltimore County. It became an independent unit separate from the county in 1851, and today is known by the nickname "Charm City."

Baltimore City is a dynamic urban center with a rich history. Francis Scott Key was inspired to write our national anthem, "The Star-Spangled Banner," while watching American forces at Fort McHenry withstand a British bombardment during the War of 1812. The nation's first railroad, the Baltimore and Ohio, began in the city. The oldest Catholic cathedral in the United States, the Basilica of the Assumption of the Blessed Virgin Mary, is located there. The city is also where the first telegraph message was received in 1844. The city grew based on a strong industrial economy and maritime trade.

Baltimore's economy today is fueled by a variety of institutions and industries. The Port of Baltimore remains a major employer. The port handles more roll-on, roll-off cargo (such as farm equipment) than any other port in the country and is also a major container terminal. The port's strategic location as the closest port to the large cities of the Midwest helps ensure its success.

Other important sectors of the city's economy include health care and higher education. Johns Hopkins Medicine, which includes the Johns Hopkins University's medical school and the Johns Hopkins Hospital, is internationally renowned and is the largest recipient of federal medical research dollars in the nation. In addition to

Johns Hopkins University, the city is home to Morgan State University; the University of Maryland, Baltimore; the University of Maryland Medical System; the University of Maryland Biotechnology Institute; and several other institutions that make it an important center for research and innovation.

Baltimore's revitalized Inner Harbor is the center of a thriving tourism industry. Premier attractions include Oriole Park at Camden Yards, M&T Bank Stadium, the National Aquarium in Baltimore, the Maryland Science Center, the Walters Art Museum, and the Reginald F. Lewis Museum of Maryland African American History & Culture. Visitors are also attracted to the city's distinctive neighborhoods, including Fells Point, Little Italy, and Mount Vernon. Other industries important to the city's economy include finance and banking.

Baltimore City is governed by a mayor and a 15-member council. Its official website is found at <http://www.baltimorecity.gov>.

Baltimore County

Known as "Maryland's horse country," Baltimore County was established in 1659. Following the separation of Baltimore City from the county, Towson became the county seat in 1854. The county has no municipal corporations.

Baltimore County represents a blend of historic neighborhoods, suburban communities, and rural landscapes. With over 175 miles of shoreline and over 60 marinas, the county has many waterfront communities and is a popular destination for boaters and fishermen. Opportunities for outdoor recreation abound. Popular parks include Gunpowder Falls State Park, which encompasses much of the valley of the Gunpowder River; Soldiers Delight Natural Environment Area, which preserves rare serpentine grasslands; North Point State Park on the Chesapeake Bay; and the watersheds of the Loch Raven, Prettyboy, and Liberty reservoirs.

The county is also well known for its horse industry, with 149 thoroughbred horse farms and the annual Maryland Hunt Cup, the oldest and most difficult hunt race in the country. The area's reputation as "horse country" is largely due to the wealthy Ridgely family, who began breeding and racing thoroughbreds in the late 1700s. Governor Charles Carnan Ridgely owned some of the finest thoroughbred horses in the country in the early nineteenth century. The Ridgely family home, Hampton, is now a national historic site. Located near Towson, Hampton was the largest house in the nation when it was completed in 1790.

The county has a strong, highly diversified economy that ranges from industrial facilities to federal government agencies and high technology businesses. The Sparrows Point industrial area in Dundalk is served by rail, interstate highway, and a deepwater port. The federal government also has a major presence in the county. The headquarters of the Social Security Administration and the Center for Medicare and Medicaid Services are both located in Woodlawn. The bwtech@UMBC Research and Technology Park fosters technology and bioscience companies and encourages collaboration between those companies and the University of Maryland Baltimore County. The Timonium/Hunt Valley corridor has one of the largest concentrations of interactive technology companies on the East Coast. Other major business centers include White Marsh and Owings Mills. A major new transit-oriented development is planned for Owings Mills Town Center, in the area around the Metro subway station.

Since 1956, Baltimore County has been a charter county, governed by an elected executive and a seven-member council. Its official website is found at <http://www.baltimorecountymd.gov>.

Calvert County

Calvert County, geographically the smallest county in Maryland, is located in Southern Maryland. Originally created in 1654, the county was known as Patuxent County until 1658. Its current name is derived from the family name of Lord Baltimore, the Proprietary of the Maryland colony. Though not a municipal corporation, Prince Frederick serves as the county seat.

The two municipal corporations in the county are North Beach and Chesapeake Beach. Chesapeake Beach was a local resort town in the early twentieth century, served by a railway from Washington, DC. The Chesapeake Beach Railway Museum documents the history of the town. The community of North Beach boasts an expansive boardwalk along the bay.

Traditionally, agriculture and seafood have been mainstays of Calvert County's economy. Today, it is one of the fastest growing counties in the State, best known for its attractive location on the Chesapeake Bay and the Patuxent River. Calvert Cliffs Nuclear Power Plant, operated by Constellation Energy, is a major employer in the county. The plant, which began operating in the 1970s, is the only nuclear power plant in Maryland. In 2010, plans were under consideration for the construction of an additional reactor at the site.

The county provides residents and visitors with excellent recreational opportunities such as boating, sailing, fishing, crabbing, and swimming. Cliffs line the

shore of the Chesapeake Bay for 30 miles in Calvert County. Calvert Cliffs State Park provides public access to the bayside cliffs, where many fossils have been found. The Battle Creek Cypress Swamp Sanctuary near Prince Frederick contains one of the nation's northernmost stands of bald cypress trees.

Calvert County is also known for its historic and cultural resources. The Calvert Marine Museum and Drum Point Lighthouse in Solomons display vessels, live animals, and artifacts that depict the maritime history and environment of the Chesapeake Bay and Southern Maryland. The Cove Point Lighthouse in Lusby was constructed on the Chesapeake Bay in 1828 and is still operating. The Jefferson Patterson Park and Museum contains active archaeological sites and artifacts documenting 9,000 years of human habitation in the area.

The county has a commission government and is governed by five county commissioners. Calvert County's official website is found at <http://www.co.cal.md.us>.

Caroline County

Caroline County, created from Dorchester and Queen Anne's counties in 1773, was named for Lady Caroline Eden, the daughter of Charles Calvert, Fifth Lord Baltimore, and wife of Robert Eden, Maryland's last colonial governor. Known as the "Green Garden County" for its commercial vegetable production, Caroline County is the only land-locked county on the Eastern Shore.

Denton, the largest of the county's 10 municipal corporations, serves as the county seat. Situated on a hill overlooking the Choptank River, the town has an historic courthouse green in the center of the community. The economy of the Town of Federalsburg was historically based on shipbuilding and sawmilling due to the extensive forests surrounding the town. Federalsburg sawmills provided lumber to rebuild the Capitol and the White House after they were burned during the War of 1812. Today Federalsburg is a manufacturing center.

Much of Caroline County is rural and agriculture is the primary industry. The county ranks first in the State in the production of vegetables, and poultry farming is also an important occupation. The major business centers are Denton and Federalsburg, with three industrial parks located in or near these towns. Phase One of the new Caroline Technology Park near Ridgely has been completed.

Boasting over 5,000 acres of parkland and wildlife preserves, 100 acres of freshwater lakes, and many miles of rivers and streams, the county is a destination for outdoor recreation. Tuckahoe and Martinak State parks offer boating, camping, hiking,

fishing, and hunting. Adkins Arboretum has miles of trails through a variety of habitats featuring native trees and plants.

Of historical interest is the Museum of Rural Life in Denton, which includes a log cabin from the 1840s and several other historic residences. The Choptank River Heritage Center in West Denton includes a steamboat warehouse, one of the few remaining riverfront warehouses in the Chesapeake Bay region. The Underground Railroad also passed through the county. A driving tour features historic homes and other sites that illuminate the experiences of runaway slaves and those who assisted their flight to freedom, including Harriet Tubman.

Since 1984, Caroline County has operated as a code home rule county, governed by three county commissioners. Caroline County's official website is found at <http://www.carolinemd.org>.

Carroll County

Established in 1837 from the western part of Baltimore County and the eastern part of Frederick County, Carroll County was named for Charles Carroll of Carrollton, a Revolutionary War statesman and a Maryland signer of the Declaration of Independence. Westminster, the largest of eight municipal corporations in the county, serves as the county seat.

Carroll County offers a variety of indoor and outdoor attractions. Piney Run Park in Sykesville includes a 300-acre lake and excellent fishing and hiking opportunities. The McKeldin Area of Patapsco Valley State Park is also popular. There are noteworthy cultural institutions in the county. The Carroll Arts Center in Westminster is a renovated 1937 art deco theater that has been transformed into a multi-purpose community arts center. The center includes two large art galleries featuring shows by regional visual artists in a variety of media and styles. McDaniel College in Westminster, founded in 1867, was the first coeducational college south of the Mason-Dixon Line.

Several historic sites provide opportunities to explore the county's agricultural heritage. The Carroll County Farm Museum portrays life on a nineteenth century farm through restored buildings, including a farmhouse, barn, and one-room schoolhouse; exhibits of farm tools and machinery; and craft demonstrations. The Union Mills Homestead and House Museum is the site of a family home and business that dates from 1797. In addition to the historic farmhouse, Union Mills Grist Mill is on the site. The mill is powered by a large waterwheel and still operates.

Carroll is a rapidly growing county with a dynamic and diverse economy. Agriculture, especially the dairy industry, remains an important part of the local economy, although the role of the commercial and industrial sectors has increased significantly in the county. The county has a significant number of firms in the manufacturing, transportation, health, and business service sectors. Industrial properties are generally located near incorporated towns. The Westminster Technology Park welcomed its first tenant in 2008.

The county has a commission government and is governed by three county commissioners. Beginning with the 2010 election, the county will be governed by five commissioners. Carroll County's official website is found at <http://www.carr.org>.

Cecil County

Cecil County, named for Cecilius Calvert, Second Lord Baltimore and founder of the Maryland colony, is located in the northeast corner of the State. It was created out of Baltimore and Kent counties in 1674.

Elkton, one of eight municipal corporations, is the county's largest municipal corporation and the county seat. Elkton was originally called Head of Elk, due to its location at the headwaters of the Elk River, a name given to it by Captain John Smith during his exploration of the Chesapeake in the 1600s. The town of Chesapeake City, one of the smaller communities in the county, grew up beside the Chesapeake and Delaware Canal. The canal, completed in 1829, connects the upper Chesapeake Bay with Delaware Bay, allowing ships to bypass the nearly 300-mile trip around the southern end of the Delmarva Peninsula to reach the Port of Baltimore. The C&D Canal Museum in Chesapeake City is housed in an original canal pumphouse and includes a full-size replica of a wooden lighthouse that once operated on the canal.

Cecil County's landscape varies from open farmland and forest covered uplands to miles of beautiful shoreline and marshes that line the upper Chesapeake Bay. Five major rivers and the Chesapeake Bay provide year round recreational and hunting opportunities for residents and visitors to Cecil County. Popular local pastimes include hunting, fishing, and boating. Elk Neck State Park is located on a peninsula in the Chesapeake Bay. This popular park offers swimming, camping, boating, hiking, and the Turkey Point Lighthouse, which affords a fine view of the bay. Fair Hill Natural Resources Management Area in the county consists of more than 5,600 acres of pristine fields and woodlands with miles of trails. Formerly owned by William duPont, Jr., Fair Hill is a major equestrian center with a popular steeplechase race held annually in May to benefit Union Hospital.

There are several industrial parks in the county, and the first of five buildings planned for the Cecil Technology Campus has been completed. The county is primed for additional growth due to its desirable location on the Interstate 95 corridor between Baltimore and Philadelphia.

The county has a commission government and is governed by five county commissioners. On November 2, 2010, the voters approved “Question A” to adopt a county charter which provides for a five-member county council and an elected county executive. The first executive will be elected in November 2012, and the charter is effective December 3, 2012. Its official website is found at <http://www.ccgov.org>.

Charles County

Charles County, in Southern Maryland, was established in 1658 and was named for Charles Calvert, Third Lord Baltimore.

La Plata, the largest of three municipal corporations, serves as the county seat. The tiny Town of Port Tobacco had only 15 residents according to the 2000 census, but has an interesting history. The town was founded in 1634, the same year English colonists first arrived in Maryland. Once the second largest river port in Maryland, Port Tobacco declined when the river silted up and the railroad bypassed the town. The county seat was eventually moved to La Plata. Today, visitors to Port Tobacco can see the village green, a restored courthouse that includes a museum, and several historic homes.

With three State parks, four natural wildlife areas, and 150 miles of shoreline along the tidal Potomac River and its tributaries, Charles County is attractive for residents and tourists who enjoy outdoor activities. Camping, hiking, fishing, and boating are popular at Smallwood State Park, located on a tributary of the Potomac. The park also includes the restored home of General William Smallwood, the highest ranking Marylander to serve in the Revolutionary War and the State’s fourth governor. Chapel Point and Purse State parks are undeveloped but provide waterfront access for hunting, fishing, and boating.

Sites of special historic interest in the county include the home of Dr. Samuel A. Mudd, who treated John Wilkes Booth’s broken leg the day after Booth assassinated Abraham Lincoln. The Thomas Stone National Historic Site preserves the eighteenth century home of one of Maryland’s four signers of the Declaration of Independence.

Agriculture traditionally has been the mainstay of Charles County’s economy. However, in recent years, the county has experienced significant business and residential

growth due to its proximity to the Washington, DC metropolitan area. Much of this growth has been concentrated in the northern part of the county in and around Waldorf and Indian Head. The Indian Head Division, Naval Surface Warfare Center performs advanced research and development on explosives, propellants, and pyrotechnics. The center's workforce includes one of the highest concentrations of scientists, engineers, and chemists of any Navy facility. The new Indian Head Science and Technology Park is a planned public-private partnership that will house a research center of the University of Maryland and defense and government contractors.

Since 2002, the county has operated as a code home rule form of government. It is governed by five county commissioners. Charles County's official website is found at <http://www.charlescounty.org>.

Dorchester County

Although the legal origin of Dorchester County is unknown, it has existed since 1668. The county was named for the Earl of Dorset, a family friend of the Calverts. The county is known as the "Heart of Chesapeake Country" because of its mid-Eastern Shore location and heart-shaped geographic configuration.

Cambridge, founded in 1684 along the banks of the Choptank River, is the largest of nine municipal corporations and serves as the county seat. It is one of the oldest towns in Maryland. The Cambridge Historic District includes buildings dating from the 1700s. Many historic structures have been restored as part of the revitalization of downtown Cambridge. Maritime trade, agriculture, shipbuilding, and seafood have all played important parts in the economy of Cambridge. Today, tourists are drawn to Cambridge for its history, scenery, and restaurants.

Noteworthy historic sites in Dorchester County are not confined to Cambridge. The Town of Church Creek includes Old Trinity Church, which was built in the seventeenth century and is still in use. Harriet Tubman, the famous "conductor" on the Underground Railroad, was born into slavery at a plantation near Bucktown. Formative events in her early life took place in the county. She eventually escaped from slavery and then returned repeatedly to Dorchester County to lead other enslaved people to freedom. Today, visitors to Dorchester County may tour several sites associated with Tubman. The county is also the site of a proposed national historical park honoring Tubman.

Dorchester County is home to Blackwater National Wildlife Refuge, a thriving nature sanctuary sometimes referred to as the "Everglades of the North." The refuge consists of over 25,000 acres of wetlands, fields, and forests located 12 miles south of Cambridge. One-third of Maryland's tidal wetlands are within the refuge. Blackwater is

known for its abundant bird life. The refuge is a critical stopover for birds migrating along the Atlantic Flyway, which stretches from Canada to Florida. Blackwater is home to over 250 species of birds, including the largest breeding population of American bald eagles north of Florida. The largest remaining natural population of endangered Delmarva fox squirrels is also found in the refuge. Visitors to the refuge may drive, cycle, walk, canoe, or kayak along a network of roads, trails, and waterways to experience nature and view wildlife. The refuge also offers hunting, crabbing, and environmental education programs.

Agriculture, manufacturing, services, and tourism are the mainstays of Dorchester County's economy. There are two industrial parks located within State enterprise zones in Hurlock and Cambridge.

Since 2002, the county has operated under a charter home rule form of government. It is governed by five county council members who appoint a county manager. Dorchester County's official website is found at <http://www.docogonet.com>.

Frederick County

Frederick County, geographically the largest county in Maryland, was created out of Baltimore and Prince George's counties in 1748. The county was probably named for Frederick Calvert, the sixth and last Lord Baltimore. Frederick County is located in both the Appalachian Mountain and Piedmont Plateau regions.

The City of Frederick, the largest of 12 municipal corporations, serves as the county seat. During the Civil War, Frederick resident Barbara Fritchie famously defied Confederate soldiers by refusing to lower the Union flag she was flying. This incident was later memorialized in a poem by John Greenleaf Whittier. Frederick boasts several historic sites, including the home of Thomas Johnson, Maryland's first elected governor, and the Schifferstadt Architectural Museum, a fortified house in the German Colonial style dating from the time of the French and Indian War. Another historic town is Emmitsburg, in northern Frederick County. Emmitsburg is home to Mount Saint Mary's University, the nation's second oldest Catholic university, and the National Shrine of Saint Elizabeth Ann Seton, the first person born in the United States to be made a saint.

Frederick County was a center of conflict during the Civil War. Two major battles of the war were fought in Frederick County. The Battle of South Mountain was a prelude to the battle of Antietam. In the Battle of Monocacy, Union forces delayed the advance of a Confederate army marching on Washington, DC until reinforcements could arrive, thereby saving the nation's capital. State and national parks preserve the sites of these

battles. Due to its proximity to the fighting, the City of Frederick became a major hospital center and today is the site of the National Museum of Civil War Medicine.

The mountains in the western part of the county contain several popular parks. Catoctin Mountain Park, part of the national park system, is the site of the Camp David presidential retreat. Nearby Cunningham Falls State Park features a cascading waterfall, a lake, and the site of an historic iron furnace. Other State parks in the county include Gambrill, known for its mountain views, and Gathland, site of the War Correspondents Memorial, erected by a journalist who covered the Civil War. The Appalachian Trail runs along the crest of South Mountain, which forms the county's western border.

Traditionally, agriculture has been the mainstay of the local economy. The county has more farms than any other county in Maryland, and the county ranks first in the State for sales of hay, cattle, and dairy products. However, the county's proximity to the nation's capital and the Interstate 270 technology corridor has resulted in significant business and residential growth in recent years, making it now one of the fastest growing counties in the State. Growing industries include biotechnology, information technology, and manufacturing. Fort Detrick, the county's largest employer, is an important center for biomedical research and development and has helped propel the growth of the county's high-tech economy.

The county has a commission government and is governed by five county commissioners. Frederick County's official website is found at <http://www.frederickcountymd.gov>.

Garrett County

Garrett County, Maryland's youngest county, was created out of Allegany County in 1872. The county was named for John Work Garrett, one-time president of the Baltimore and Ohio Railroad. Located in Western Maryland, Garrett County is known for its mountainous terrain. Oakland, one of eight municipal corporations, serves as the county seat.

Garrett County is sometimes called "Maryland's mountaintop playground" due to its many parks and recreational activities. Deep Creek Lake, covering nearly 3,900 acres, is Maryland's largest freshwater lake and offers many opportunities for boating, swimming, fishing, water skiing, and camping. Other popular activities in the county include skiing, whitewater rafting, hiking, rock climbing, mountain biking, and snowmobiling. Major attractions include Wisp Resort, a ski and golf resort, and the Adventure Sports Center, a mountaintop whitewater rafting and rock climbing facility.

There are many public lands that preserve the county's beautiful mountain scenery. Swallow Falls State Park contains old growth forest, the scenic Youghiogheny River, and Muddy Creek Falls, a 53-foot waterfall that is the highest in Maryland. Four other State parks feature mountain lakes. There are also three State forests in the county that comprise approximately 72,000 acres. Near Oakland is Cranesville Swamp, a rare wetland owned by the Nature Conservancy that contains vegetation normally found in Arctic regions. The high elevation and cool climate have preserved the swamp since the last ice age. Visitors may walk through the swamp on a boardwalk.

Of historic interest is Casselman River Bridge State Park, which preserves a bridge that was constructed in 1813 for the National Road, a major east-west route in the early nineteenth century. At the time of its construction, the bridge was the longest single span stone arch bridge in the world. The Spruce Forest Artisan Village adjacent to the bridge includes historic buildings moved to the site from other locations in Western Maryland and restored. Among the 12 historic buildings are log cabins, an inn, a church, and a mill. Artists give historic and contemporary arts and crafts demonstrations in the village.

In addition to tourism, agriculture and coal mining are important parts of the local economy. Garrett is also the only county in the State that produces natural gas. There are several business and industrial parks located throughout the county. The Garrett Information Enterprise Center, located on the Garrett College campus, offers incubator space to new and expanding technology-based businesses.

The county has a commission form of government and is governed by three county commissioners. Garrett County's official website is found at <http://www.garrettcounty.org>.

Harford County

Harford County was created out of Baltimore County in 1773 and was named for Henry Harford, last Proprietary of Maryland. Billing itself as the "Gateway to the Chesapeake," Harford County is located near the northern edge of the Chesapeake Bay in Central Maryland. Harford County is also a bedroom community for Baltimore City with a large percentage of the county's population employed there.

Bel Air, one of three municipal corporations, serves as the county seat. The town provides retail and entertainment for the many housing developments in the area. Bel Air is home to Harford Community College, which includes the Center for Cultural Arts, active in presenting music, theater, and art to the community.

Historically, in addition to agriculture, the Susquehanna River and Tidewater Canal was an important economic engine in Harford County. Havre de Grace, positioned where the Susquehanna River meets the Chesapeake Bay, played an important role. Timber, wheat, coal, and other products were transported from Pennsylvania to Havre de Grace via the canal. Further, the location next to the water provided excellent waterfowl hunting.

Tourism also plays a part in the economy due to the county's geographic location. Both Susquehanna State Park and Rocks State Park offer hiking, camping, and boating. Other destinations include the Susquehanna Museum, the Havre de Grace Duck Decoy Museum, and the Concord Point Lighthouse. During the summer months, visitors and residents enjoy outdoor activities and baseball at the Ripkin Stadium in Aberdeen.

Harford County hosts a large military presence. Aberdeen was transformed from a transshipment center to one of the State's most important military towns when Aberdeen Proving Grounds was established in 1917. In 2005, Base Realignment and Closure decisions chose Maryland to accommodate a significant restructuring of United States military installations. The restructuring will lead many employees of the Department of Defense, defense contractors, and businesses seeking military-related opportunities to relocate to the county.

Since 1972, Harford County has been a charter county governed by an elected executive and a seven-member council. Its official website is found at <http://www.harfordcountymd.gov>.

Howard County

Located in Central Maryland, Howard County was originally created as Howard District from Anne Arundel County in 1838. While the district enjoyed the status of a county, it was not until 1851 that it was officially formed as such. It was named for John Eager Howard, an officer in the Revolutionary War and a governor of Maryland, and is considered a "county of contrasts," home to urban and rural settings, mountains, and plains. With no municipal corporations, Ellicott City serves as the county seat.

Like many other counties, Howard County's early economy was based on tobacco. Today, the county's agrarian history is highlighted by Savage Mill and Ellicott City, former mill towns that have been renovated into unique marketplaces featuring antique dealers, artisans, and retailers. As one of the fastest growing counties in the State, it has a diverse economic base, including biotechnology companies, research and development firms, telecommunication companies, and wholesale distributors.

Howard County is home to one of the country's first planned communities, Columbia. In 1966, developer James Rouse created a city with planned neighborhoods, commercial and industrial development, and open spaces. Rouse envisioned a community with a sense of belonging and self-sustainability which has largely become reality. Located within Columbia, Merriweather Post Pavilion is an entertainment destination for citizens throughout the State and beyond. Merriweather was designed by architect Frank Gehry to minimize changes to the topography while providing stellar acoustics. Each summer, Merriweather hosts over 200,000 visitors for concerts and festivals.

Many historical structures occupy Howard County. Built in 1830, the oldest railroad terminal in the United States houses the Ellicott City B&O Railroad Station Museum. Another railroad-related structure is the Bollman Truss Railroad Bridge, a semi-suspension bridge made of wrought-iron and cast-iron that is the last bridge of its kind. Other historic structures include Thomas Isaac Log Cabin and the Patapsco Female Institute.

Since 1968, it has been a charter county governed by an elected executive and a five-member council. Howard County's official website is found at <http://www.co.ho.md.us>.

Kent County

Kent County was first mentioned as a county in 1642 and was named for a county of the same name bordering the English Channel in southeast England. Located between the Sassafras and Chester rivers on the Eastern Shore, locals and visitors think of Kent County as "quintessentially rural."

Chestertown, the largest of the five municipal corporations, serves as the county seat. The downtown area contains many historic houses, as well as art galleries, shops, and restaurants. Chestertown is also home to Washington College, a small private liberal arts school. The college was founded in 1782 and is the tenth oldest school of higher education to be chartered in the United States.

Kent County is a nature lover's paradise. Eastern Neck Wildlife Refuge is an unspoiled island habitat reachable by Maryland's only national scenic byway. Thousands of waterfowl migrate here each year, mostly Canada geese, tundra swan, and canvasback ducks. The Sassafras River Natural Resource Management Area and Turner's Creek also provide opportunities to see wildlife and scenic landscapes. The county has many natural venues for outdoor activities such as fishing, boating, and cycling that appeal to residents and visitors.

Historically, the Chester River prominently contributed to the Kent County economy. Chestertown was a royal port of entry and later served as a shipping port for steamboats. Today, the maritime focus of the Kent County economy has shifted to Rock Hall where many watermen make a living and charter fishing is a favorite pastime for visitors. Additionally, agriculture is a significant contributor to the local economy. Kent County agricultural products include corn, milk, soybeans, and vegetables.

Since 1970, Kent County has operated as a code home rule county, governed by three county commissioners. Kent County's official website is found at <http://www.kentcounty.com>.

Montgomery County

Montgomery County was created out of Frederick County by resolve of the Constitutional Convention of 1776. The county was named for Richard Montgomery, a Revolutionary War general. The county has the largest population in the State with approximately one million residents. Of the 19 municipal corporations in the county, Rockville serves as the county seat.

Montgomery County is one of the most affluent and diverse jurisdiction in Maryland, home to the largest Hispanic and Asian communities in the State. The county remains a leader in advanced technology and research with over 200 biotech companies located in the county, including leaders such as Human Genome Sciences, MedImmune, and United Therapeutics. Nineteen federal agencies are also located in the county, including the National Institutes of Health, the National Institute of Standards and Technology, and the Food and Drug Administration. The county's advanced technology and research firms are concentrated along the Shady Grove and Interstate 270 corridor.

Although Montgomery County is better known for its urban centers and technology, it encompasses many historical sites, nature parks, and gardens, including the Chesapeake and Ohio Canal National Historical Park. In 1828, construction began on the Chesapeake and Ohio Canal in Little Falls and was intended to extend 360 miles to Ohio. Unfortunately, financial troubles and unexpected weather stopped construction in Cumberland. The canal was eventually turned over to the federal government and proclaimed a national historical park in 1971. Today, the park consists of several hiking trails. One trail leads to beautiful views of the Great Falls, where the Potomac River cuts through the landscape. Probably the most well known trail, the Billy Goat Trail, follows a marked path over and around boulders and cragged rock formations. Other parks in Montgomery County include Seneca Creek State Park, Rock Hill Regional Park, Little Bennett Regional Park, and Rock Creek Regional Park. Gardens in the county include McCrillis Gardens and Brookside Gardens.

In 1948, Montgomery County became the first county to adopt charter home rule. Today, it is governed by an elected executive and a nine-member council. Montgomery County's official website is found at <http://www.montgomerycountymd.gov>.

Prince George's County

Prince George's County was created out of Calvert and Charles counties in 1695. The county was named for Prince George of Denmark, the husband of Queen Anne. Upper Marlboro, 1 of 27 municipal corporations, serves as the county seat.

Prince George's County, the second largest county in terms of population, has retained aspects of its past even as it has attracted cutting-edge research facilities. Farmers harvest crops from centuries-old family farms adjacent to facilities such as the NASA-Goddard Space Flight Center. The county's proximity to the nation's capital has attracted nearly a dozen other federal facilities such as the U.S. Department of Agriculture Beltsville Agricultural Research Center and the Army Research Laboratory. FedEx Field, the home of the Washington Redskins, is also located in the county.

Prince George's County is home to the University of Maryland, College Park, the University System of Maryland's flagship campus and one of the largest employers in the county. The university was founded in 1856 and today has approximately 26,000 undergraduate and 10,000 graduate students. The university is well known for its research and ranks consistently high among the country's public research universities in publications such as *U.S. News and World Report*. The university also plays a large role in the arts through the Clarice Smith Performing Arts Center.

In the spring of 2008, National Harbor made its debut in Prince George's County. National Harbor is a 300-acre, mixed-use community on the Potomac River. The community includes hotels, restaurants, retail stores, condominiums, marinas, and commercial office space. Located within National Harbor is the Gaylord National Hotel and Convention Center, one of the largest nongambling resorts on the East Coast.

Considering its urban location, Prince George's County has a large amount of open spaces. The Patuxent Research Refuge encompasses 13,000 acres and includes the National Wildlife Visitor Center. The refuge has two lakes and many hiking trails, while the visitor center provides hands-on activities and multimedia displays to educate visitors about the surrounding wildlife and landscape. Other natural habitats in the county include the Patuxent River Park, Merkle Wildlife Sanctuary, and Cedarville State Forest, which includes the only fresh water swamp in Maryland, Zekiah Swamp.

Since 1970, it has been a charter county governed by an elected executive and a nine-member council. Prince George's County's official website is found at <http://www.princegeorgescountymd.gov>.

Queen Anne's County

Queen Anne's County was established in 1706 and named for Queen Anne, who ruled Great Britain during the period Maryland was governed as a royal colony rather than a proprietary province. The county is called the "Gateway to the Eastern Shore" because eastbound travelers enter Queen Anne's County via the Chesapeake Bay Bridge. Centreville, the largest of eight municipal corporations in the county, serves as the county seat and houses the oldest courthouse in continuing use in Maryland.

Directly over the Chesapeake Bay Bridge is Kent Island, the first area to be settled on the Eastern Shore. Today, Kent Island consists of multiple marinas, restaurants, and the quaint Town of Stevensville. Continuing onto the Eastern Shore, travelers find themselves in Queenstown. To the average traveler, Queenstown is known for its large number of outlet stores. However, a short detour off of the main highway finds a small town with an interesting historic district.

On the border of Queen Anne's and Talbot counties lies Wye Oak State Park. The park consists of 29 acres that were purchased by the State in order to protect the Wye Oak Tree. The tree measured 31 feet, 8 inches in circumference and was considered the largest white oak in the United States until it fell during a wind storm in 2002. The park is also home to the Wye Grist Mill. The mill is powered by a water wheel and still grinds flour on first and third Saturdays from mid-April to mid-November.

Although Queen Anne's County has experienced significant growth, it has maintained a primarily agricultural- and tourism-based economy. Tuckahoe State Park and Wye Island Wildlife Refuge provide unique experiences for nature lovers. The county is also home to the Wildfowl Trust of North America. A sizeable number of county residents commute to the Annapolis, Baltimore, and Washington areas for jobs.

Since 1990, Queen Anne's County has operated as a code home rule county, governed by five county commissioners. Queen Anne's County's official website is found at <http://www.qac.org>.

St. Mary's County

St. Mary's County, Maryland's first county, was established in 1637. This Southern Maryland county was named in honor of Mary, mother of Jesus. Leonardtown, the only municipal corporation in the county, serves as the county seat.

It was in St. Mary's County that the Ark and Dove landed on March 25, 1634, and the county, considered Maryland's birthplace, is where the first Maryland State House stood. Historic St. Mary's City recreates colonial times through several living history exhibits including a working replica of the Dove, which is moored on the St. Mary's River. A reconstruction of the 1634 State House, the Woodland Indian Hamlet, and the Godiah Spray Tobacco Plantation also allow visitors to step into the past. Artifacts from the city are displayed at the St. John's Site Museum, which also preserves the foundation of the home that was built in 1638 for Maryland's first provincial secretary. The site of Maryland's first capital is also home to St. Mary's College of Maryland, which has been designated the State's honors college.

St. Mary's County is located where the Potomac River meets the Chesapeake Bay. The location where the river and bay meet was used during the Revolutionary War and the War of 1812 as a watch post and during the Civil War as a Union hospital and prison camp. Today the location is known as Point Lookout State Park and is a popular camping and fishing spot. Other State parks in St. Mary's County include Greenwell State Park, Newtowne Neck State Park, St. Clement's Island State Park, and St. Mary's River State Park.

Traditionally, agriculture and seafood have been St. Mary's County's economic mainstays. However, the county has emerged as a world-class center for aviation and avionics research, development, and testing. The county is home to the Patuxent Naval Air Test Center, an installation that has prompted significant growth in the county as it has assumed additional responsibilities due to closure of other military installations around the country. The U.S. Naval Air Systems Command, the Naval Air Warfare Center Aircraft Division, as well as over 200 high-tech defense contractors are located in the county. The influx of technical jobs resulting from growth at the naval facilities has resulted in a significant increase in the median household income for county residents.

In stark contrast to the technical industry, St. Mary's County has a large Amish and Mennonite presence. Amish and Mennonite communities are located in Charlotte Hall, Mechanicsville, and Loveville, and it is not uncommon to see horse buggies driving along the roadways. Several roadside markets provide ample opportunities to buy Amish produce and baked goods.

The county has a commission government and is governed by five county commissioners. St. Mary's County's official website is found at <http://www.co.saint-marys.md.us>.

Somerset County

Somerset County was established in 1666 and named for Lady Mary Somerset, the sister of Lady Anne Arundell. Princess Anne serves as the county seat; the only other municipal corporation is Crisfield.

Somerset County is noted for its water-oriented activities, natural wildlife sites, and blue crabs. The agriculture, seafood, and timber industries are important components of the local economy. State facilities include the University of Maryland Eastern Shore and the Eastern Correctional Institution.

Crisfield, the largest municipality in the county, serves as a major seafood processing center. Called "The Crab Capital of the World," each year the county holds the Crisfield Hard Crab Derby to celebrate the county's rich seafood heritage. The derby includes crab races, crab picking contests, and boat docking races. Crisfield also hosts the J. Millard Tawes Crab and Clam Bake on the third Wednesday of every July. The event is named after the fifty-fourth governor of the State and is considered an important event for most statewide political campaigns. Besides meeting political candidates, attendees at the crab and clam bake indulge in all-you-can-eat crabs, clams, fish, corn on the cob, and watermelon.

Smith Island is a short boat ride west of Crisfield. The island is located in a part of the Chesapeake Bay referred to as the Tangier Sound and the dialect spoken there is called "Tidewater English" by linguists. Predominately known for commercial crabbing, Smith Island has recently received recognition for its multilayer cake (aka Smith Island Cake), which the General Assembly designated the State dessert in 2008.

The county has a commission government and is governed by five county commissioners. The official website for the Somerset County Economic Development Commission is found at <http://www.somersetcountyedc.org>.

Talbot County

Talbot County was created in 1662 and named for Lady Grace Talbot, the sister of the Second Lord Baltimore. Easton, the largest of five municipal corporations, serves as the county seat.

Talbot County's quaint towns and waterfront communities make the county a popular tourist destination. Easton's downtown consists of tree lined streets with unique stores and restaurants. Each November, the Waterfowl Festival is held in Easton, attracting thousands of visitors to celebrate nature, art, and local sportsman activities.

In the county's colonial days, the shipbuilding industry flourished. Today, people can relive these earlier times by visiting the Chesapeake Bay Maritime Museum located in St. Michaels. At the museum, visitors can observe the restoration of traditional boats or the carving of decoys. Additionally, St. Michaels has become a quiet retreat for Washington's political insiders. During President George W. Bush's administration, several of his top advisors visited or had homes in St. Michaels, including Vice President Dick Cheney and Defense Secretary Donald Rumsfeld.

Nearby Oxford and Tilghman Island are also popular vacation spots. Oxford, originally one of two seaports in the State, is a charming town that remains largely untouched by modern development and is home to the Oxford-Bellevue Ferry, one of the oldest, privately owned ferries in the country. Tilghman Island is an authentic working waterman's village and is known for housing the last fleet of commercial skipjacks in the country.

Due to its natural setting along the bay, besides tourism and agriculture, Talbot County has focused on environmental science and related information technology companies for new employment growth. Manufacturing remains a significant part of the local economy.

Since 1973, Talbot County has operated as a charter county governed by a five-member council that appoints a county manager. Its official website is found at <http://www.talbotcountymd.gov>.

Washington County

Washington County was created out of Frederick County by resolve of the Constitutional Convention of 1776 and named for George Washington. The county is located in Western Maryland. Hagerstown, the largest of nine municipal corporations in the county, serves as the county seat.

Washington County has become a popular destination for its Civil War history. Antietam National Battlefield was the site of the bloodiest day of the Civil War. Today visitors to the battlefield can view commemorative monuments that indicate where Union and Confederate troops fought during the battle. The monuments include mortuary cannons that mark where six generals were killed or mortally wounded. Other Civil War

sites include Pry House Field Hospital Museum and Rose Hill Cemetery. Fort Frederick State Park is another destination in Washington County that offers insight into colonial warfare. The fort was built in 1756 to protect the colony of Maryland during the French and Indian War. Each Memorial Day weekend, British, French, and Indian reenactors put on living history demonstrations.

Washington County also offers a variety of outdoor activities. The South Mountain and Potomac River provide the perfect scenery for several State and national parks. The county is home to Chesapeake and Ohio Canal National Historical Park, Greenbrier State Park, Gathland State Park, South Mountain State Park, and Washington Monument State Park.

Traditionally, agriculture has been an economic mainstay. However, with the intersection of Interstates 70 and 81, the area has attracted major financial, industrial, and distribution centers. The proximity to the interstates has also provided residents with easy access to nearby metropolitan areas.

The county has a commission government and is governed by five county commissioners. Washington County's official website is found at <http://www.washco-md.net>.

Wicomico County

Wicomico County was created out of Somerset and Worcester counties as part of the adoption of the Maryland Constitution in 1867. The county was named after the Wicomico River, a name derived from the Native American words "wicko" and "mekee," meaning a "place where houses are built."

Salisbury, the largest of eight municipal corporations, serves as the county seat and is the cultural and entertainment destination on the Lower Eastern Shore. Salisbury is home to Salisbury University and the Delmarva Shorebirds, a Class A minor league affiliate of the Baltimore Orioles. Also located in Salisbury are Wicomico County's civic center, equestrian center, and athletic complex.

Wicomico County provides easy access to nearby beach attractions. During the summer months, area hotels are often filled with tourists who take day trips to the beach. However, the county also has a few attractions of its own. Visitors to Wicomico County often visit the Salisbury Zoo and the Ward Museum of Wildfowl Art. The Salisbury Zoo houses animals from North, South, and Central America and admission to the public is free. The Ward Museum exhibits the history of making decoys with emphasis on the work of local artists.

Additionally, Wicomico County's rich heritage offers many sites for visitors and residents to enjoy. The Adkins Museum and Historical Complex provides tours of eight historic buildings and includes over 800 mid-nineteenth century artifacts. Visitors wanting to learn more about lower Eastern Shore life can also explore exhibits focusing on textiles, banking, sports and leisure, and spirituality at the Barren Creek Heritage Museum, which offers over 30 permanent exhibits. The Whitehaven and Upper Ferry, which travels between Salisbury and the Town of Whitehaven across the Wicomico River, began operating in 1688 and is thought to be the oldest continuously operating ferry in the United States. Those individuals wishing to explore the outdoors can also visit Pemberton Historical Park, which offers more than five miles of nature hiking trails.

Wicomico County leads the State in agricultural production, although it is also a commercial/industrial center. The county is the national headquarters for Perdue Farms, one of the largest employers in the area. The county also has a nationally recognized hospital and the second largest airport in the State.

Since 1964, it has operated as a charter county and is now governed by an elected executive and a seven-member council. Wicomico County's official website is found at <http://www.wicomicocounty.org>.

Worcester County

Worcester County, created out of Somerset County in 1742 and named for the Earl of Worcester, is Maryland's only county bordering the Atlantic Ocean. Snow Hill, one of four municipal corporations in the county, serves as the county seat.

Ocean City is the county's largest municipality and serves as one of the State's most prominent tourist attractions, offering cruises, fishing, golfing, surfing, amusement parks, and sunbathing. Ocean City hosts visitors for the White Marlin Open, the Delmarva Birding Weekend, and the World Championship Wildfowl Carving Competition. Two festivals mark the beginning and end of the tourist season, Springfest and Sunfest.

An alternative for the crowds of Ocean City is nearby Assateague State Park and Assateague Island National Seashore. Visitors to the area will find beaches untouched by development, hiking trails, and campgrounds. Frequently, guests will see wild ponies or one of the over 200 species of birds that live or migrate through the park and seashore.

The historic town of Berlin is also a short ride from Ocean City. Berlin is lined with antique stores and over 45 structures listed on the National Register of Historic Places. Major motion pictures *Tuck Everlasting* and *Runaway Bride* were filmed there. Ocean Downs Racetrack is another noteworthy destination in Worcester County. Throughout the

summer live harness racing can be watched and betted on, and throughout the year the racetrack simulcasts both thoroughbred and standardbred races. Ocean Downs Racetrack has also received State approval to offer video lottery terminals at its facility. Besides agriculture and tourism, chicken growing and processing is the major industry.

Since 1976, Worcester County has operated as a code home rule county, governed by seven county commissioners. Its official website is found at <http://www.co.worcester.md.us>.

Chapter 3. County Government

This chapter reviews the three forms of county government: commission, charter home rule, and code home rule. Although Baltimore City has a unique history, it will be reviewed in conjunction with the charter home rule counties because it was granted authority to adopt its charter under Article XI-A of the Maryland Constitution, the same article under which the charter home rule counties operate. Exhibit 3.1 shows the form of government for each Maryland county and the year in which local home rule was granted.

Exhibit 3.1
Forms of County Governments in Maryland

<u>Charter Home Rule</u>		<u>Code Home Rule</u>		<u>Commission</u>
Anne Arundel	1964	Allegany	1974	Calvert
Baltimore	1956	Caroline	1984	Carroll
Dorchester	2002	Charles	2002	Cecil
Harford	1972	Kent	1970	Frederick
Howard	1968	Queen Anne's	1990	Garrett
Montgomery	1948	Worcester	1976	St. Mary's
Prince George's	1970			Somerset
Talbot	1973			Washington
Wicomico	1964			

Source: Department of Legislative Services

Establishment and Alteration of Counties

As the county historical overview in Chapter 1 indicates, Maryland's counties were created by different means. Despite the historical variations, the Maryland Constitution for over 100 years has governed the process for the establishment of counties. Specifically, Article XIII of the Maryland Constitution prescribes the manner in which a county may be established and a county boundary may be altered.

Article XIII, Section 1 of the Maryland Constitution establishes minimum area and population standards for the establishment of new counties. A county may not be established in an area that is less than 400 square miles or that includes less than

10,000 inhabitants, nor may a new county be *formed* in a manner that would leave another county reduced in size or population below these amounts. Although the General Assembly is vested with authority to establish new counties or modify county boundaries, these changes require the approval of the majority of the voters residing within the affected area. The General Assembly may not impose additional referendum requirements beyond that prescribed by the Maryland Constitution.

The last county in the State was established in 1872 (Garrett County); formation of a new county appears unlikely. However, occasionally questions arise concerning the alteration of county boundaries. For example, for several decades, the City of Takoma Park was located partly in Montgomery County and partly in Prince George's County. In 1994, after 12 years of debate, the General Assembly passed legislation that allowed the voters in each portion of Takoma Park to decide by referendum whether the county line should be altered in order to locate Takoma Park entirely within one county. In November 1995, the voters elected to place the city entirely within Montgomery County, and the county boundary change took effect July 1, 1997.

Development of Home Rule Authority

Within three years after the establishment of Lord Baltimore's first settlement in 1634 at what is currently St. Mary's City, the rudimentary traces of local government were present. Maryland's first unit of local government, St. Mary's County, was established in 1637. Over the next three centuries, both the number and form of local government units in Maryland grew. However, the local governments were strictly seen as "creatures of the State" and had no inherent powers of their own. The State's first grant of home rule authority to local governments was not made until 1914, and it took over five more decades for the majority of local government units to receive and implement home rule powers.

Because local governments historically had no home rule powers, the General Assembly spent considerable time dealing with local issues. Despite the tradition of "local courtesy," whereby the General Assembly gave considerable weight to the sentiment of the representatives of the local jurisdiction that was the subject of a particular bill, significant time was devoted to local matters.

The impact of local legislation on the General Assembly's time and resources, as well as the developing trend in other states to grant home rule powers to their municipal and county governments, prompted Maryland to become the second State to adopt a constitutional provision permitting counties and Baltimore City to adopt and frame their own charters. This measure was passed by the General Assembly in 1914, ratified by the voters in 1915, and became Article XI-A of the Maryland Constitution, the so-called

charter home rule amendment. Despite having this new vehicle to exercise home rule powers, only two jurisdictions took advantage of this opportunity during the next several decades: Baltimore City in 1918 and Montgomery County in 1948.

Since Article XI-A had limited implementation for the first half of the twentieth century, the General Assembly continued to handle voluminous amounts of local legislation. An estimate for the years 1924 to 1939 placed the average number of bills passed dealing with counties and municipal corporations at 59% of the total. The amount of local legislation reached an all-time high during the 1951 session when 70% of the bills passed were local in nature. Typically, the General Assembly spent considerable time dealing with provisions relating to covers on refuse cans, prescribing the maximum length of dog license tags, and the placement of signs, to name a few. Because it became increasingly apparent that local legislation was forcing legislators to spend a disproportionate amount of time away from matters of statewide policy, a special commission was established to study local legislation. In 1951, Governor McKeldin appointed the Commission on Administrative Organization of the State, chaired by Simon E. Sobeloff. The Sobeloff Commission, among other findings, determined that it was only proper that localities should have full power and authority to consider matters of a local nature.

The recommendations of the Sobeloff Commission bore fruit promptly, at least as to municipal corporations. In 1954, another constitutional amendment was enacted and ratified by the voters, Article XI-E, providing municipal home rule to the incorporated cities and towns of Maryland. This, coupled with the enactment of a statutory subtitle on home rule, granted municipal corporations broad powers to enact, amend, or repeal their charters and at the same time restricted the General Assembly's powers to pass local legislation for municipal corporations.

As to the counties, only three more counties adopted home rule under Article XI-A during mid-century: Baltimore County in 1956, and Anne Arundel and Wicomico counties in 1964. It was suggested that this slow moving trend indicated a need for an alternative form of home rule government for the counties, a form that could meet the need of counties that might adopt home rule but for the arduous process and political challenges associated with the adoption of a charter and the restructuring of government.

In 1965, the General Assembly proposed a constitutional amendment offering an alternative form of county government referred to as "code" home rule. "Requiring neither the drafting and approval of a local charter nor carrying with it any requirement or association with a major re-organization of county government, code home rule ... presented a very real alternative to charter home rule in Maryland." (62 Op. Att'y Gen. 275, 281 (1977), citing Spencer, *Contemporary Local Government in Maryland*,

pp. 26-27 (1965)). In 1966, the voters ratified the proposed amendment, adding to the Maryland Constitution Article XI-F, “Home Rule for Code Counties.”

Today, nine counties exercise charter home rule and six counties operate under code home rule. The other eight counties remain commission counties. While the General Assembly still handles a considerable amount of local legislation each year, the overall burden has been significantly reduced. Further, there appears to be no particular momentum to change the current balance of power between the General Assembly and the local governments.

County Functions and Services

Regardless of the form of county government, certain functions and services have come, over time, to be provided by every county, although the level of services and the manner in which services are provided may vary. These county functions may be classified as either services of statewide concern, whereby the county serves as an administrative arm of the State in the provision of services, or strictly local services that are required or expected in each county. Types of services that are provided at the local level include general government (*i.e.*, executive and legislative functions, finance, legal services, personnel, and procurement), land use matters and regulation of development (*i.e.*, planning and zoning, issuance of building permits, and inspections), public safety (*i.e.*, fire, police, emergency services, and corrections), public works (*i.e.*, transportation, sanitation, and sewer and water), health and social services, primary and secondary education, community colleges, libraries, and recreation.

Commission Counties

Colonial Origins

At the time the first colonial counties were formed, county courts served as the administrative units of county government. Chapter 53 of 1794 established levy courts, composed of the justices of the peace in the counties. The basic duty of the levy courts was to determine the necessary expenses of the county and impose an assessment on property to defray the county’s expenses. Starting in 1827, boards of county commissioners began to administer county governments under authority of the General Assembly. The term “county commissioners” was first recognized in the Maryland Constitution of 1851. However, until the Maryland Constitution of 1867, county commissioners were simply administrative officers, in charge of county finances and the care of public roads. After the Maryland Constitution of 1867 was adopted, the General Assembly gradually expanded the authority of county commissioners.

Constitutional and Statutory Authority

Article VII, Section 2 of the Maryland Constitution provides that the number, compensation, and powers and duties of the county commissioners “shall be such as now are or may be hereafter prescribed by law.” This provision has been interpreted to mean that the General Assembly has full power to legislate for commission counties.

Article 25, Section 1 of the Annotated Code of Maryland provides that the county commissioners of each county are declared to be a corporation. Commission counties generally have been granted extensive statutory authority to handle local matters under various and numerous public general laws and public local laws. However, in many areas there are significant variations in the authority of individual commission counties. In addition, when granting some new authority, the General Assembly may make the provision applicable to all commission counties, to all counties except those counties specifically exempted, or only to those specified counties. Moreover, when interpreting the statutory authority of commission counties, the courts will strictly construe the scope of the authority granted.

In carrying out their duties, the county commissioners wear numerous hats. They act in legislative, executive or administrative, and quasi-judicial capacities. However, the line between these roles is often blurred. The day-to-day administration of county government varies among commission counties. In some cases, the county commissioners have delegated significant responsibility to a county administrator. In other commission counties, the commissioners have retained greater involvement in day-to-day operations.

Structure and Election of County Officers

Article VII of the Maryland Constitution vests in the General Assembly authority to determine the number of county commissioners in each commission county as well as the manner in which county commissioners are elected. All but one of the commission counties have five county commissioners; the remaining county, Garrett County, has three commissioners¹. Commissioners are elected at-large, by district, or by some combination of these methods. Under Article XVII of the Maryland Constitution (which applies to all counties except Cecil County since 2000), county commissioners are

¹ In accordance with the June 2006 Court of Appeals decision in *Getty v. Board of Elections*, the Circuit Court for Carroll County ordered the Carroll County Board of Elections to conduct the 2006 elections in accordance with Section 3-101(a) of the Public Local Laws of Carroll County, as it provided, prior to the passage of Chapter 417 of 2003, for three county commissioners, rather than five as stated in Chapter 417, due to the absence of subsequent State legislation to implement redistricting for the election of five commissioners. Chapter 611 of 2008 provided for five commissioner districts in Carroll County, for utilization starting in the 2010 elections.

elected for four-year terms, coincident with the election of the Governor and members of the General Assembly. In Cecil County, the commissioners are elected to four-year terms; however, two commissioners are elected in presidential election years and three commissioners are elected in gubernatorial election years. Exhibit 3.2 shows the structure and election system for each commission county.

Consideration of Home Rule

In the decade after the second form of home rule authority was made available under the Maryland Constitution, the voters in six commission counties approved some form of home rule: charter home rule was adopted by Prince George's County in 1970, Harford County in 1972, and Talbot County in 1973; and code home rule was adopted by Kent County in 1970, Allegany County in 1974, and Worcester County in 1976. However, this momentum slowed dramatically as home rule was adopted by only one county in each of the two subsequent decades: Caroline County in 1984 and Queen Anne's County in 1990, both adopting code home rule.

Since 1990, at least six commission counties have considered home rule on one or more occasion. Other than in 2002, the voters in each instance rejected the proposed change, apparently satisfied that the commission form of government met local needs. In 2002, home rule referendums were successful in two counties: Charles County adopted code home rule and Dorchester County adopted charter home rule.

Charter Counties

Adoption of Charter Home Rule

Article XI-A of the Maryland Constitution prescribes two methods of adopting charter home rule: the original procedure dating from 1915 and an alternative procedure that was added in 1970. Both procedures include the creation of a charter board and the drafting of a charter and are outlined in Exhibit 3.3. Although Baltimore City adopted a charter form of government in 1918, it was not until 1948 that Montgomery County became the first county to adopt charter home rule. Today nine counties operate under charter home rule. These counties and the date that charter home rule was adopted are shown in Exhibit 3.1.

Concern about the lengthy time required to complete the adoption of charter home rule under the original process led to the creation of the alternative procedure, which has streamlined provisions for the initiation of the process, the creation of the charter board, and the vote on the proposed charter. In addition, the time in which a charter board has to prepare a proposed charter has been expanded twice. Under the original law, a charter

board was given six months to draft a charter. In 1964, the timeframe was extended to 12 months; in 1992 it was extended to 18 months. Despite having the streamlined option, seven of the nine charter home rule counties have adopted home rule under the original method rather than the alternative process.

Exhibit 3.2 County Governments – Form and Structure

County	Government Form	Elected		Members on County Council/Board		
		Executive	Legislative Structure	At-large	District	Total
Allegany	Code Home Rule	No	Board of Commissioners	3	0	3
Anne Arundel	Charter Home Rule	Yes	County Council	0	7	7
Baltimore City ¹	Charter Home Rule	Yes	City Council	1	14	15
Baltimore	Charter Home Rule	Yes	County Council	0	7	7
Calvert	Commission	No	Board of Commissioners	2	3	5
Caroline	Code Home Rule	No	Board of Commissioners	3	0	3
Carroll	Commission	No	Board of Commissioners	0	5	5
Cecil ²	Commission	No	Board of Commissioners	0	5	5
Charles ¹	Code Home Rule	No	Board of Commissioners	1	4	5
Dorchester	Charter Home Rule	No	County Council	0	5	5
Frederick	Commission	No	Board of Commissioners	5	0	5
Garrett	Commission	No	Board of Commissioners	0	3	3
Harford ¹	Charter Home Rule	Yes	County Council	1	6	7
Howard	Charter Home Rule	Yes	County Council	0	5	5
Kent	Code Home Rule	No	Board of Commissioners	3	0	3
Montgomery	Charter Home Rule	Yes	County Council	4	5	9
Prince George's	Charter Home Rule	Yes	County Council	0	9	9
Queen Anne's	Code Home Rule	No	Board of Commissioners	1	4	5
St. Mary's ¹	Commission	No	Board of Commissioners	1	4	5
Somerset	Commission	No	Board of Commissioners	0	5	5
Talbot	Charter Home Rule	No	County Council	5	0	5
Washington	Commission	No	Board of Commissioners	5	0	5
Wicomico	Charter Home Rule	Yes	County Council	2	5	7
Worcester	Code Home Rule	No	Board of Commissioners	0	7	7

¹In Baltimore City and Charles, Harford, and St. Mary's counties, the council or board president is elected at-large. In other counties the president is either selected by the council/board members or the individual who received the most votes in the election.

²On November 2, 2010, the voters approved "Question A" to adopt a county charter which provides for a five-member county council and an elected county executive. The first executive will be elected in November 2012, and the charter is effective December 3, 2012.

Source: Department of Legislative Services

Exhibit 3.3
Adoption of Charter Home Rule under the Maryland Constitution

Process	Article XI-A, Section 1	Article XI-A, Section 1A
Initiation of Process: Proposal of Charter Board	Petition by 20% or 10,000 voters, whichever is less, requires governing body to nominate charter board. (In Baltimore City, mayor and city council may initiate process.) Charter board consists of 5 members. (In Baltimore City, 11 members.)	1. At any time, county commissioners may appoint charter board consisting of uneven number of members, ranging from 5 to 9. OR 2. Petition by 5% or 10,000 voters, whichever is less; appointments must be made by the county commissioners within 30 days of receipt of the petition.
Nomination of Charter Board	Nominations by governing body to be received not less than 40 days before election, and by voter petition, not less than 20 days before election.	After the governing body appoints a charter board, additional nominations may be made by a petition signed by 3% or 2,000 voters, whichever is less, and delivered within 60 days after the board is appointed.
Election on Charter Board and Its Membership	Next general or congressional election. If no more than 5 nominations (or 11 in Baltimore City). are received, the nominees constitute the charter board. Sole question is whether to create a charter board. If more than five nominations, the voters must determine whether to create a charter board <i>and</i> the membership of the board.	If petition is submitted, no sooner than 30 days and no later than 90 days after receipt of petition. Election unnecessary if no additional nominations received. (Voters do not have an opportunity to decide whether a charter board should be created.)
Result of Election on Charter Board Membership	If majority favor creating charter board, top 5 vote getters constitute charter board (11 in Baltimore City) If only 5 nominees, no vote on board members. If majority reject creation of charter board, election of board members is void, and process ends.	Top vote getters equal to the number of board members initially appointed constitute charter board.
Drafting of Charter	Within 18 months of election, charter board must prepare and submit proposed charter to president of board of county commissioners (or Mayor of Baltimore City).	Within 18 months of appointment, or 18 months after an election if an election is held, charter board must prepare and submit proposed charter to board of county commissioners.
Publication of Proposed Charter	Within 30 days of receipt, proposed charter must be published in at least two newspapers of general circulation in the jurisdiction.	Within 30 days of receipt, proposed charter must be published at least twice in one or more newspapers of general circulation in the jurisdiction.
Election on Proposed Charter	Next general or congressional election.	Special or regular election held no sooner than 30 days or more than 90 days after publication.
Result of Election	If majority favor adoption of charter, charter effective on the thirtieth day from the date of election. If majority reject adoption of charter, process ends.	If majority favor adoption of charter, charter effective on the thirtieth day after date of election or later date specified in charter. If majority reject adoption of charter, process ends.

Source: Department of Legislative Services

County Charter

The charter of a county is often likened to a constitution. It establishes a framework for county government, subject to the constitution and public general laws of the State. Although county charters vary, they generally cover legislative and executive functions and the structure and organization of government, including the establishment of county offices, departments, and boards. County fiscal, personnel, purchasing, and ethics matters are often addressed. In some counties, the charter limits the level of county debt and taxes.

Although the charter may prescribe certain limits affecting the operation of county government, the voters may not abate the constitutionally prescribed role of the council through provisions of the charter. For example, a charter may authorize the citizens of a county to petition a legislative enactment of the council to referendum, similar to the constitutional right of the citizens of the State to petition certain legislation passed by the General Assembly to referendum. But a charter may not grant the citizens of the county the power of initiative. The power of initiative is inconsistent with the constitutionally prescribed role of the council under Article XI-A, Section 3 of the Maryland Constitution. Moreover, the voters may not legislate through the charter amendment process. In September 1998, the Court of Appeals invalidated efforts by citizens in Harford and Montgomery counties to address certain matters through proposed charter amendments. The proposal put forth in Harford County would have allowed voters to decide whether to ban new development for a year. The proposal put forth in Montgomery County would have allowed the voters to ban speed bumps on residential streets.

While a county charter is similar to a constitution, there are some noteworthy differences. For example, unlike the Maryland Constitution under which constitutional amendments may only be proposed by the General Assembly, amendments to county charters may be proposed by either the mayor and city council of Baltimore City or county council, or the voters themselves. Article XI-A, Section 5 of the Constitution addresses the charter amendment process. Basically, charter amendments may be proposed by resolution of the council or by a petition signed by at least 20% of the registered voters or by 10,000 registered voters, whichever is less. The petition is filed with the council and published in local newspapers. The proposed amendment is then submitted for consideration by the voters at the next general or congressional election. If the voters approve the proposed amendment, the amendment becomes part of the charter on the thirtieth day after the election.

Constitutional Authority

Article XI-A of the Maryland Constitution specifies the authority of charter counties as outlined below:

- Section 1 allows the voters of each county, as well as Baltimore City, to adopt a charter form of government under which a locally elected council is authorized to legislate on local matters, to the extent authorized by a grant of express powers from the General Assembly.
- Section 1A sets forth alternative procedures for the adoption of charter home rule.
- Section 2 mandates that the General Assembly provide a grant of express powers to charter counties by public general law. The right to alter the express powers is reserved to the General Assembly.
- Section 3 requires that a county charter provide for an elective legislative body known as the county council, or in the case of Baltimore City, a city council, and allows for the election of an executive. It also vests legislative authority in the council, subject to certain limitations.
- Section 3A provides options with which a charter may provide for the election of council members.
- Section 4 restricts the General Assembly from adopting a public local law for a charter county on any matter covered by the Express Powers Act.
- Section 5 prescribes the manner in which a charter may be amended.
- Section 6 transfers from the General Assembly to the voters powers relating to the number, compensation, and powers and duties of the county governing body. However, such powers must be exercised through the charter and may not exceed powers granted to charter counties by the General Assembly.
- Section 7 addresses petition requirements for purposes of the charter home rule amendment of the Constitution.

Statutory Powers

Except as it relates to the adoption of charter home rule, the Maryland Constitution does not actually grant authority to charter counties. Instead, Article XI-A, Section 2 of the constitution requires the General Assembly to provide by public general law a grant of express powers for those counties that adopt charter home rule. The General Assembly has granted the express powers with the adoption of Article 25A, Sections 4 and 5 of the Annotated Code of Maryland (the “Express Powers Act”).

Article 25A, Section 4 of the Annotated Code of Maryland provides in part that a charter county “shall be entitled to exercise the following express powers ... granted as a substitute for and in extension of the powers codified in Article 25 of [the Annotated Code of Maryland], title „County Commissioners“” Subject to the constitution and the public general law of the State, a county council may enact local laws for the county on any matter covered under the Express Powers Act. The county council may also amend or repeal a local law adopted by the General Assembly before the adoption of home rule as long as the scope of the law is within the Express Powers Act. Although a detailed treatment of the Express Powers Act is not provided here, it is worth mentioning some specific provisions as illustrative of a charter county’s authority. A charter county may establish civil penalties and criminal penalties up to a certain statutory cap. It may incur general obligation debt up to a certain statutory cap and subject to the possibility of a petition to referendum. It may establish special taxing districts for any of the purposes enumerated in Article 25A. It exercises zoning authority under the Express Powers Act rather than Article 66B of the Annotated Code of Maryland.

An important enumerated power of charter counties is the general welfare clause under Article 25A, Section 5(S):

The foregoing or other enumeration of powers in this article shall not be held to limit the power of the county council, in addition thereto, to pass all ordinances, resolutions or bylaws, not inconsistent with the provisions of this article or the laws of the State, as may be proper in executing and enforcing any of the powers enumerated in this section or elsewhere in this article, as well as such ordinances as may be deemed expedient in maintaining the peace, good government, health and welfare of the county. ...

This provision, referred to as the so-called “police powers,” allows charter counties to enact local laws for the public good as long as the local laws are not inconsistent with the public general law of the State. In interpreting this provision, the

Maryland Court of Appeals has stated that, “[g]ratification would not be afforded the purposes of home rule or the reasons which prompted it if the language of [Article 25A, Section 5(S)] were not to be construed as a broad grant of power to legislate on matters not specifically enumerated in Art. 25A” (*Montgomery Citizens League v. Greenhalgh*, 253 Md. 151, 160–161 (1969)).

Although charter counties have broad home rule authority, such authority is not unlimited. The Express Powers Act does not grant charter counties general taxing authority, although some charter counties have received limited taxing authority under other laws. Moreover, charter counties may not legislate in areas that would not be considered “local law.” For example, the Court of Appeals has rejected an effort by a charter county to establish what was viewed as a new legal cause of action, a right reserved to the General Assembly or Court of Appeals. For matters outside the Express Powers Act, charter counties are required to seek authority from the General Assembly.

Structure and Election of County Officers

Seven of the nine charter counties have an elected county executive and county council structure; consequently, there is a separation of executive and legislative powers similar to that found in State government. Dorchester and Talbot counties use a council-manager form of government. Although significant responsibility for executive functions may be vested in the county administrator or manager, the individual in that position is appointed by and ultimately responsible to the county council.

Article XI-A, Section 3A of the Maryland Constitution provides alternatives by which council members may be elected. Council members may be elected by councilmanic districts, at-large, or a combination of these methods. Further, Article 25A, Section 3 of the Annotated Code of Maryland provides that a charter may require council members to reside within specified districts but be elected by voters throughout the county. Under Article XVII of the Maryland Constitution, all council members and any elected executives serve four-year terms and are elected at the same time that the Governor and members of the General Assembly are elected. In 1996, the constitution was amended to allow council vacancies to be filled by special election as authorized by the General Assembly. Within these limits, and limits contained in the federal constitution, the voters in a charter county have considerable discretion in shaping the structure of their county government through the charter. Exhibit 3.2 shows the structure and election system for each charter county.

Baltimore City

Baltimore City is unique among Maryland's local governments. While the city is a municipal corporation, it is treated as a county for most purposes of State law because it derives its home rule powers under Article XI-A of the Maryland Constitution, the first article under which the city and counties were given the opportunity to exercise home rule, rather than Article XI-E of the Maryland Constitution which grants home rule to the rest of the municipal corporations in the State. Moreover, Article 1, Section 14 of the Annotated Code of Maryland provides that, for purposes of the code, the word "county" includes the City of Baltimore unless such construction would be unreasonable. In addition, in Article 23A, Section 9, the City of Baltimore is specifically excluded from the definition of "municipal corporation" for that article, which otherwise applies to the State's municipal corporations.

Originally, Baltimore City was established as a municipal corporation within the confines of Baltimore County. The government performed exclusively municipal functions. In 1851, Baltimore City was separated from Baltimore County and has since functioned as an independent unit. The Baltimore City Charter enumerates the powers of the city and defines its administrative and organizational structure. Unlike the charter counties, the express powers granted to the city by the General Assembly are codified in Article II of the Baltimore City Charter rather than in Article 25A of the Annotated Code of Maryland. The voters of Baltimore City may not alter this particular article of the charter; revisions to the city's express powers can be made only by the General Assembly. In addition, the procedure for issuance of general obligation debt in Baltimore City was established in the constitution and can only be changed through constitutional amendment.

The Baltimore City Charter sets forth the structure of the city government. The Mayor and City Council of Baltimore govern jointly. They share general powers to address health, safety, and welfare issues. Baltimore City has three officials who are elected citywide: the mayor, the comptroller, and the president of the city council. These officials along with the city solicitor and director of public works sit as the Board of Estimates. This board creates the annual city budget, awards contracts, supervises procurement, and establishes salaries and working conditions for city employees. In 2004, the city charter was amended to reduce the number of council members to 15, including the president of the city council. The other 14 members are elected by single-member districts.

Unlike the election year cycle for the governor, most other State officers, and most county officers as required under Article XVII of the Maryland Constitution, Baltimore's elections are not bound by Article XVII and have been held, in accordance with the city

charter, in the years after each election of the governor, *e.g.*, in 1995 and 1999. There was an aberration to this cycling when the city's voters in 1999 approved changes to the city charter that would have moved both the city's primary and general election dates to presidential election years. However, the Office of the Attorney General advised that the city had authority to change only the date of the general election. (87 Op. Att'y Gen. 187 (2002)). Accordingly, in the next election cycle, the Baltimore City primary was held in September 2003 and the municipal general election was held in November 2004. In 2004, the city voters approved further changes to the city's charter to provide that the city's officers would next be elected in 2007 and every four years afterwards.

Code Counties

Adoption of Code Home Rule

In comparison to the procedures for adopting charter home rule, adoption of code home rule is relatively simple. This procedure is governed by Article XI-F, Section 2 of the constitution as supplemented by Article 25B, Sections 3 through 7 of the Annotated Code of Maryland. This process is outlined in Exhibit 3.4. Basically, a board of county commissioners initiates and votes, after public notice and hearings, on a resolution to adopt code home rule; if the board passes the resolution, the question is put to the voters for their approval or rejection at the next general election. There is no drafting of a charter or need to reorganize the county government. Exhibit 3.1 lists the six counties that have adopted code home rule and the year of adoption.

Constitutional and Statutory Authority

Unlike a charter county, a code county's legislative authority is derived from two sources (1) the General Assembly, primarily under Article 25B of the Annotated Code of Maryland; and (2) Article XI-F of the Maryland Constitution itself. The following specifies the authority of code counties under Article XI-F of the Maryland Constitution:

- Section 1 of the constitution defines "code county" and "public local law" for purposes of the article.
- Section 2 describes how code home rule is adopted, a process elaborated on by the General Assembly in Article 25B of the Annotated Code of Maryland.
- Section 3 grants a code county authority to enact, amend, or repeal a public local law of the county, except as otherwise provided in Article XI-F.

Exhibit 3.4
Adoption of Code Home Rule under Article XI-F of the
Maryland Constitution and Article 25B of the Code

Initiation of Process: Authority	Article XI-F, Section 2 of the Maryland Constitution, and Article 25B, Section 3 of the Annotated Code of Maryland, give the board of county commissioners authority to propose code home rule by resolution of a two-thirds majority of the board.
Notice of Proposed Resolution	Under Article 25B, Section 4 of the Annotated Code of Maryland, the board must publish notice containing the dates, times, and places of public hearings concerning adoption of code home rule. The notice must be published at least three times, and not more than 30 days before the first hearing, in at least one newspaper of general circulation in the county.
Public Hearings on Proposed Resolution	Under Article 25B, Section 5 of the Annotated Code of Maryland, the board shall hold at least two public hearings on the question of code home rule.
Adoption of Resolution	Under Article 25B, Section 6 of the Annotated Code of Maryland, within 60 days from the last public hearing, the board must adopt or reject the proposed resolution. Adoption requires a two-thirds majority of the board.
Election	Under Article 25B, Section 7 of the Annotated Code of Maryland, following adoption by the board, the resolution must be submitted to voters at the next general election, provided charter home rule is not on the ballot. Ballot allows voters to choose, "For Adoption of Code Home Rule Status" or "Against Adoption of Code Home Rule Status."
Consideration of Charter Home Rule: Effect on Process	Under Article XI-F, Section 2 of the Maryland Constitution, if a proposed charter under Article XI-A of the Maryland Constitution is to be on the ballot, only the proposed charter will be submitted to voters. If the charter is adopted, the code resolution has no effect. If the proposed charter is rejected, the proposed resolution shall be submitted to voters at the next general election.
Result of Election	Under Article 25B, Section 7 of the Annotated Code of Maryland, within 10 days after receiving certification of election results, the board shall proclaim the results. If a majority favors adoption of the proposed resolution, the county becomes a code home rule county on the thirtieth day after the proclamation of the election results. If a majority rejects adoption of the proposed resolution, the process ends.

Source: Department of Legislative Services

- Section 4 restricts the General Assembly from passing legislation for individual code counties.
- Section 5 requires the General Assembly to classify code counties into not more than four classes based on population or other criteria determined by the General Assembly to be appropriate. In 1997, the General Assembly classified the code counties for the first time, dividing the State into four geographic regions, or classes, as identified in Article 25B, Section 2 of the Annotated Code of Maryland.
- Section 6 describes how a code county enacts public local laws and authorizes the General Assembly to amplify the provisions by public general law. The General Assembly has passed legislation concerning code county legislative procedures; these provisions are found in Article 25B of the Annotated Code of Maryland.
- Section 7 reserves to the voters the right to petition public local laws enacted by the county commissioners of a code county to referendum.
- Section 8 allows the General Assembly to pass local laws applicable to individual code counties for purposes of restricting tax rates and county debt.
- Section 9 restricts the ability of a code county to impose “any type of tax, license fee, franchise tax, or fee” unless authorized prior to adoption of home rule or, if authorized by the General Assembly for all code counties within a given class, following adoption of home rule.
- Section 10 provides that laws in effect at the time home rule is adopted continue in effect until altered under the provisions of the constitution.

As noted above, Article XI-F, Section 3 of the constitution authorizes code counties to enact public local laws. “Public local law” is defined in the constitution, in part, as “a law applicable to the incorporation, organization, or government of a code county and contained in the county’s code of public local laws” Interestingly, this definition of “public local law” does not include the term “affairs” as is included in a very similar provision for the municipal corporations under Article XI-E, Section 1 of the Maryland Constitution. Whether this term when drafted was viewed as surplusage or whether it was excluded to limit the breadth of code counties’ authority is open to interpretation. Moreover, the definition would seem to suggest that the codification of law is determinative. As discussed further in Chapter 5, in an in-depth analysis of Article XI-F of the constitution, the Office of the Attorney General has determined that a

code county's authority nonetheless should be broadly construed. However, this view may be inconsistent with those who view code home rule as an intermediate step short of charter home rule.

In terms of statutory authority, the primary source is Article 25B of the Annotated Code of Maryland. Article 25B, Section 13 provides that a code county may exercise, in addition to other powers under "any public general or local law applicable to the county," the powers enumerated in Article 25 of the Annotated Code of Maryland in Section 3 and the subtitle "Draining Lands," and in Article 25A of the Annotated Code of Maryland in Section 5 (the Express Powers Act for charter counties) other than Subsections 5(A), (P), and (S). Article 25A, Section 5(A) deals with passage of legislation and Section 5(P) deals with general obligation debt. Interestingly, both of these powers are granted to code counties under alternative provisions of law elsewhere in Article 25B. Article 25A, Section 5(S) enables amendments to a county charter (which a code county does not have); requires the express powers to be exercised only to the extent as not provided for by public general law and prohibits any legislation dealing with alcoholic beverages (which are the same provisions applicable to all local governments); and grants the authority to pass ordinances "deemed expedient in maintaining the peace, good government, health and welfare of the county," the so-called "police powers." This last provision is yet another source of much debate over the scope of authority that a code county may exercise.

Structure and Election of County Officers

When a commission county adopts code home rule, it retains a board of county commissioners as its governing body. The board exercises both legislative and executive authority. Although a code county may delegate significant authority to a county administrator or other personnel, ultimate authority remains with the county commissioners. Because the number of commissioners and method of election are controlled by public local law, the county commissioners may alter the composition of the board, subject to applicable restrictions of the Maryland Constitution. The current structure in place in each code county is summarized in Exhibit 3.2. Under Article XVII of the constitution, the county commissioners in all code counties serve four-year terms and are elected at the same time as the Governor and members of the General Assembly.

Chapter 4. Municipal Corporations

There are 156 municipal corporations, commonly referred to as municipalities, with home rule powers under Article XI-E of the Maryland Constitution. While Baltimore City is a municipal corporation, it is usually grouped with the charter home rule counties for legal and legislative purposes because it receives its home rule authority under Article XI-A of the constitution.

Despite a common foundation under Article XI-E of the Maryland Constitution, there is a great variety in the size, structure, budget, and services of municipal corporations. With limited exceptions, the authority granted to municipal corporations under the constitution and public general laws is uniform throughout the State. However, the extent that such authority is exercised within an individual municipal corporation 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 governing body by adoption of local laws. This chapter reviews the development and powers of municipal corporations.

Historical Development

From the 1600s to the mid-1950s, the General Assembly closely supervised the creation and operation of municipal corporations in the State through the enactment of public local laws. Of the 156 municipal corporations still in existence, all but five were created by the General Assembly before municipal corporations were granted home rule authority in 1954. Exhibit 4.1 shows the time periods in which municipal corporations were established.

Exhibit 4.1
Establishment of Maryland Municipal Corporations

<u>Time Period</u>	<u>Number</u>	<u>% of Total</u>
1700s	6	3.8%
1800s	90	57.7%
1900 - 1953	55	35.3%
1954 - Present	5	3.2%
Total	156	100.0%

Source: Department of Legislative Services

The oldest municipal corporation is Annapolis, in Anne Arundel County, created by Chapter 7 of 1708. Only five other existing municipal corporations were created in the eighteenth century – Havre de Grace (Harford County – 1785), Charlestown (Cecil County – 1786), Easton (Talbot County – 1790), Cambridge (Dorchester County – 1793), and Centreville (Queen Anne’s County – 1794). The State created 90 of the existing municipal corporations from 1800 to 1899, and 55 of the existing municipal corporations from 1900 to 1954. The last three municipal corporations created by the General Assembly prior to the ratification of municipal home rule authority were Brookview (Dorchester County), New Carrollton (Prince George’s County), and Queen Anne (Queen Anne’s and Talbot counties), all established in 1953.

After 1954, the General Assembly’s involvement in local municipal affairs diminished significantly with the ratification of Article XI-E of the Maryland Constitution, which provides for municipal home rule. Since ratification of the Municipal Home Rule Amendment, there have been only five new municipal incorporations. All these municipal corporations are located in Montgomery County and all were originally created by the State as special taxing districts: Village of Chevy Chase, Section 3 (1982); Village of Chevy Chase, Section 5 (1982); Village of Martin’s Additions (1985); Town of Chevy Chase View (1993); and Village of North Chevy Chase (1996). While the particular reasons and histories vary, the common theme in pursuing and achieving municipal status is the desire to exercise home rule powers under Article XI-E of the Maryland Constitution. Rather than by action of the General Assembly, these new municipal corporations were created by the successful referendum of the voters in each of the former special taxing districts in accordance with the provisions of Article 23A, Sections 20 through 30 of the Annotated Code of Maryland.

Despite the overall growth in the total number of municipal corporations throughout Maryland’s history, it is important to note that over the years several municipal corporations have formally dissolved. For example, the municipal charter of Piscataway, in Prince George’s County, was proclaimed repealed by the Secretary of State in 1964 under the provisions of Article 23A, Section 43 of the Annotated Code. Other former municipal corporations include St. Mary’s City in St. Mary’s County and Arundel on the Bay in Anne Arundel County.

Exhibit 4.2 lists the authority by which today’s 156 municipal corporations were created within each county.

Exhibit 4.2 Incorporated Cities and Towns

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Allegany			Carroll		
Barton	1900	Ch. 729	Hampstead	1888	Ch. 295
Cumberland	1815	Ch. 136	Manchester	1833	Ch. 193
Frostburg	1839	Ch. 179	Mount Airy	1894	Ch. 91
Lonaconing	1890	Ch. 132	(also in Frederick)		
Luke	1922	Ch. 73	New Windsor	1843	Ch. 47
Midland	1900	Ch. 681	Sykesville	1904	Ch. 256
Westernport	1858	Ch. 54	Taneytown	1836	Ch. 309
			Union Bridge	1872	Ch. 174
			Westminster	1818	Ch. 128
Anne Arundel			Cecil		
Annapolis	1708	Ch. 7	Cecilton	1864	Ch. 353
Highland Beach	1922	Ch. 213	Charlestown	1786	Ch. 32
Baltimore			Chesapeake City	1849	Ch. 271
None			Elkton	1821	Ch. 143
Calvert			North East	1849	Ch. 339
Chesapeake Beach	1886	Ch. 203	Perryville	1882	Ch. 212
North Beach	1910	Ch. 395	Port Deposit	1824	Ch. 33
			Rising Sun	1860	Ch. 383
Caroline			Charles		
Denton	1802	Ch. 25	Indian Head	1920	Ch. 590
Federalsburg	1823	Ch. 174	La Plata	1888	Ch. 325
Goldsboro	1906	Ch. 87	Port Tobacco	1888	Ch. 297
Greensboro	1826	Ch. 97			
Henderson	1949	Ch. 498			
Hillsboro	1853	Ch. 161			
Marydel	1929	Ch. 38			
Preston	1892	Ch. 689			
Ridgely	1896	Ch. 178			
Templeville	1865	Ch. 86			
(also in Queen Anne's)					

Exhibit 4.2 (continued)
Incorporated Cities and Towns

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Dorchester			Howard		
Brookview	1953	Ch. 704	None		
Cambridge	1793	Ch. 66			
Church Creek	1867	Ch. 53	Kent		
East New Market	1832	Ch. 167	Betterton	1906	Ch. 227
Eldorado	1947	Ch. 313	Chestertown	1805	Ch. 101
Galestown	1951	Ch. 92	Galena	1858	Ch. 373
Hurlock	1892	Ch. 249	Millington	1890	Ch. 386
Secretary	1900	Ch. 555	(also in Queen Anne's)		
Vienna	1833	Ch. 216	Rock Hall	1908	Ch. 171
Frederick			Montgomery		
Brunswick	1890	Ch. 577	Barnesville	1888	Ch. 254
Burkittsville	1894	Ch. 652	Brookeville	1808	Ch. 90
Emmitsburg	1824	Ch. 29	Chevy Chase	1918	Ch. 177
Frederick	1816	Ch. 74	Chevy Chase, Sec. 3	1982	Referendum
Middletown	1833	Ch. 143	Chevy Chase, Sec. 5	1982	Referendum
Mount Airy	1894	Ch. 91	Chevy Chase View	1993	Referendum
(also in Carroll)			Chevy Chase Village	1910	Ch. 382
Myersville	1904	Ch. 94	Gaithersburg	1878	Ch. 397
New Market	1878	Ch. 90	Garrett Park	1898	Ch. 453
Rosemont	1953	Ch. 262	Glen Echo	1904	Ch. 436
Thurmont	1894	Ch. 16	Kensington	1894	Ch. 621
Walkersville	1892	Ch. 351	Laytonsville	1892	Ch. 497
Woodsboro	1836	Ch. 299	Martin's Additions	1985	Referendum
Garrett			North Chevy Chase	1996	Referendum
Accident	1916	Ch. 514	Poolesville	1867	Ch. 174
Deer Park	1884	Ch. 519	Rockville	1860	Ch. 373
Friendsville	1902	Ch. 477	Somerset	1906	Ch. 795
Grantsville	1864	Ch. 99	Takoma Park	1890	Ch. 480
Kitzmiller	1906	Ch. 285	Washington Grove	1937	Ch. 372
Loch Lynn Heights	1896	Ch. 450			
Mountain Lake Park	1931	Ch. 507			
Oakland	1862	Ch. 250			
Harford					
Aberdeen	1892	Ch. 136			
Bel Air	1874	Ch. 273			
Havre de Grace	1785	Ch. 55			

Exhibit 4.2 (continued)
Incorporated Cities and Towns

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
Prince George's			St. Mary's		
Berwyn Heights	1896	Ch. 267	Leonardtown	1858	Ch. 73
Bladensburg	1854	Ch. 137			
Bowie	1882	Ch. 488	Somerset		
Brentwood	1912	Ch. 401	Crisfield	1872	Ch. 151
Capitol Heights	1910	Ch. 513	Princess Anne	1867	Ch. 183
Cheverly	1931	Ch. 200			
College Park	1945	Ch. 1051	Talbot		
Colmar Manor	1927	Ch. 178	Easton	1790	Ch. 14
Cottage City	1924	Ch. 390	Oxford	1852	Ch. 367
District Heights	1936	Ch. 61	Queen Anne	1953	Ch. 17
Eagle Harbor	1929	Ch. 397	(also in Queen Anne's)		
Edmonston	1924	Ch. 154	St. Michaels	1804	Ch. 82
Fairmount Heights	1935	Ch. 199	Trappe	1827	Ch. 103
Forest Heights	1949	Ch. 142			
Glenarden	1939	Ch. 650	Washington		
Greenbelt	1937	Ch. 532	Boonsboro	1831	Ch. 139
Hyattsville	1886	Ch. 424	Clear Spring	1836	Ch. 141
Landover Hills	1945	Ch. 465	Funkstown	1840	Ch. 78
Laurel	1870	Ch. 260	Hagerstown	1813	Ch. 121
Morningside	1949	Ch. 589	Hancock	1853	Ch. 319
Mount Rainier	1910	Ch. 514	Keedysville	1872	Ch. 251
New Carrollton	1953	Ch. 441	Sharpsburg	1832	Ch. 28
North Brentwood	1924	Ch. 508	Smithsburg	1841	Ch. 284
Riverdale Park	1920	Ch. 731	Williamsport	1823	Ch. 125
Seat Pleasant	1931	Ch. 197			
University Park	1936	Ch. 132	Wicomico		
Upper Marlboro	1870	Ch. 363	Delmar	1888	Ch. 167
			Fruitland	1947	Ch. 662
Queen Anne's			Hebron	1931	Ch. 90
Barclay	1931	Ch. 483	Mardela Springs	1906	Ch. 325
Centreville	1794	Ch. 23	Pittsville	1906	Ch. 499
Church Hill	1876	Ch. 201	Salisbury	1854	Ch. 287
Millington (also in Kent)	1890	Ch. 386	Sharptown	1874	Ch. 465
Queen Anne	1953	Ch. 17	Willards	1906	Ch. 195
(also in Talbot)					
Queenstown	1892	Ch. 542	Worcester		
Sudlersville	1870	Ch. 313	Berlin	1868	Ch. 424
Templeville	1865	Ch. 86	Ocean City	1880	Ch. 209
(also in Caroline)			Pocomoke City	1878	Ch. 253
			Snow Hill	1812	Ch. 72

Source: Maryland State Archives; Department of Legislative Services

Constitutional Home Rule

Prior to 1954, the General Assembly closely supervised the creation and operation of municipal corporations by enacting individually drafted charters and any amendments to the charters. However, the General Assembly shifted the balance of municipal power to the municipal corporations themselves with the adoption of Chapter 53 of 1954, proposing a constitutional amendment. Upon ratification by the voters on November 2, 1954, Article XI-E, known as the “Municipal Home Rule Amendment,” was added to the Maryland Constitution. The general purpose of Article XI-E is to permit the municipal corporations to govern themselves in local matters. The courts have interpreted this amendment as a strong and explicit intention that the General Assembly only address the charters of the municipal corporations on a general basis and not pass local legislation to amend the charters of individual municipal corporations.

Article XI-E of the Maryland Constitution specifies certain provisions relating to municipal corporations as outlined below:

- Section 1, except as otherwise provided, establishes that the General Assembly may only legislate on matters relating to the incorporation, organization, government, or affairs of municipal corporations by general laws which apply “alike to all municipal corporations in one or more of the classes provided for in Section 2 of this Article.”
- Section 2 requires the General Assembly to divide municipal corporations into not more than four classes based on population. However, Article 23A, Section 10 of the Annotated Code of Maryland provides that there is only one class, which contains all municipal corporations.
- Section 3 grants each municipal corporation authority to adopt a new charter or to amend or repeal its municipal charter or local laws relating to the incorporation, organization, government, or affairs of the municipal corporation.
- Section 4 addresses the manner in which a municipal charter may be amended and requires the General Assembly to amplify its provisions by general law. Statutory provisions governing municipal charter amendments are codified in Article 23A, Sections 11 through 18 of the Annotated Code of Maryland.
- Section 5 grants the General Assembly authority to set maximum property tax rates and to limit the amount of debt that a municipal corporation may incur.

However, a tax or debt limit may not take effect until approved by the voters of the municipal corporation at a regular or special election.

- Section 5 also prohibits a municipal corporation from levying “any type of tax, license fee, franchise tax or fee” that was not in effect on January 1, 1954, unless authorized by the General Assembly by general law.
- Section 6 addresses the relationship between municipal charters and other law.

Incorporation Process

Article 23A, Sections 20 through 30 of the Annotated Code of Maryland prescribe the manner in which a new municipal corporation may be incorporated under Article XI-E of the Maryland Constitution.

In order to incorporate, a community must consist of a minimum of 300 residents in the area proposed for incorporation. A petition to incorporate must be submitted to the county in which the area proposed for incorporation is located. A standardized petition form developed by the Office of the Attorney General is available for communities seeking incorporation through each county’s board of election supervisors. If the community’s petition satisfies statutory requirements, the county must appoint a liaison to work with the community’s organizing committee. What follows is an exchange of information, development of a proposed charter, and exchange of comments between the county and the organizing committee. Next, the county may schedule a referendum on the matter of incorporation or reject a proposed incorporation. However, if a county rejects a referendum request, the county must provide in writing the reasons for the rejection and establish reasonable procedures for reconsideration of its rejection, including an opportunity for a public hearing. The county may then schedule a referendum on incorporation or affirm its earlier rejection.

If the incorporation effort advances to referendum and the voters of the community approve incorporation, the county must proclaim the results within 10 days after receiving certification from the county board of elections. Subject to certain required statutory procedures, the incorporation takes effect 30 days following the proclamation.

Governmental Structure

Neither the Maryland Constitution nor the Annotated Code of Maryland prescribes any form of government for municipal corporations. Article 23A, Section 9(a) of the Code merely states that, “the term municipal corporation shall include all cities, towns

and villages, now or hereafter created under any general or special law of this State for general governmental purposes, which are subject to the provisions of Article XI-E of the constitution, which possess legislative, administrative and police powers for the general exercise of municipal functions, and which carry on such functions through a set of elected and other officials.”

Given these broad guidelines, the forms of government that the municipal corporations have developed can be grouped into three basic categories: (1) commission; (2) mayor-council; and (3) council-manager.

According to the Maryland Municipal League, approximately 70% of municipal corporations utilize the mayor-council form of government. In this form of government, the mayor and council share the legislative power, and the mayor exercises the executive power. Some mayors are “stronger” than others, meaning that they have veto power over legislative actions of the council; others share power as a member of the council.

Of the other forms, approximately 20% have commissions and approximately 10% use the council-manager structure. In the commission form of government, the commissioners share the legislative power, and the executive powers are generally divided among the different commissioners. In the council-manager form of government, the council appoints a municipal manager who is the chief executive officer of the municipal corporation.

Within each category, there are variations in the qualifications, number, terms, and duties of municipal officials. Titles of municipal officials also vary; for example, in some municipal corporations, such as the Town of Middletown, the title “burgess” is used.

In addition, the governing bodies of municipal corporations can appoint managers or administrators who help implement the policies developed by elected officials. Municipal managers may also provide the corporate memory and attention to details that policy-oriented and often transient elected officials frequently cannot offer. According to the Maryland Municipal League, 114 municipal corporations have full-time, professional managers or administrators, and 16 municipal corporations have part-time, circuit-rider administrators. In the remaining 26 municipal corporations, the day-to-day administrative operations are conducted by the elected officials, typically the mayor.

Election of Local Officials

Because municipal corporations are not subject to Article XVII of the Maryland Constitution (Quadrennial Elections), they have considerable discretion as to the manner in which local officials are elected. Local election procedures are outlined in the charters

of the municipal corporations. Municipal charters establish the terms of office and dates of elections. Often, the terms of office for municipal officials are staggered.

State laws governing elections generally do not apply to municipal elections. However, two State laws dealing with municipal elections are noteworthy. Title 3, Subtitle 4 of the Election Law Article provides generally for the universal registration of voters in municipal elections, so that the list of individuals eligible to vote in a municipal election includes those residents of the municipal corporation who are registered to vote with the local elections board for the county in which an individual's residence is located. In addition, Article 23A, Section 47 of the Annotated Code requires municipal corporations to allow voting in municipal elections by absentee ballot. In practice, municipal corporations may, and frequently do, rely on county election boards to administer municipal elections. Overall, the flexibility that municipal corporations possess in election matters contributes to the autonomy of Maryland's municipal corporations.

Powers of Municipal Corporations

Article XI-E of the Maryland Constitution grants a municipal corporation authority to amend or repeal its charter or local laws relating to the incorporation, organization, government, or affairs of the municipal corporation 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 municipal corporation 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....

In addition, three specific powers deserve particular mention: (1) amendments to municipal charters; (2) annexation of property; and (3) urban renewal powers for slum

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

Charter Amendments

As noted above, Article XI-E of the constitution grants authority for the amendment of municipal charters, and the General Assembly has established specific procedures. A charter amendment may be initiated either by resolution of the legislative body of the municipal corporation or by a petition signed by at least 20% of the qualified voters of the municipality. A proposed charter amendment must contain only a single subject. The law prescribes detailed procedural requirements pertaining to proposed charter amendments, including notice and publication requirements. An amendment proposed by the legislative body may be petitioned to referendum by 20% of the qualified voters. Otherwise, it may be adopted as proposed by majority vote of the legislative body. A charter amendment proposed by petition may be either adopted by resolution of the legislative body or submitted to referendum.

If a charter amendment is petitioned or submitted to referendum, the election may be held at the next regular municipal election or at a special election held within a statutorily prescribed timeframe. Within 10 days following an election, the mayor or chief executive officer of the municipal corporation is required to proclaim the results. The law prescribes the time that a proposed charter amendment normally takes effect, subject to certain procedural requirements under Article 23A of the Annotated Code of Maryland.

Annexations

As part of its home rule powers, a municipal corporation may annex contiguous, unincorporated property in accordance with the provisions of Article 23A, Section 19 of the Annotated Code. An annexation may be initiated by the municipal legislative body or by petition of the residents of the area seeking annexation. The legislative body must satisfy public notice and hearing requirements on the resolution to incorporate. In addition, the governing body of a municipal corporation that exercises zoning authority must develop an annexation plan as part of a proposed annexation. The annexation plan must be consistent with the municipal growth element contained in the municipal corporation's comprehensive plan that is developed in consultation with the county in which the municipal corporation is located and submitted to the Maryland Department of Planning. The annexation resolution becomes effective after the favorable vote by the legislative body, provided that the resolution is not petitioned to a referendum by the residents of the area seeking annexation, by the municipal residents, or by the county

governing body. Following annexation, Article 23A, Section 9(c) of the Annotated Code restricts substantial changes by the municipal corporation in the use or density for the zoning classification applicable at the time of the annexation without the consent of the county.

Urban Renewal Powers for Slum Clearance

Notwithstanding the broad grant of municipal home rule authority under the constitution and Article 23A of the code, and the general condemnation power under Article 23A, Section 2(b)(24) in particular, a municipal corporation must receive express authority from the General Assembly in order to exercise urban renewal powers for slum clearance. This power is authorized under Article III, Section 61 of the Maryland Constitution, the Urban Renewal Amendment. This provision allows the General Assembly to authorize a municipal corporation (or a county) to carry out urban renewal projects and to condemn property for this purpose. To date, 68 out of Maryland's 156 municipal corporations have been granted urban renewal authority under this provision of the constitution. Once granted this authority, a municipal corporation may condemn individual blighted properties under Article 23A, Section 2(b)(37) of the code.

Limitations on Municipal Authority

Although municipal corporations exercise broad home rule authority, such authority is not absolute. Article XI-E, Section 6 of the constitution provides, in part, that “[a]ll charter provisions, or amendments thereto ... shall be subject to all applicable [public general] laws enacted by the General Assembly....” This provision also restricts municipal corporations from regulating alcoholic beverage sales as well as sales on Sundays (blue laws) in its charter. Article XI-E restricts a municipal corporation from imposing “any tax, license fee, franchise tax or fee” unless it was in effect on January 1, 1954, or authorized by the General Assembly for all municipal corporations within a given class. Moreover, the governing body of a municipal corporation may not legislate in areas that have been preempted by the State either by express preemption or preemption by implication.

Codification of Municipal Charters

While municipal corporations have broad authority to amend their charters, the law requires municipal corporations to follow certain procedures. Under Article 23A, Section 9A(c), municipal corporations must regularly mail charter amendment resolutions, as well as all annexation resolutions, to the Department of Legislative Services within 10 days of the effective date of the resolution. Generally, provided that a resolution is not petitioned to referendum, the effective date for a charter resolution is

50 days after enactment, and for an annexation resolution, no earlier than 45 days after enactment (Article 23A, §§ 13(f) and 19(e)).

In accordance with Chapter 77 of 1983, and Sections 10 and 11 of Chapter 14 of 1997, the Department of Legislative Services publishes a compilation of all the municipal charters, *Public Local Laws of Maryland – Compilation of Municipal Charters*. This publication contains the official version of the charter for each municipal corporation in the State and is updated annually to reflect the charter amendments that are passed by the legislative body of each municipal corporation. The compilation also includes the urban renewal powers that have been granted by the General Assembly under Article III, Section 61 of the Constitution of Maryland. An appendix to the charter of each of these municipal corporations reflects the specific urban renewal powers of that municipal corporation. The appendix may be amended or repealed only by the General Assembly.

Chapter 5. State and Local Relationships

As the State's legislature, the Maryland General Assembly inherently possesses full power to legislate for the entire State and for its political subdivisions, subject only to limitations imposed by the U.S. Constitution and the Maryland Constitution. By contrast, the State's counties and municipal corporations possess authority to legislate only in those areas authorized by the Maryland Constitution and the Maryland General Assembly. Furthermore, the authority of counties and municipal corporations is often limited by the decisions of the General Assembly to preempt entirely certain subject areas of statewide concern.

The General Assembly has a long history of passing legislation applicable to individual political subdivisions or exempting individual political subdivisions from legislation that otherwise applies throughout the State. Of the 2,700 bills introduced during the 2010 session, approximately 12% dealt with one or more counties, not including State bond bills introduced to finance projects in individual counties. This illustrates that a significant volume of the General Assembly's work still involves local matters despite most local governments having home rule powers. Accordingly, questions frequently arise regarding the authority of the General Assembly to pass local legislation, and the answer may vary depending on the constitutional provisions governing the affected political subdivision. Conversely, on the local government level, questions frequently arise regarding the authority to legislate in a given subject area; again, the answer may vary based on the form of local government or the actions taken at the State level in the affected subject area.

This chapter attempts to answer some of the questions that arise regarding the interaction of Maryland's State and local governments. First, this chapter discusses the distinction between public general laws and public local laws and explains the manner in which the General Assembly traditionally handles local legislation. The chapter then proceeds to address the authority of the General Assembly to adopt local legislation affecting the powers of counties and municipal corporations. Finally, State preemption, conflicts between State and local law, and conflicts between county and municipal law are discussed.

Public General Laws and Public Local Laws

In reviewing the authority of the General Assembly to pass local legislation, the distinction between public general laws and public local laws is crucial. This distinction is clouded by the fact that a bill interpreted as a local law for some purposes may be interpreted as a public general law for other purposes. As explained by the Court of

Appeals, “a law is not necessarily a local law merely because its operation is confined to ... a single county, if it affects the interests of the people of the whole State.” (*Gaither v. Jackson*, 147 Md. 655, 667 (1925).)

The General Assembly has the authority to pass legislation that applies statewide. The authority to pass legislation affecting single or multiple political subdivisions varies based on the form of local government and relevant constitutional provisions, a concept addressed below in detail. Legislation applicable to a single political subdivision generally is referred to as a public local law. By contrast, legislation applicable to two or more political subdivisions or applicable throughout the State is referred to as a public general law. Public local laws are usually codified in the Code of Public Local Laws of the applicable political subdivision but may alternatively be codified in the Annotated Code of Maryland. A public local law might also be uncoded, in which case it would appear only in the session laws that are published following the completion of each legislative session. Regardless of the form of local government, the General Assembly may pass legislation affecting individual political subdivisions in subject areas that have been preempted by the State.

One important distinction between public general laws and public local laws relates to the ability of the General Assembly to condition legislation on approval by the voters. The General Assembly may not submit a public general law to a referendum of the voters, as this action would be an unconstitutional delegation of its legislative authority. The enactment of a public local law, however, may be made contingent on the approval of the voters in the area or political subdivision affected by the legislation.

Local Bill Process in the General Assembly

Local Courtesy

Legislation pertaining to a single political subdivision or a limited number of political subdivisions is usually afforded “local courtesy.” If the legislation has the support of the citizens of a particular political subdivision, as expressed by the legislators elected to represent that political subdivision, then the members of the General Assembly representing other areas of the State, as a courtesy, usually will acquiesce to the wishes of the legislators of the affected political subdivision. Exceptions occasionally occur when other legislators believe that an ostensibly local bill has statewide implications. The concept of local courtesy is historically based on an expectation that members of the legislative delegation of a county or Baltimore City are the best judges of issues relevant solely to their own political subdivision.

Local Delegations and Select Committees

After the 2000 census, each legislative district of the State, represented by one senator and three delegates, includes approximately 113,000 citizens. Based on projected estimates, the population of a legislative district is expected to increase to over 120,000 following the 2010 census. Fifteen of the 47 legislative districts are divided into two or three member subdistricts where each delegate represents either one-third or two-thirds of the district's population. In the heavily populated metropolitan areas of the State, a member of the Senate or the House of Delegates represents a small region of a county or Baltimore City. In the rural areas, such as Maryland's Eastern Shore, a senator or delegate may represent citizens of up to four counties. In either scenario, local courtesy provides that if a majority of the members of the Senate or the House of Delegates representing a particular political subdivision support or oppose local legislation, the rest of the senators or delegates generally will acquiesce in that decision.

The House of Delegates is organized into local county delegations for the purpose of considering local legislation. The rural counties also meet as regional delegations. Although the *Rules of the Maryland House of Delegates* allow for a delegation to act as a "select committee" for consideration of local legislation, in practice local bills approved by the appropriate delegation are referred to a House standing committee. The standing committee generally defers to the position taken by the local delegation. In the Senate, select committees consisting of single counties, or groups of sparsely populated counties, may consider local legislation, although local bills are generally referred to the standing committees. For some counties the members of the Senate and the House of Delegates meet together for consideration of local legislation. For most counties, local legislation is introduced only in the House of Delegates rather than cross-filed. If the legislation passes in the House, it then is considered by the Senate.

Procedures for consideration vary significantly among delegations. While procedures in many of the rural delegations are very informal, several of the more urban delegations have established elaborate procedures for consideration of local legislation. The Howard County, Montgomery County, and Prince George's County delegations have adopted the most complex procedures for their respective delegations. Each of these counties has published deadlines for its members to submit proposed local legislation for consideration several months before each legislative session of the General Assembly. County administration proposals generally are submitted by the delegation chair on behalf of the county administration. These bills are drafted by the Office of Policy Analysis in the Department of Legislative Services and are assigned unique local bill numbers. Copies of the draft bills (which have not been actually introduced in the

General Assembly at this stage) are distributed at public hearings conducted in the respective counties weeks before the start of the legislative session.

Following local public hearings, or early in the legislative session, a delegation or a committee of a delegation will consider each appropriate local bill and may extensively amend a bill before it is formally introduced in the General Assembly. If the bill receives approval of the full delegation, it will be introduced under the sponsorship of the delegation. A delegation sometimes will not complete its work before the House of Delegates bill introduction deadline, at which time the bills may be introduced before delegation approval in order to meet the deadline. A standing committee will delay formal action on a bill until it receives written notice of the appropriate delegation's approval of the bill. The General Assembly considers numerous bills each session that affect the Maryland-National Capital Park and Planning Commission and the Washington Suburban Sanitary Commission, entities that operate under State law in Montgomery and Prince George's counties. The local process for these bills is further complicated because these bills must be considered and approved by both county delegations before a standing committee of the House will take action.

An issue that occasionally results in controversy in local delegations is the weight given to the vote of a legislator whose district crosses county lines and who, therefore, represents fewer citizens in the respective county than legislators whose districts are entirely within the county. The *Rules of the Maryland House of Delegates* establish that each delegate who represents any portion of a county or Baltimore City is entitled to one vote unless "[a]fter an opportunity for all delegates to be heard, a majority of delegation members ... voting ... elect to allocate nonresident delegates less than one full vote." The vote of a delegate whose district is not entirely within the county may not be less than one-third of a full vote.

Commission Counties

Eight of Maryland's counties operate under the traditional form of government – commission government: Calvert, Carroll, Cecil, Frederick, Garrett, St. Mary's, Somerset, and Washington.

Article VII, Section 2 of the Maryland Constitution provides in part that the "powers and duties of the County Commissioners ... shall be such as now are or may be hereafter prescribed by law." Commission counties gradually have been granted a significant amount of local authority and discretion in addressing local affairs, authority sometimes referred to as "statutory home rule." Nevertheless, the powers granted commission counties are significantly more limited than the powers available to those counties that have adopted either charter or code home rule under the Maryland

Constitution. Outside of those areas where all counties have been granted local authority, however, there is little uniformity in the powers of each commission county. This inconsistency is due in part to variations among the counties regarding the local economy and geography and the long tradition of local courtesy in the General Assembly.

A review of legislation considered by the General Assembly during the 2007-2010 sessions pertaining to individual commission counties illustrates the legislature's involvement in local matters that are not normally considered for home rule counties. Examples of these issues include the salaries and benefits of county officers and employees, county procurement matters, local consumer affairs, local licensing, the structure of county agencies, and animal control. The important point to remember is that the General Assembly is not in any way limited under the Maryland Constitution in passing legislation applicable to single commission counties.

Charter Home Rule Counties

Nine of Maryland's counties have adopted charter home rule under Article XI-A of the Maryland Constitution: Anne Arundel, Baltimore, Dorchester, Harford, Howard, Montgomery, Prince George's, Talbot, and Wicomico.

As explained in Chapter 3, Article XI-A, Section 2 of the Maryland Constitution requires the General Assembly to provide by public general law a grant of express powers for those counties that elect to adopt charter home rule. The General Assembly has fulfilled this mandate by passing Article 25A, Sections 4 and 5 of the Annotated Code of Maryland (the "Express Powers Act"). By giving charter counties authority to legislate in a given area under the express powers, the General Assembly delegates its authority to legislate in that area for an individual charter county to the county council, or county council and county executive, of that county.

Consistent with the concept of home rule, Article XI-A, Section 4 of the constitution prohibits the General Assembly from enacting a public local law for a charter county "on any subject covered by the express powers granted." A bill applicable to two or more counties or a county and Baltimore City, however, is not a local bill for purposes of this restriction. The General Assembly may adopt such legislation notwithstanding any inconsistency with local legislation enacted by a county under the express powers granted to charter counties, in which case, under Article XI-A, Section 3, the public general law would control.

The General Assembly also retains authority to adopt local laws applicable to individual charter counties on matters not addressed by the Express Powers Act. For

example, because the Express Powers Act does not grant charter counties general authority to impose a tax, other than the property tax, the General Assembly may pass legislation authorizing a single charter county to impose a tax which, absent such authority, the county would be unable to impose. Other subject areas not delegated to charter counties under the Express Powers Act include the regulation of alcoholic beverages, control over offices established in each county under the Maryland Constitution, such as the offices of sheriff and State's Attorney, and other matters such as public education where the State has preempted local regulation.

Baltimore City

The City of Baltimore is a unique public entity under the Maryland Constitution based on its historical role in the development of the State. Except as otherwise provided in the Maryland Constitution and the Annotated Code of Maryland, the General Assembly has almost the same authority over Baltimore City as it does over a charter county.

Because the express powers granted to Baltimore City by the General Assembly are codified in Article II of the Baltimore City Charter, and the express powers under Article 25A, Section 5 of the Annotated Code for charter counties do not apply to Baltimore City, the General Assembly is not restrained in modifying the grant of powers affecting Baltimore City alone. Thus, some argue that the General Assembly retains greater authority in legislating for Baltimore City than in legislating for individual charter home rule counties. Otherwise, the powers granted by the General Assembly under Article II of the Baltimore City Charter are very similar to the express powers that the General Assembly has granted charter counties under Article 25A of the Annotated Code.

Although there are a number of provisions in the Maryland Constitution unique to Baltimore City, one significant difference between charter home rule counties and Baltimore City relates to Baltimore City's authority to issue debt. Under Article XI, Section 7 of the Maryland Constitution, Baltimore City may not generally incur long-term debt unless first authorized by an ordinance of the mayor and city council and then approved by the voters of Baltimore City. The ordinance may not be placed on the ballot unless the proposed creation of debt is either presented to and approved by the majority of members of the General Assembly representing Baltimore City no later than the thirtieth day of the regular legislative session preceding the ballot or authorized by an act of the General Assembly. In practice, the Baltimore City Administration circulates a packet of proposed projects to the Senators and Delegates representing Baltimore City with accompanying resolutions for their signatures. The final package is then filed with the clerk of the House of Delegates for printing in the *House Journal*.

Code Home Rule Counties

Six of Maryland's counties have adopted code home rule under Article XI-F of the Maryland Constitution: Allegany, Caroline, Charles, Kent, Queen Anne's, and Worcester.

A code county has significant autonomy in its ability to address local issues. As addressed in Chapter 3, the exact scope of a code county's authority has been subject to debate, primarily due to the definition of a "public local law" under provisions of the Maryland Constitution governing code home rule. Article XI-F, Section 1 of the constitution defines "public local law" in part as "a law applicable to the incorporation, organization, or government of a code county and *contained* in the county's code of public local laws" (emphasis added). When the definition of public local law is read literally, the authority of the county commissioners to enact local legislation would appear to turn on the codification of the law. The constitution, however, also limits the authority of the General Assembly to legislate for counties that have adopted code home rule. Article XI-F, Section 4 provides:

[e]xcept as otherwise provided in this Article, the General Assembly shall not enact, amend, or repeal a public local law which is special or local in its terms or effect within a code county. The General Assembly may enact, amend, or repeal public local laws applicable to code counties only by general enactments which in term and effect apply alike to all code counties in one or more of the classes provided for in [Article XI-F, Section 5].

Article XI-F, Section 5 authorizes the General Assembly to classify code counties by grouping them into not more than four classes, based either on population or on other criteria that the General Assembly determines appropriate.

Although there are no appellate court cases that have examined Article XI-F, it has been subject to an in-depth analysis by the Office of the Attorney General. In interpreting the authority of the General Assembly to legislate for code counties, the Attorney General concluded in part that, subject to stated exceptions, Article XI-F, Section 4 "*implicitly prohibits* the General Assembly from [enacting, amending, or repealing special or local laws in code counties] by not codifying an enactment in the code of public local laws ... [or] by making an enactment applicable to two but less than all of the code counties in a given class." (62 Op. Att'y Gen. 275, 307 (1977) (*emphasis in original*)).

From 1966, when Article XI-F was ratified, until October 1997, there was a single class of code counties. In 1997 (Chapter 666), the General Assembly divided the State into four regions for purposes of code home rule: (1) Central Maryland; (2) Eastern Shore; (3) Southern Maryland; and (4) Western Maryland. Currently, four of the six code counties (Caroline, Kent, Queen Anne's, and Worcester) are in the Eastern Shore class, while Allegany County is the only code county in the Western Maryland class and Charles County is the only code county in the Southern Maryland class. Thus, for example, the General Assembly may adopt legislation for just Allegany County by making the act applicable only to the Western Maryland class of code counties, provided no other counties in that region adopt code home rule.

Notwithstanding the general restriction on the ability of the General Assembly to adopt legislation affecting individual code counties, Article XI-F, Section 8 grants the General Assembly exclusive authority to pass a local law that sets a maximum property tax rate for a particular code county or that caps the maximum amount of indebtedness that a particular code county may incur. The General Assembly, however, has not chosen to exercise as yet its authority under this provision for any county that has adopted code home rule.

Municipal Corporations

Since the adoption of the municipal home rule amendment to the Maryland Constitution in 1954, the role of the General Assembly in municipal affairs has diminished significantly. Before 1954, the General Assembly was authorized to grant, amend, and repeal individual charters for municipal corporations. Under Article XI-E of the constitution, each municipal corporation possesses home rule. The municipal home rule amendment is discussed in Chapter 4. Article XI-E, Section 1 precludes the General Assembly from passing a law "relating to the incorporation, organization, government, or affairs ... of ... municipal corporations ... which will be special or local in its terms or in its effect." The General Assembly may only pass such legislation by a general law that applies to all municipal corporations in a given class.

The constitution requires the General Assembly to classify municipal corporations into not more than four classes based on population. To date, the General Assembly has complied with this mandate in a very different way than it has done for the code counties. Specifically, Article 23A, Section 10 of the code declares simply that all municipal corporations constitute a single class.

Notwithstanding the general restriction on the General Assembly legislating for individual municipal corporations, the Maryland Constitution does provide for certain exceptions. Article XI-E, Section 5 authorizes the General Assembly to pass local

legislation limiting the property tax rate that a municipal corporation might impose or the amount of indebtedness that the municipal corporation may incur. Such an act would be subject to the approval of the voters of the municipal corporation. This authority, however, is not an exclusive power of the General Assembly. A municipal corporation could take similar action through an amendment to its charter and only if the General Assembly imposed a more restrictive provision would the act of the General Assembly preempt the action of the municipal corporation. To date, the General Assembly has not exercised its authority under this provision for any municipal corporation.

Another exception is found under Article III, Section 61 of the Maryland Constitution. Notwithstanding the general condemnation power under Article 23A, Section 2(b)(24) of the Annotated Code, a municipal corporation must receive express authority from the General Assembly in order to exercise urban renewal powers for slum clearance. This power is authorized under Article III, Section 61, the Urban Renewal Amendment, and is applicable to municipal corporations as well as counties. Interestingly, this constitutional provision states that the General Assembly's authority to enact local laws regarding local urban renewal projects for slum clearance prevails over the restrictions under Article XI-E of the constitution. Accordingly, the General Assembly may legislate in this subject area for one municipal corporation, or any number that is less than all municipal corporations, unlike most other subject areas in which the General Assembly must make municipal legislation applicable to all municipal corporations. From 1960, the year Article III, Section 61 was ratified, through the 2010 session, the General Assembly has granted authority under the Urban Renewal Amendment to over 65 municipal corporations. This authority is codified as an appendix to each of the municipal charters found in the *Public Local Laws of Maryland – Compilation of Municipal Charters*. Once granted the urban renewal powers for slum clearance under the constitution, a municipal corporation may exercise condemnation powers for individual blighted properties under Article 23A, Section 2(b)(37) of the Annotated Code.

Special Taxing Districts and Regional Agencies

Special taxing districts created by the General Assembly operate similarly to municipal corporations. They provide a range of public services or provide an individual service in a specific region, which may be an area that extends beyond a single county. Unlike home rule counties or municipal corporations, the Maryland Constitution does not restrict the General Assembly from modifying the law governing these districts, nor does the constitution restrict the General Assembly from modifying the law governing regional agencies such as the Maryland-National Capital Park and Planning Commission and the Washington Suburban Sanitary Commission.

Other multi-purpose or single-purpose special taxing districts have been established by local governments under various enabling authority granted by the General Assembly. For example, charter counties generally are authorized to “establish, modify, amend and abolish special taxing areas for any of the purposes enumerated in [Article 25A of the Annotated Code of Maryland].” Although the General Assembly may amend the law authorizing the creation of these districts, the General Assembly generally does not pass legislation affecting the districts themselves. There are possible exceptions, however, in cases where a special taxing district created by a local government seeks authority over a matter that the local government is not authorized to address.

There is an important limitation protecting special taxing districts that were established by the General Assembly to provide municipal services in a charter or code county and that are governed or administered by a citizens’ committee or a commission elected or appointed independently of the county governing body. Unless the special taxing district was established solely for fire protection or library service, the district is beyond the reach of the respective county’s authority. Any change in the authority or existence of a special taxing district would generally be within the exclusive domain of the General Assembly. In a code county, however, action by both the General Assembly and county commissioners could conceivably be required to affect a district established by public local law before the adoption of code home rule.

Conflict of Laws/State Preemption

Conflict between laws is inevitable as different levels of government seek to shape policy through legislation. The Constitution of Maryland, State statutes, and case law provide guidance when conflicts occur. This section addresses constitutional and statutory provisions governing conflicts of law, the concurrent powers doctrine, the issue of State preemption, and the relationship between county and municipal law.

Constitutional and Statutory Provisions

Under the home rule provisions of the Maryland Constitution, when a conflict results between a public general law passed by the General Assembly and a local law passed by a charter or code county, the public general law controls. In contrast, under Article 1, Section 13 of the Annotated Code of Maryland, a conflict between a public general law and a public local law *passed by the General Assembly* is resolved in favor of the public local law.

In some cases, the State and local government will have concurrent powers in a given area, and the courts will attempt to reconcile the State and local law. In other areas, the State may preempt local authority in matters of State concern.

Concurrent Powers Doctrine

The powers of the State and a local government to legislate in the same field are called concurrent powers. When both governments pass laws in the same field, however, an issue arises as to what extent the State has restricted local government's role by State involvement in that field. Under the concurrent powers doctrine, unless a public general law contains an express denial of the right to act by local authorities, the State's regulation of certain activity in a field does not mean that a local government cannot enact laws in that field.

For example, the Court of Appeals upheld Baltimore City's minimum wage law that required higher rates than the State minimum wage law. (*City of Baltimore v. Sitnick & Firey*, 254 Md. 303 (1969).) Even though the State had regulated minimum wages, Baltimore City's law was still valid because the State had not expressly prohibited local legislation on minimum wages. Rather than conflict with State regulation, the Baltimore City law was viewed as supplemental regulation. This doctrine, however, is not absolute. As the court recognized, "there may be times when the legislature may so forcibly express its intent to occupy a specific field of regulation that the acceptance of the doctrine of preemption by occupation is compelled."

State Preemption

The State may preempt a local law in the following three ways: (1) express preemption; (2) implied preemption; and (3) preemption by conflict.

Express Preemption

Express preemption is based on the authority of the General Assembly to reserve for itself "exclusive dominion over an entire field of legislative concern." (*Ad & Soil, Inc. v. County Comm'rs*, 307 Md. 307, 324 (1986).) Express preemption is not difficult to discern because the language generally is unambiguous. An example of express preemption was recognized by the Court of Appeals in invalidating a Montgomery County ordinance regulating the sale of ammunition. (*Montgomery County v. Atlantic Guns, Inc.*, 302 Md. 540 (1985).) The court ruled that the State had expressly preempted this area. Other fields that have been preempted expressly by State law include (1) the regulation of horse racing; (2) the certification of insurers; (3) certain aspects of condominium regimes, cooperative housing corporations, and homeowners' associations; and (4) with certain enumerated exceptions, vehicle laws.

Implied Preemption

Implied preemption is more difficult to define because its meaning is ascertained on a case-by-case basis. In determining whether the General Assembly has impliedly preempted a field, the courts primarily consider the comprehensiveness with which the General Assembly has legislated in the field. The courts also consider a variety of secondary factors, including:

- whether local laws existed before the enactment of the State laws governing the same subject matter;
- whether the State laws provide for pervasive administrative regulation;
- whether the local law regulates an area in which some local control has traditionally been allowed;
- whether the State law expressly provides concurrent legislative authority to local jurisdictions or requires compliance with local law;
- whether a State agency responsible for administering and enforcing the State law has recognized local authority to act in the field;
- whether the particular aspect of the field sought to be regulated by the local government has been addressed by the State legislation; and
- whether a two-tiered regulatory process, if local laws were not preempted, would engender chaos and confusion.

Examples of areas where the Court of Appeals has found that the General Assembly has implicitly preempted local regulation include campaign finance regulation, education, and the regulation of cigarette vending machines.

Preemption by Conflict

Preemption by conflict generally occurs when a local ordinance prohibits an activity that is allowed by State law or allows an activity that is prohibited by State law. The courts occasionally are called on to determine whether a “conflict” exists, assuming appropriate local authority exists. As early as 1909, the Court of Appeals addressed the relationship between State law and local ordinances. A local ordinance, “must not

directly or indirectly contravene the general law. Hence, ordinances which assume directly or indirectly to permit acts or occupation which [public general laws] prohibit, or to prohibit acts permitted by [the public general laws] or constitution, are under the familiar rule for validity of ordinances uniformly declared to be null and void.” However, “[a]dditional regulation by the ordinances does not render it void.” (*Rossberg v. State*, 111 Md. 394, 416-417 (1909).)

Whenever reasonably possible, the courts will try to construe legislation so that a conflict is avoided. However, sometimes conflicts occur. An example of a case where the Court of Appeals has found a local ordinance in conflict with State public general law is *County Council v. Investors Funding*, 270 Md. 403 (1973), in which Montgomery County sought to regulate retaliatory evictions. The court found that the local ordinance conflicted with the State’s summary eviction statute and therefore was invalid.

Conflict between County and Municipal Law

Although less significant in terms of the legislative process in the General Assembly, questions occasionally arise concerning the effect of county law within municipal corporations. In 1981, confusion resulted from a Court of Appeals decision that held that a county law superceded the law of a municipal corporation if the two provisions were in conflict. (*Town of Forest Heights v. Frank*, 291 Md. 331(1981).) Most municipal corporations, particularly the larger ones, had presumed a substantial degree of autonomy in relation to county government. Following a compromise by county and municipal interests, the General Assembly passed legislation defining the types of county legislation applicable to a municipal corporation within the county.

As long as the county legislation is within the scope of authority granted to the county, certain categories of county legislation generally apply within the boundaries of a municipal corporation in that county. First, county legislation applies within a municipal corporation if provided by a law passed by the General Assembly. Second, subject to the Tax – General Article, Tax – Property Article, and Article 24 of the Annotated Code, the area within a municipal corporation is subject to county revenue or tax legislation, and legislation adopting the county budget. Finally, county legislation that becomes effective immediately on the affirmative vote of at least two-thirds of the county governing body applies to the area within a municipal corporation. The vote must follow a specific finding, after a public hearing, that there would be a significant adverse impact on the public health, safety, or welfare affecting residents in unincorporated areas of the county if the county legislation does not apply in all municipal corporations in the county. Additionally, county legislation enacted under this third category is subject to specific procedural requirements, including a right of judicial review.

Chapter 6. Overview of Local Government Revenues

County and municipal governments are responsible for delivering numerous public services that directly affect the quality of life of each Marylander. From providing children with quality public schools and health programs to protecting our streets and neighborhoods, local governments are at the forefront of the delivery of vital services. Local governments rely on three types of revenue sources to provide these necessary services: (1) local own-source revenues such as local taxes and service charges; (2) State aid; and (3) federal grants. In fiscal 2009, local governments in Maryland collected \$27.5 billion in revenues. The counties and Baltimore City accounted for 95% of local revenues, while municipal corporations generated 5% of local revenues. Exhibit 6.1 shows the amount of local revenues in fiscal 2009 by level of government. Exhibit 6.2 shows the amount of local government revenues for each county.

Exhibit 6.1 Local Government Revenues (\$ in Millions)

	<u>FY 2009 Revenues</u>	<u>Percent of Total</u>
County Level	\$26,145.1	95.0%
Municipal Level	1,364.8	5.0%
Total	\$27,509.9	100.0%

Source: Department of Legislative Services

This chapter will discuss the underlying taxing authority of local governments in Maryland and will explore the various revenue sources for local governments and the degree to which localities rely on each of the sources to fund public services. This chapter also will discuss the differences between local own-source revenue and intergovernmental revenue while providing information on revenue trends over the last 10 years.

Local Taxing Authority

The State possesses the inherent power to tax as an aspect of its sovereignty. Local governments, as subdivisions of the State, are not sovereign and may impose taxes only if the State confers this power on them. Article 14 of the Maryland Declaration of Rights states “[t]hat no aid, charge, tax, burthen, or fees ought to be rated or levied, under any pretense, without the consent of the Legislature.” Accordingly, all power to impose

taxes at the local level derives from a statutory grant of authority from the General Assembly, either in the form of a public general law or a public local law. While local governments generally enjoy broad autonomy to enact local legislation under the home rule amendments of the Maryland Constitution, the General Assembly retains substantial power over local taxation. The manner in which the General Assembly may exercise its authority over taxation by local governments is subject to certain limitations that vary depending on the type of local government structure that a jurisdiction has adopted. A general discussion of the taxing authority of each type of local government follows.

Exhibit 6.2
Local Government Revenues by County
Fiscal 2009
(\$ in Millions)

County	County	Municipal	Total	Percent County	Percent Municipal
Allegany	\$272.6	\$67.6	\$340.2	80.1%	19.9%
Anne Arundel	2,063.1	82.7	2,145.8	96.1%	3.9%
Baltimore City	3,439.5	0.0	3,439.5	100.0%	0.0%
Baltimore	2,897.6	0.0	2,897.6	100.0%	0.0%
Calvert	393.0	12.9	405.9	96.8%	3.2%
Caroline	118.2	16.8	135.0	87.5%	12.5%
Carroll	678.6	49.1	727.7	93.3%	6.7%
Cecil	342.0	45.1	387.2	88.3%	11.7%
Charles	671.2	18.0	689.2	97.4%	2.6%
Dorchester	131.0	23.7	154.7	84.7%	15.3%
Frederick	969.2	175.7	1,144.9	84.7%	15.3%
Garrett	140.7	10.4	151.1	93.1%	6.9%
Harford	1,140.7	61.4	1,202.1	94.9%	5.1%
Howard	1,534.1	0.0	1,534.1	100.0%	0.0%
Kent	83.6	9.6	93.2	89.7%	10.3%
Montgomery	5,541.0	192.2	5,733.2	96.6%	3.4%
Prince George's	3,776.0	170.0	3,946.0	95.7%	4.3%
Queen Anne's	193.9	12.0	205.9	94.2%	5.8%
St. Mary's	373.6	4.9	378.5	98.7%	1.3%
Somerset	92.5	8.3	100.8	91.8%	8.2%
Talbot	117.4	93.0	210.4	55.8%	44.2%
Washington	509.2	111.9	621.1	82.0%	18.0%
Wicomico	368.0	61.2	429.2	85.7%	14.3%
Worcester	298.3	138.3	436.6	68.3%	31.7%
Statewide	\$26,145.1	\$1,364.8	\$27,509.9	95.0%	5.0%

Source: Department of Legislative Services

Charter Home Rule Counties

The General Assembly adopted the Express Powers Act (Article 25A, Sections 4 and 5 of the Annotated Code of Maryland) to fulfill the mandate in Article XI-A of the Maryland Constitution to enumerate the powers that may be exercised by all charter counties. A charter county may adopt local laws on any of the subjects covered in the Express Powers Act. The General Assembly is forbidden to adopt a local law for a single charter county relating to any of the express powers. However, the General Assembly may pass public general laws concerning the express powers and such laws prevail over any local law enacted by a charter county.

The Express Powers Act does not include a grant of general taxing authority, but it does contain some provisions concerning taxation. Article 25A, Section 5(O) authorizes charter counties to impose a property tax in an amount sufficient “for the support and maintenance of the county government.” The inclusion of this provision in the Express Powers Act limits the authority of the General Assembly to pass legislation concerning the levying of property taxes that is applicable to only one charter county. However, the General Assembly may pass local legislation authorizing a single charter county to impose any tax other than the property tax. The General Assembly may also pass public general laws on any aspect of local taxation by charter counties.

In addition, Article 25A, Section 5(O) permits charter counties to “establish, modify, amend, and abolish” special taxing districts that perform any function the county itself could perform. Consequently, the General Assembly may not, by public local law, create or alter a special taxing district located entirely within a single charter county that performs any function covered by the Express Powers Act. It may, however, pass public general laws concerning special taxing districts. The General Assembly could also authorize a single charter county to create a special taxing district to perform a function that the county itself could not perform.

The Express Powers Act provides protection to certain special taxing districts located in a charter county that were created by the State before the adoption of charter home rule. This protection applies to special taxing districts that perform municipal services, other than library service or fire protection, and are governed or administered by a citizen’s committee or a commission elected or appointed independently of the county governing body. Under Article 25A, Section 5(O), these special taxing districts are outside of the county’s authority and may only be modified or abolished by the General Assembly.

While Baltimore City also receives its home rule authority under Article XI-A, the Express Powers Act does not apply to the city. The powers of the city are codified in

Article II of the Baltimore City Charter, which may be amended only by the General Assembly.

A county may adopt a charter and amend its charter independently of the General Assembly. A charter provision may place limits on local property tax rates or revenues, and several counties have adopted such limits by charter amendment, including Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico. In the event of a conflict between a public general law adopted by the General Assembly and a local charter provision limiting taxation, the public general law prevails. However, a charter provision may not be superseded by a public local law enacted by the General Assembly.

Code Home Rule Counties

The constitution requires the General Assembly to group code counties into not more than four classes. Code counties are classified according to geographic regions of the State, including Central Maryland, Eastern Shore, Southern Maryland, and Western Maryland. There are currently four counties in the Eastern Shore class (Caroline, Kent, Queen Anne's, and Worcester), one county in the Southern Maryland class (Charles), one county in the Western Maryland class (Allegany), and no counties in the Central Maryland class.

Section 9 of Article XI-F of the constitution prohibits a code county from imposing any tax or fee unless authorized by the General Assembly. A code county may continue to impose a tax or fee authorized by the General Assembly prior to the adoption of code home rule. However, after the adoption of code home rule, a code county may only impose a new tax or fee if the General Assembly authorizes it through a public general law equally applicable to all code counties in one or more of the classes created by the General Assembly. However, in effect, the General Assembly may authorize a tax or fee for a single code county if that county is the only county in its class, as Charles and Allegany counties currently are.

Under Article XI-F, Section 8 of the constitution, the General Assembly has exclusive authority to pass, amend, or repeal a public local law for an individual code county that limits or authorizes a limit on the property tax rate that may be imposed by a code county. However, this authority has never been exercised.

Commission Counties

Counties that have not adopted either charter or code home rule under Article XI-A or XI-F of the constitution are known as commission counties. Under Article VII, Section 2 of the constitution, the General Assembly retains plenary power to legislate for commission

counties. Consequently, the General Assembly has complete discretion to determine the taxing powers of commission counties through public local laws or public general laws.

Municipal Corporations

The constitution requires the General Assembly to group municipal corporations into not more than four classes based on population. However, the General Assembly has established only one class that includes all municipal corporations. Section 5 of Article XI-E of the constitution prohibits a municipal corporation from imposing any tax or fee that was not in effect on January 1, 1954, unless authorized by the General Assembly by public general law. A public general law authorizing a municipal tax or fee must apply equally to all municipal corporations in one or more of the classes created by the General Assembly. Since the General Assembly has created only one class, such a law must apply to all municipal corporations alike.

Under Article XI-E, Section 5 of the constitution, the General Assembly has authority to limit the property tax rate that may be imposed by any individual municipal corporation. However, a local law limiting municipal property taxes may not take effect unless it is approved by the voters of the municipal corporation in a referendum. The General Assembly has never exercised its power to limit municipal property taxes in this manner. The charter of a municipal corporation may also limit local property tax rates, and several municipal corporations have adopted such limits.

Power to Grant Tax Exemptions

The power to grant exemptions from a tax is separate and distinct from the power to impose a tax. A legislative delegation of authority by the General Assembly to a local jurisdiction to impose a tax does not include the power to grant exemptions or provide tax credits. The power to provide exemptions or credits must be expressly granted. As discussed above, several provisions of the constitution limit the authority of the General Assembly to pass legislation for individual charter counties, code counties, or municipal corporations relating to the power to *impose* a tax. However, none of these constitutional provisions restricts the power of the General Assembly to legislate for individual charter counties, code counties, or municipal corporations regarding the power to grant tax exemptions or credits. Therefore, the General Assembly may pass local legislation conferring the power to grant a tax exemption or credit on any individual local jurisdiction, regardless of the form of local government it has adopted.

Special Taxing Authority for Certain Jurisdictions

The General Assembly, by public local law, has granted Montgomery County, Baltimore County, and Baltimore City special broad powers of taxation that are unique among local governments in the State. These powers are codified in Section 52-17 of the Montgomery County Code (originally enacted in 1963), Section 11-1-102 of the Baltimore County Code (originally enacted in 1949), and Article II, Section 40 of the Baltimore City Charter (originally enacted in 1951).

The language of these statutes is similar. Each law grants the county or the city the “power to tax to the same extent as the state has or could exercise” within the limits of the county or city, as part of its general taxing power. Each law also confers the power to “grant exemptions and to modify or repeal existing or future exemptions” from any tax.

The authority conferred by these statutes is limited by a list of taxes the county or city is expressly not permitted to impose. The list of taxes that may not be imposed varies somewhat among the jurisdictions, but each of the jurisdictions is prohibited from imposing taxes on intangible personal property, motor fuel, vehicle registration, vehicle titling, income, horse racing and pari-mutuel betting, recording of corporate papers, insurance, savings institutions, and estates. In addition, the Montgomery County and Baltimore County statutes expressly state that they may not be interpreted to authorize the county to tax the gross receipts of any person. Baltimore City, however, is permitted to impose a tax on gross receipts, with certain exceptions.

County Revenues in Maryland

County governments and Baltimore City collected \$26.1 billion in revenues in fiscal 2009. County governments receive revenues from two basic sources: own-source revenues, which include locally generated revenues such as property taxes and income taxes; and intergovernmental revenues, which include federal and State funding. Statewide, own-source revenues account for 63.8% of county revenues, and intergovernmental revenues account for 36.2%. Exhibit 6.3 illustrates the sources of revenues for county governments and Baltimore City and provides a comparison of revenues for fiscal 1999 and 2009. Exhibit 6.4 shows the sources of revenues for each county and Baltimore City for fiscal 2009.

Exhibit 6.3
Sources of Revenue – Counties and Baltimore City
Selected Fiscal Years
(\$ in Millions)

	FY 1999		FY 2009	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property Taxes	\$3,675.5	27.2%	\$6,614.0	26.8%
Income Taxes	2,379.6	17.6%	4,236.7	17.1%
Other Local Taxes	739.7	5.5%	1,198.5	4.9%
Service Charges	1,585.7	11.8%	2,671.4	10.8%
Other	809.0	6.0%	1,144.2	4.6%
State Aid	3,375.5	25.0%	7,271.5	29.4%
Federal Grants	928.1	6.9%	1,574.0	6.4%
Subtotal	\$13,493.1	100.0%	\$24,710.2	100.0%
Debt Proceeds	490.6		1,434.9	
Total	\$13,983.7		\$26,145.1	

Source: Department of Legislative Services

Exhibit 6.4
County Revenues by Source
Fiscal 2009

County	Property Taxes	Income Taxes	Other Taxes	Service Charges	Federal Grants	State Grants	Other
Allegany	13.5%	9.5%	1.1%	12.7%	9.9%	47.9%	5.4%
Anne Arundel	28.5%	19.1%	5.4%	13.1%	4.1%	25.6%	4.0%
Baltimore City	20.8%	7.9%	3.9%	12.1%	10.2%	39.8%	5.3%
Baltimore	26.7%	22.1%	3.9%	9.8%	7.0%	27.5%	3.0%
Calvert	32.8%	15.6%	1.8%	7.9%	3.1%	34.2%	4.6%
Caroline	18.1%	9.2%	1.6%	4.4%	7.6%	55.4%	3.8%
Carroll	31.4%	18.7%	2.5%	4.9%	4.5%	34.3%	3.7%
Cecil	28.6%	14.6%	1.8%	5.2%	6.9%	37.9%	5.1%
Charles	28.5%	12.9%	2.5%	9.8%	5.9%	35.8%	4.5%
Dorchester	20.7%	9.7%	2.6%	6.3%	11.5%	45.8%	3.5%
Frederick	28.1%	16.4%	2.6%	12.9%	4.2%	29.8%	6.0%
Garrett	30.6%	7.4%	4.6%	6.4%	10.2%	35.5%	5.3%
Harford	29.7%	17.8%	2.3%	6.6%	5.2%	33.0%	5.4%
Howard	32.2%	21.9%	5.2%	8.1%	2.5%	23.7%	6.4%
Kent	34.9%	16.5%	2.4%	4.5%	7.6%	30.5%	3.6%
Montgomery	27.6%	25.9%	7.1%	13.5%	5.7%	16.1%	4.1%
Prince George's	26.3%	11.1%	6.8%	10.9%	6.4%	33.0%	5.5%
Queen Anne's	28.6%	18.6%	2.8%	11.4%	6.1%	27.0%	5.6%
St. Mary's	23.5%	16.5%	3.6%	9.0%	5.8%	37.3%	4.2%
Somerset	18.2%	8.1%	0.8%	6.5%	11.0%	52.6%	2.7%
Talbot	23.4%	27.0%	6.0%	8.7%	6.7%	22.7%	5.5%
Washington	24.6%	12.8%	2.1%	6.7%	7.3%	41.8%	4.6%
Wicomico	17.4%	11.9%	1.5%	9.6%	8.2%	48.5%	2.9%
Worcester	50.6%	5.0%	8.8%	7.6%	8.4%	16.9%	2.7%
Statewide	26.8%	17.1%	4.9%	10.8%	6.4%	29.4%	4.6%

Source: Department of Legislative Services

Local Own-source Revenues

Locally generated revenues, or own-source revenues, account for the majority of revenues in most counties. Local own-source revenues include property, income, and other local taxes; service charges; license and permit fees; fines and forfeitures; and

miscellaneous revenue. Local own-source revenues for county governments totaled \$15.8 billion in fiscal 2009.

The reliance on local own-source revenues varies among jurisdictions, reflecting the differences in the revenue raising abilities of local governments. The two major sources of local own-source revenues for county governments are property and income taxes. Property tax revenue is driven by a jurisdiction's assessable base and property tax rates, and income tax revenue is driven by a jurisdiction's taxable income and local income tax rates. Jurisdictions with a lower assessable base and taxable income must impose a higher tax rate to yield an equivalent amount of revenue.

To compensate for the lower tax bases in certain jurisdictions, nearly 70% of State aid incorporates a local wealth measure to distribute State funding in which less affluent jurisdictions receive relatively more funding. Accordingly, many of the State's less affluent jurisdictions receive a lower percentage of their funding from local sources and a higher percentage from the State. For example, Somerset County, one of the least affluent counties in the State, receives 36.4% of its revenue from local sources and 52.6% from the State. In comparison, Montgomery County, one of the most affluent counties in the State, receives 77.9% of its revenue from local sources and 16.1% from the State.

The reliance on local own-source revenues (in percentage terms) has declined in recent years for county governments, while increasing slightly for municipal governments. Statewide, local own-source revenues accounted for 67.7% of county revenues in fiscal 1999, but only 63.8% in fiscal 2009. For municipal governments, own-source revenues increased from 84.4% of municipal revenues in fiscal 1999 to 85.1% in fiscal 2009. The decline in the share of own-source revenues for counties is partly attributable to the significant influx of State funds for public education under the Bridge to Excellence in Public Schools Act of 2002. The legislation mandated a \$1.3 billion increase in State funding for public schools in fiscal 2003 through 2008.

Over the last 10 years from fiscal 1999 through 2009, local own-source revenues for counties increased at an average annual rate of 5.6%, well below the 8% rate of growth for State aid. Statewide, property tax revenues increased at an average annual rate of 6.1%, while income tax revenues increased at an average annual rate of 5.9%.

Property Taxes

The property tax is the primary local revenue source for county governments, accounting for 26.8% of total local revenues in fiscal 2009, excluding debt proceeds. The reliance on property tax revenues ranged from 13.5% in Allegany County to 50.6% in Worcester County. Property tax collections are affected by each county's property tax

base and tax rate. Counties with a larger assessable base can collect relatively more tax revenues than jurisdictions with a smaller tax base. For example, Worcester County, with its ocean resort property, had the State's highest per capita assessable base in fiscal 2010 at \$391,538, which was 286% of the statewide average. Somerset County had the third lowest per capita assessable base at \$67,291, or 49%, of the statewide average. Due to its larger tax base, Worcester County is able to collect over four times more revenue per capita than neighboring Somerset County, even though Somerset County has a higher property tax rate.

Income Taxes

The income tax is the third largest revenue source for county governments, accounting for 17.1% of total local revenues in fiscal 2009, excluding debt proceeds. The reliance on income tax revenues ranged from 5.0% in Worcester County to 27.0% in Talbot County. Local income tax revenues are a function of a county's income tax rate and net taxable income. Per capita net taxable income in Maryland totaled \$22,166 in tax year 2008. Montgomery County had the largest per capita net taxable income at \$34,582, followed by Howard County at \$32,048 and Talbot County at \$27,552. Somerset County had the lowest at \$8,036.

Other Local Taxes

Other local taxes include transfer taxes, recordation taxes, sales and service taxes, admissions and amusement taxes, mobile home/trailer park taxes, and other miscellaneous local taxes. From fiscal 1999 through 2009, these taxes remained relatively constant as a share of county revenues, accounting for 4.9% to 5.5% of county revenues. From fiscal 1999 to 2009, other local taxes increased at an average annual rate of 4.9% compared to 6.2% for total revenue.

Service Charges

County governments rely on service charges to offset the costs of providing public utilities and other infrastructure due to the continual growth throughout the State. As a share of county revenue, service charges have remained relatively stable, accounting for 11.8% of county revenue in fiscal 1999 and 10.8% in fiscal 2009. Sewer and water charges account for most of the service charges with community college tuition accounting for approximately 10% of the service charges. From fiscal 1999 to 2009, service charges increased at an average annual rate of 5.4%.

Other Revenue Sources

County governments receive other types of revenues, including license and permit fees, fines and forfeitures, interests, dividends, rents, and concession proceeds. These sources make up 4.6% of county revenues. In fiscal 1999 through 2009, these revenue sources increased at an average annual rate of 3.5%.

State Aid

State aid is the largest revenue source for most county governments in Maryland. However, in five counties (Anne Arundel, Howard, Kent, Queen Anne's, and Worcester), State aid is the second largest revenue source after property taxes. In Montgomery and Talbot counties, State aid is the third largest revenue source after both property and income taxes. The growth in State aid continues to exceed that of most other local revenue sources. In fiscal 1999 to 2009, State aid to county governments increased at an average annual rate of 8% compared to 5.6% for local own-source revenues.

State aid includes direct assistance to county governments, local school systems, libraries, community colleges, and local health departments. In fiscal 2009, local school systems received about 83% of total State aid. County and municipal governments received 11%, with most of the funds targeted for transportation, public safety, and park land acquisition and development. Community colleges, libraries, and local health departments accounted for the remaining 6%. Nearly 70% of State aid is distributed inversely to local wealth. Utilizing local wealth measures to distribute State aid attempts to offset the inequalities in the revenue capacity among local jurisdictions.

Federal Grants

Federal grants account for a small percentage of local government revenues, representing 6.4% of county revenues in fiscal 2009. The reliance on federal grants ranged from 2.5% in Howard County to 11.5% in Dorchester County. The major areas in which local governments receive federal funds include primary and secondary education, community colleges, health and human services, housing and community development, public safety, and transportation.

Municipal Revenues in Maryland

Municipal corporations in Maryland, excluding Baltimore City, collected \$1.4 billion in revenues in fiscal 2009. From fiscal 1999 to 2009, municipal revenues increased at an average annual rate of 6.7%. Exhibit 6.5 illustrates the sources of revenues for municipal governments and provides a comparison of municipal revenues

for fiscal 1999 and 2009. Exhibit 6.6 shows the sources of revenues for municipal corporations in each county for fiscal 2009.

Property Taxes

Property taxes are the largest revenue source for most municipal corporations, accounting for 36.4% of total revenues. The dependence on property taxes ranges from 9.3% for the municipal corporation in St. Mary's County to 59.3% for municipal corporations in Prince George's County. For municipal corporations in 10 counties (Allegany, Calvert, Cecil, Charles, Dorchester, Garrett, Queen Anne's, St. Mary's, Talbot, and Washington), service charges generate a larger share of municipal revenue than the property tax.

Income Taxes

Income taxes are the fourth largest revenue source for municipal corporations, accounting for 7.5% of total revenues. The reliance on income taxes ranges from 1.1% for municipal corporations in Worcester County to 18.6% for municipal corporations in Montgomery County.

Exhibit 6.5 Sources of Revenue – Municipal Corporations Selected Fiscal Years (\$ in Millions)

	FY 1999		FY 2009	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property Taxes	\$211.7	31.9%	\$460.7	36.4%
Income Taxes	52.3	7.9%	94.6	7.5%
Other Local Taxes	13.1	2.0%	16.3	1.3%
Service Charges	219.2	33.0%	384.4	30.3%
Other	65.0	9.8%	124.6	9.8%
State Aid	56.8	8.6%	97.6	7.7%
Federal Grants	18.8	2.8%	24.0	1.9%
County Grants	27.4	4.1%	64.4	5.1%
Subtotal	\$664.3	100.0%	\$1,266.5	100.0%
Debt Proceeds	24.5		98.3	
Total	\$688.8		\$1,364.8	

Source: Department of Legislative Services

Exhibit 6.6
Municipal Revenues by Source
Fiscal 2009

County	Property Taxes	Income Taxes	Other Taxes	Service Charges	Federal Grants	State Grants	County Sources	Other
Allegany	23.2%	4.8%	0.4%	46.6%	5.9%	9.6%	1.4%	7.9%
Anne Arundel	41.8%	6.8%	1.8%	25.6%	3.6%	9.5%	3.8%	7.1%
Calvert	31.0%	1.8%	7.8%	31.3%	0.0%	11.7%	3.5%	12.9%
Caroline	36.0%	3.7%	0.2%	24.4%	5.2%	25.2%	0.3%	4.9%
Carroll	33.3%	11.4%	0.8%	27.7%	4.8%	8.4%	6.3%	7.3%
Cecil	27.0%	4.5%	0.3%	30.0%	5.1%	14.4%	2.6%	16.2%
Charles	25.5%	7.1%	0.0%	28.9%	4.4%	5.0%	5.3%	23.6%
Dorchester	33.2%	3.3%	0.5%	35.8%	0.8%	14.2%	6.4%	5.8%
Frederick	36.6%	6.6%	0.4%	30.3%	1.2%	6.2%	5.9%	12.7%
Garrett	16.4%	5.3%	1.3%	23.8%	23.1%	21.2%	3.8%	5.1%
Harford	39.8%	5.7%	0.4%	28.2%	0.6%	14.9%	4.6%	5.8%
Kent	32.2%	10.7%	0.8%	31.8%	0.2%	11.6%	3.2%	9.5%
Montgomery	37.1%	18.6%	1.3%	15.9%	0.5%	5.8%	6.8%	14.1%
Prince George's	59.3%	10.8%	1.2%	7.2%	1.1%	7.5%	3.2%	9.7%
Queen Anne's	27.2%	4.6%	0.0%	28.6%	0.0%	5.8%	15.0%	18.7%
St. Mary's	9.3%	6.7%	0.0%	33.3%	1.0%	3.6%	7.3%	38.8%
Somerset	39.1%	3.5%	0.7%	17.6%	0.0%	26.6%	6.5%	5.9%
Talbot	16.8%	2.3%	0.1%	69.0%	0.7%	3.1%	1.0%	7.0%
Washington	22.0%	2.9%	2.4%	53.6%	2.1%	6.0%	2.2%	8.8%
Wicomico	42.9%	4.0%	2.7%	31.5%	0.8%	9.0%	1.9%	7.1%
Worcester	39.4%	1.1%	2.5%	33.9%	1.1%	3.3%	12.7%	5.9%
Statewide	36.4%	7.5%	1.3%	30.3%	1.9%	7.7%	5.1%	9.8%

Source: Department of Legislative Services

Service Charges

Service charges are the second largest revenue source for most municipal corporations, accounting for 30.3% of total municipal revenues. Sewer and water charges accounted for the majority of the service charges. The remaining amount comprised general government, public safety, highways, and recreation charges. The reliance on service charges ranged from 7.2% for municipal corporations in Prince George's County to 69% for municipal corporations in Talbot County. The lower reliance on service charges in Prince George's County is due to water and sewer services being provided by the Washington Suburban Sanitary Commission, a bi-county agency serving Montgomery and Prince George's counties.

State Aid

State aid is the third largest revenue source for municipal corporations, accounting for 7.7% of total municipal revenue. The reliance on State aid varies across the State, ranging from 3.1% of total revenues for municipal corporations in Talbot County to 26.6% for municipal corporations in Somerset County, where State aid is the second largest revenue source for municipal corporations.

County Grants

County grants accounted for 5.1% of total municipal revenues. The percentage of county funding ranged from less than 1% in Caroline County to 15% in Queen Anne's County. County funding results primarily from the sharing of county hotel/motel taxes and tax rebates. Tax rebates enable county governments to compensate municipal corporations for governmental services or programs that municipal corporations provide in lieu of similar county services or programs.

Comparison with Surrounding States

Like the State, Maryland local governments rely more on tax revenues than the national average. Nearly half of local government revenue in the State comes from tax sources, compared to the national average of about 36%. The county income tax sets Maryland apart from other states. Maryland local governments rank first nationally in their reliance on the personal income tax as a revenue source. Local governments in Maryland get relatively less of their tax revenues from property taxes and sales taxes than the national average. Exhibits 6.7 and 6.8 show Maryland local government reliance on various revenue sources compared to surrounding states.

Exhibit 6.7
Maryland Local Revenues
Comparison to Selected Jurisdictions
2007-2008 Revenue by Type as a Percent of Total Revenues

	Income Tax	Property Tax	Sales & Selective Taxes	Other Taxes	Charges & Utilities	Misc.	Federal Aid	State Aid	Total Revenues
District of Columbia									
Percent	12.4%	15.9%	12.7%	8.5%	12.5%	10.4%	27.6%	0.0%	100.0%
Rank	2	46	4	1	48	2	1	51	
New Jersey									
Percent	0.0%	52.5%	0.3%	0.8%	12.8%	4.4%	2.0%	27.2%	100.0%
Rank	15	3	46	42	47	45	48	39	
Maryland									
Percent	17.3%	24.3%	2.3%	4.7%	13.1%	5.3%	4.3%	28.8%	100.0%
Rank	1	27	32	4	46	40	15	34	
Virginia									
Percent	0.0%	31.9%	7.5%	3.8%	16.8%	5.4%	3.4%	31.1%	100.0%
Rank	15	10	17	7	39	37	30	24	
Delaware									
Percent	1.9%	20.2%	0.2%	3.8%	23.7%	7.0%	2.0%	41.2%	100.0%
Rank	8	39	47	8	26	23	49	4	
Pennsylvania									
Percent	6.8%	26.7%	1.1%	3.4%	15.8%	6.7%	5.4%	34.1%	100.0%
Rank	5	19	37	10	42	25	10	15	
North Carolina									
Percent	0.0%	20.4%	5.8%	0.9%	29.2%	6.7%	5.8%	31.3%	100.0%
Rank	15	37	24	38	9	26	8	23	
West Virginia									
Percent	0.0%	24.6%	2.2%	4.0%	19.5%	6.8%	3.7%	39.1%	100.0%
Rank	15	24	33	5	34	24	22	6	
U.S. Average	1.7%	26.0%	5.9%	2.3%	22.6%	7.0%	3.8%	30.6%	100.0%

Note: For the rankings, 1 indicates the highest and 51 the lowest. The District of Columbia is classified as a local government in the Census Data. See text for notes regarding categories.

Source: *State & Local Government Finances*, U.S. Census Bureau (July 2010)

Exhibit 6.8
Local Share of State and Local Revenues
Comparison to Selected Jurisdictions
2007-2008 Local Revenue by Type as a Percent of State and Local Revenues

	Income Tax	Property Tax	Sales & Selective Taxes	Other Taxes	Total Taxes	Charges & Utilities	Misc.	Federal Aid	Total Revenues
New Jersey									
Percent	0.0%	99.9%	1.0%	6.0%	44%	47.6%	30.5%	7.6%	37.9%
Rank	14	16	46	42	8	42	35	32	24
Maryland									
Percent	37.9%	90.5%	8.2%	37.9%	43%	51.1%	33.1%	12.9%	38.0%
Rank	1	39	31	4	11	38	31	13	23
Virginia									
Percent	0.0%	99.8%	28.9%	36.8%	43%	46.5%	28.5%	13.9%	38.6%
Rank	14	21	10	6	13	43	37	10	19
Delaware									
Percent	5.3%	100.0%	1.5%	7.2%	21%	40.5%	14.1%	4.4%	21.2%
Rank	9	1	42	36	47	47	46	49	48
Pennsylvania									
Percent	27.4%	99.6%	3.8%	23.7%	41%	56.4%	36.3%	16.3%	38.1%
Rank	3	26	36	16	16	32	26	5	22
North Carolina									
Percent	0.0%	100.0%	19.9%	10.6%	31%	74.5%	47.8%	14.6%	38.4%
Rank	14	1	20	29	38	10	10	7	20
West Virginia									
Percent	0.0%	99.6%	4.7%	15.5%	23%	43.4%	19.7%	5.6%	22.1%
Rank	14	25	35	19	46	44	41	44	46
U.S. Average	8.2%	96.9%	19.8%	20.7%	40.3%	67.2%	42.7%	11.5%	40.9%

Note: For the rankings, 1 indicates the highest and 50 the lowest. The District of Columbia is not included in this chart. See text for notes regarding categories.

Source: *State & Local Government Finances*, U.S. Census Bureau (July 2010)

Chapter 7. Property Tax

The property tax is one of the three major revenue sources for county and municipal governments in Maryland. In fiscal 2009, local property tax collections totaled \$7.1 billion, representing 26.8% of county revenues and 36.4% of municipal revenues. In terms of local own-source revenues, the property tax is the largest revenue source for both county and municipal governments, accounting for 42.0% of county own-source revenues in fiscal 2009 and 42.7% of municipal own-source revenues.

From fiscal 1999 to 2009, property tax collections at the county level increased at an average annual rate of 6.1%, similar to the overall growth rate in county revenues. For municipal corporations, property tax collections increased at an average annual rate of 8.1%, slightly higher than the overall growth in municipal revenues. However, due to recent declines in the State's housing market, local governments should begin to experience lower growth in property tax collections. As shown in Exhibit 7.1, the growth in county assessable base has slowed down considerably in recent years, thus impacting county and municipal revenues in fiscal 2010 and 2011. The decline in home prices and the corresponding effect on the county assessable base has been partly mitigated by the State's triennial assessment cycle and the homestead tax credit program. Due to these factors, local property tax revenues are projected to remain relatively constant for the near future. Exhibit 7.2 shows the amount of property tax revenues collected in each county for fiscal 2009. Exhibit 7.3 shows the growth in county assessable base since fiscal 2002.

Exhibit 7.1
County Assessable Base Growth

<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
15.7%	16.8%	13.9%	6.1%	-2.5%

Source: State Department of Assessments and Taxation

Exhibit 7.2
Property Tax Revenues
Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$36,153,702	\$12,469,465	\$48,623,167	\$669	24
Anne Arundel	543,294,102	33,371,626	576,665,728	1,119	14
Baltimore City	695,253,215	0	695,253,215	1,090	15
Baltimore	772,394,712	0	772,394,712	980	19
Calvert	122,918,020	3,726,541	126,644,561	1,430	5
Caroline	21,330,577	5,617,396	26,947,973	810	22
Carroll	189,079,529	14,997,408	204,076,937	1,202	12
Cecil	95,701,197	11,912,023	107,613,220	1,077	17
Charles	181,396,190	4,603,359	185,999,549	1,315	8
Dorchester	26,903,025	7,856,452	34,759,477	1,086	16
Frederick	271,101,871	47,810,548	318,912,419	1,408	7
Garrett	43,021,879	1,420,809	44,442,688	1,499	4
Harford	269,382,106	23,928,207	293,310,313	1,215	11
Howard	466,313,079	0	466,313,079	1,682	2
Kent	25,655,349	3,078,549	28,733,898	1,418	6
Montgomery	1,374,932,643	71,273,624	1,446,206,267	1,516	3
Prince George's	978,852,942	94,437,689	1,073,290,631	1,292	9
Queen Anne's	55,374,053	2,717,298	58,091,351	1,224	10
St. Mary's	87,379,016	457,580	87,836,596	864	21
Somerset	14,975,864	3,101,360	18,077,224	692	23
Talbot	27,436,368	13,898,656	41,335,024	1,145	13
Washington	121,739,623	24,594,921	146,334,544	1,006	18
Wicomico	60,328,149	24,902,759	85,230,908	908	20
Worcester	133,037,649	54,517,182	187,554,831	3,814	1
Statewide	\$6,613,954,860	\$460,693,452	\$7,074,648,312	\$1,250	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Exhibit 7.3
Growth in County Assessable Base – Real and Personal Property
Fiscal 2002-2011

County	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011E
Allegany	-4.4%	-2.1%	1.5%	3.3%	4.3%	4.2%	9.3%	6.7%	11.9%	3.8%
Anne Arundel	5.6%	6.7%	8.3%	11.5%	14.2%	15.7%	18.0%	14.2%	6.0%	-3.2%
Baltimore City	2.5%	2.8%	2.8%	6.8%	7.7%	8.6%	14.9%	15.6%	13.8%	1.6%
Baltimore	2.9%	3.5%	4.0%	5.5%	9.9%	12.4%	15.7%	13.3%	8.9%	0.6%
Calvert	2.1%	5.7%	7.6%	9.9%	12.2%	15.9%	19.8%	10.7%	8.0%	1.2%
Caroline	4.3%	5.0%	5.1%	9.3%	12.6%	16.9%	18.1%	16.4%	11.5%	-1.5%
Carroll	5.1%	6.9%	6.5%	8.7%	13.0%	15.0%	16.1%	13.3%	8.7%	-5.3%
Cecil	5.0%	6.6%	7.6%	10.9%	11.4%	14.2%	16.1%	13.7%	6.8%	-0.7%
Charles	8.2%	5.8%	7.4%	8.2%	12.2%	17.7%	20.4%	16.0%	7.0%	-5.6%
Dorchester	2.9%	5.6%	10.2%	6.7%	11.1%	11.5%	17.8%	14.4%	9.1%	0.8%
Frederick	5.8%	6.5%	6.7%	9.4%	16.0%	17.5%	19.2%	13.4%	6.1%	-6.6%
Garrett	4.7%	7.4%	8.8%	8.5%	14.3%	17.3%	14.6%	12.7%	7.7%	5.2%
Harford	5.0%	6.1%	5.8%	8.1%	11.2%	14.9%	15.3%	13.9%	8.8%	0.7%
Howard	8.5%	4.2%	7.8%	11.2%	14.2%	17.4%	16.1%	13.3%	5.0%	-8.1%
Kent	3.8%	5.0%	7.0%	8.7%	13.0%	14.2%	16.3%	15.0%	10.3%	-3.3%
Montgomery	4.6%	6.4%	9.3%	11.8%	16.2%	17.8%	15.5%	11.0%	0.4%	-4.1%
Prince George's	3.0%	4.7%	4.6%	7.2%	11.1%	15.1%	18.7%	19.0%	11.6%	0.7%
Queen Anne's	6.6%	8.9%	11.4%	13.3%	14.3%	18.2%	19.2%	14.4%	7.5%	-2.1%
St. Mary's	4.2%	5.9%	5.4%	6.5%	10.7%	19.6%	19.1%	18.4%	11.0%	1.3%
Somerset	1.8%	3.8%	5.3%	5.9%	13.3%	23.0%	18.5%	16.7%	7.7%	1.6%
Talbot	11.3%	8.8%	11.1%	13.6%	14.6%	14.7%	17.5%	15.5%	10.8%	0.2%
Washington	6.1%	2.3%	9.4%	3.2%	11.6%	14.4%	18.1%	15.3%	8.1%	-5.0%
Wicomico	2.4%	3.9%	5.6%	5.9%	9.1%	12.2%	13.7%	12.9%	7.8%	-1.9%
Worcester	6.3%	8.5%	16.0%	19.2%	17.6%	23.0%	19.7%	17.8%	-5.5%	-8.8%
Statewide	4.5%	5.4%	7.0%	9.4%	13.1%	15.7%	16.8%	13.9%	6.1%	-2.5%

Source: State Department of Assessments and Taxation

Tax Base

State law provides that the owners of the following types of property are generally subject to a property tax:

- real property;
- tangible personal property owned by businesses;
- operating property of railroads;
- operating property of public utilities;
- stock in trade of manufacturing or commercial businesses; and
- certain leaseholds.

Exhibit 7.4 shows each county's estimated total assessable property base for fiscal 2010, as well as the assessable base on a per capita basis and assessable base growth from fiscal 2009 to 2010. Exhibit 7.5 provides the real and personal property assessable base for fiscal 2009 and 2010 and the changes between the two years.

A well-defined statutory relationship exists between the State and local governments in the administration of the property tax system. While property tax revenues are a relatively minor revenue source to the State, the State has assumed responsibility for the valuation and assessment of property. Local governments, on the other hand, levy and collect property taxes. The State takeover of the valuation and assessment function was implemented to provide uniform and equitable assessments of property throughout the State, in compliance with the "uniformity clause" of the Maryland State Constitution. Article 15 of the Declaration of Rights provides that the State shall "by uniform rules, provide for the separate assessment, classification and sub-classification of land, improvements on land and personal property . . . and all taxes . . . shall be uniform within each class or sub-class"

Exhibit 7.4
County Assessable Base Measures for Fiscal 2010

County	Population July 1, 2008	Assessable Base (\$ in Thousands)	Per Capita Amount	Ranking	Growth from Prior Year	Ranking
Allegany	72,238	\$3,816,560	\$52,833	24	11.9%	2
Anne Arundel	512,790	86,849,623	169,367	6	6.0%	21
Baltimore City	636,919	38,190,377	59,961	23	13.8%	1
Baltimore	785,618	88,989,970	113,274	16	8.9%	9
Calvert	88,698	13,951,302	157,290	9	8.0%	13
Caroline	33,138	3,199,323	96,545	20	11.5%	4
Carroll	169,353	22,093,994	130,461	12	8.7%	11
Cecil	99,926	11,184,512	111,928	17	6.8%	19
Charles	140,764	19,882,783	141,249	11	7.0%	18
Dorchester	31,998	3,527,710	110,248	18	9.1%	8
Frederick	225,721	31,969,352	141,632	10	6.1%	20
Garrett	29,698	4,689,794	157,916	8	7.7%	16
Harford	240,351	28,453,136	118,382	15	8.8%	10
Howard	274,995	50,049,686	182,002	5	5.0%	22
Kent	20,151	3,219,073	159,748	7	10.3%	7
Montgomery	950,680	187,664,567	197,400	3	0.4%	23
Prince George's	820,852	98,867,718	120,445	14	11.6%	3
Queen Anne's	47,091	9,050,949	192,201	4	7.5%	17
St. Mary's	101,578	12,875,262	126,752	13	11.0%	5
Somerset	26,119	1,757,563	67,291	22	7.7%	15
Talbot	36,215	10,142,501	280,064	2	10.8%	6
Washington	145,384	14,877,217	102,330	19	8.1%	12
Wicomico	94,046	7,774,844	82,671	21	7.8%	14
Worcester	49,274	19,292,626	391,538	1	-5.5%	24
Statewide	5,633,597	\$772,370,442	\$137,101		6.1%	

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

Exhibit 7.5
County Assessable Base for Fiscal 2010 and Percent Change from Fiscal 2009
(\$ in Thousands)

County	Real Property	Percent Change	Personal Property	Percent Change	Total Property	Percent Change
Allegany	\$3,484,452	13.7%	\$332,108	-4.1%	\$3,816,560	11.9%
Anne Arundel	84,100,226	6.1%	2,749,397	1.0%	86,849,623	6.0%
Baltimore City	36,152,390	14.9%	2,037,987	-2.4%	38,190,377	13.8%
Baltimore	85,888,670	9.2%	3,101,300	0.2%	88,989,970	8.9%
Calvert	13,459,525	8.1%	491,777	5.6%	13,951,302	8.0%
Caroline	3,095,753	11.9%	103,570	-0.9%	3,199,323	11.5%
Carroll	21,539,976	8.9%	554,018	-0.5%	22,093,994	8.7%
Cecil	10,800,442	7.1%	384,070	-1.3%	11,184,512	6.8%
Charles	18,938,637	7.5%	944,146	-3.3%	19,882,783	7.0%
Dorchester	3,391,676	9.3%	136,034	3.1%	3,527,710	9.1%
Frederick	31,678,985	6.2%	290,367	-7.0%	31,969,352	6.1%
Garrett	4,573,168	8.1%	116,626	-6.0%	4,689,794	7.7%
Harford	27,465,303	9.0%	987,833	2.7%	28,453,136	8.8%
Howard	48,528,784	5.2%	1,520,902	-0.2%	50,049,686	5.0%
Kent	3,180,936	10.4%	38,137	2.3%	3,219,073	10.3%
Montgomery	183,562,521	0.3%	4,102,046	3.0%	187,664,567	0.4%
Prince George's	95,828,317	11.8%	3,039,401	5.0%	98,867,718	11.6%
Queen Anne's	8,987,459	7.5%	63,490	3.3%	9,050,949	7.5%
St. Mary's	12,601,733	11.2%	273,529	-0.1%	12,875,262	11.0%
Somerset	1,685,922	7.8%	71,641	5.9%	1,757,563	7.7%
Talbot	10,085,641	10.8%	56,860	1.3%	10,142,501	10.8%
Washington	14,297,018	8.3%	580,199	2.5%	14,877,217	8.1%
Wicomico	7,258,815	8.4%	516,029	0.7%	7,774,844	7.8%
Worcester	18,968,635	-5.6%	323,991	-0.1%	19,292,626	-5.5%
Statewide	\$749,554,984	6.2%	\$22,815,458	1.1%	\$772,370,442	6.1%

Source: State Department of Assessments and Taxation

Real Property

Real property is valued and assessed once every three years by the State Department of Assessments and Taxation. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Under this process, assessors from the department physically inspect each property every three years. No adjustments are made in the interim, except in certain cases including (1) a zoning change; (2) a substantial change in property use; (3) extensive improvements to the property; or (4) a prior erroneous assessment. The assessor determines the current “full market value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

Special use assessments may apply to certain types of property such as agricultural land, woodland, marshland, country clubs, and golf courses. Special use assessments are fully described in *Volume III – Maryland’s Revenue Structure* of the Legislative Handbook Series.

Personal Property

Subject to numerous exemptions, tangible business personal property located in Maryland is subject to local personal property tax. Although the State does not impose a personal property tax, the assessment of personal property is also the responsibility of the State Department of Assessments and Taxation. Assessments are made annually on the basis of sworn reports filed by businesses with the department’s central office. Inventory is valued at its “fair average value,” which means the lower of cost or market value averaged over the number of months in a year the inventory is in existence. All other business personal property, including office furniture, fixtures, equipment, and machinery, is valued at “full cash value.” Uniform rates of depreciation are applied to the cost of the property to determine full cash value. Separate provisions apply to the assessment of operating property of railroads and public utilities.

Tax Rate Setting Authority

Local property tax rates are set annually by local governments and are applied to the county and municipal assessable bases. Generally, State law does not restrict the level of property taxation imposed by local governments. The one exception is the General Assembly’s authority to set maximum limits on the rate of property taxes in municipal corporations and code counties under the provisions of Article XI-E, Section 5 and Article XI-F, Section 8 of the Maryland Constitution. However, the Department of Legislative Services is unaware of any instances in which this authority has ever been exercised.

Local Property Tax Rates

The local property tax rate is established by each county, Baltimore City, or municipal corporation expressed as an amount per \$100 of assessed value. The county property tax rate may be supplemented by special property tax levies for special districts. Several counties have exercised this authority and have created special taxing districts to finance services not included in the general rate. These services range from fire protection and parks and recreation services, which usually encompass the entire local jurisdiction, to water, sewer, and community benefit services that target a smaller segment of the county. Further, taxpayers are subject to different rates in many districts depending on the level of services provided in those districts.

Exhibit 7.6 shows county property tax rates, including appropriate countywide special tax rates, for fiscal 2007 through 2011. Exhibit 7.7 shows the special county property tax rates in Charles, Frederick, Howard, Montgomery, and Prince George's counties in fiscal 2011.

Factors Affecting Local Property Tax Rates

Local property tax rates are a function of a jurisdiction's property tax base, assessment increases and statutory limits on annual assessment increases, public demand for governmental services, and other sources of revenues available to fund government programs. The larger the property tax base in a county, the more tax revenue that can be derived with an increase in the property tax rate.

For example, based on fiscal 2010 estimates, a one-cent increase in the real property tax rate in Montgomery County generates an additional \$18.4 million in revenue, whereas it generates only \$9.6 million in Prince George's County, even though there is only a small difference in the number of residents in the two counties. In addition, jurisdictions with large property tax bases can rely more heavily on property taxes, while keeping other taxes low. For example, due to the high value of ocean-front property in Ocean City, Worcester County is able to maintain the State's lowest local income tax rate, while having the second lowest property tax rate.

Exhibit 7.6
Real Property Tax Rates in Maryland Counties
(Per \$100 of Assessed Value)
Fiscal 2007-2011

County	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Allegany	\$0.983	\$0.983	\$0.983	\$0.983	\$0.983
Anne Arundel	0.918	0.891	0.888	0.876	0.880
Baltimore City	2.288	2.268	2.268	2.268	2.268
Baltimore	1.100	1.100	1.100	1.100	1.100
Calvert	0.892	0.892	0.892	0.892	0.892
Caroline	0.870	0.870	0.870	0.870	0.870
Carroll	1.048	1.048	1.048	1.048	1.048
Cecil	0.960	0.960	0.960	0.940	0.915
Charles	1.026	1.026	1.026	1.026	1.026
Dorchester	0.896	0.896	0.896	0.896	0.896
Frederick	1.064	1.064	1.064	1.064	1.064
Garrett	1.000	1.000	1.000	0.990	0.990
Harford	1.082	1.082	1.082	1.064	1.042
Howard	1.140	1.150	1.150	1.150	1.150
Kent	0.972	0.972	0.972	0.972	1.022
Montgomery	0.916	0.916	0.915	0.916	0.915
Prince George's	1.319	1.319	1.319	1.319	1.319
Queen Anne's	0.800	0.770	0.770	0.770	0.767
St. Mary's	0.857	0.857	0.857	0.857	0.857
Somerset	0.940	0.940	0.920	0.900	0.884
Talbot	0.500	0.475	0.449	0.432	0.432
Washington	0.948	0.948	0.948	0.948	0.948
Wicomico	0.942	0.881	0.814	0.759	0.759
Worcester	0.700	0.700	0.700	0.700	0.700

Source: Department of Legislative Services

Exhibit 7.7
Special County Property Tax Rates
Fiscal 2011

	<u>Real Property Tax Rate</u>	<u>Percent of Total</u>
Charles County		
General Tax	\$0.962	93.8%
Fire District Tax	0.064	6.2%
Total Rate	\$1.026	100.0%
Frederick County		
General Tax	\$0.936	88.0%
Fire District Tax (Urban)	0.128	12.0%
Total Rate	\$1.064	100.0%
Howard County		
General Tax	\$1.0140	88.2%
Fire District Tax (Metro)	0.1355	11.8%
Total Rate	\$1.1495	100.0%
Montgomery County		
General Tax	\$0.699	76.4%
Transit Tax	0.037	4.0%
Fire District Tax	0.097	10.6%
M-NCPPC	0.061	6.7%
Recreation Tax	0.018	2.0%
Storm Drainage Tax	0.003	0.3%
Total Rate	\$0.915	100.0%
Prince George's County		
General Tax	\$0.960	72.8%
M-NCPPC	0.279	21.2%
WSTC	0.026	2.0%
Stormwater	0.054	4.1%
Total Rate	\$1.319	100.0%

Source: Department of Legislative Services

As the demand and cost for governmental services increase, counties may increase property tax rates to generate the revenue to fund these services and programs. For example, as a jurisdiction becomes more urbanized, the demand for certain services such as police, fire protection, and utilities tends to increase. In addition, counties with relatively high costs of living must spend more than other jurisdictions to obtain the same level and quality of services. Consequently, unless other sources of revenue are available to fund these services, local tax rates could increase.

Local governments, however, can realize additional property tax revenue without changing tax rates if the assessable base grows. In addition, many jurisdictions are able to rely on alternative ways to generate revenues other than the property tax. For example, counties with large net taxable incomes can receive a significant amount of revenue through the local income tax, thereby offsetting the need to increase property tax rates.

Property Tax Differentials and Rebates

To compensate municipal corporations for providing services in lieu of similar county services or programs and to address the effect of double taxation when residents pay both county and municipal property taxes, in fiscal 2009, 18 counties provided property tax set-offs 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 municipal corporation. A tax rebate is a direct grant to a municipal corporation for providing services that are similar to county services. In fiscal 2009, municipal tax differentials and rebates totaled approximately \$94.6 million.

Provisions relating to the establishment of property tax differentials and rebates are specified in the Annotated Code of Maryland. Section 6-305 of the Tax-Property Article mandates that Allegany, Anne Arundel, Baltimore, Frederick, Garrett, Harford, Howard, Montgomery, and Prince George's counties meet annually with the governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that a municipal corporation 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 municipal corporation at a rate that is less than the general county property tax rate.

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 the governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that the municipal corporation performs services or programs in lieu of similar county services,

the county may establish a county property tax rate for property in the municipal corporation that is lower than the general county property tax rate.

Property Tax Limitation Measures

Local property tax limitation measures may affect local property tax rates either by limiting the tax rate a county may impose or by limiting property tax revenue growth. Five counties have provisions in their county charters that limit property tax rates or revenues. Montgomery County limits property tax revenue growth to the increase in the Consumer Price Index (excluding new construction), unless a higher rate of growth is approved by a unanimous vote of all nine county council members. In Prince George's County, the general property tax rate is capped at \$0.96 per \$100 of assessed value. Special taxing districts, such as the Maryland-National Capital Park and Planning Commission, are not included under this cap. Anne Arundel County limits property tax revenue growth to 4.5%, or the increase in the Consumer Price Index, whichever is less. In Talbot and Wicomico counties, the total annual increase in property tax revenues is limited to the lesser of 2% or the increase in the Consumer Price Index.

Some municipal corporations also have maximum property tax rates set forth in their charter. Approximately 20 of the 156 municipal corporations in Maryland currently have some type of property tax rate limitation. In most cases, these limitations set a maximum tax rate. However, some municipal charters specify instances in which the tax limitations may be exceeded, such as for debt service, and some will have different rate limitations for different property taxes (real, personal, and special tax district rates).

Constant Yield Tax Rate Provision

The "constant yield" is a concept that, as property values fluctuate, the tax rate could be adjusted so that the revenue derived from the property tax stays at a constant level from year to year, thus assuring a local government a "constant yield" from its tax source. The constant yield tax rate is the rate that, when applied to the current assessable base, yields the same property tax revenue as in the prior year. Generally, when there is growth in the real property assessable base, the constant yield tax rate is lower than the existing tax rate. The State Department of Assessments and Taxation notifies all county and municipal corporations by February 14 of their constant yield tax rates for the upcoming fiscal year.

Under the constant yield tax rate law, taxing authorities are required to (1) provide information to the public about the constant yield tax rate and the assessable base and (2) hold public hearings regarding proposals to enact a tax rate that is higher than the

constant yield rate. A municipal corporation is exempt from the requirements of the constant yield tax rate law if the difference in revenue generated by the current year's tax rate and the constant yield tax rate is less than \$25,000. If a municipal corporation is exempt from the constant yield tax rate law, it is not required to advertise or hold public hearings on the proposed tax rate increase. The municipal corporation may set any tax rate within the limits of its town charter. The department is required to report to the Attorney General any taxing authority that appears to have violated the requirements of this law. Violating jurisdictions must reduce their property tax rates to the constant yield level and must refund all excessive taxes that have been collected.

Tax Exemptions

While local governments have limited ability to alter real property exemptions, they have been granted broad authority to exempt certain types of personal property from property taxation. The types of property exempt from local taxation are enumerated in Title 7 of the Tax-Property Article. Exemptions apply to State property taxation as well, although the State does not tax personal property. The major exemptions from the local property tax are:

Real Property

- local, State, and federal government property;
- property of religious organizations;
- cemeteries and mausoleums;
- nonprofit hospitals;
- portions of continuing care facilities for the elderly;
- property of charitable, fraternal, and educational institutions;
- property used for national defense or military housing;
- property of national veterans' organizations;
- homes of disabled veterans and the blind (partial exemption), or a surviving spouse of either;
- property of historical societies and museums;

- property owned by certain taxpayers engaged in building, operating, and managing nonprofit multifamily units, subject to local government approval; and
- property owned by fire companies, rescue squads, community water corporations, and housing authorities.

Personal Property

- property of finance companies and savings and loan associations, generally;
- manufacturing equipment (though subject to tax in some counties at specified percentages of assessment and subject to municipal corporation property tax, unless exempted in full or in part by the municipal corporation);
- manufacturing inventory (though subject to municipal corporation property tax, unless exempted in full or in part by the municipal corporation);
- commercial inventory (though subject to tax on up to 35% of assessment in Wicomico County and subject to municipal corporation property tax, unless exempted in full or in part by the municipal corporation);
- motor vehicles, small vessels, and registered aircraft;
- certain agricultural products and commodities;
- farming implements and livestock;
- personal possessions in the owner's home;
- property belonging to a home-based business with an initial purchase price of less than \$10,000; and
- intangible property.

Property Tax Credits

Under the Tax-Property Article, local governments are subject to statewide mandatory tax credit programs and have general authority to grant tax credits for certain types of property. They also are subject to mandatory and optional tax credits specific to

individual counties and municipal corporations. Authority to grant local tax credits must be provided in the Tax-Property Article.

Statewide Mandatory Tax Credit Programs

Statewide mandatory tax credits such as the Homeowners' (Circuit Breaker) Tax Credit and Enterprise Zone Tax Credit programs reduce local property taxes; however, with respect to the homeowners' and enterprise zone tax credits, counties are reimbursed in full or in part by the State for their revenue loss. Local governments may enact a local supplement to the Homeowners' Tax Credit Program, providing additional relief to homeowners, although they must bear the cost of the local supplement. The statewide mandatory tax credit programs are described in *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.

Homestead Tax Credit Program

The Homestead Tax Credit Program provides tax credits against State, county, and municipal corporation real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or "cap" in any given year. The State requires the cap on assessment increases to be set at 10% for State property tax purposes; however, local governments have the authority to lower the rate. Unlike other statewide mandated tax credit programs, the costs of the Homestead Tax Credit Program are incurred fully by the local governments. This credit tends to moderate fluctuations in property tax assessments. In fiscal 2011, 20 of the 24 local jurisdictions had assessment caps below 10% as illustrated in Exhibit 7.8. In addition, 90 of the State's 156 municipal corporations had also lowered assessment caps below 10%.

The Homestead Tax Credit Program has provided significant local property tax relief in recent years. However, the extent to which the program may actually restrict the ability of a local government to raise property tax revenues depends on the locality's need for revenues from the property tax and other legal and practical limitations. For example, a county impacted by a charter-imposed property tax limitation measure would presumably reduce tax rates to offset the impact of rising assessments in the absence of the homestead credit.

Exhibit 7.8
Homestead Assessment Caps for Maryland Counties

County	FY 2009	FY 2010	FY 2011
Allegany	10%	7%	7%
Anne Arundel	2%	2%	2%
Baltimore City	4%	4%	4%
Baltimore	4%	4%	4%
Calvert	10%	10%	10%
Caroline	5%	5%	5%
Carroll	7%	7%	7%
Cecil	8%	8%	8%
Charles	7%	7%	7%
Dorchester	5%	5%	5%
Frederick	5%	5%	5%
Garrett	5%	5%	5%
Harford	9%	9%	5%
Howard	5%	5%	5%
Kent	5%	5%	5%
Montgomery	10%	10%	10%
Prince George's	3%	5%	0%
Queen Anne's	5%	5%	5%
St. Mary's	5%	5%	5%
Somerset	10%	10%	10%
Talbot	0%	0%	0%
Washington	5%	5%	5%
Wicomico	10%	10%	10%
Worcester	3%	3%	3%

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

Local Tax Credits

Tax credits that may be authorized by local governing bodies, against local taxation only, are specified by law for various types of property, including cemetery property; structures utilizing solar or geothermal energy saving devices; historic property

undergoing restoration or preservation; manufacturing, fabricating, and assembling facilities; agricultural land subject to Maryland agricultural land preservation easements; newly constructed dwellings that are unsold or unrented; open space; tobacco barns; and other specified property. As noted previously, the Tax-Property Article also sets out numerous mandatory and optional property tax credits specific to individual counties and municipal corporations.

Payment Dates

Property taxes for owner-occupied residential property and certain small business property are due under a semiannual schedule. The first installment is due on July 1 and may be paid without interest on or before September 30. The second installment is due on December 1 and may be paid without interest on or before December 31. Local governments may add a service fee to the second installment to pay for administrative costs. Homeowners and eligible small business owners may elect to pay the full year's property tax on or before September 30 to avoid the service charge or interest.

Property taxes for other property are due on July 1 and may be paid without interest on or before September 30. If billed after September 1, the taxes are due without interest 30 days after the date of the tax bill.

Legal Reference

Tax-Property Article

Maryland Constitution, Article XI-E, Section 5 and Article XI-F, Section 8

Chapter 8. Local Income Tax

In an effort to reduce reliance on the local property tax, legislation was enacted in 1967 authorizing local governments to impose a local personal income tax. Prior to 1967, local governments received a share of the State income tax. Today, the local income tax is the third largest revenue source for county governments and the fourth largest revenue source for municipal corporations, accounting for 17.1% of county revenues and 7.5% of municipal revenues. Maryland is one of the few states in the nation that allow local governments to impose a local income tax.

Tax Base

Maryland taxable income is the tax base used in determining local income tax liability. Maryland taxable income is the taxpayer's federal adjusted gross income adjusted by Maryland addition and subtraction modifications, deductions, and exemptions specified under State law. Multiplying income tax rates by Maryland taxable income, and then deducting applicable credits determines the State and local income tax. (For more information on the State income tax computation, see *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.)

Tax Rate Setting Authority

Every county and Baltimore City levies a local income tax on residents. The tax is assessed as a percentage of the taxpayer's Maryland taxable income. Generally, each municipal corporation shares in its county's income tax revenues by receiving the greater of 17% of the county income taxes paid by the municipal corporation's residents, or 0.37% of the State income tax liability of the municipal corporation's residents. Local governments are authorized to set a local income tax rate of at least 1%, but not more than 3.2%. Local income tax rates have remained relatively stable, with only three jurisdictions (Allegany County, Baltimore City, and Prince George's County) raising the tax rate in the past five years. Exhibit 8.1 shows the local income tax rates for calendar 2007 through 2011.

Administration of Tax

In conjunction with its collection of the State income tax, the Revenue Administration Division of the Office of the Comptroller collects the local individual income tax, deducts portions to pay refunds and defray administrative costs, then distributes the net revenues to the appropriate county or municipal corporation. Distributions of withholding and estimated tax are required by State law, for the first

three quarters of the fiscal year, to be made as often as practicable, but at least quarterly. For the fourth quarter of the fiscal year, a distribution must be made for the months of April and May before the end of the fiscal year and a distribution for the month of June before August 31. In practice, the Comptroller's Office currently makes 10 distributions each fiscal year.

Exhibit 8.1
Local Income Tax Rates
Calendar 2007-2011

County	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Allegany	2.93%	3.05%	3.05%	3.05%	3.05%
Anne Arundel	2.56%	2.56%	2.56%	2.56%	2.56%
Baltimore City	3.05%	3.05%	3.05%	3.05%	3.20%
Baltimore	2.83%	2.83%	2.83%	2.83%	2.83%
Calvert	2.80%	2.80%	2.80%	2.80%	2.80%
Caroline	2.63%	2.63%	2.63%	2.63%	2.63%
Carroll	3.05%	3.05%	3.05%	3.05%	3.05%
Cecil	2.80%	2.80%	2.80%	2.80%	2.80%
Charles	2.90%	2.90%	2.90%	2.90%	2.90%
Dorchester	2.62%	2.62%	2.62%	2.62%	2.62%
Frederick	2.96%	2.96%	2.96%	2.96%	2.96%
Garrett	2.65%	2.65%	2.65%	2.65%	2.65%
Harford	3.06%	3.06%	3.06%	3.06%	3.06%
Howard	3.20%	3.20%	3.20%	3.20%	3.20%
Kent	2.85%	2.85%	2.85%	2.85%	2.85%
Montgomery	3.20%	3.20%	3.20%	3.20%	3.20%
Prince George's	3.10%	3.10%	3.20%	3.20%	3.20%
Queen Anne's	2.85%	2.85%	2.85%	2.85%	2.85%
St. Mary's	3.00%	3.00%	3.00%	3.00%	3.00%
Somerset	3.15%	3.15%	3.15%	3.15%	3.15%
Talbot	2.25%	2.25%	2.25%	2.25%	2.25%
Washington	2.80%	2.80%	2.80%	2.80%	2.80%
Wicomico	3.10%	3.10%	3.10%	3.10%	3.10%
Worcester	1.25%	1.25%	1.25%	1.25%	1.25%

Source: Comptroller of the Treasury

The counties, Baltimore City, municipal corporations, and special taxing districts also receive unclaimed income taxes withheld by employers or paid as declarations of estimated tax in an amount equal to their prorated share of the taxes as defined in the Annotated Code. Exhibit 8.2 shows the income tax revenue collections of the subdivisions in fiscal 2009.

Legal Reference

Tax-General Article, Sections 2-601 through 2-610, 10-103, 10-106, 10-201

Exhibit 8.2
Local Income Tax Revenues
Fiscal 2009

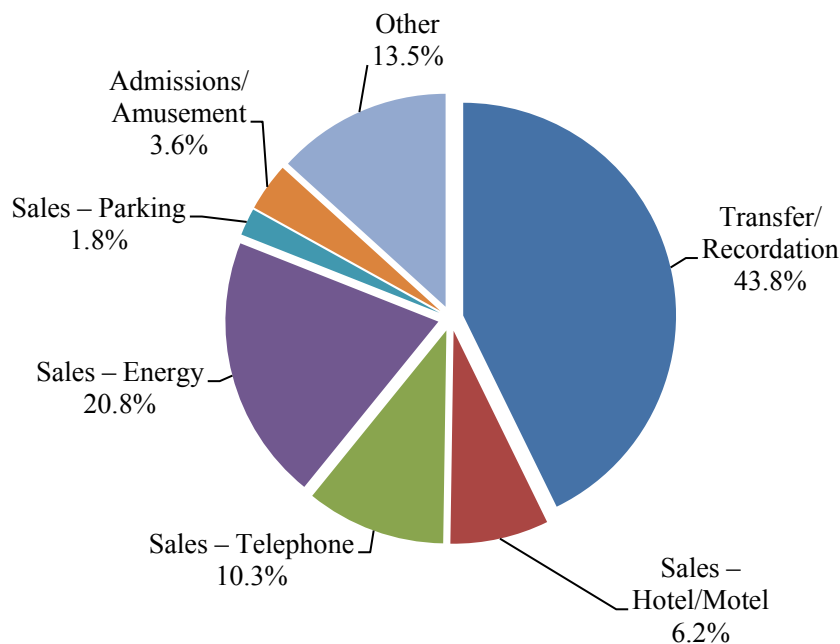
County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$25,429,319	\$2,585,948	\$28,015,267	\$386	20
Anne Arundel	364,527,636	5,437,922	369,965,558	718	7
Baltimore City	262,901,249	0	262,901,249	412	19
Baltimore	640,176,172	0	640,176,172	812	4
Calvert	58,370,205	214,779	58,584,984	662	10
Caroline	10,850,717	582,658	11,433,375	344	22
Carroll	112,788,488	5,133,038	117,921,526	694	8
Cecil	48,851,186	2,008,960	50,860,146	509	15
Charles	82,314,487	1,288,565	83,603,052	591	13
Dorchester	12,561,789	790,027	13,351,816	417	18
Frederick	158,356,951	8,621,626	166,978,577	737	6
Garrett	10,423,109	458,729	10,881,838	367	21
Harford	161,364,855	3,434,230	164,799,085	683	9
Howard	317,213,178	0	317,213,178	1,144	2
Kent	12,100,769	1,023,647	13,124,416	648	11
Montgomery	1,291,716,935	35,796,406	1,327,513,341	1,392	1
Prince George's	413,695,409	17,169,242	430,864,651	519	14
Queen Anne's	35,988,334	459,028	36,447,362	768	5
St. Mary's	61,471,674	326,769	61,798,443	608	12
Somerset	6,676,022	277,459	6,953,481	266	24
Talbot	31,635,555	1,912,519	33,548,074	929	3
Washington	63,033,878	3,233,080	66,266,958	456	17
Wicomico	41,198,096	2,325,363	43,523,459	464	16
Worcester	13,062,134	1,472,378	14,534,512	296	23
Statewide	\$4,236,708,147	\$94,552,373	\$4,331,260,520	\$765	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Chapter 9. Other Local Taxes

Other local taxes, which account for 4.9% of county revenues and 1.3% of municipal revenues, include transfer taxes, recordation taxes, hotel/motel taxes, sales taxes, and admissions/amusement taxes. As illustrated in Exhibit 9.1, transfer and recordation taxes generate a significant portion of the county revenues from these sources. Prior to the downturn in the real estate market, local transfer and recordation taxes accounted for an even higher share of other local taxes. Exhibit 9.2 shows local transfer and recordation tax collections from fiscal 2005 to 2010.

Exhibit 9.1
Other Local Taxes – County Revenues
Fiscal 2009



Source: Department of Legislative Services

Exhibit 9.2
Local Transfer and Recordation Tax Revenues
(\$ in Millions)

Fiscal	Transfer	Recordation	Total	% Change
2005	\$525.4	\$511.4	\$1,036.8	
2006	607.8	619.0	1,226.8	18.3%
2007	506.2	508.5	1,014.7	-17.3%
2008	375.1	372.3	747.4	-26.3%
2009	269.5	255.6	525.1	-29.7%
2010	262.6	249.1	511.7	-2.6%

Source: Department of Legislative Services

Local Transfer Tax

Tax Base

A local transfer tax may be imposed on instruments of writing transferring title to real property. The power to levy such a tax must be approved by the General Assembly for charter and commission counties and Baltimore City. Code counties are authorized by statute to impose a transfer tax. A distinction is made in the local codes between instruments transferring title such as a deed or certain leaseholds and instruments securing real property such as a mortgage. In addition, beginning in fiscal 2009 transfer taxes are imposed on the transfer of real property with a value of \$1.0 million or more when the transfer is achieved through the sale of a “controlling interest” in a specified corporation, partnership, limited liability company, limited liability partnership, or other form of unincorporated business. Controlling interest is defined as more than 80% of the total value of the stock or the interest in capital and profits.

Tax Rate Setting Authority

Sixteen counties and Baltimore City currently impose a local transfer tax. In addition, Cecil County imposes a \$10 charge per deed. Code counties are authorized to impose the transfer tax at a maximum rate of 0.5%. The tax rates imposed in charter and commission counties varies, with the rates being established by public local laws and local ordinances. Tax rates in effect for fiscal 2011 are shown in Exhibit 9.3 along with the tax rates and revenues collected in fiscal 2009. Local transfer tax rates remained

constant from fiscal 2007 to 2011, with no jurisdiction changing the tax rate during this period.

Exhibit 9.3
Local Transfer Taxes

County	County Tax Rates		FY 2009 Revenues	Per Capita Revenues	Per Capita Ranking
	FY 2009	FY 2011			
Allegany	0.5%	0.5%	\$425,465	\$6	17
Anne Arundel	1.0%	1.0%	27,391,961	53	7
Baltimore City	1.5%	1.5%	23,388,980	37	11
Baltimore	1.5%	1.5%	43,093,507	55	6
Calvert	0.0%	0.0%	0	0	18
Caroline	0.5%	0.5%	326,456	10	16
Carroll	0.0%	0.0%	0	0	18
Cecil	0.0%	0.0%	0	0	18
Charles	0.0%	0.0%	0	0	18
Dorchester	0.75%	0.75%	862,195	27	12
Frederick	0.0%	0.0%	0	0	18
Garrett	1.0%	1.0%	1,395,679	47	8
Harford	1.0%	1.0%	9,146,529	38	10
Howard	1.0%	1.0%	18,370,981	66	4
Kent	0.5%	0.5%	449,736	22	14
Montgomery	1.0%	1.0%	64,771,739	68	3
Prince George's	1.4%	1.4%	66,992,499	81	2
Queen Anne's	0.5%	0.5%	1,103,095	23	13
St. Mary's	1.0%	1.0%	4,389,061	43	9
Somerset	0.0%	0.0%	0	0	18
Talbot	1.0%	1.0%	2,958,214	82	1
Washington	0.5%	0.5%	1,617,340	11	15
Wicomico	0.0%	0.0%	0	0	18
Worcester	0.5%	0.5%	2,843,502	58	5
Statewide			\$269,526,939	\$48	

Note: Amounts include only county revenues. Municipalities are not authorized to impose these taxes.

Source: Department of Legislative Services; Maryland Association of Counties

Tax Exemptions

State law provides for the following exemptions to the local transfer tax in code counties:

- transfers to public agencies;
- transfers between relatives of the immediate family involving assumed debt;
- transfers between spouses or former spouses, including those pursuant to divorce decrees or settlements;
- transfers between certain domestic partners;
- supplemental instruments without new consideration or debt;
- previously recorded instruments;
- judgments;
- orders of satisfaction;
- participation agreements;
- transfers of corporate property between related corporations;
- corporate, partnership, and limited liability company conveyances to certain persons on dissolution;
- land installment contracts;
- options to purchase real property;
- deeds for prior recorded contracts of sale with same parties;
- leases of seven years or less;
- articles of merger and consolidation, under certain circumstances;

- transfers from cooperative housing corporations on termination;
- transfers from certain entities to limited liability companies;
- certain transfers to land trusts; and
- transfers involving certain Maryland Stadium Authority affiliates.

Of the charter and commission counties that impose a transfer tax, some incorporate the exemptions applicable to code counties, while exemptions in other counties are independently defined. Some State mandated exemptions are applicable to all counties, including transfers between spouses and former spouses pursuant to a property settlement or divorce decree. All counties are authorized to exempt a portion of the consideration payable on owner-occupied residential property. Counties may also provide an exemption for first-time homebuyers. Certain rate limitations apply to the imposition of a local transfer tax on agricultural land, as set forth in the Annotated Code.

Administration of Tax

Generally, transfer tax revenues are collected within each county by the clerk of the court or the director of finance. Local transfer taxes on transactions involving articles of transfer, articles of consolidation, or articles of merger are collected by the State Department of Assessments and Taxation and remitted to the Comptroller. The Comptroller deducts the administrative costs associated with collecting the tax and distributes the remainder to the subdivision, based upon the actual collections in the subdivision.

Legal Reference

Tax-Property Article, Sections 13-401 through 13-411

Recordation Tax

Tax Base

The recordation tax base is composed of the following: (1) instruments conveying title – the actual consideration paid; (2) articles of transfer – the actual consideration paid for the real property; and (3) mortgages, deeds of trust, and financing statements – the principal amount of the debt secured under the instrument. In addition, beginning in fiscal 2009 recordation taxes are imposed on the transfer of real property with a value of

\$1.0 million or more when the transfer is achieved through the sale of a “controlling interest” in a specified corporation, partnership, limited liability company, limited liability partnership, or other form of unincorporated business. Controlling interest is defined as more than 80% of the total value of the stock or the interest in capital and profits.

Tax Rate Setting Authority

The counties and Baltimore City are authorized to set their own recordation tax rates, which are expressed as an amount per \$500 of the consideration payable or principal amount of the debt secured. Although the counties have broad authority to set their recordation tax rates, some State-mandated rates exist. Articles of transfer, articles of merger, and articles of consolidation filed with the State Department of Assessments and Taxation, for example, are taxed at \$1.65 per \$500. Recordation tax rates in the counties for fiscal 2011 are presented in Exhibit 9.4, along with the tax rates and revenues collected in fiscal 2009. Local recordation tax rates remained fairly constant from fiscal 2007 to 2011, with only four counties increasing the tax rate during this period.

Exhibit 9.4
Recordation Tax Revenues

County	County Tax Rates		FY 2009 Revenues	Per Capita	Per Capita
	FY 2009	FY 2011		Revenues	Ranking
Allegany	\$3.25	\$3.25	\$1,242,338	\$17	24
Anne Arundel	3.50	3.50	28,419,042	55	9
Baltimore City	5.00	5.00	22,869,063	36	18
Baltimore	2.50	2.50	22,089,426	28	22
Calvert	5.00	5.00	5,799,985	65	6
Caroline	5.00	5.00	1,236,559	37	17
Carroll	5.00	5.00	9,248,039	54	10
Cecil	4.10	4.10	4,580,956	46	15
Charles	5.00	5.00	9,947,801	70	4
Dorchester	5.00	5.00	1,967,178	61	8
Frederick	6.00	6.00	10,415,103	46	14
Garrett	3.50	3.50	2,335,811	79	3
Harford	3.30	3.30	9,434,605	39	16
Howard	2.50	2.50	12,991,383	47	13
Kent	3.30	3.30	1,038,301	51	12
Montgomery	3.45	3.45	60,660,424	64	7
Prince George's	2.50	2.50	25,716,764	31	20
Queen Anne's	4.95	4.95	3,295,584	69	5
St. Mary's	4.00	4.00	5,260,423	52	11
Somerset	3.30	3.30	552,785	21	23
Talbot	3.30	3.30	3,016,205	84	2
Washington	3.80	3.80	4,683,063	32	19
Wicomico	3.50	3.50	2,845,744	30	21
Worcester	3.30	3.30	5,962,649	121	1
Statewide			\$255,609,231	\$45	

Source: Department of Legislative Services; Maryland Association of Counties

Tax Exemptions

The following exemptions apply to the recordation tax:

- transfers to public agencies;
- liens on vehicles and vessels;
- transfers between relatives of the immediate family involving assumed debt;
- transfers between spouses or former spouses;
- transfers between certain domestic partners;
- supplemental instruments without new consideration or debt;
- previously recorded instruments;
- refinancing instruments on principal residences;
- mechanic's or crop liens;
- purchase money mortgages and deeds of trust;
- assignments of mortgages or deeds of trust;
- Uniform Commercial Code security agreements, under certain circumstances;
- judgments;
- releases;
- orders of satisfaction;
- participation agreements;
- transfers of corporate property between related corporations;
- corporate, partnership, and limited liability company conveyances to certain persons on dissolution;

- land installment contracts;
- options to purchase real property;
- deeds for prior recorded contracts of sale with same parties;
- leases of seven years or less;
- articles of merger and consolidation, under certain circumstances;
- transfers from cooperative housing corporations on termination;
- transfers from certain entities to limited liability companies;
- certain transfers to land trusts;
- transfers involving certain Maryland Stadium Authority affiliates; and
- certain real property transfers from individuals to a limited liability company.

Counties are authorized to exempt a portion of the consideration payable on owner-occupied residential property and may also provide for an exemption for first-time homebuyers.

Administration of Tax

In general, recordation taxes are collected by the county tax collector or the clerk of the circuit court, as designated by the county governing body. If property for which an instrument of writing is offered for recordation is located in two or more counties, the recordation tax is paid in each county based on the ratio of the value of the property in that county to the value of the property in all counties.

The State Department of Assessments and Taxation collects the recordation tax on articles of transfer, merger, and consolidation. After deducting administrative costs, articles of transfer, merger, and consolidation revenues are distributed to the counties and Baltimore City in the ratio that the recordation tax collected in the subdivision in the prior fiscal year bears to the total recordation tax collected statewide in that year.

Legal Reference

Tax-Property Article, Sections 12-101 through 12-118

Agricultural Land Transfer Tax

The agricultural land transfer tax is imposed in addition to State and local transfer taxes on an instrument of writing that transfers title to agricultural land. The tax funds State and local programs that help preserve farmland and woodland in Maryland. The tax is primarily collected by the counties, with the exception of the tax on instruments of writing filed with the State Department of Assessments and Taxation. Of the total collections, each county (except Montgomery) retains approximately one-third of the funds and transfers the balance to the Comptroller. Montgomery County retains two-thirds of its funds and transfers the balance to the Comptroller. The monies retained by each county are generally used as local matching funds under the State agricultural easement program and for other approved county agricultural preservation programs.

The counties must spend or encumber all agricultural transfer tax revenues within three years from the date of receipt or remit the unspent or unencumbered portion to the Comptroller for deposit into the Maryland Agricultural Land Preservation Fund. In 1990, the General Assembly created a program giving counties the ability to retain a larger share of the agricultural land transfer tax revenues if certain requirements were met. A qualifying county can receive 75% of the agricultural transfer tax revenues collected by that county (rather than 33%) and a portion of any surplus funds held by the foundation at the end of the fiscal year. In order to become certified to receive the additional funds, counties must develop effective farmland preservation programs that are approved by the Maryland Agricultural Land Preservation Foundation and the Maryland Department of Planning. Certification lasts for two years, and for a county to be recertified, the success of its program must be demonstrated.

There are currently 17 counties that have been certified as having an effective land preservation program: Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Frederick, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Talbot, Washington, and Worcester.

For further discussion of the agricultural land transfer tax, see *Volume III – Maryland's Revenue Structure* of the Legislative Handbook Series.

Legal Reference

Tax-Property Article, Title 13, Subtitle 3

Sales and Service Taxes

Tax Base

Currently, most counties and Baltimore City impose one or more local sales and service taxes. Hotel/motel rentals and utilities are typical examples of services subject to these taxes. Counties, municipal corporations, and special taxing areas are generally limited to imposing sales and use taxes on fuels, utilities, space rentals, controlled dangerous substances, and in code counties only and to a limited extent, on food and beverages in a resort area. For example, Worcester County, a code county, imposes a 0.5% food and beverage tax within the Town of Ocean City. These taxes are authorized under State law. The authorizations in some cases allow for exemptions to be granted by the counties, restrict the use of the revenue collected, set a limit on the tax rate, or require certain procedures such as a public hearing before imposing a tax.

Other types of sales and service taxes include parking space and boat slip taxes. These taxes exist in only a few jurisdictions. Anne Arundel County and Baltimore City have parking taxes, and at least Caroline, Somerset, and Wicomico counties have boat slip taxes.

Tax Rate Setting Authority

These taxes generally are a percentage of the item's selling or rental price, or in the case of fuels and utilities, a dollar amount per gallon, kilo-watt hour, etc. The tax rate may be set by statute or by the county, depending upon the type of tax and the county in which it is imposed. Typically, these taxes are collected by the vendor and remitted directly to the local governments. Exhibits 9.5 through 9.7 relate to the various sales and service taxes charged by the counties. Exhibit 9.8 shows the amount of revenue collected from these various taxes for fiscal 2009.

Legal Reference

Tax-General Article, Title 11

Public Local Laws

Article 24, Title 9

Subtitle 3 (Hotel Rental Tax)

Subtitle 5 (Coal Taxes)

Subtitle 6 (Sales and Use Tax)

Exhibit 9.5
Hotel and Motel Tax Revenues

County	County Tax Rates		FY 2009 Revenues	Per Capita Revenues	Per Capita Ranking
	FY 2009	FY 2011			
Allegany	8.0%	8.0%	\$668,970	\$9	9
Anne Arundel	7.0%	7.0%	13,986,168	27	3
Baltimore City	7.5%	9.5%	16,197,092	25	4
Baltimore	8.0%	8.0%	7,965,849	10	8
Calvert	5.0%	5.0%	763,877	9	13
Caroline	5.0%	5.0%	0	0	23
Carroll	5.0%	5.0%	287,495	2	21
Cecil	3.0%	3.0%	21,747	0	22
Charles	5.0%	5.0%	919,122	6	16
Dorchester	5.0%	5.0%	211,917	7	15
Frederick	3.0%	3.0%	1,096,144	5	19
Garrett	5.0%	5.0%	1,426,900	48	1
Harford	0.0%	0.0%	0	0	23
Howard	5.0%	5.0%	3,059,774	11	6
Kent	5.0%	5.0%	106,340	5	18
Montgomery	7.0%	7.0%	16,829,254	18	5
Prince George's	5.0%	5.0%	5,658,295	7	14
Queen Anne's	5.0%	5.0%	428,998	9	10
St. Mary's	5.0%	5.0%	634,659	6	17
Somerset	5.0%	5.0%	53,128	2	20
Talbot	4.0%	4.0%	1,006,978	28	2
Washington	6.0%	6.0%	1,530,500	11	7
Wicomico	6.0%	6.0%	829,736	9	12
Worcester ¹	4.5%	4.5%	437,093	9	11
Statewide			\$74,120,036	\$13	

¹Approximately \$11.2 million in revenues is forwarded to noncounty agencies.

Source: Department of Legislative Services; Maryland Association of Counties

Exhibit 9.6
Local Sales and Service Taxes
Fuels and Utilities
Fiscal 2010

<u>County</u>	<u>Item</u>	<u>Tax Rate</u>
Allegany	Coal Tax	\$0.30 per ton
Anne Arundel	Steam	\$160 per million pounds
	Natural Gas (non-residential only)	\$0.008/\$0.020 per therm
	Electricity (non-residential only)	\$0.0025/\$0.0020 per kilowatt-hour
	Fuel Oil (non-residential only)	\$0.02 per gallon
	Liquefied Petroleum	\$0.015 per gallon
	Coal	\$2 - \$4 per ton
	Telephone	8%
Baltimore City	Steam – commercial	\$0.001972 per pound
	Steam – residential	\$0.000566 per pound
	Natural Gas – commercial	\$0.081077 per therm
	Natural Gas – residential	\$0.02383 per therm
	Fuel Oil – commercial	\$0.092663 per gallon
	Fuel Oil – residential	\$0.033443 per gallon
	Electricity – commercial	\$0.00627 per kilowatt-hour
	Electricity – residential	\$0.002007 per kilowatt-hour
	Liquefied Petroleum – commercial	\$0.113088 per gallon
	Liquefied Petroleum – residential	\$0.03582 per gallon
	Telephone	\$3.50/month (land and wireless lines); \$0.35/month (centrex lines)
Baltimore	Electricity (non-residential only)	\$0.00530 per kilowatt-hour
	Telephone	8%
Garrett	Natural Gas	5.5% wholesale market value
	Coal	\$0.30/ton
Montgomery	Natural Gas (residential)	\$0.0449864339 per therm
	Natural Gas (nonresidential)	\$0.1192142417 per therm
	Electricity (residential)	\$0.0052237964 per kilowatt-hour
	Electricity (nonresidential)	\$0.0138432612 per kilowatt-hour

Exhibit 9.6 (cont.)

<u>County</u>	<u>Item</u>	<u>Tax Rate</u>
Montgomery (Cont.)	Fuel Oil (residential)	various rates per gallon
	Fuel Oil (nonresidential)	various rates per gallon
	Liquefied Petroleum	\$0.009719646 per pound
	Telephone	\$2.00 per line per month
Prince George's	Natural Gas (residential)	\$0.082906 per therm
	Electricity	\$0.00809 per kilowatt-hour
	Fuel Oil (residential)	\$0.202819 per gallon
	Propane, Other Misc. Fuels	\$0.216317 per gallon
	Telecommunications	8%
St. Mary's	Natural Gas	1.25% of sales
	Electricity	1.25% of charge per kilowatt-hour
	Fuel Oil	1.25% of charge per gallon
	Liquefied Petroleum	1.25% of charge per pound

Source: Maryland Association of Counties, Public Local Laws, Local Ordinances

Exhibit 9.7
Other Local Sales and Service Tax Rates
Fiscal 2010

<u>County</u>	<u>Item</u>	<u>Tax Rate</u>
Anne Arundel	Parking Lots	\$0.60 per day/\$25 per month
Baltimore City	Parking Lots	16% of fee for hourly, daily, or weekly parking; \$15 per month for monthly parking
Caroline	Boat Slips	\$250-\$300 per year
Somerset	Boat Slips	\$100 per quarter and \$400 per year
Wicomico	Boat Slips	Variable
Worcester	Food Tax	0.5% (Applicable in Ocean City only)

Source: Maryland Association of Counties; Department of Legislative Services

Exhibit 9.8
Local Sales and Service Taxes
Fiscal 2009

County	Telephone	Energy	Parking	Other	Total	Per Capita Revenues	Per Capita Ranking
Allegany	\$0	\$114,535	\$0	\$0	\$114,535	\$2	8
Anne Arundel	7,366,675	5,866,559	5,108,401	0	18,341,635	36	4
Baltimore City	29,126,967	29,329,285	16,650,320	0	75,106,572	118	3
Baltimore	11,334,329	16,016,940	0	0	27,351,269	35	5
Calvert	0	0	0	0	0	0	12
Caroline	0	0	0	39,777	39,777	1	10
Carroll	0	0	0	0	0	0	12
Cecil	0	0	0	0	0	0	12
Charles	0	0	0	0	0	0	12
Dorchester	0	0	0	0	0	0	12
Frederick	0	0	0	0	0	0	12
Garrett	0	279,437	0	0	279,437	9	7
Harford	0	0	0	0	0	0	12
Howard	0	0	0	0	0	0	12
Kent	0	0	0	0	0	0	12
Montgomery	30,906,025	129,328,306	0	0	160,234,331	168	1
Prince George's	44,502,600	66,805,611	0	0	111,308,211	134	2
Queen Anne's	0	0	0	0	0	0	12
St. Mary's	0	1,472,360	0	0	1,472,360	14	6
Somerset	0	0	0	27,619	27,619	1	11
Talbot	0	0	0	0	0	0	12
Washington	0	0	0	0	0	0	12
Wicomico	0	0	0	133,415	133,415	1	9
Worcester	0	0	0	0	0	0	12
Statewide	\$123,236,596	\$249,213,033	\$21,758,721	\$200,811	\$394,409,161	\$70	

Source: Maryland Association of Counties; Department of Legislative Services

Admissions and Amusement Tax

Tax Base

The counties and municipal corporations are authorized to tax the gross receipts derived from:

- the charge for admission to any place furnishing a performance such as a movie theater or sports stadium;
- the use or rental of sporting or recreational facilities;
- the merchandise, refreshments, or services sold or served in connection with entertainment at a nightclub or a room in a hotel, restaurant, hall, or other place where dancing privileges, music, or other entertainment is provided;
- use of a game of entertainment; and
- use or rental of recreational or sports equipment.

Counties and municipal corporations may also impose a tax on admission for a reduced charge or at no charge to a place that otherwise charges admission. An admissions and amusement tax may not be imposed in a municipal corporation by a county if the municipal corporation already imposes a similar tax or specifically exempts any gross receipts from the admissions and amusement tax.

Special Allowances

The Maryland Stadium Authority is authorized to impose a tax on the gross receipts derived from any admissions and amusement charge for a facility owned or leased by the stadium authority. The stadium authority also may impose an additional tax for each person provided with a free admission or an admission at a reduced charge to a stadium authority facility. The stadium authority began collecting these taxes in 1992, when the Baltimore Orioles began playing at the Camden Yards stadium. Currently, these taxes are imposed at both stadiums at Camden Yards (Orioles and Ravens).

Tax Rate Setting Authority

Each unit of local government sets its own single tax rate or range of rates. This rate is expressed as a percentage of gross receipts, up to a maximum rate of 10%. The stadium authority may impose an admissions and amusement tax at its facilities of up to 8%.

In those instances where gross receipts are subject to both a local and a stadium authority admissions and amusement tax, the stadium authority tax takes precedence. The stadium authority imposes the maximum 8% rate at both stadiums at Camden Yards. Therefore, Baltimore City may only impose a maximum 2% admissions and amusement tax on those receipts.

The local admissions and amusement tax is further limited by the State sales and use tax. The maximum tax rate on the gross receipts subject to both the State sales and use tax and the local admissions and amusement tax may not exceed 11%. Therefore, if the 6% State sales and use tax applies to these receipts, the local admissions and amusement tax may not exceed 5%. This limitation on the local tax arises primarily on performances accompanied by some type of food service (*e.g.*, dinner theaters).

Counties, municipal corporations, and the stadium authority are authorized to classify different types of activities, and the rate of tax need not be the same for each type. If a municipal government does not levy a tax, the county tax, if any, applies within the municipal corporation. All counties (with the exception of Caroline County), Baltimore City, and most municipal corporations impose an admissions and amusement tax. Fiscal 2011 tax rates levied in Maryland counties are shown in Exhibit 9.9, along with tax rates and revenues collected in fiscal 2009. Admissions and amusement tax rates remained constant from fiscal 2007 to 2011, with no jurisdiction changing the tax rate during this period.

Exhibit 9.9
Admissions and Amusement Tax Revenues

County	County Tax Rates		FY 2009 Revenues	Per Capita Revenues	Per Capita Ranking
	FY 2009	FY 2011			
Allegany	7.5%	7.5%	\$161,612	\$2	14
Anne Arundel	10.0%	10.0%	7,686,252	15	2
Baltimore City	10.0%	10.0%	9,432,565	15	3
Baltimore	10.0%	10.0%	6,311,606	8	6
Calvert	1.0%	1.0%	30,212	0	22
Caroline	0.0%	0.0%	0	0	24
Carroll	10.0%	10.0%	335,124	2	15
Cecil	6.0%	6.0%	163,059	2	16
Charles	10.0%	10.0%	928,659	7	8
Dorchester	0.5%	0.5%	5,170	0	23
Frederick	5.0%	5.0%	827,599	4	10
Garrett	4.5%	4.5%	658,550	22	1
Harford	5.0%	5.0%	538,693	2	13
Howard	7.5%	7.5%	2,121,909	8	7
Kent	4.5%	4.5%	17,505	1	21
Montgomery	7.0%	7.0%	2,169,201	2	12
Prince George's	10.0%	10.0%	10,193,629	12	5
Queen Anne's	5.0%	5.0%	176,691	4	9
St. Mary's	2.0%	2.0%	101,437	1	20
Somerset	4.0%	4.0%	38,029	1	18
Talbot	5.0%	5.0%	51,251	1	19
Washington	5.0%	5.0%	387,200	3	11
Wicomico	6.0%	6.0%	145,570	2	17
Worcester	3.0%	3.0%	606,615	12	4
Statewide			\$43,088,138	\$8	

Source: Maryland Association of Counties; Department of Legislative Services

Tax Exemptions

The following are exempt from the admissions and amusement tax in all counties and municipal corporations:

- merchandise, refreshments, or a service sold or served at places where dancing is prohibited and the only entertainment is mechanical music, radio, or television;
- merchandise, refreshments, or a service from which the gross receipts are used exclusively for a charitable, religious, or educational purpose; a volunteer fire company or nonprofit rescue squad; or a fraternal, service, or veterans' organization;
- merchandise, refreshments, or a service from which the gross receipts are used exclusively for improvement, maintenance, or operation of an agricultural fair if no net earnings inure to the benefit of any stockholder or member of the association that conducts the fair;
- concerts and theatrical events of nonprofit groups organized to present annual series of musical concerts and nonprofit cultural organizations that receive direct appropriations of State funds through the Maryland State Arts Council;
- admission to live boxing or wrestling matches;
- the use of bowling alleys; and
- admission to, or use of, charter fishing boats.

Some additional exemptions specific to certain counties are set out under State law. For example, Calvert County may not charge an admissions and amusement tax on any activity that is also subject to the State sales and use tax. Counties and municipal corporations are also given authorization to grant exemptions in a few additional situations.

Administration of Tax

Admissions and amusement taxes, as determined by State reports received from vendors, are collected by the Comptroller's Revenue Administration Division. After deducting administrative costs, net revenues are remitted quarterly to the appropriate

jurisdiction on the basis of place of collection (*e.g.*, county, municipal corporation, or the Maryland Stadium Authority).

If the Maryland Stadium Authority and a local government both tax a reduced charge or free admission, 80% of the revenue is distributed to the stadium authority and 20% to the local governing body in which the facility is located. If the local government does not impose this modified tax, all revenue is distributed to the stadium authority.

Legal Reference

Tax-General Article, Title 2, Sections 2-201 through 2-203, and Title 4

Chapter 10. Development Impact Fees and Excise Taxes

Managing growth continues to be an issue confronting local governments in Maryland. In order to better manage growth, local governments have several tools that they may use, including imposing development impact fees and excise taxes. Development impact fees and excise taxes are charges on new development used to fund capital programs and services necessitated by new growth. These development charges allow local governments to shift the costs of financing new public facilities from existing taxpayers to those responsible for the development. In many situations, the use of such development charges may eliminate the need for jurisdiction-wide tax increases.

Sixteen counties in Maryland imposed development impact fees or excise taxes in fiscal 2010, resulting in the collection of \$79.4 million. Revenues generated from impact fees and excise taxes reached a high of \$129.1 million in fiscal 2007 but decreased to \$90.7 million in fiscal 2008 and \$62.4 million in fiscal 2009 (Exhibit 10.1).

Exhibit 10.1
Development Impact Fee and Excise Tax Revenue
(\$ in Millions)



Source: Department of Legislative Services

Development Impact Fees

A development impact fee is a regulatory measure designed to fund facilities specifically required by new development projects in order to mitigate the impact of such development on infrastructure or public facilities. However, there must be a reasonable connection between the amount of the impact fee imposed and the actual cost of providing facilities to the properties assessed. In order to justify the imposition of an impact fee, a jurisdiction must conduct a study that measures the effects that new development will have on public facilities. The amount of an impact fee is subject to judicial review. Moreover, the revenue from the fee must be dedicated to substantially benefit the assessed properties. Thus, a county cannot collect an impact fee in one geographic area and spend the funds in another area.

Development Excise Taxes

A building excise tax is another means of raising revenue from new development. Unlike a regulatory impact fee, the amount of an excise tax does not have to be closely related to the actual cost of providing public facilities to serve new development. In addition, excise tax revenues do not have to be spent to specifically benefit the properties that are taxed but may generally be spent throughout the county.

Imposition and Administration

In counties that impose development impact fees and excise taxes, the charges are collected by the county and are often required to be paid before a building permit or zoning certificate is issued. Municipal corporations may, in some cases, assist counties in the collection of the charges within their jurisdictions. Exhibit 10.2 shows the counties that impose development impact fees and excise taxes, corresponding legislative references, fiscal 2011 rates, and fiscal 2010 estimated revenues. In a given county, other charges imposed on new development (while not accounted for here as development impact fees or excise taxes) may also be directed partially or wholly toward new or expanded facilities (*e.g.*, water/sewer system development charges or connection charges).

Exhibit 10.2
Maryland Counties with Development Impact Fees and Excise Taxes

County	Legislative Reference	FY 2011 Rate Per Dwelling¹	FY 2010 Estimated Revenues
Anne Arundel	Ch. 350 of 1986	\$8,976 ²	\$6,508,553
Calvert	Ch. 232 of 2001	12,950	3,802,793
Caroline ³	Ch. 565 of 1993 Ch. 566 of 1993 Ch. 538 of 2004	5,000	129,574
Carroll	Ch. 108 of 1987	6,836	1,304,575
Charles	Ch. 476/586 of 2002	12,097	5,370,374
Dorchester ⁴	Ch. 401 of 2004	3,671	436,811
Frederick ⁵	Ch. 468 of 1990 Ch. 690 of 2001	15,185	8,681,461
Harford	Ch. 389 of 2004	6,000	3,499,446
Howard	Ch. 285 of 1992 Ch. 420 of 2004	\$2.15/sq. ft.	11,564,874
Montgomery ^{4,7}	Ch. 808 of 1963 Ch. 707 of 1990	33,331	15,072,029
Prince George's ⁴	Ch. 66 of 1995 Ch. 431 of 2003 Ch. 594 of 2005	20,945	17,849,427
Queen Anne's	Ch. 532 of 1992	\$4.36/sq. ft.	1,165,813
St. Mary's	Ch. 814 of 1974	4,500	1,941,566
Talbot ⁴	Ch. 642 of 1991	6,113	543,809
Washington	Ch. 468 of 2003 Ch. 598 of 2005 Ch. 533 of 2008	\$3.00/sq. ft.	1,027,065
Wicomico	Ch. 399 of 1992	5,231	476,252
Total			\$79,374,422

¹The rates shown are generally those applicable to single-family detached dwellings.

²Rate for a 1,500-1,999 square foot residential unit, effective January 1, 2011. Residential rates vary by square footage.

³A \$750 excise tax for agricultural land preservation also applies to new lots created by subdivision in a "rural district."

⁴These counties have one or more additional rate(s) applicable to different areas of the county.

⁵Rate per dwelling shown represents school/library impact fees. The roads excise tax is \$0.10/sq.ft or \$0.25/sq.ft., depending on the square footage, with the first 700 square feet not taxed.

⁷The school impact tax, which represents a portion of the total shown, is increased by \$2 for each square foot between 3,500 and 8,500 square feet.

Governmental Uses

Public services funded by development impact fees and building excise taxes include public school construction, libraries, community colleges, transportation, public safety, parks and recreation, and utilities. In fiscal 2010, approximately 76.0% of development charges were targeted to education-related projects while 21.7% were targeted to transportation projects – the two leading governmental uses for these revenues. Education-related projects include funding for public schools, libraries, and community colleges. Exhibit 10.3 shows the governmental uses for both development impact fees and building excise taxes for fiscal 2010.

Statutory Restrictions

Statutory restrictions on allowable uses of the impact fee and excise tax revenue vary from county to county. Use of the revenue for creation or expansion of public facilities rather than for maintenance or operations of existing facilities is often required. Some county ordinances also require, to one extent or another, that the additional or expanded facilities benefit the development from which the revenue was generated or benefit a defined district or area that the development is located in.

Local governments must have authority from the General Assembly in order to impose a development impact fee or excise tax. Code home rule counties are authorized as a group to impose specified impact fees and excise taxes and a number of other counties have specific authorizations from the General Assembly.

Tax Rate Setting Authority

The impact fee amounts and excise tax rates are generally established in the county implementing ordinance for the impact fee or excise tax or by county resolution. In some cases, limits on the fees or rates are set in the General Assembly authorization for the fee or tax. Different fees and rates often apply to different types of development and, in some cases, development in different areas of the county. Exemptions and/or waivers or deferrals are often available for certain types of development, such as affordable housing. A number of counties also allow certain conveyances or dedications of land or construction of public facilities by the developer to substitute for payment of the fee or tax.

Legal Reference

Article 23A, Section 8C

Article 24, Title 9

Articles 25 and 25B

Article 66B, §14.05(f)

Public Local Laws

Exhibit 10.3
Governmental Uses of Development Impact Fees and Excise Taxes
Fiscal 2010

County	Education	Transportation	Public Safety	Recreation	Other	Total Estimated Revenues	Per Capita Revenues
Anne Arundel	1,470,223	4,863,836	174,494	0	0	6,508,553	12.49
Calvert	1,737,249	1,361,359	0	589,366	114,818	3,802,793	42.63
Caroline	115,874	0	0	0	13,700	129,574	3.88
Carroll	1,185,583	0	0	118,992	0	1,304,575	7.67
Charles	5,370,374	0	0	0	0	5,370,374	37.76
Dorchester	410,330	0	26,481	0	0	436,811	13.63
Frederick	7,620,207	1,061,254	0	0	0	8,681,461	38.08
Harford	3,499,446	0	0	0	0	3,499,446	14.43
Howard	5,905,301	5,659,573	0	0	0	11,564,874	41.03
Montgomery	11,473,071	3,598,958	0	0	0	15,072,029	15.51
Prince George's	17,752,053	0	97,374	0	0	17,849,427	21.39
Queen Anne's	852,201	0	195,879	117,733	0	1,165,813	24.31
St. Mary's	1,528,050	191,966	0	221,550	0	1,941,566	18.85
Talbot	267,153	152,198	0	38,636	85,822	543,809	15.00
Washington	658,008	339,213	0	0	29,844	1,027,065	7.04
Wicomico	476,252	0	0	0	0	476,252	5.05
Total	\$60,321,375	\$17,228,357	\$494,228	\$1,086,277	\$244,184	\$79,374,422	\$19.97
Share of Total	76.0%	21.7%	0.6%	1.4%	0.3%	100.0%	

Source: Department of Legislative Services

Chapter 11. Service Charges

Service Charges

Service charges are revenues collected by local governments in return for certain services. They are the fourth largest source of local revenue for counties, accounting for 10.8% of total county revenues in fiscal 2009 and 17.0% of county own-source revenues. Service charges are the second largest revenue source for municipal corporations, comprising 30.3% of total municipal revenues in fiscal 2009 and 35.6% of municipal own-source revenues. Service charges supporting various governmental functions include the following:

- general government – court costs, zoning and subdivision fees, sheriff fees, sales of maps and publications, and developer impact fees;
- public safety – special police and fire services and correction and protective inspection fees;
- highways and streets – special assessments, street repairs, public parking facilities, and street lighting charges;
- water, sanitation, and waste removal – water connection and service, sewerage collection and disposal, waste collection and disposal, and street cleaning;
- health – vital statistics (copies of birth certificates, death certificates, etc.), health inspection, hospital and clinic fees, and animal control and shelter fees;
- social services – fees from senior citizen centers, etc.;
- education – tuition and fees charged by community colleges and activities fees (for interscholastic athletic programs, etc.);
- recreation – golf, swimming pool, playground, concessions, and rental fees;
- library – fees and fines; and
- other services – power service, net income from liquor dispensaries, airport service, and transit services.

In fiscal 2009, local governments collected \$3.1 billion in service charges as shown in Exhibit 11.1. The counties collected approximately 87.4% of the service charges, with the municipal corporations accounting for the remainder. Approximately 60% of service charges at the county level are for water and wastewater services, while 13% are for community colleges and 6% are for transportation. At the municipal level, 57% of service charges are for water and wastewater services, while 27% are for public service enterprises and 6% are for both transportation and recreation services. Over the past 10 years, local revenues from service charges have increased at an average annual rate of 5.4% for counties and 5.8% for municipal corporations, slightly below the growth rate for total revenues.

9-1-1 Emergency Communication System Fee

All counties in Maryland are required to have an operational enhanced 9-1-1 system that provides automatic number and location identification. Each subscriber to a 9-1-1-accessible telephone or wireless service pays a 25 cent per month 9-1-1 fee under State law to help pay for 9-1-1 system enhancements. Each county may, by ordinance or resolution enacted or adopted after a public hearing, impose an additional monthly charge not to exceed 75 cents to supplement county spending for 9-1-1 maintenance and operations. The statewide fee and additional county charges are collected by the telephone companies and other 9-1-1 service carriers and remitted to the Comptroller. The money is held in the 9-1-1 Trust Fund, which includes separate accounts for each county and is disbursed in accordance with the State budget. The fiscal 2009 and 2010 local monthly 9-1-1 fees for each county are presented in Exhibit 11.2, along with fees and revenues collected in fiscal 2009.

Exhibit 11.1
Service Charges Revenues
Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$34,033,261	\$25,078,291	\$59,111,552	\$814	3
Anne Arundel	249,761,327	20,487,579	270,248,906	524	10
Baltimore City	404,932,309	0	404,932,309	635	7
Baltimore	283,392,076	0	283,392,076	359	17
Calvert	29,587,758	3,760,685	33,348,443	377	15
Caroline	5,204,989	3,814,551	9,019,540	271	22
Carroll	29,762,677	12,482,070	42,244,747	249	24
Cecil	17,344,979	13,244,376	30,589,355	306	21
Charles	62,163,636	5,221,027	67,384,663	476	13
Dorchester	8,209,513	8,488,336	16,697,849	522	11
Frederick	124,385,254	39,655,358	164,040,612	724	5
Garrett	8,949,369	2,067,146	11,016,515	371	16
Harford	59,576,639	16,928,337	76,504,976	317	19
Howard	117,010,475	0	117,010,475	422	14
Kent	3,326,362	3,040,850	6,367,212	314	20
Montgomery	670,945,574	30,524,914	701,470,488	736	4
Prince George's	405,431,138	11,465,370	416,896,508	502	12
Queen Anne's	22,078,149	2,853,849	24,931,998	525	9
St. Mary's	33,499,012	1,632,969	35,131,981	346	18
Somerset	5,379,177	1,395,784	6,774,961	259	23
Talbot	10,249,139	57,141,907	67,391,046	1,866	1
Washington	33,021,834	59,961,966	92,983,800	639	6
Wicomico	33,213,671	18,260,948	51,474,619	548	8
Worcester	19,970,987	46,854,594	66,825,581	1,359	2
Statewide	\$2,671,429,306	\$384,360,907	\$3,055,790,213	\$540	

Note: Revenues collected by the Washington Suburban Sanitary Commission are apportioned to Montgomery and Prince George's counties on a 50/50 basis.

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Exhibit 11.2
9-1-1 Emergency Communications System Fees

County	Monthly Local Fee FY 2009	Monthly Local Fee FY 2010	FY 2009 Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$0.75	\$0.75	\$392,211	\$5	23
Anne Arundel	0.75	0.75	4,071,280	8	8
Baltimore City	0.75	0.75	6,805,472	11	1
Baltimore	0.75	0.75	7,775,381	10	2
Calvert	0.75	0.75	633,070	7	13
Caroline	0.75	0.75	208,725	6	20
Carroll	0.75	0.75	1,196,730	7	15
Cecil	0.75	0.75	659,542	7	18
Charles	0.75	0.75	1,022,928	7	11
Dorchester	0.75	0.75	174,266	5	22
Frederick	0.75	0.75	1,280,706	6	21
Garrett	0.75	0.75	274,156	9	3
Harford	0.75	0.75	1,716,446	7	14
Howard	0.75	0.75	2,212,292	8	7
Kent	0.75	0.75	149,770	7	10
Montgomery	0.75	0.75	7,508,000	8	9
Prince George's	0.75	0.75	6,821,131	8	5
Queen Anne's	0.75	0.75	341,652	7	12
St. Mary's	0.75	0.75	653,320	6	19
Somerset	0.75	0.75	128,214	5	24
Talbot	0.75	0.75	330,999	9	4
Washington	0.75	0.75	998,686	7	17
Wicomico	0.75	0.75	658,779	7	16
Worcester	0.75	0.75	392,665	8	6
Statewide			\$46,406,421	\$8	

Source: Department of Legislative Services; Maryland Association of Counties

Legal Reference

Public Safety Article, Title 1, Subtitle 3

Chapter 12. Other Local Revenues

Licenses and Permits

In fiscal 2009, local governments collected \$224.8 million from licenses and permits. Exhibit 12.1 shows the total fiscal 2009 license and permit fee revenues collected by county and municipal governments. Types of license and permit revenues include the following:

- street privileges and permits – revenues derived from the private use of public streets and highways, such as parking permits;
- beer, wine, and liquor licenses – revenues from the various classes of beer, wine, and liquor licenses issued by the clerks of the circuit courts or local boards of license commissioners;
- amusement – revenues from licensing of various amusement places, events, and devices such as bingo games, arcades, carnivals, billiard tables, juke boxes, and coin-operated amusement devices;
- traders – revenues from licensing individuals or corporations that barter, offer for sale, or sell any goods or merchandise in the State;
- occupational – revenues from licensing of persons or business organizations that engage in specialized trades or occupations such as bondsmen, electricians, peddlers and transient vendors, plumbers, taxicabs, and towing companies;
- animal – revenues from the licensing of animals, commercial kennels, pet shops, and petting zoos;
- building and equipment – revenues from licenses and permits issued in connection with building construction and equipment, such as plan examination fees, building permit and inspection fees, soil test fees, electrical permit and inspection fees, and plumbing permits;
- marriage – local government's share of revenues from marriage license fees; and
- cable television – revenues from the licensing and franchising of cable television operators, such as application fees, renewal fees, and franchise fees.

Exhibit 12.1
License and Permit Revenues
Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$611,328	\$403,304	\$1,014,632	\$14	18
Anne Arundel	22,471,099	2,110,194	24,581,293	48	5
Baltimore City	44,014,905	0	44,014,905	69	2
Baltimore	17,041,573	0	17,041,573	22	14
Calvert	1,316,223	158,375	1,474,598	17	16
Caroline	221,565	147,282	368,847	11	23
Carroll	1,288,525	797,689	2,086,214	12	21
Cecil	1,294,930	474,421	1,769,351	18	15
Charles	970,377	610,154	1,580,531	11	22
Dorchester	329,275	475,419	804,694	25	12
Frederick	5,706,399	1,973,884	7,680,283	34	9
Garrett	289,148	117,362	406,510	14	20
Harford	2,746,769	746,537	3,493,306	14	17
Howard	8,788,469	0	8,788,469	32	10
Kent	318,934	179,002	497,936	25	13
Montgomery	49,816,913	5,541,413	55,358,326	58	3
Prince George's	28,253,686	6,270,566	34,524,252	42	6
Queen Anne's	1,614,852	165,926	1,780,778	38	7
St. Mary's	1,324,802	77,268	1,402,070	14	19
Somerset	149,952	137,944	287,896	11	24
Talbot	1,031,899	802,004	1,833,903	51	4
Washington	3,875,847	1,574,891	5,450,738	37	8
Wicomico	1,279,087	1,567,004	2,846,091	30	11
Worcester	1,668,670	4,062,313	5,730,983	117	1
Statewide	\$196,425,227	\$28,392,952	\$224,818,179	\$40	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

A summary of the major types of licenses follows.

Alcoholic Beverage Licenses

The General Assembly provides for a myriad of beer, wine, and liquor licenses, with requirements and fees established in statute. Licenses for the sale of alcoholic

beverages generally are issued either by the clerk of the circuit court or the local board of license commissioners. Manufacturer's (wineries, distilleries, etc.) and wholesaler's licenses are issued by the State Comptroller.

License fees from alcoholic beverage sales licenses are used for the general purposes of the county, although State law provides in a number of counties that the salaries and expenses of the Board of License Commissioners first be paid. In some cases, a portion of the fees are remitted to the municipal corporation in which the respective business that paid the fee is located.

Legal Reference

Article 2B

Building Permits

State law generally authorizes all counties and Baltimore City to regulate the construction of buildings, including the issuance of building permits. Municipal corporations are also authorized to regulate construction of buildings and issue building permits. Builders may be required to obtain building permits from both the applicable county and municipal corporation. Fees for these permits are established by the local government. The local offices of building and planning or licensing and permits handle the administration of local building permits.

Legal Reference

Article 23A, Section 2

Article 25, Section 3(s) and (t)

Article 25A, Section 5(T)

Article 25B, Section 13

Business Licenses

Local business licenses cover a wide spectrum, ranging from traders to dry cleaners to outdoor music festivals. Fees for these licenses are set in statute or determined by the local government.

Trader's Licenses

Any individual or corporation that barter, offers for sale, or sells any goods or merchandise in the State must have a trader's license. Exempt from this requirement are

(1) a grower or manufacturer; (2) a nonresident traveling salesperson, sample merchant, or manufacturing business while selling to or soliciting an offer from a licensed trader in the State; or (3) an individual who sells private goods on his or her own property no more than once annually for a period not exceeding 14 consecutive days. Exhibitors at certain shows also do not need a trader's license for a show if the individual provides an affidavit to the promoter stating that the exhibitor (1) receives less than 10% of his or her income from selling the types of goods on display and sold at the show; and (2) has not participated in more than three shows during the previous 365 days.

License fees are based on the value of the applicant's stock in trade. Fees are collected by the clerks of the circuit courts and distributed to the jurisdiction in which they are collected.

Legal Reference

Business Regulation Article, Section 1-204 and Title 17 (various provisions)
Article 24, Title 11
Public Local Laws

Marriage Licenses

The licensing of marriages is solely a function of the counties and Baltimore City and is administered by the clerk of each circuit court. Counties determine the fees, yet maximum rates, varying from county to county are set in State law. The fees currently range from \$15 to \$65 and are largely used to fund local domestic violence programs. The clerk retains a portion of the fee and the remainder is returned to the county.

Legal Reference

Family Law Article, Sections 2-404 and 2-405

Cable Television Licenses and Fees

These licenses and fees encompass a wide variety of types and forms. Examples include processing and administering fees from cable television franchise applicants that are granted or renewed a franchise and franchise fees to use public ways. State statute authorizes the counties and municipal corporations to grant cable television franchises and impose related fees or charges. Local ordinances establish the rates in each jurisdiction.

Legal Reference

Article 23A, Section 2(b)
Article 25, Section 3C
Article 25A, Section 5(B)
Article 25B, Section 13
Public Local Laws, Local Ordinances

Fines and Forfeitures

This revenue source consists of fines and forfeitures credited to a local government. Examples include:

- court-ordered restitution and miscellaneous fines;
- sheriff revenue;
- drug forfeitures;
- gambling contraband;
- liquor board fines;
- red light camera fines; and
- parking fines.

In fiscal 2009, local governments collected \$77.0 million in fines and forfeitures (see Exhibit 12.2). Of this amount, counties collected \$58.5 million (76%), and municipal corporations collected \$18.5 million (24%).

Administration

Fines are assessed by the appropriate local agency such as the police or fire department. Payments are made in the name of the county or municipality and deposited in the appropriate fund. Forfeitures are handled by the appropriate agency, typically a public safety agency. Noncash assets are liquidated, and the proceeds are credited to the appropriate fund.

Legal Reference

Public Local Laws

Exhibit 12.2 Fine and Forfeiture Revenues Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$98,463	\$97,924	\$196,387	\$3	14
Anne Arundel	848,528	1,229,028	2,077,556	4	11
Baltimore City	6,453,634	0	6,453,634	10	6
Baltimore	3,407,436	0	3,407,436	4	9
Calvert	173,461	0	173,461	2	19
Caroline	39,825	4,865	44,690	1	22
Carroll	90,840	73,407	164,247	1	24
Cecil	329,383	93,099	422,482	4	10
Charles	1,506,033	5,325	1,511,358	11	5
Dorchester	0	49,289	49,289	2	21
Frederick	399,997	1,322,844	1,722,841	8	8
Garrett	42,037	12,924	54,961	2	20
Harford	293,516	400,217	693,733	3	13
Howard	3,602,383	0	3,602,383	13	3
Kent	102,641	51,807	154,448	8	7
Montgomery	35,741,655	9,765,969	45,507,624	48	1
Prince George's	4,574,190	4,470,974	9,045,164	11	4
Queen Anne's	115,658	-2,837	112,821	2	15
St. Mary's	299,244	0	299,244	3	12
Somerset	11,968	21,896	33,864	1	23
Talbot	3,691	72,417	76,108	2	17
Washington	224,450	112,133	336,583	2	16
Wicomico	90,241	106,674	196,915	2	18
Worcester	79,652	617,925	697,577	14	2
Statewide	\$58,528,926	\$18,505,880	\$77,034,806	\$14	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Miscellaneous Revenues

Miscellaneous revenues include amounts received from the use of money, rents and concessions, and other revenues not categorized elsewhere. They include the following:

- general operating government – interest and dividends on money; interest on past due bills; rents and concessions on buildings, equipment, facilities, and land; contributions and donations from individuals or organizations; sales of property (other than tax sales); and any other miscellaneous revenues;
- board of education – transportation fees, transfers of funds from school units in other states, and other miscellaneous education revenues;
- community college – revenue from auxiliary enterprises (bookstores, cafeterias, etc.); interest and dividends on money, scholarships, and gifts; and other miscellaneous community college revenues; and
- library – donations and contributions, interest on money, and other miscellaneous library revenues.

Administration

Miscellaneous revenues are generally collected by the appropriate local agency. These revenues are subsequently remitted to the jurisdiction's financial officer for credit to the appropriate fund. In fiscal 2009 local governments received \$861.8 million in miscellaneous revenues as shown in Exhibit 12.3. Of this amount, counties received \$786.2 million (91.2%) and municipal corporations received \$75.6 million (8.8%). Most of the miscellaneous revenues for both the counties and municipal corporations were interest and dividends.

Exhibit 12.3
Miscellaneous Revenues
Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$13,315,715	\$3,690,453	\$17,006,168	\$234	4
Anne Arundel	49,492,567	1,511,226	51,003,793	99	22
Baltimore City	88,272,846	0	88,272,846	138	17
Baltimore	53,528,013	0	53,528,013	68	24
Calvert	13,746,039	1,397,433	15,143,472	171	12
Caroline	4,046,970	564,140	4,611,110	139	16
Carroll	20,222,447	2,442,123	22,664,570	133	18
Cecil	15,321,067	6,558,547	21,879,614	219	5
Charles	20,338,620	3,638,772	23,977,392	170	13
Dorchester	4,154,742	845,954	5,000,696	156	14
Frederick	51,566,118	13,327,556	64,893,674	286	1
Garrett	6,075,909	279,255	6,355,164	214	6
Harford	45,005,789	2,317,045	47,322,834	196	8
Howard	75,303,919	0	75,303,919	272	3
Kent	1,920,706	673,948	2,594,654	128	19
Montgomery	107,313,255	11,724,382	119,037,637	125	20
Prince George's	155,152,955	4,539,031	159,691,986	192	9
Queen Anne's	7,985,261	1,517,995	9,503,256	200	7
St. Mary's	13,809,172	1,651,226	15,460,398	152	15
Somerset	2,072,985	308,153	2,381,138	91	23
Talbot	5,424,569	4,877,646	10,302,215	285	2
Washington	18,824,179	8,176,092	27,000,271	186	10
Wicomico	8,118,077	2,010,203	10,128,280	108	21
Worcester	5,205,301	3,532,689	8,737,990	178	11
Statewide	\$786,217,221	\$75,583,869	\$861,801,090	\$152	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Chapter 13. Local Debt Measures

Local governments in Maryland may incur various kinds of debt – general obligation, revenue/enterprise, State/federal loans, and short-term. Long-term debt generally serves as a funding source for capital projects such as highways, school facilities, sewer and water facilities, parking facilities, parks and recreation facilities, housing and urban development projects, and county buildings. Short-term debt usually serves as a cash management tool. Local debt is authorized by the General Assembly, local legislation, voter approval, or administrative action. Total indebtedness of a local government may be subject to legal limitations such as a percentage of the assessable property base. As of June 30, 2009, local debt outstanding amounted to approximately \$16.2 billion. From fiscal 2004 to 2009, local debt increased by 32.9%, as shown in Exhibit 13.1. This chapter will review aspects of locally assumed debt.

Exhibit 13.1
Maryland Local Government Debt Outstanding
Selected Fiscal Years
(\$ in Millions)

	<u>FY 2004</u>	<u>FY 2009</u>	<u>Percent Change</u>
Counties	\$11,521.6	\$15,046.5	30.6%
Municipal Corporations	<u>654.8</u>	<u>1,134.6</u>	73.3%
Total	\$12,176.3	\$16,181.1	32.9%

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Types of Debt

General obligation debt consists of bonds to which the “full faith and credit” of the applicable jurisdiction has been pledged for payment of the debt service (annual principal and interest payments). Full faith and credit indicates that its taxing authority backs the issuer’s commitment to the bond.

Under revenue/enterprise or “self-supporting” debt, the revenues earned by the facility constructed with the bond proceeds support the debt service. Typical examples of these facilities are sewer and water projects and parking garages and lots.

Since State/federal loans to local governments consist mainly of debt incurred by the State, technically they are State debts. However, State law authorizing the debt generally makes the annual debt service an obligation of the local government receiving the proceeds of the bonds. This type of debt is commonly incurred for programs like sewer and highway construction.

Short-term debt is incurred in anticipation of being repaid within a short time, usually less than 18 months. It is typically incurred in anticipation of taxes being collected or a sale of long-term debt.

Most local government debt (93.0%) has been issued at the county level, nearly all of which has been given a credit rating by the major rating houses. Exhibit 13.2 shows the credit rating for each county for general obligation bonds by the three major rating agencies: Standard & Poor’s, Moody’s Investors Service, and Fitch Ratings, as of November 1, 2009. Bond ratings range from “AAA” for the best quality and smallest investment risk to “C” for the poorest quality and highest risk. Specific classifications are used by each of the rating agencies, but the letter grade systems generally follow these norms. The ratings are assigned based upon the overall creditworthiness of the issuer. For county government, measurements such as size and growth in tax bases are key factors in determining the bond rating.

The highest bond rating issued by Moody’s to Maryland counties is Aaa while the lowest is Baa1. For Standard & Poor’s, the highest rating among Maryland counties is AAA while the lowest is A-; and for Fitch, the highest rating is AAA and the lowest is A+.

Procedures

State law determines the procedures local governments must follow to create debt. Commission counties do not have the legislative power to create debt; General Assembly authorization is required before any bonds can be sold. In a charter home rule county, if the charter does not specifically provide that local laws authorizing the creation of debt must be submitted to the voters, such laws may be petitioned to the ballot. Revenue/enterprise bonds are exempt from this voter approval option. For code home rule counties, a local law authorizing debt does not need to be submitted to the voters.

Exhibit 13.2
Maryland County Debt
Bond Ratings – November 2009

County	Standard & Poor's	Moody's	Fitch
Allegany	A-	Baa1	-
Anne Arundel	AAA	Aa1	AA+
Baltimore City	AA-	Aa3	A+
Baltimore	AAA	Aaa	AAA
Calvert	AA+	Aa2	AA+
Caroline	A	A2	-
Carroll	AA+	Aa2	AA+
Cecil	AA	Aa3	-
Charles	AA	Aa2	AA+
Dorchester	A	A2	-
Frederick	AA+	Aa2	AA+
Garrett	AAA	Aaa	-
Harford	AA+	Aa1	AA+
Howard	AAA	Aaa	AAA
Kent	-	-	-
Montgomery	AAA	Aaa	AAA
Prince George's	AAA	Aa1	AA+
Queen Anne's	-	A1	AA
St. Mary's	AA	Aa3	AA
Somerset	-	-	-
Talbot	-	Aa3	AA+
Washington	AA	Aa3	AA-
Wicomico	AA-	A2	A+
Worcester	-	Aa3	AA-

Note: (-) means not rated

Source: Maryland Association of Counties and County Audited Financial Statements

For Baltimore City, the Maryland Constitution and the city charter outline the following process for approving debt: (1) the members of the city delegation to the General Assembly must approve the debt or the debt must be authorized by the General Assembly; (2) the mayor and city council must enact an ordinance placing the

proposed debt on the ballot; and (3) the city voters must approve it. Revenue/enterprise debt requires only an ordinance of the mayor and city council.

For municipal corporations, State law provides that general obligation debt and short-term debt may be issued pursuant to the provisions of State law or the applicable municipal charter, and that municipal resolutions or ordinances authorizing debt do not need to be submitted to the voters. In addition, short-term debt must mature within 18 months of its issuance. Municipal corporations may issue revenue/enterprise bonds and create special taxing districts for storm drains, parking facilities, pedestrian malls, streets, and lighting. They also may levy taxes in a district to pay the debt service on municipal general obligation debt issued for the purposes of the district.

Limitations

Commission counties do not have statutory debt limitations. However, the necessity for General Assembly authorization to create debt serves as a limitation on commission county debt creation.

Under State law, charter county debt is limited to 6% of real property assessable base and 15% of personal property and operating real property assessable base of the county. Certain types of debt, however, are excluded from this limitation: tax anticipation bonds and notes having a maturity not in excess of 12 months; special taxing district debt; and self-liquidating debt. In addition, charter counties may adopt lower limitations, and four have done so:

- Anne Arundel – 5.6% of real property and 14.0% of personal property and certain operating real property for water and sewer bonds, and 5.2% of real property and 13.0% of personal property and certain operating real property for other debt;
- Baltimore – 4.0% of real property and 10.0% of personal property;
- Howard – 4.8% of real property and 12.0% of personal property; and
- Wicomico – 3.2% of real property and 8.0% of personal property.

Unlike charter counties, code counties do not have statutory debt limitations, although the General Assembly may limit their property tax rates and regulate the maximum amount of indebtedness. To date, the General Assembly has not exercised these powers for any code county.

While Baltimore City does not have a statutory general obligation debt limitation, the General Assembly may fix a limit on the amount of debt the city has outstanding at any one time. To date, the General Assembly has not set a limitation on the city's debt.

Municipal debt limitations may be set under two provisions. The General Assembly may adopt, amend, or repeal a local law regulating the maximum amount of debt a municipal corporation may create. The voters of the applicable municipal corporation must subsequently approve this limitation. In addition, through its legislative powers, a municipal corporation may establish a debt limitation in its charter, provided that the voters approve this limitation.

Exhibit 13.3 shows indebtedness for each county in fiscal 2004 and 2009, and Exhibit 13.4 shows municipal indebtedness by county in fiscal 2004 and 2009.

Comparative Measures

Population and assessable base are two common analytical measures used to determine a manageable debt load for a jurisdiction. Exhibit 13.5 shows the per capita debt amounts and the county debt as a percentage of each county's assessable base for fiscal 2004 and 2009, and Exhibit 13.6 shows the same measures for municipal debt, also for 2004 and 2009.

Per capita debt for Maryland counties totaled \$2,659 in fiscal 2009. Baltimore City and Howard and Montgomery counties had the highest per capita debt. Relatively high ratios in Montgomery and Prince George's counties are attributed to the inclusion of the Washington Suburban Sanitary Commission's debt. Excluding this debt, the per capita debt amounts in fiscal 2009 decrease to \$3,245 in Montgomery County and \$1,351 in Prince George's County. Howard County's high ratio resulted from debt for financing general county improvement projects, storm drain projects, housing projects, community renewal projects, and parks and recreation projects. Dorchester and Allegany counties had the lowest per capita debt amounts – both under \$1,000 per resident. For comparative purposes, municipal corporations/special taxing districts had a ratio of \$1,311 per person in fiscal 2009. Over the five-year period from fiscal 2004 to 2009, per capita county debt has increased by 26.9%.

County debt as a percentage of a county's assessable base totaled 2.1% in fiscal 2009, ranging from less than 1.0% in Dorchester, Garrett, Queen Anne's, Talbot, and Worcester counties to over 8.0% in Baltimore City. For comparative purposes, municipal corporations/special taxing districts had a ratio of 1.0% in fiscal 2009.

Municipal debt on a per capita basis increased by 66.5% from fiscal 2004 to 2009. Municipal debt as a percentage of assessable base decreased from 1.1% in 2004 to 1.0% in 2009.

Exhibit 13.3
Total County Debt Outstanding
Selected Fiscal Years

County	FY 2004	FY 2009	Percent Change
Allegany	\$53,843,310	\$63,944,202	18.8%
Anne Arundel	744,837,306	852,893,631	14.5%
Baltimore City	1,708,014,055	2,794,795,255	63.6%
Baltimore	1,307,769,939	1,571,237,581	20.1%
Calvert	105,554,136	174,743,803	65.5%
Caroline	29,702,565	37,035,453	24.7%
Carroll	204,173,248	316,645,201	55.1%
Cecil	86,588,993	182,677,981	111.0%
Charles	199,901,739	340,675,488	70.4%
Dorchester	30,136,408	18,282,023	-39.3%
Frederick	376,180,169	553,041,753	47.0%
Garrett	29,288,972	36,419,302	24.3%
Harford	285,534,027	479,299,456	67.9%
Howard	705,553,697	997,177,248	41.3%
Kent	19,052,026	30,738,823	61.3%
Montgomery	3,182,429,042	3,934,132,298	23.6%
Prince George's	1,894,509,306	1,961,922,043	3.6%
Queen Anne's	74,082,567	77,879,856	5.1%
St. Mary's	161,748,976	136,246,060	-15.8%
Somerset	14,701,287	27,745,686	88.7%
Talbot	28,660,522	55,084,298	92.2%
Washington	147,504,683	185,944,454	26.1%
Wicomico	77,057,494	104,844,677	36.1%
Worcester	54,747,206	113,124,512	106.6%
Total	\$11,521,571,673	\$15,046,531,083	30.6%

Note: The Washington Suburban Sanitary Commission's debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.

Source: Department of Legislative Services

Exhibit 13.4
Total Municipal Debt Outstanding
Selected Fiscal Years

County	FY 2004	FY 2009	Percent Change
Allegany	\$48,642,196	\$62,078,157	27.6%
Anne Arundel	41,397,654	65,358,274	57.9%
Baltimore City	0	0	
Baltimore	0	0	
Calvert	11,707,560	15,807,398	35.0%
Caroline	13,602,975	18,331,491	34.8%
Carroll	22,471,505	48,893,383	117.6%
Cecil	14,129,579	65,956,639	366.8%
Charles	12,417,231	12,792,480	3.0%
Dorchester	17,766,624	31,423,704	76.9%
Frederick	111,220,177	270,586,706	143.3%
Garrett	3,606,565	5,471,779	51.7%
Harford	33,161,009	49,056,260	47.9%
Howard	0	0	
Kent	5,434,892	10,269,920	89.0%
Montgomery	73,125,061	125,713,487	71.9%
Prince George's	39,457,236	52,555,872	33.2%
Queen Anne's	3,074,604	10,421,094	238.9%
St. Mary's	2,065,535	1,199,649	-41.9%
Somerset	5,240,161	6,789,240	29.6%
Talbot	27,294,495	48,977,242	79.4%
Washington	33,999,799	54,264,532	59.6%
Wicomico	34,231,232	81,726,250	138.7%
Worcester	100,725,704	96,925,998	-3.8%
Total	\$654,771,794	\$1,134,599,555	73.3%

Source: Department of Legislative Services

Exhibit 13.5
County Debt Measures
Selected Fiscal Years

County	Per Capita Debt			Percent of Assessable Base	
	FY 2004	FY 2009	% Change	FY 2004	FY 2009
Allegany	\$734	\$880	19.8%	2.1%	1.9%
Anne Arundel	1,474	1,655	12.3%	1.8%	1.0%
Baltimore City	2,659	4,380	64.7%	8.7%	8.3%
Baltimore	1,689	1,993	18.0%	2.7%	1.9%
Calvert	1,266	1,973	55.8%	1.5%	1.4%
Caroline	968	1,113	15.0%	2.0%	1.3%
Carroll	1,258	1,865	48.2%	1.9%	1.6%
Cecil	937	1,828	95.0%	1.6%	1.7%
Charles	1,520	2,409	58.4%	2.1%	1.8%
Dorchester	989	571	-42.3%	1.7%	0.6%
Frederick	1,767	2,441	38.2%	2.5%	1.8%
Garrett	979	1,228	25.4%	1.3%	0.8%
Harford	1,237	1,986	60.5%	2.0%	1.8%
Howard	2,684	3,597	34.0%	2.9%	2.1%
Kent	975	1,517	55.6%	1.2%	1.1%
Montgomery	3,478	4,125	18.6%	3.4%	2.1%
Prince George's	2,280	2,362	3.6%	4.1%	2.2%
Queen Anne's	1,691	1,641	-3.0%	1.8%	0.9%
St. Mary's	1,746	1,340	-23.2%	2.7%	1.2%
Somerset	579	1,062	83.5%	1.8%	1.7%
Talbot	829	1,525	84.0%	0.8%	0.6%
Washington	1,082	1,278	18.2%	2.0%	1.4%
Wicomico	882	1,117	26.6%	1.8%	1.5%
Worcester	1,124	2,301	104.7%	0.6%	0.6%
Total	\$2,096	\$2,659	26.9%	3.4%	2.1%

Note: The Washington Suburban Sanitary Commission's debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.

Source: Department of Legislative Services

Exhibit 13.6
Municipal Debt Measures
Selected Fiscal Years

County	Per Capita Debt			Percent of Assessable Base	
	FY 2004	FY 2009	% Change	FY 2004	FY 2009
Allegany	\$1,002	\$1,342	34.0%	3.0%	3.1%
Anne Arundel	1,136	1,780	56.7%	1.4%	0.9%
Baltimore City	0	0	0.0%	0.0%	0.0%
Baltimore	0	0	0.0%	0.0%	0.0%
Calvert	2,293	3,005	31.0%	2.8%	1.7%
Caroline	1,353	1,582	16.9%	3.1%	1.9%
Carroll	485	1,017	109.7%	0.8%	0.9%
Cecil	569	2,500	339.1%	1.0%	2.5%
Charles	1,134	1,007	-11.2%	1.7%	0.8%
Dorchester	1,263	2,062	63.2%	3.0%	2.7%
Frederick	1,372	3,182	131.9%	2.1%	2.7%
Garrett	515	819	59.2%	1.4%	1.5%
Harford	933	1,321	41.6%	1.6%	1.3%
Howard	0	0	0.0%	0.0%	0.0%
Kent	721	1,308	81.4%	1.1%	1.1%
Montgomery	478	775	62.2%	0.4%	0.4%
Prince George's	177	236	33.3%	0.3%	0.2%
Queen Anne's	726	1,893	160.8%	0.9%	1.2%
St. Mary's	1,051	542	-48.4%	1.6%	0.4%
Somerset	1,017	1,180	16.1%	3.4%	1.8%
Talbot	1,753	2,803	59.9%	1.8%	1.7%
Washington	695	1,025	47.3%	1.7%	1.5%
Wicomico	991	2,045	106.4%	1.9%	2.7%
Worcester	5,844	5,633	-3.6%	1.9%	0.7%
Total	\$788	\$1,311	66.5%	1.1%	1.0%

Note: The Washington Suburban Sanitary Commission's debt is allocated to both Montgomery and Prince George's counties on a 50/50 basis.

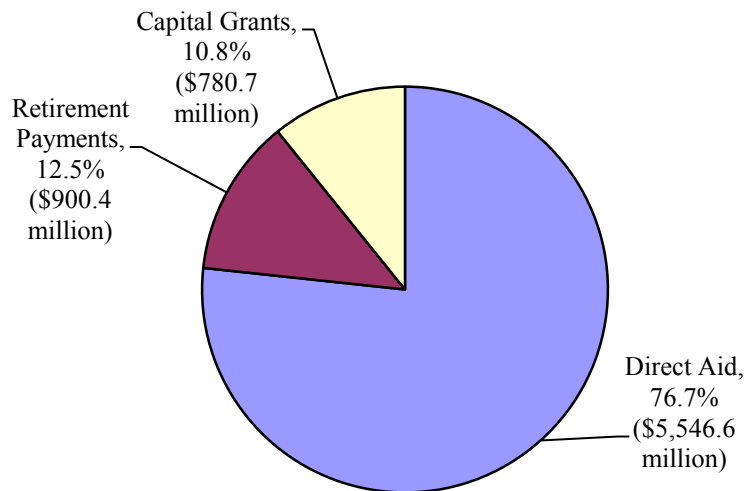
Source: Department of Legislative Services

Chapter 14. Overview of State Aid

State aid is a major revenue source for local governments in Maryland. This funding includes (1) direct aid to county and municipal governments, local school systems, libraries, community colleges, and local health departments; (2) payments made on behalf of local governments for the employer's share of retirement costs for public school teachers, librarians, and community college faculty; and (3) grants for capital projects. Another aspect of State and local fiscal relationships is the State assumption of functions or responsibilities traditionally performed by local governments, which is discussed in Chapter 22.

Local governments received approximately \$7.2 billion in State financial support in fiscal 2011. Direct aid accounts for 76.7% of this funding and includes grants for various public services such as education, transportation, public safety, health, and recreation. Although the grants may be for specific programs or purposes, local governments usually have considerable flexibility in the use of these funds. Retirement payments account for 12.5% of funding, and capital grants account for 10.8%. Exhibit 14.1 illustrates the components of State aid in fiscal 2011.

Exhibit 14.1
Components of State Aid to Local Governments
Fiscal 2011



Source: Department of Legislative Services

Direct Aid and Retirement Payments

Overview

State aid to local governments totaled \$6.4 billion in fiscal 2011, which represents \$1,131 per State resident. During the 2007-2010 legislative term (fiscal 2008 through 2011), State aid to local governments increased at an average annual rate of 2.9%, even though the State was confronted with major fiscal challenges during most of this period. During this four-year period, the State provided local governments with \$693.0 million in additional State aid, with public schools receiving most of the additional funding. State funding for local health departments and county and municipal governments actually decreased over the 2007-2010 legislative term as shown in Exhibits 14.2 and 14.3. The increase in public school funding was partially paid from monies received under the federal American Recovery and Reinvestment Act (ARRA) that was passed in 2009. State aid for public schools in fiscal 2010 included \$297.3 million in federal ARRA funding. For fiscal 2011, the amount totaled \$422.3 million. Under the ARRA, these funds do not continue after fiscal 2011.

Exhibit 14.2
State Aid to Local Governments
Fiscal 2007 and 2011
(\$ in Millions)

	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>	<u>% Difference</u>
Public Schools	\$4,475.4	\$5,717.5	\$1,242.0	27.8%
Libraries	55.5	65.5	10.0	18.1%
Community Colleges	205.9	256.1	50.2	24.4%
Health	63.7	37.3	-26.4	-41.4%
County/Municipal	953.5	370.6	-582.9	-61.1%
Total	\$5,754.0	\$6,447.0	\$693.0	12.0%

Source: Department of Legislative Services

Exhibit 14.3
Annual Change in State Aid
Fiscal 2008-2011
(\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
Public Schools	\$690.9	\$212.9	\$127.8	\$210.5	\$1,242.0
Libraries	8.6	-0.7	0.6	1.5	10.0
Community Colleges	35.8	13.0	1.5	-0.1	50.2
Health	3.3	-9.6	-20.1	0.0	-26.4
County/Municipal	-46.8	-168.5	-341.3	-26.3	-582.9
Total	\$691.9	\$47.1	-\$231.5	\$185.5	\$693.0

Source: Department of Legislative Services

State retirement payments made on behalf of local school systems, libraries, and community colleges account for a portion of the increases over the 2007-2010 legislative term, with retirement payments increasing by \$425.6 million, or 89.6%. This increase is due to the rise in the retirement contribution rate and employee salaries. Under the federal ARRA, \$228.1 million in federal funds was used to cover teachers' retirement payments. In comparison, direct aid to local governments only realized a 5.1% increase during this period. Exhibit 14.4 shows the amount of State funding for direct aid and retirement payments since fiscal 2007.

Exhibit 14.4
Summary of State Aid to Local Governments
Fiscal 2007-2011
(\$ in Millions)

<u>Fiscal</u>	<u>Direct Aid</u>	<u>Retirement</u>	<u>Total Aid</u>	<u>% Difference</u>
2007	\$5,279.1	\$474.8	\$5,754.0	
2008	5,843.1	602.9	6,445.9	12.0%
2009	5,832.3	660.7	6,493.0	0.7%
2010	5,457.9	803.6	6,261.5	-3.6%
2011	5,546.6	900.4	6,447.0	3.0%

Source: Department of Legislative Services

Recent Trends in State Aid

The 2007-2010 legislative term started with the culmination of several years of record increases in State aid to local governments, followed by three straight years of cost containment actions that primarily affected funding to county and municipal governments. Cost containment actions, the desire to limit the impact on public school funding, and the availability of federal ARRA funds for education significantly shifted the allocation of State aid to local governments. In fiscal 2007, public schools received nearly 77.8% of total State aid with county and municipal governments receiving 16.6% of total State aid. In fiscal 2011, public schools received close to 90.0% of total State aid while county and municipal governments received less than 6.0% of total State aid allocations. This funding shift has had a significant impact on the availability of State funding for numerous local public services, such as local highway maintenance, land preservation, and public safety. For example, while overall State aid increased by 12.0% over the 2007-2010 legislative term, State funding decreased by 74.8% for local transportation grants and by 22.0% for public safety.

Reductions to State Aid Programs

After several years of record increases in State aid, the General Assembly approved legislation at the 2007 special session that reduced funding for several State aid programs beginning in fiscal 2009 to help address the State's general fund budget gap. Education aid was reduced by \$142.7 million from statutory funding levels, whereas State aid to counties and municipalities was reduced by \$63.9 million. The decrease in education aid resulted from a two-year freeze in the inflationary adjustment to the per student funding level used in education aid formulas. The decrease in county and municipal funding resulted from reductions to the highway user revenues, the elimination of the electric utility grant, and a transfer of local Program Open Space (POS) funding to the State's park system.

As the national recession that began in December 2007 started to impact State finances, the General Assembly continued to constrain the growth in State aid at the 2008 session as part of the State's cost containment measures, with State funding for environmental education, public libraries, and local community colleges being reduced. These reductions were followed by actions by the Board of Public Works in October 2008 that reduced funding for education, community colleges, public safety, and local health programs. In total, State aid to local governments was reduced by approximately \$241.8 million in fiscal 2009, with public school funding being cut by \$146.5 million and county/municipal funding being cut by \$64.4 million as illustrated in Exhibit 14.5.

Exhibit 14.5
State Aid Reductions in Fiscal 2009-2011

	FY 2009	FY 2010	FY 2011
Funding Formulas – Inflation Freeze	-\$142,738,100	-\$393,068,500	-\$469,336,400
Nonpublic Placements	0	-16,110,000	-16,110,000
School Improvement Grants	-2,750,000	-11,379,600	-11,379,600
Aging Schools	0	-5,558,000	-5,558,000
Quality Teacher Incentives	0	-5,300,000	-5,300,000
Student Transportation	0	0	-4,343,700
Headstart Program	0	-1,200,000	-1,200,000
Science and Math Initiative	-169,000	-1,169,000	-1,169,000
Environmental Education	-150,000	-1,075,000	-1,075,000
Gifted and Talented	-121,000	-534,400	-534,400
Food Services	-312,000	-312,000	-312,000
Principal Fellowship Program	-159,700	-159,700	-159,700
School Based Health Centers	-144,000	-144,000	-144,000
Subtotal – Public Schools	-\$146,543,800	-\$436,010,200	-\$516,621,800
Library Aid Formula	-2,479,700	-4,820,400	-4,696,500
State Library Network	-907,700	-2,608,800	-2,608,600
Subtotal – Libraries	-\$3,387,400	-\$7,429,200	-\$7,305,100
Cade Formula	-16,096,000	-38,982,300	-60,466,500
Subtotal – Community Colleges	-\$16,096,000	-\$38,982,300	-\$60,466,500
Local Health Grants	-11,401,200	-31,476,900	-31,476,900
Subtotal – Local Health Departments	-\$11,401,200	-\$31,476,900	-\$31,476,900
Highway User Revenues	-15,700,000	-321,422,400	-339,690,000
Electric Utility Grant	-30,615,200	-30,615,200	-30,615,200
Police Aid Formula	-504,500	-20,611,300	-18,975,500
Program Open Space	-17,556,500	-17,556,500	-17,556,500
Baltimore City Special Grant	0	-500,000	-3,075,000
Local Employee Retirement	0	-2,974,000	-2,974,000
Subtotal – County/Municipal Governments	-\$64,376,200	-\$393,679,400	-\$412,886,200
Total State Aid Reductions	-\$241,804,600	-\$907,578,000	-\$1,028,756,500

Source: Department of Legislative Services

With the continuation of the fiscal crisis, the General Assembly made significant reductions to State aid programs at the 2009 session, with State funding for local highways and transportation projects receiving the largest share of the reductions. Funding for local highway user grants was reduced by \$101.9 million, with an additional \$60.0 million reduction based on local wealth and tax effort. State retirement payments for certain local officials (other than teachers) were also eliminated. Local school systems realized reductions to nonpublic placements for special education students, the aging schools program, teacher quality incentives, school improvement grants, and other smaller discretionary programs. Additional reductions from statutorily mandated increases were made to local libraries and community colleges.

Due to declining general fund revenues, the Board of Public Works reduced fiscal 2010 appropriations for several local aid programs in August 2009. Highway user revenues for county and municipal transportation purposes were reduced by an additional \$159.5 million beyond the \$161.9 million reduction that was adopted during the 2009 session. Additional reductions were made to community colleges and local health departments. In total, actions taken in 2007, 2008, and 2009 to constrain the growth in State aid resulted in budgetary savings of \$907.6 million in fiscal 2010.

For most of the aid programs reduced by the Board of Public Works, the underlying statutes for the aid programs would have required higher funding levels in fiscal 2011. Through the Budget Reconciliation and Financing Act of 2010, the General Assembly approved \$390.8 million in reductions to these and other statutorily mandated local programs in fiscal 2011. A portion of the reductions was offset by an additional \$24.4 million in funding under the disparity grant program. As a result, local governments realized a net reduction in statutorily mandated funding of \$366.4 million in fiscal 2011. State funding for local highways and transportation projects received the largest share of reductions, with funding being reduced by \$339.7 million. As shown in Exhibit 14.5, the combined actions by the General Assembly over the prior three years resulted in a net reduction in State aid of over \$1 billion in fiscal 2011.

Changes by Program

Exhibit 14.6 summarizes the distribution of direct aid by governmental unit and shows the estimated State retirement payments for local government employees in fiscal 2007 and 2011. Exhibit 14.7 compares total State aid in fiscal 2007 and 2011 by program.

Exhibit 14.6
State Assistance to Local Governments
Fiscal 2011 Legislative Appropriation
(\$ in Thousands)

County	County/ Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total	Change Over FY 2007	Percent Change
			Public Schools	Libraries	Health	Subtotal				
Allegany	\$8,676	\$5,898	\$83,670	\$758	\$909	\$99,910	\$10,604	\$110,514	\$8,203	8.0%
Anne Arundel	8,635	28,695	294,144	1,913	3,142	336,528	76,536	413,064	38,749	10.4%
Baltimore City	220,240	0	872,075	6,461	6,675	1,105,452	83,503	1,188,955	50,799	4.5%
Baltimore	10,786	36,335	525,841	5,249	4,302	582,514	99,745	682,258	61,307	9.9%
Calvert	1,267	2,206	86,901	402	370	91,147	17,683	108,829	7,035	6.9%
Caroline	2,936	1,434	42,617	273	538	47,799	5,249	53,048	2,314	4.6%
Carroll	2,212	7,409	140,799	982	1,232	152,635	27,149	179,783	10,653	6.3%
Cecil	1,379	5,252	100,188	717	806	108,342	15,666	124,009	12,096	10.8%
Charles	1,954	7,042	150,492	791	995	161,274	25,698	186,972	18,910	11.3%
Dorchester	2,881	1,293	31,843	244	429	36,690	4,560	41,250	1,604	4.0%
Frederick	3,389	8,667	209,002	1,140	1,512	223,710	39,128	262,838	38,192	17.0%
Garrett	2,857	3,343	24,376	155	437	31,168	4,658	35,826	-3,889	-9.8%
Harford	3,350	10,240	209,609	1,548	1,737	226,485	37,165	263,650	17,397	7.1%
Howard	4,617	13,901	210,196	770	1,215	230,699	63,068	293,766	59,110	25.2%
Kent	580	589	10,012	96	336	11,613	2,448	14,061	-2,390	-14.5%
Montgomery	15,058	40,821	526,108	2,662	3,015	587,663	181,460	769,123	199,143	34.9%
Prince George's	42,216	22,412	884,253	5,648	5,007	959,537	133,491	1,093,028	98,708	9.9%
Queen Anne's	844	1,682	31,133	132	418	34,209	6,945	41,154	1,213	3.0%
St. Mary's	1,417	2,310	95,031	624	809	100,191	15,271	115,462	13,144	12.8%
Somerset	5,636	808	23,726	263	429	30,863	3,216	34,079	-70	-0.2%
Talbot	857	1,308	11,194	101	329	13,790	4,040	17,831	-3,876	-17.9%
Washington	2,150	7,857	144,452	1,128	1,381	156,968	19,965	176,933	27,012	18.0%
Wicomico	3,780	4,587	115,327	838	947	125,480	14,654	140,134	22,385	19.0%
Worcester	1,434	1,849	17,967	138	313	21,701	8,502	30,203	-2,813	-8.5%
Unallocated	21,439	6,463	26,656	15,658	0	70,216	0	70,216	18,061	34.6%
Total	\$370,591	\$222,403	\$4,867,616	\$48,690	\$37,283	\$5,546,583	\$900,402	\$6,446,985	\$692,994	12.0%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit 14.6 (Cont.)
State Assistance to Local Governments
Fiscal 2007 Actual
(\$ in Thousands)

<i>Direct State Aid</i>								
County	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total
Allegany	\$18,766	\$5,187	\$70,406	\$697	\$1,528	\$96,583	\$5,728	\$102,311
Anne Arundel	64,928	24,462	238,827	1,844	5,369	335,429	38,886	374,315
Baltimore City	332,676	0	741,840	6,061	11,380	1,091,957	46,199	1,138,156
Baltimore	75,483	34,073	442,974	4,684	7,398	564,612	56,339	620,951
Calvert	16,529	1,781	73,248	386	641	92,585	9,209	101,795
Caroline	8,442	1,101	37,209	241	902	47,895	2,839	50,734
Carroll	20,148	6,149	125,563	886	2,093	154,839	14,292	169,131
Cecil	11,160	4,249	86,145	615	1,371	103,540	8,373	111,912
Charles	17,891	6,025	128,721	764	1,694	155,095	12,967	168,062
Dorchester	8,790	1,012	26,496	215	721	37,234	2,412	39,646
Frederick	26,113	6,580	168,532	1,013	2,569	204,806	19,841	224,647
Garrett	10,063	2,777	23,433	158	733	37,165	2,551	39,715
Harford	26,228	8,635	186,600	1,384	2,953	225,799	20,454	246,253
Howard	32,725	10,901	156,861	694	2,089	203,269	31,387	234,656
Kent	4,509	509	9,418	90	562	15,088	1,363	16,451
Montgomery	89,710	33,385	343,460	2,396	5,255	474,206	95,774	569,980
Prince George's	105,283	19,656	786,700	6,049	8,591	926,279	68,041	994,320
Queen Anne's	7,645	1,420	26,446	127	706	36,343	3,598	39,941
St. Mary's	11,513	2,044	78,709	571	1,371	94,208	8,111	102,318
Somerset	9,499	626	21,417	251	718	32,511	1,638	34,149
Talbot	7,072	1,213	10,536	91	551	19,463	2,244	21,706
Washington	17,858	6,230	112,114	993	2,335	139,530	10,391	149,921
Wicomico	13,197	3,967	90,450	684	1,602	109,899	7,849	117,748
Worcester	10,217	1,489	16,283	127	536	28,653	4,363	33,015
Unallocated	5,231	4,823	26,880	15,220	0	52,155	0	52,155
Total	\$951,673	\$188,294	\$4,029,270	\$46,240	\$63,668	\$5,279,145	\$474,846	\$5,753,991

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit 14.6 (Cont.)
State Assistance to Local Governments
Dollar Difference Between Fiscal 2011 Legislative Appropriation and Fiscal 2007 Actual
(\$ in Thousands)

Direct State Aid								
County	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal	Retirement	Total
Allegany	-\$10,090	\$712	\$13,263	\$61	-\$619	\$3,327	\$4,876	\$8,203
Anne Arundel	-56,293	4,233	55,317	69	-2,227	1,099	37,650	38,749
Baltimore City	-112,437	0	130,235	401	-4,705	13,495	37,304	50,799
Baltimore	-64,696	2,263	82,867	565	-3,096	17,902	43,405	61,307
Calvert	-15,261	425	13,653	16	-272	-1,439	8,473	7,035
Caroline	-5,506	333	5,408	32	-363	-96	2,409	2,314
Carroll	-17,936	1,260	15,236	96	-861	-2,204	12,857	10,653
Cecil	-9,781	1,002	14,043	102	-564	4,803	7,294	12,096
Charles	-15,936	1,017	21,771	27	-700	6,179	12,731	18,910
Dorchester	-5,909	282	5,347	29	-292	-543	2,147	1,604
Frederick	-22,724	2,088	40,470	127	-1,057	18,904	19,288	38,192
Garrett	-7,206	567	943	-4	-296	-5,997	2,107	-3,889
Harford	-22,877	1,604	23,009	164	-1,215	686	16,711	17,397
Howard	-28,108	3,000	53,335	76	-874	27,429	31,681	59,110
Kent	-3,929	80	593	6	-226	-3,475	1,085	-2,390
Montgomery	-74,652	7,436	182,648	266	-2,240	113,457	85,686	199,143
Prince George's	-63,067	2,756	97,553	-401	-3,584	33,257	65,450	98,708
Queen Anne's	-6,801	262	4,687	5	-288	-2,135	3,347	1,213
St. Mary's	-10,095	266	16,322	53	-563	5,983	7,160	13,144
Somerset	-3,863	183	2,309	12	-289	-1,648	1,578	-70
Talbot	-6,214	95	658	10	-222	-5,672	1,797	-3,876
Washington	-15,708	1,627	32,338	134	-953	17,438	9,574	27,012
Wicomico	-9,417	620	24,877	154	-654	15,580	6,805	22,385
Worcester	-8,783	360	1,684	11	-223	-6,951	4,139	-2,813
Unallocated	16,207	1,640	-224	438	0	18,061	0	18,061
Total	-\$581,082	\$34,109	\$838,346	\$2,451	-\$26,384	\$267,439	\$425,556	\$692,994

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Exhibit 14.6 (Cont.)
State Assistance to Local Governments
Percent Change: Fiscal 2011 Legislative Appropriation over Fiscal 2007 Actual

County	County/ Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total
			Public Schools	Libraries	Health	Subtotal		
Allegany	-53.8%	13.7%	18.8%	8.7%	-40.5%	3.4%	85.1%	8.0%
Anne Arundel	-86.7%	17.3%	23.2%	3.8%	-41.5%	0.3%	96.8%	10.4%
Baltimore City	-33.8%	n/a	17.6%	6.6%	-41.3%	1.2%	80.7%	4.5%
Baltimore	-85.7%	6.6%	18.7%	12.1%	-41.8%	3.2%	77.0%	9.9%
Calvert	-92.3%	23.9%	18.6%	4.0%	-42.3%	-1.6%	92.0%	6.9%
Caroline	-65.2%	30.2%	14.5%	13.4%	-40.3%	-0.2%	84.9%	4.6%
Carroll	-89.0%	20.5%	12.1%	10.9%	-41.1%	-1.4%	90.0%	6.3%
Cecil	-87.6%	23.6%	16.3%	16.6%	-41.2%	4.6%	87.1%	10.8%
Charles	-89.1%	16.9%	16.9%	3.6%	-41.3%	4.0%	98.2%	11.3%
Dorchester	-67.2%	27.8%	20.2%	13.6%	-40.6%	-1.5%	89.0%	4.0%
Frederick	-87.0%	31.7%	24.0%	12.5%	-41.1%	9.2%	97.2%	17.0%
Garrett	-71.6%	20.4%	4.0%	-2.3%	-40.4%	-16.1%	82.6%	-9.8%
Harford	-87.2%	18.6%	12.3%	11.9%	-41.2%	0.3%	81.7%	7.1%
Howard	-85.9%	27.5%	34.0%	11.0%	-41.8%	13.5%	100.9%	25.2%
Kent	-87.1%	15.7%	6.3%	6.8%	-40.2%	-23.0%	79.6%	-14.5%
Montgomery	-83.2%	22.3%	53.2%	11.1%	-42.6%	23.9%	89.5%	34.9%
Prince George's	-59.9%	14.0%	12.4%	-6.6%	-41.7%	3.6%	96.2%	9.9%
Queen Anne's	-89.0%	18.5%	17.7%	4.1%	-40.8%	-5.9%	93.0%	3.0%
St. Mary's	-87.7%	13.0%	20.7%	9.3%	-41.0%	6.4%	88.3%	12.8%
Somerset	-40.7%	29.2%	10.8%	4.8%	-40.2%	-5.1%	96.4%	-0.2%
Talbot	-87.9%	7.8%	6.2%	11.4%	-40.3%	-29.1%	80.1%	-17.9%
Washington	-88.0%	26.1%	28.8%	13.5%	-40.8%	12.5%	92.1%	18.0%
Wicomico	-71.4%	15.6%	27.5%	22.6%	-40.9%	14.2%	86.7%	19.0%
Worcester	-86.0%	24.2%	10.3%	8.4%	-41.7%	-24.3%	94.9%	-8.5%
Unallocated	309.8%	34.0%	-0.8%	2.9%	n/a	34.6%	n/a	34.6%
TOTAL	-61.1%	18.1%	20.8%	5.3%	-41.4%	5.1%	89.6%	12.0%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Source: Department of Legislative Services

Exhibit 14.7
Total State Assistance to Local Governments
Direct State Aid
Fiscal 2007 and 2011

<u>Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>
Foundation Aid	\$2,493,198,205	\$2,763,479,579	\$270,281,374
Supplemental Program	0	46,496,417	46,496,417
Geographic Cost of Education Index	0	126,612,027	126,612,027
Compensatory Education	726,652,649	1,041,059,587	314,406,938
School Transportation – Regular	179,393,418	220,692,402	41,298,984
School Transportation – Special Education	22,668,900	23,726,000	1,057,100
Special Education – Formula	231,835,479	264,001,563	32,166,084
Special Education – Nonpublic Placements	116,467,781	112,770,182	-3,697,599
Special Education – Infants and Toddlers	5,810,781	10,389,104	4,578,323
Limited English Proficiency Grants	88,829,756	151,196,206	62,366,450
Extended Elementary	19,262,500	0	-19,262,500
Aging Schools	15,148,000	6,108,990	-9,039,010
Teacher Development/Mentoring Programs	6,250,976	5,552,000	-698,976
Adult Education	5,433,622	6,933,622	1,500,000
Food Service	7,468,641	7,156,664	-311,977
Gifted and Talented Grants	524,568	0	-524,568
Out-of-county Placements	5,838,030	6,120,000	281,970
Headstart	2,961,996	1,800,001	-1,161,995
Guaranteed Tax Base	60,498,363	47,391,600	-13,106,763
Other Programs	41,026,189	26,129,854	-14,896,335
Total Primary and Secondary Education	\$4,029,269,854	\$4,867,615,798	\$838,345,944
Library Formula	\$31,019,681	\$33,032,330	\$2,012,649
Library Network	15,219,970	15,657,837	437,867
Total Libraries	\$46,239,651	\$48,690,167	\$2,450,516
Community College Formula	\$164,829,603	\$194,407,433	\$29,577,830
Grants for ESOL Programs	2,500,000	3,812,145	1,312,145
Optional Retirement	10,012,000	13,824,000	3,812,000
Small College Grant/Allegany and Garrett Grant	3,200,209	3,896,346	696,137
Statewide Programs	7,751,918	6,462,776	-1,289,142
Total Community Colleges	\$188,293,730	\$222,402,700	\$34,108,970

Exhibit 14.7 (Cont.)
Total State Assistance to Local Governments
Direct State Aid
Fiscal 2007 and 2011

<u>Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>
Highway User Revenue	\$554,888,317	\$134,296,005	-\$420,592,312
Elderly and Handicapped Transportation Aid	4,182,207	4,305,938	123,731
Paratransit	3,072,464	2,926,702	-145,762
Total Transportation	\$562,142,988	\$141,528,645	-\$420,614,343
Police Aid	\$64,861,903	\$45,420,982	-\$19,440,921
Fire And Rescue Aid	9,999,997	10,000,001	4
Vehicle Theft Prevention	2,301,573	1,860,000	-441,573
9-1-1 Grants	12,906,374	9,400,000	-3,506,374
Community Policing	2,000,000	1,974,000	-26,000
Foot Patrol/Drug Enforcement Grants	4,462,500	4,228,210	-234,290
Law Enforcement Training Grants	50,207	100,000	49,793
Stop Gun Violence Grants	952,805	928,478	-24,327
Violent Crime Grants	4,841,858	4,750,714	-91,144
Baltimore City State's Attorney Grant	1,985,000	1,959,195	-25,805
Annapolis Crime Grant	0	174,000	174,000
Domestic Violence Grants	200,000	196,354	-3,646
War Room/Sex Offender Grant	1,554,982	1,445,313	-109,669
School Vehicle Safety Grant	332,753	550,000	217,247
Body Armor	50,000	49,088	-912
Total Public Safety	\$106,499,952	\$83,036,335	-\$23,463,617
Program Open Space	\$135,649,292	\$15,252,842	-\$120,396,450
Critical Area Grants	731,133	316,930	-414,203
Total Recreation/Environment	\$136,380,425	\$15,569,772	-\$120,810,653
Local Health Formula	\$63,667,951	\$37,283,484	-\$26,384,467
Utility Property Tax Grant	\$30,615,201	\$0	-\$30,615,201

Exhibit 14.7 (Cont.)
Total State Assistance to Local Governments
Direct State Aid
Fiscal 2007 and 2011

<u>Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>
Disparity Grant	\$109,450,400	\$121,436,013	\$11,985,613
Horse Racing Impact Aid	\$1,205,600	\$705,600	-\$500,000
Payments in Lieu of Taxes	818,598	1,005,837	187,239
Security Interest Filing Fees	2,885,858	0	-2,885,858
Video Lottery Terminal Impact Aid	0	6,809,000	6,809,000
Senior Citizens Activities Center	500,000	500,000	0
Statewide Voting Systems	1,174,345	0	-1,174,345
Total Other Direct Aid	\$6,584,401	\$9,020,437	\$2,436,036
Total Direct Aid	\$5,279,144,553	\$5,546,583,351	\$267,438,798
Retirement – Teachers	\$446,142,301	\$849,836,103	\$403,693,802
Retirement – Libraries	9,271,611	16,853,392	7,581,781
Retirement – Community Colleges	17,589,481	33,712,536	16,123,055
Retirement – Local Employees	1,843,020	0	-1,843,020
Total Payments-in-behalf	\$474,846,413	\$900,402,031	\$425,555,618
Total State Assistance	\$5,753,990,966	\$6,446,985,382	\$692,994,416

ESOL: English for Speakers of Other Languages

Source: Department of Legislative Services

Reliance on State Aid

State aid is the largest revenue source for most county governments in Maryland, accounting for 29.4% of total county revenues in fiscal 2009. In five counties (Anne Arundel, Howard, Kent, Queen Anne's, and Worcester), State aid is the second largest revenue source after property taxes. In Montgomery and Talbot counties, State aid is the third largest revenue source after both property and income taxes.

Dependence on State aid varies, with less affluent jurisdictions relying on State aid as their primary revenue source while more affluent jurisdictions rely more heavily on local property and income taxes. For example, State aid accounts for 16.1% of total revenues in Montgomery County but 55.4% in Caroline County. This difference is due to

the fact that 70% of State aid is distributed inversely to local wealth. Utilizing local wealth measures to distribute State aid attempts to offset the inequalities in the revenue capacity among local jurisdictions.

State aid is the third largest revenue source for municipal corporations, representing 7.7% of total revenues in fiscal 2009. As with counties, the reliance on State aid varies for municipal corporations, ranging from 3.1% of total revenues for localities in Talbot County to 26.6% for localities in Somerset County. State aid to municipal corporations is targeted primarily to highway maintenance, police and fire services, and parks and recreation. Municipal corporations receive approximately 70% of their State aid through four programs: (1) highway user revenues; (2) police aid formulas; (3) fire aid formulas; and (4) Program Open Space.

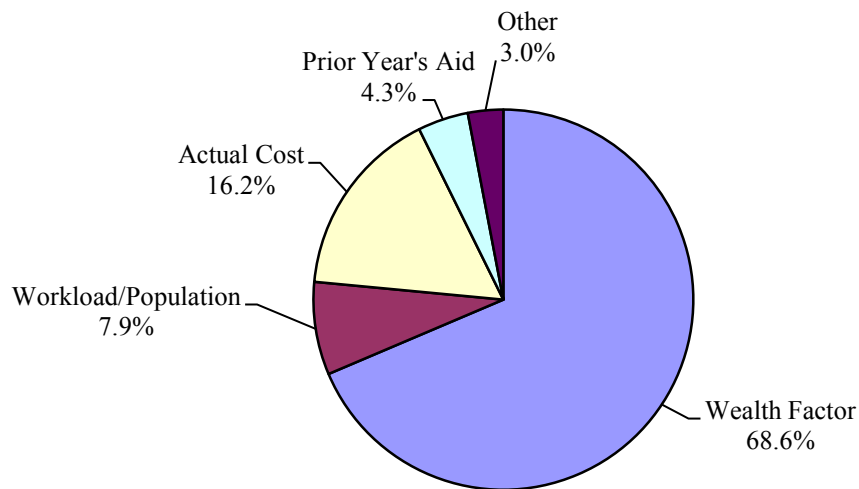
Distribution Basis for State Aid

The State utilizes approximately 70 programs to allocate funding to local governments. Programs that distribute funding inversely to local wealth accounted for about 70% of State aid in fiscal 2011. Most of these programs also base State aid on a workload measure, such as school enrollment or population. In fiscal 2001, around 55% of State aid was distributed based on local wealth. The increased utilization of local wealth as a basis to distribute State aid improves fiscal equity among jurisdictions by making certain jurisdictions less dependent on their own tax base to fund public services. Exhibit 14.8 shows State aid by the basis for distribution.

Capital Projects

The State provides grants for specific capital projects, including funding for school construction, county detention centers, low-income housing, and water supply facilities. Proceeds from the sale of State bonds are the primary source of funding for these capital project grants. For fiscal 2011, the State capital and operating budgets authorized approximately \$780.7 million for State programs providing grants primarily to local governments. As Exhibit 14.9 shows, environment and recreation programs accounted for 49.2% of total capital funds earmarked for local projects in fiscal 2011, while public school construction projects accounted for 33.8%.

Exhibit 14.8
State Aid by Basis for Distribution
Fiscal 2011



Trends
(\$ in Millions)

	<u>Fiscal</u> <u>2001</u>	<u>Percent</u> <u>of Total</u>	<u>Fiscal</u> <u>2011</u>	<u>Percent</u> <u>of Total</u>
Wealth Factor	\$1,999.1	54.6%	\$4,421.6	68.6%
Workload/ Population	828.5	22.6	511.3	7.9
Actual Cost	490.4	13.4	1,044.0	16.2
Prior Year's Aid	152.6	4.2	279.5	4.3
Other	192.8	5.3	190.6	3.0
Total	\$3,663.5	100.0%	\$6,447.0	100.0%

Source: Department of Legislative Services

Exhibit 14.9
State Capital Project Grants to Local Governments
Fiscal 2011

	<u>Amount</u>	<u>Percent of Total</u>
Education		
Public School Construction	263,724,000	33.8%
Community College Projects	102,764,000	13.2%
Public Libraries	5,050,000	0.6%
Subtotal	\$371,538,000	47.6%
Environment and Recreation		
Chesapeake Bay Restoration Fund	323,790,000	41.5%
Chesapeake Bay Water Quality Funds	44,300,000	5.7%
Waterway Improvement Fund	9,420,000	1.2%
Water Supply Financial Assistance Program	3,500,000	0.4%
Community Parks and Playgrounds	2,500,000	0.3%
Hazardous Substance Cleanup	800,000	0.1%
Subtotal	\$384,310,000	49.2%
Public Safety		
Local Jail Loan	\$5,513,000	0.7%
Health/Social		
Community Health Facilities Grant Program	7,873,000	1.0%
Partnership Rental Housing Program	6,000,000	0.8%
Federally Qualified Health Centers Grant Program	3,218,000	0.4%
Shelter & Transitional Housing Facilities	2,000,000	0.3%
Senior Citizen Activity Centers	250,000	0.0%
Subtotal	\$19,341,000	2.5%
Total	\$780,702,000	100.0%

Source: Department of Legislative Services

Chapter 15. Education State Aid

The State and local school systems share responsibility for providing education services in Maryland. Statewide education policy is the responsibility of the State Board of Education, with the State Superintendent of Schools and the Maryland State Department of Education overseeing implementation. The 24 local boards of education, together with the local school superintendents, govern educational matters and oversee operations in local school systems and individual public schools.

Financial support for public schools is likewise a shared State and local responsibility. State support totaled \$5.4 billion in fiscal 2009, which was 47% of the \$11.4 billion in total operating revenues for public schools. Local boards of education develop local school budgets and oversee education-related spending; however, they are dependent on financing from county governments, mostly through local income and property tax revenues. In fiscal 2009, local governments provided 47% of total revenues for local school systems, and revenues generated by the local boards of education made up another 1% of total funding. The federal government also contributes a small percentage of aid for education, with federal aid representing 5% of the total in fiscal 2009.

Bridge to Excellence Act

The State's financing of public schools changed considerably in fiscal 2004 with the implementation of new funding formulas established by Chapter 288 of 2002, the Bridge to Excellence in Public Schools Act. The legislation simplified the State's school financing structure by eliminating many small categorical programs while significantly increasing overall State support for schools.

State education aid increased from \$2.9 billion in fiscal 2002, the year before the Bridge to Excellence Act, to \$5.7 billion in fiscal 2011. This represents an increase of 98.1% in State support for public education and an average annual increase of 7.9%. The average annual increases outpaced the rate of general fund revenue growth, which averaged 3.4% over the same nine-year period.

Exhibit 15.1 shows State aid by major program for fiscal 2007 and 2011. Overall, State aid increased \$1.2 billion, or 27.8%, during this time. The largest increase was for teacher retirement, which grew by \$403.7 million, or 90.5%. Teachers' retirement payments are funded by the State and are made on behalf of local districts to the State retirement system.

Exhibit 15.1
State Education Aid by Major Program
Fiscal 2007 and 2011
(\$ in Millions)

Education Aid Program	FY 2007	FY 2011	Percent Change
Foundation Program	\$2,493.2	\$2,763.5	10.8%
Supplemental Grants	0.0	46.5	-
Geographic Cost Adjustment	0.0	126.6	-
Guaranteed Tax Base	60.5	47.4	-21.7%
Special Education Formula	231.8	264.0	13.9%
Compensatory Education	726.7	1,041.1	43.3%
Limited English Proficiency	88.8	151.2	70.2%
Student Transportation	202.1	244.4	21.0%
Nonpublic Special Education	116.5	112.8	-3.2%
Other Programs	109.7	70.2	-36.0%
Direct Aid Subtotal	\$4,029.3	\$4,867.6	20.8%
Teachers' Retirement	446.1	849.8	90.5%
Total	\$4,475.4	\$5,717.5	27.8%

Note: Education aid in fiscal 2010 and 2011 has been partially funded from monies received under the federal American Recovery and Reinvestment Act that was passed in 2009. State aid for public schools in fiscal 2011 includes \$422.3 million in federal ARRA funding.

Source: Department of Legislative Services

The increase from fiscal 2007 to 2011 also includes growth of \$838.3 million, or 20.8%, in direct State aid. This funding is provided directly to local school systems for inclusion in their budgets. In addition to increasing State education aid, the Bridge to Excellence Act gave school districts more flexibility in how they use State funds. Nearly all direct aid is provided in the form of block grants that give school systems broad flexibility in the use of funds. To ensure that school systems are using State aid effectively, each school system must have an approved five-year comprehensive master plan that specifies how State, local, and federal funds will be used to improve student achievement and meet State and local educational standards.

Targeting Education Aid

Under the formulas established by the Bridge to Excellence Act, most State aid is distributed to local school systems based on student enrollments and local wealth. The formulas are designed to meet the instructional needs of the general student population and to target additional resources to school systems with large proportions of students who are at risk of falling behind academically. Enhanced targeting of aid was a primary goal of the Bridge to Excellence Act. The targeted funds are based on enrollment-driven formulas for three groups: (1) special education students, (2) students eligible for free and reduced price meals, and (3) students with limited English proficiency.

Another category of aid supports noninstructional expenses for functions such as student transportation, food service, and school renovation. Exhibit 15.2 shows all fiscal 2011 State education aid programs divided into general education, targeted, and noninstructional aid categories. The individual aid programs are discussed in detail in *Volume IX – Education* of this Legislative Handbook Series. Exhibit 15.3 shows the same three categories of aid by county for fiscal 2011.

Exhibit 15.2
Fiscal 2011 State Education Aid by Category

General Education Aid

Foundation Program	\$2,763,479,574
Teachers' Retirement	849,836,103
Geographic Cost Adjustment	126,612,027
Guaranteed Tax Base	47,391,600
Supplemental Grant	46,496,417
Specific Populations (Out of County)	6,120,000
Math/Science Initiatives	1,321,230
Teacher Quality Act Grants	320,000
General Education Subtotal	\$3,841,576,951

Targeted Aid

Compensatory Education Program	\$1,041,059,587
Special Education Formula	264,001,563
Limited English Proficiency	151,196,206
Nonpublic Special Education Placements	112,770,182
Judy Hoyer	10,575,000
Infants and Toddlers	10,389,104
SEED School of Maryland	6,000,000
Headstart	1,800,000
Targeted Aid Subtotal	\$1,597,791,642

Noninstructional Aid

Transportation Formula	\$244,418,402
Food Service	7,156,664
Adult Education	6,933,622
Aging Schools Program	6,108,990
Technology Wiring	4,639,888
Quality Teacher Incentives	4,192,000
School Based Health Centers	2,731,206
National Board Certification Fees	1,040,000
Fine Arts Grants	731,530
Governor's Teacher Awards	96,000
Smith Island Boat	35,000
Noninstructional Aid Subtotal	\$278,083,302

Grand Total **\$5,717,451,895**

Source: Department of Legislative Services

Exhibit 15.3
Fiscal 2011 State Education Aid by County
 (\$ in Thousands)

County	General Education Aid	Targeted Aid	Noninstructional Aid	Total
Allegany	\$58,785	\$29,067	\$4,854	\$92,706
Anne Arundel	264,075	79,675	21,988	365,737
Baltimore City	525,347	406,815	21,584	953,746
Baltimore	430,263	158,923	29,154	618,339
Calvert	82,091	16,138	5,715	103,944
Caroline	30,250	14,733	2,537	47,521
Carroll	131,647	25,189	9,619	166,454
Cecil	81,826	27,936	5,264	115,026
Charles	132,351	32,149	10,381	174,881
Dorchester	23,452	10,151	2,548	36,152
Frederick	190,344	43,800	12,058	246,202
Garrett	18,886	6,810	2,969	28,664
Harford	180,946	50,583	12,404	243,933
Howard	216,067	38,108	15,704	269,879
Kent	6,851	3,796	1,665	12,312
Montgomery	466,627	192,994	36,413	696,034
Prince George's	655,249	316,688	39,881	1,011,817
Queen Anne's	27,502	6,909	3,313	37,724
St. Mary's	82,260	20,731	6,725	109,716
Somerset	15,864	8,893	2,031	26,788
Talbot	8,054	5,296	1,602	14,951
Washington	112,070	43,675	7,266	163,011
Wicomico	85,841	37,900	5,480	129,221
Worcester	14,365	8,605	3,067	26,037
Unallocated	567	12,229	13,861	26,656
Statewide	\$3,841,577	\$1,597,792	\$278,083	\$5,717,452

Source: Department of Legislative Services

Wealth Equalizing Aid

In addition to providing more funding to school systems with higher proportions of at-risk students, the Bridge to Excellence Act continued and expanded mechanisms to provide more funding to less wealthy jurisdictions. Because funding public education is a shared State and local responsibility, part of the State's constitutional responsibility to provide a "thorough and efficient system of free public schools" involves offsetting the disparities in taxable wealth among the counties. The State aid structure compensates for wealth differences by providing less aid per pupil to the more wealthy jurisdictions and more aid per pupil to the less wealthy jurisdictions through a number of "wealth-equalized" funding formulas. Although most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy jurisdictions is higher than 50%, and the State's share for more wealthy jurisdictions is lower than 50%.

Results of the State Education Aid Structure

Exhibit 15.4 shows how State aid per pupil is driven by each county's wealth and by the share of its student population that is identified as being at greater risk of performing below State standards. For example, the exhibit shows that Baltimore City had the second-lowest wealth per pupil in fiscal 2011 and the student population with the greatest needs. As a result, Baltimore City received the most State aid per student at \$12,191. Allegany County, with the lowest wealth per pupil in the State and a student population with relatively high needs, received the second-highest per pupil aid amount at \$10,666. Talbot and Worcester counties, which had the highest wealth per pupil figures in fiscal 2011, received the two lowest levels of State aid per pupil, at \$3,498 and \$4,147, respectively. Examining the needs of each county's student population and the wealth in each county helps to explain the relative amounts of State aid that each school system receives. School systems with high needs and low wealth receive the most State aid per pupil, while systems with high wealth and lower needs receive less aid per pupil.

Exhibit 15.4
Local Needs and Wealth and State Aid Per Pupil
Fiscal 2011

FY 2011 At-risk Percentage			FY 2011 Wealth Per Pupil			FY 2011 State Aid Per Pupil		
<u>Rank</u>	<u>County</u>	<u>At-risk Percentage*</u>	<u>Rank</u>	<u>County</u>	<u>Wealth Per Pupil</u>	<u>Rank</u>	<u>County</u>	<u>Aid Per Pupil</u>
1	Baltimore City	104.0%	24	Allegany	\$272,517	1	Baltimore City	\$12,191
2	Somerset	82.3%	23	Baltimore City	290,050	2	Allegany	10,666
3	Prince George's	74.4%	22	Wicomico	316,297	3	Somerset	9,892
4	Dorchester	66.9%	21	Caroline	324,375	4	Caroline	9,097
5	Allegany	65.1%	20	Somerset	339,417	5	Wicomico	8,901
6	Caroline	64.3%	19	Washington	383,087	6	Prince George's	8,382
7	Kent	64.1%	18	Cecil	391,395	7	Dorchester	8,188
8	Wicomico	60.2%	17	Dorchester	412,813	8	Washington	7,612
9	Garrett	59.3%	16	Charles	413,751	9	Cecil	7,364
10	Baltimore	55.9%	15	St. Mary's	432,658		State	6,973
11	Washington	55.4%	14	Prince George's	433,556	10	Garrett	6,843
	State	55.2%	13	Harford	435,418	11	Charles	6,749
12	Worcester	53.0%	12	Carroll	452,808	12	St. Mary's	6,672
13	Montgomery	52.2%	11	Calvert	452,950	13	Harford	6,464
14	Cecil	49.4%	10	Frederick	454,814	14	Frederick	6,291
15	Talbot	45.5%		State	518,733	15	Calvert	6,241
16	Harford	40.2%	9	Baltimore	525,394	16	Baltimore	6,198
17	Anne Arundel	39.5%	8	Garrett	542,523	17	Carroll	6,067
18	St. Mary's	38.7%	7	Howard	566,901	18	Kent	5,977
19	Charles	36.2%	6	Queen Anne's	617,757	19	Howard	5,432
20	Frederick	35.2%	5	Anne Arundel	648,477	20	Montgomery	5,033
21	Queen Anne's	34.3%	4	Montgomery	740,535	21	Queen Anne's	5,021
22	Calvert	30.0%	3	Kent	783,593	22	Anne Arundel	5,004
23	Howard	27.5%	2	Talbot	1,142,003	23	Worcester	4,147
24	Carroll	26.6%	1	Worcester	1,371,358	24	Talbot	3,498

*At-risk percentage equals the sum of students with disabilities, students eligible for free and reduced price meals, and students with limited English proficiency divided by the number of students enrolled. Because of overlap among these three at-risk populations, the figure may be greater than 100%.

Source: Department of Legislative Services

Chapter 16. Library State Aid

Libraries are primarily a local function with most of their funding coming from county governments. The Division of Library Development and Services in the Maryland State Department of Education is statutorily charged with providing leadership and guidance for the planning and coordinated development of library and information services in Maryland. Local library boards of trustees oversee operations of the libraries. The State supports 24 public library systems, representing 23 counties and Baltimore City; the State Library Resource Center, which includes the Enoch Pratt Free Central Library in Baltimore City and the Library for the Blind and Physically Handicapped; three regional resource centers; and metropolitan cooperative service programs.

From fiscal 2007 to 2011, State funding for local libraries increased by 18.1% as shown in Exhibit 16.1. The allocation of library aid in fiscal 2011 for each county is provided in Exhibit 16.2.

Exhibit 16.1
Library Aid Programs – Funding Trend
(\$ in Millions)

<u>Aid Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Percent Change</u>
Library Aid Formula	\$31.0	\$33.0	6.5%
State Library Resource Center	10.3	9.4	-8.5
Regional Resource Centers	4.9	6.2	26.9
Other Library Network Programs	0.1	0.1	0.0
Librarian Retirement	9.3	16.9	81.8
Total	\$55.5	\$65.5	18.1%

Source: Department of Legislative Services

Exhibit 16.2
Library Aid Programs
Fiscal 2011

County	Formula Aid	Retirement	Total Aid	Per Capita Aid
Allegany	\$757,955	\$129,737	\$887,692	\$12
Anne Arundel	1,912,968	1,323,065	3,236,033	6
Baltimore City	6,461,487	1,832,216	8,293,703	13
Baltimore	5,249,129	2,017,953	7,267,082	9
Calvert	401,928	324,421	726,349	8
Caroline	273,457	140,956	414,413	13
Carroll	981,986	709,641	1,691,627	10
Cecil	716,836	342,802	1,059,638	11
Charles	791,076	300,998	1,092,074	8
Dorchester	243,900	66,917	310,817	10
Frederick	1,139,508	736,070	1,875,578	8
Garrett	154,609	93,507	248,116	8
Harford	1,548,086	1,155,267	2,703,353	11
Howard	769,986	1,425,372	2,195,358	8
Kent	95,804	63,891	159,695	8
Montgomery	2,661,904	2,964,215	5,626,119	6
Prince George's	5,647,600	1,917,911	7,565,511	9
Queen Anne's	131,855	114,174	246,029	5
St. Mary's	623,940	255,424	879,364	9
Somerset	263,228	55,957	319,185	12
Talbot	101,402	96,931	198,333	5
Washington	1,127,727	378,704	1,506,431	10
Wicomico	837,992	200,886	1,038,878	11
Worcester	137,967	206,377	344,344	7
Library Network	0	0	15,657,837	3
Total	\$33,032,330	\$16,853,392	\$65,543,559	\$12

Source: Department of Legislative Services

Library Aid Formula

The State provides assistance to public library systems through a formula that determines the State and local shares of a minimum per capita library program. The minimum library program was \$14.00 per resident in fiscal 2011 with a scheduled increase to \$15.00 per resident in fiscal 2012. Overall, the State provides about 40% of the minimum program, while the counties provide 60%. Traditionally, counties have contributed more support for libraries than is required under the formula.

In fiscal 2011, State formula aid for libraries amounted to \$33.0 million. This represented a 6.5% increase since fiscal 2007 when State aid was \$31.0 million. The growth was mostly due to an increase in the per capita program level, which rose from \$13.00 per resident in fiscal 2007 to \$14.00 per resident in fiscal 2011.

Distribution

The library aid formula distributes State aid to the local library boards on a wealth-equalized basis. Although overall State and local sharing of the minimum program is approximately 40% State and 60% local, the State's share for a specific library board varies depending on county wealth. Less wealthy counties receive more aid per resident than wealthy counties. However, no library board may receive less than 20% of the per capita minimum program from the State.

The calculation of the State and local shares of formula aid for a library board is based on county population and wealth. For purposes of the library aid formula, the statute defines population and wealth as follows:

- *County population:* population based on the decennial census or more recent estimates by the Department of Health and Mental Hygiene, available by July 1 of the calendar year prior to the year of calculation; and
- *County wealth:* the sum of adjusted assessed valuation of real property and public utility operating property for the prior fiscal year, as determined by the State Department of Assessments and Taxation, and net taxable income as determined by the Comptroller.

The local share of each library board's minimum per capita program equals the local contribution rate multiplied by county wealth. The local contribution rate is a statewide "tax" rate representing the counties' aggregate share of the minimum library program divided by total county wealth. Specifically, the local contribution rate equals

the overall local share (60%) multiplied by the per capita program level (\$14) multiplied by total State population and divided by total State wealth.

The State's share of each library board's minimum per capita program equals the local share subtracted from the product of the per capita program (\$14) and county population. For certain high wealth counties, the calculation results in a State aid amount that is less than 20% of the per capita program funding level. For these counties, State aid is set at the 20% minimum funding level, or \$2.80 per county resident. In fiscal 2011, Howard, Montgomery, Queen Anne's, Talbot, and Worcester counties received the minimum State contribution. Exhibit 16.3 shows the library formula calculation for fiscal 2011.

Special Provisions

Any library expenditures in excess of the minimum program must be paid from local sources. Local governments may use up to 20% of the State and local shares of the minimum per capita program for capital expenses.

History of Major Changes

- 1962 – Chapter 122 created the minimum library aid program.
- 1978 – Chapter 988 increased per capita funding from \$4.00 to \$5.00, to take effect in fiscal 1980.
- 1982 – Chapter 486 increased per capita funding from \$5.00 to \$5.67.
- 1986 – Chapter 124 increased per capita funding from \$5.67 to \$6.50 and adjusted the local contribution rate calculation to include seven decimal places instead of five.
- 1987 – Chapter 521 increased per capita funding from \$6.50 to \$6.75.
- 1988 – Chapter 696 increased per capita funding from \$6.75 to \$7.00.
- 1989 – Chapter 695 increased per capita funding from \$7.00 to \$7.25.
- 1994 – Chapter 722 increased per capita funding from \$7.25 to \$8.25, effective in fiscal 1996.

- 1996 – Chapter 8 increased per capita funding from \$8.25 to \$9.25, effective in fiscal 1998.
- 1998 – Chapter 575 increased per capita funding from \$9.25 to \$10.75 in fiscal 1999, \$11.00 in fiscal 2000, \$11.50 in fiscal 2001, and \$12.00 beginning in fiscal 2002.
- 2003 – Chapter 161 required the Maryland State Department of Education to provide access to audio news and information services for blind and disabled residents.
- 2005 – Chapter 481 increased per capita funding by \$1.00 annually beginning in fiscal 2007 to reach a level of \$16.00 per capita in fiscal 2010.
- 2008 – Chapter 414 deferred the scheduled enhancements to the library aid formula for one year. The per capita funding level used to calculate the library aid formula remained at \$14.00 for fiscal 2009 and was scheduled to resume annual \$1.00 increases in fiscal 2010 and 2011.
- 2009 – Chapter 487 held the per capita funding amount used in the local library aid formula at \$14.00 for fiscal 2010 and 2011. The phase-in of formula enhancements was scheduled to restart in fiscal 2012.
- 2010 – Chapter 484 eliminated the scheduled fiscal 2013 increase from \$15.00 to \$16.00 in the per capita funding amount used in the local library aid formula.

Legal Reference

Education Article, Sections 23-501 through 23-505

Exhibit 16.3
Library Formula Aid – Fiscal 2011

County	Population	Basic Program \$14.00		Local Share 0.0000975 ¹ x Wealth	Formula State Aid ²	Min. State Aid \$2.80	
		x Population	Wealth			x Population	State Aid ³
Allegany	72,238	\$1,011,332	\$2,598,738,484	\$253,377	\$757,955	\$202,266	\$757,955
Anne Arundel	512,790	7,179,060	54,011,195,191	5,266,092	1,912,968	1,435,812	1,912,968
Baltimore City	636,919	8,916,866	25,183,375,750	2,455,379	6,461,487	1,783,373	6,461,487
Baltimore	785,618	10,998,652	58,969,462,777	5,749,523	5,249,129	2,199,730	5,249,129
Calvert	88,698	1,241,772	8,613,781,715	839,844	401,928	248,354	401,928
Caroline	33,138	463,932	1,953,588,763	190,475	273,457	92,786	273,457
Carroll	169,353	2,370,942	14,245,706,450	1,388,956	981,986	474,188	981,986
Cecil	99,926	1,398,964	6,996,183,339	682,128	716,836	279,793	716,836
Charles	140,764	1,970,696	12,098,664,060	1,179,620	791,076	394,139	791,076
Dorchester	31,998	447,972	2,093,041,376	204,072	243,900	89,594	243,900
Frederick	225,721	3,160,094	20,723,955,841	2,020,586	1,139,508	632,019	1,139,508
Garrett	29,698	415,772	2,678,598,863	261,163	154,609	83,154	154,609
Harford	240,351	3,364,914	18,634,134,878	1,816,828	1,548,086	672,983	1,548,086
Howard	274,995	3,849,930	32,021,532,048	3,122,099	727,831	769,986	769,986
Kent	20,151	282,114	1,910,874,521	186,310	95,804	56,423	95,804
Montgomery	950,680	13,309,520	117,512,122,477	11,457,432	1,852,088	2,661,904	2,661,904
Prince George's	820,852	11,491,928	59,941,821,169	5,844,328	5,647,600	2,298,386	5,647,600
Queen Anne's	47,091	659,274	5,473,546,835	533,671	125,603	131,855	131,855
St. Mary's	101,578	1,422,092	8,186,174,471	798,152	623,940	284,418	623,940
Somerset	26,119	365,666	1,050,647,663	102,438	263,228	73,133	263,228
Talbot	36,215	507,010	5,826,763,637	568,109	-61,099	101,402	101,402
Washington	145,384	2,035,376	9,309,219,406	907,649	1,127,727	407,075	1,127,727
Wicomico	94,046	1,316,644	4,909,249,762	478,652	837,992	263,329	837,992
Worcester	49,274	689,836	10,312,751,073	1,005,493	-315,657	137,967	137,967
Total	5,633,597	\$78,870,358	\$485,255,130,549	\$47,312,375	\$31,557,983	\$15,774,072	\$33,032,332

¹Local contribution rate equals the overall local share (60%) times the per capita program level (\$14) times the State population, divided by total State wealth.

²Equals basic program amount minus local share amount.

³Equals the greater of formula State aid and minimum State aid.

Source: Department of Legislative Services

State Library Network

Since 1888, the State has provided funds to support public libraries throughout the State under what is now known as the State library network. The network consists of the Central Library of the Enoch Pratt Free Library System in Baltimore City, the Library for the Blind and Physically Handicapped, three regional resource centers, and metropolitan cooperative service programs. All these systems receive State funding for operating expenses. The Enoch Pratt Free Library and the regional resource centers also receive full State funding for capital expenses.

Distribution

The Central Library of the Enoch Pratt Free Library operates as the designated State Library Resource Center. In fiscal 2011, State funding was provided at \$1.67 per State resident, translating to \$9.4 million, with a scheduled increase to \$1.85 in fiscal 2012.

In addition to the State center, regional resource centers serve Western Maryland (Hagerstown), Southern Maryland (Charlotte Hall), and the Eastern Shore (Salisbury). A library may be designated as a resource center, subject to the approval of the Maryland State Department of Education, if it (1) serves a population of at least 100,000; (2) is the strongest library in the region; and (3) is centrally located in the designated region. The regional centers received State funding of \$6.75 per resident of the region in fiscal 2011, which totaled \$6.2 million, with a scheduled increase to \$7.50 per resident in fiscal 2012.

Metropolitan cooperative service programs may be established in regions not served by regional resource centers if they meet standards adopted by the State Board of Education. Although there is no mandated funding level for cooperative service programs, the State has provided a constant level of funding for the centers at \$34,600 from fiscal 2007 to 2011.

Operating funds for the three systems are appropriated annually in the State Department of Education budget and distributed in equal bimonthly payments. Capital project funding is provided to the State and regional resource centers through inclusion in the State's five-year capital program and legislative approval of annual authorizations. Exhibit 16.4 shows the fiscal 2011 operating funds for the State library network, totaling \$15.7 million. Overall State aid for the State library network system increased by 2.9% since fiscal 2007; however, State aid for the State Library Resource Center decreased 8.5%, State aid for the regional resource centers increased 26.9%, and funding for the library cooperatives and the interlibrary program did not change.

Exhibit 16.4
State Library Network
Fiscal 2011 Appropriations

<u>Program</u>	<u>Appropriation</u>
State Library Resource Center	\$9,408,107
Regional Resource Centers	
Eastern Shore	2,281,716
Southern Maryland	2,234,520
Western Maryland	1,669,410
Library Cooperatives	34,605
Interlibrary	29,479
Total	\$15,657,837

Source: Department of Legislative Services

History of Major Changes

- 1950s – Resource centers and the metropolitan services were added to the State Resource Center.
- 1998 – Chapter 738 established a mandatory funding formula for the State and regional resource centers in the amount of at least \$1.70 per capita.
- 1999 – Chapter 701 provided for a phase-in of a higher mandatory funding level for the State Library Resource Center, based on an amount per State resident. By fiscal 2004, the per capita amount increased to \$1.85.
- 2000 – Chapter 547 provided for a phase-in of a higher mandatory funding level for the regional library resource centers, based on an amount per person residing in the region serviced by the center. By fiscal 2004, the per capita amount increased to \$4.50.

- 2006 – Chapter 481 increased the mandatory funding level for regional resource centers by \$1.00 annually, from \$4.50 per resident in fiscal 2006 to \$8.50 per resident in fiscal 2010.
- 2008 – Chapter 414 deferred scheduled enhancements to the regional resource funding formula for one year. State funding for regional resource centers remained at \$6.50 per resident of each region in fiscal 2009 and was scheduled to resume annual increases of \$1.00 in fiscal 2010 and 2011.
- 2009 – Chapter 487 decreased required funding for regional resource centers to \$6.75 per resident of the region in fiscal 2010 and 2011 rather than \$7.50 and \$8.50, respectively. Funding enhancements were scheduled to resume in fiscal 2012 and 2013. Per resident State funding for the State Library Resource Center was reduced from \$1.85 to \$1.67, with a return to \$1.85 scheduled for fiscal 2012.
- 2010 – Chapter 484 eliminated the scheduled fiscal 2013 increase for regional resource centers, holding the per resident funding amount at \$7.50 for fiscal 2012 and thereafter.

Legal Reference

Education Article, Sections 23-201 through 23-206

Library Retirement

When eligibility for the Teachers' Retirement System was broadened in 1945, the professional and clerical employees of the county library boards were classified as teachers and allowed to join. All employer retirement costs are paid by the State, except in Montgomery County where librarians have elected to remain in the Montgomery County Retirement System.

Distribution

The State Retirement and Pension System calculates a lump-sum estimate of employer retirement costs for the current fiscal year, which is included in the budget of the Maryland State Department of Education. There is no distribution of funds to the local library boards. Each board's share of the State's retirement appropriation can be estimated based on county-by-county salary data. For Montgomery County, the State

remits the lesser of the costs of retirement for the county or the State systems. Fiscal 2011 librarian retirement aid, which totaled \$16.9 million, is shown in Exhibit 16.2.

History of Major Changes

- 1927 – When the State Teachers’ Retirement System was established, all employer costs were assumed by the State.
- 1945 – When the counties were authorized to establish libraries under boards of trustees, the professional and clerical employees were defined as “teachers” eligible to join the State Teachers’ Retirement System with all costs paid by the State.
- 1980 – The Teachers’ Retirement System was closed to new members, and the State Teachers’ Pension System was established for new members and those members of the old system who desired to transfer.
- 1992 – Due to a fiscal crisis, the State did not make retirement payments associated
thru with general salary increases given to librarians from fiscal 1992 to 1994. The
1994 local library boards were responsible for these costs.
- 1995 – The State resumed paying 100% of librarians’ retirement costs beginning with fiscal 1996.
- 1998 – Chapter 530 provided a benefit enhancement for the members of the Teachers’ Pension System.
- 2006 – Chapter 110 provided a benefit enhancement for the members of the Teachers’ Pension System and increased employee contributions to the systems to help pay for the enhancements.

Legal Reference

Education Article, Section 23-504 and State Personnel and Pensions Article, Section 21-308

County Library Capital Project Grants

Chapter 494 of 2006 established a \$5 million per year State grant program for public library capital projects to begin in fiscal 2008. To apply for a grant from the

program, a local public library system must have (1) a countywide library plan that includes a mission statement, a needs statement, and multiyear goals and objectives on file with the Division of Library Development and Services in the Maryland State Department of Education; and (2) a master plan that includes a description of the capital project approved by the local library board. An application must include a description of the scope and purpose of the project, a building plan that includes the total cost of the project, and any other information required by the Division of Library Development and Services.

State grants from the program require a match from any combination of county, municipal, or private sources. The grants may not pay more than 50% of the total cost of the project and may not be less than \$20,000. A local public library system may apply for up to three capital project grants per year. Funding through the first four years of the program totaled \$16.1 million, as shown in Exhibit 16.5.

For more detailed information on the organization and financing of the State's public libraries, including county funding for local libraries, see *Volume II – Government Services in Maryland* of the Legislative Handbook Series.

Exhibit 16.5
Total Library Capital Grant Allocations
Fiscal 2008 to 2011

County	Total Authorizations
Allegany	\$63,000
Anne Arundel	194,800
Baltimore City	1,414,000
Baltimore	1,708,000
Calvert	0
Caroline	139,550
Carroll	1,089,000
Cecil	890,000
Charles	0
Dorchester	0
Frederick	992,000
Garrett	0
Harford	873,000
Howard	1,710,000
Kent	389,000
Montgomery	1,725,950
Prince George's	821,700
Queen Anne's	0
St. Mary's	837,000
Somerset	201,500
Talbot	765,000
Washington	1,754,000
Wicomico	440,000
Worcester	67,500
Total	\$16,075,000

Source: Department of Legislative Services

Chapter 17. Community College State Aid

Maryland's community colleges are mainly locally operated institutions, with oversight provided by the Maryland Higher Education Commission. Boards of community college trustees oversee policy and operations, with funding provided by federal, State, and local governments and student tuition and fee payments. Baltimore City's community college is operated by the State as a comprehensive urban community college. As a State agency, funding for Baltimore City Community College is not considered State aid and is excluded from the analyses in this chapter.

In fiscal 2009, community colleges received more than \$1.0 billion in unrestricted funding; 24.3% from State sources; 31.1% from county governments; and 12.6% from the federal government, auxiliary enterprises, and other miscellaneous revenue sources. Student tuition and fee payments comprise the remaining amount, 32.0% of the total. As shown in Exhibit 17.1, State funding for community colleges increased 24.4% from fiscal 2007 to 2011. Exhibit 17.2 shows funding allocations by county, including funding per county for the three colleges that serve multiple counties.

Exhibit 17.1
Community College Aid Programs – Funding Trend
(\$ in Millions)

<u>Aid Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Percent Change</u>
Cade Funding Formula	\$164.8	\$194.4	17.9%
Small College Grants	3.2	3.9	21.8%
Statewide Programs ¹	4.8	6.5	34.0%
Innovative Partnerships	2.9	0.0	-100.0%
ESOL Grants ²	2.5	3.8	52.5%
Regular Retirement Plan	17.6	33.7	91.7%
Optional Retirement Plan	10.0	13.8	38.1%
Total	\$205.9	\$256.1	24.4%

¹Funding includes the West Virginia/Garrett Reciprocity Grant and the Somerset Grant

²ESOL: English for Speakers of Other Languages

Source: Department of Legislative Services

Exhibit 17.2
Community College Aid Programs
Fiscal 2011
(\$ in Thousands)

County	Cade Formula	Small Colleges	ESOL	Retirement	Total Aid
Allegany	\$4,702.1	\$1,019.3	\$1.1	\$1,613.8	\$7,336.2
Anne Arundel	26,648.9	0.0	290.4	5,375.0	32,314.3
Baltimore	33,670.3	0.0	552.6	7,340.7	41,563.7
Carroll	6,697.3	329.6	38.3	1,128.1	8,193.4
Cecil	4,554.0	329.6	9.7	844.4	5,737.7
Frederick	7,892.2	0.0	98.7	1,868.8	9,859.8
Garrett	2,217.3	899.3	0.0	502.7	3,761.9
Hagerstown	6,812.0	659.3	59.0	1,353.8	8,884.1
Harford	9,719.2	0.0	65.1	2,140.9	11,925.2
Howard	12,290.1	0.0	503.8	3,065.8	15,859.7
Montgomery	34,982.5	0.0	1,906.1	12,502.2	49,390.8
Prince George's	21,484.3	0.0	220.3	4,716.7	26,421.3
Chesapeake					
Caroline	1,265.0	74.9	13.2	285.1	1,638.3
Dorchester	1,141.0	67.6	11.9	257.2	1,477.7
Kent	519.9	30.8	5.4	117.2	673.4
Queen Anne's	1,484.3	87.9	15.5	334.5	1,922.3
Talbot	1,154.4	68.4	12.1	260.2	1,495.1
Subtotal	5,564.7	329.6	58.2	1,254.2	7,206.7
Southern Maryland					
Calvert	2,019.9	0.0	0.3	501.8	2,522.0
Charles	6,447.1	0.0	1.0	1,601.6	8,049.7
St. Mary's	2,114.8	0.0	0.3	525.4	2,640.5
Subtotal	10,581.8	0.0	1.6	2,628.8	13,212.2
Wor-Wic					
Somerset	735.3	36.8	0.8	133.9	1,279.9
Wicomico	4,173.2	208.7	4.5	760.1	5,146.6
Worcester	1,682.3	84.1	1.8	306.4	2,074.7
Subtotal	6,590.9	329.6	7.2	1,200.5	8,501.2
Statewide Programs	0.0	0.0	0.0	0.0	5,947.1
Total	\$194,407.4	\$3,896.4	\$3,812.1	\$47,536.5	\$256,115.2

ESOL: English for Speakers of Other Languages

Source: Department of Legislative Services

Senator John A. Cade Funding Formula

The Senator John A. Cade Funding Formula, the largest community college aid program, was established in 1996 and was named for former Senator Cade in 1997. The State's annual contribution to the formula is determined by the level of funding received by public four-year institutions and enrollment at community colleges.

Determining the Funding Level

The Cade formula bases per pupil funding on a set statutory percentage of current year State appropriations per full-time equivalent student at selected public four-year institutions of higher education. The resulting community college per student amount is multiplied by the number of full-time equivalent students enrolled in the colleges in the second preceding fiscal year to identify a total formula amount. The percentage used in the formula is scheduled to phase up to 29% by fiscal 2021.

Due to budget constraints, funding was reduced below statutory levels in every year from fiscal 2008 to 2011, and the formula percentages were revised in the 2009 and 2010 legislative sessions (Chapter 487 of 2009 and Chapter 484 of 2010). In addition, fiscal 2011 and 2012 funding levels were set in statute at \$194.4 million per year. For fiscal 2011 this equates to 21.8% of the State appropriation per full-time equivalent student of the selected four-year institution of higher education.

Distribution

There are three parts to the Cade formula that together set the level of funding each community college receives under the grant. The three components are discussed below.

- *Fixed Costs* – The fixed costs component, which accounts for 38% of formula funding, distributes aid to the colleges in the same proportion as the full formula provided aid in the previous fiscal year.
- *Marginal Costs* – Accounting for 60% of the formula allocation, funds are distributed in the same proportion as the distribution of full-time equivalent students across community colleges.
- *Size Factor* – This component distributes the remaining 2% of Cade funding to small colleges, defined as those with enrollments below 80% of the statewide

median enrollment. The formula also provides for a phase-out of size factor funding for colleges that outgrow the “small size” category.

Finally, if the sum of a college’s fixed costs, marginal costs, and size factor are lower than the previous year’s funding level, a “hold harmless” component is added to the other components to bring the total State contribution up to the previous year’s level. Exhibit 17.3 shows the distribution of \$194.4 million in fiscal 2011 formula funding. State aid through the Cade formula grew 17.9% from fiscal 2007 to 2011.

Exhibit 17.3
Senator John A. Cade Formula for Community Colleges
Fiscal 2011

College	FTE Students FY 2009	Fixed Costs¹ 38%	Marginal Costs² 60%	Size Factor³ 2%	Total Direct Grants
Allegany	1,948.37	\$1,750,681	\$2,395,932	\$555,450	\$4,702,063
Anne Arundel	13,401.25	10,169,200	16,479,665	0	26,648,864
Baltimore	17,000.28	12,764,916	20,905,431	0	33,670,348
Carroll	2,921.07	2,549,769	3,592,072	555,450	6,697,291
Cecil	1,888.30	1,676,492	2,322,063	555,450	4,554,005
Chesapeake	2,434.84	2,015,102	2,994,150	555,450	5,564,701
Frederick	4,041.76	2,922,000	4,970,197	0	7,892,197
Garrett	656.17	854,905	806,899	555,450	2,217,255
Hagerstown	3,027.55	2,533,553	3,723,012	555,450	6,812,015
Harford	4,885.03	3,711,993	6,007,175	0	9,719,168
Howard	6,262.86	4,588,575	7,701,508	0	12,290,083
Montgomery	17,423.46	13,556,651	21,425,821	0	34,982,472
Prince George’s	10,616.16	8,429,470	13,054,809	0	21,484,279
Southern Maryland	5,423.66	3,912,278	6,669,534	0	10,581,813
Wor-Wic	2,924.42	2,439,236	3,596,191	555,450	6,590,878
Total	94,855.18	\$73,874,824	\$116,644,459	\$3,888,149	\$194,407,432

¹Based on formula distribution from the prior fiscal year.

²Based on the distribution of full time equivalent students in the second prior fiscal year.

³Distributed equally among the colleges with less than 80% of the median full time equivalent students in the second prior fiscal year. For fiscal 2011, 80% of the median equaled 3,233.4 full time equivalent students.

Source: Department of Legislative Services

Special Provisions

By statute, counties are required to contribute no less than an amount equal to the amount provided in the previous fiscal year for their local community colleges. This maintenance of effort requirement was waived from 1992 to 1994 during the State's fiscal crisis.

Baltimore City Community College became a State agency July 1, 1990, when the State assumed full funding for the institution. This occurred due to management inefficiencies, ineffective resource allocation, a lack of quality teaching, and a curriculum that did not meet the needs of students. Fiscal 2011 funding was set in statute at \$40.2 million. Similar to the Cade formula, the college's funding has been impacted by mid-year reductions implemented by the Board of Public Works and changes in statute during the 2009 and 2010 legislative sessions (Chapter 487 of 2009 and Chapter 484 of 2010).

Legal Reference

Education Article, Sections 16-305, 16-308, and 16-512

Community College Retirement

Qualifying local community college employees are eligible to be members of one of two defined benefit plans. The first plan, available to employees hired before 1980, is the State Teachers' Retirement System. The second is the State Teachers' Pension System, for employees hired since 1980. Both systems are maintained and paid for by the State and guarantee a monthly retirement allowance based on a predetermined formula.

The State also offers a defined contribution plan, the Optional Retirement System. Employees who are eligible for either the teachers' retirement or pension systems are also eligible for the Optional Retirement System. Under this program, the employee and employer both make contributions toward investment products whose performance determine the retiree's monthly payments.

Baltimore City Community College employees are considered State employees and are eligible for the same benefits as other State and community college employees. Retirement costs for Baltimore City Community College employees are included in the budget for the college.

In fiscal 2011, the State spent \$33.7 million toward the regular retirement programs and \$13.8 million toward the optional retirement program. Since fiscal 2007, the cost of these programs grew by 72.2%, with costs for the State retirement and pension systems increasing 97.1%, and costs for the optional retirement program increasing 38.1%. Exhibit 17.4 shows the distribution of fiscal 2011 payments for the regular and optional retirement plans.

Exhibit 17.4
Community College Teachers' Retirement
Fiscal 2011
(\$ in Thousands)

College	Regular Plan	Optional Plan	Total
Allegany	\$1,437.9	\$175.9	\$1,613.8
Anne Arundel	3,619.7	1,755.4	5,375.0
Baltimore	5,228.4	2,112.3	7,340.7
Carroll	784.0	344.2	1,128.1
Cecil	485.9	358.5	844.4
Chesapeake	899.4	354.8	1,254.2
Frederick	1,192.4	676.4	1,868.8
Garrett	276.0	226.6	502.7
Hagerstown	1,027.2	326.6	1,353.8
Harford	1,685.4	455.5	2,140.9
Howard	1,959.0	1,106.8	3,065.8
Montgomery	8,569.8	3,932.4	12,502.2
Prince George's	4,008.8	707.9	4,716.7
Southern Maryland	1,654.5	974.3	2,628.8
Wor-Wic	884.1	316.4	1,200.5
Total	\$33,712.5	\$13,824.0	\$47,536.5

Source: Department of Legislative Services

Legal Reference

Education Article, Section 16-306 and State Personnel and Pensions Article, Section 21-308

Community College Construction Grant Program

State assistance for construction and capital improvements at community colleges is provided in accordance with provisions of the Education Article and regulations approved by the Board of Public Works. State support is based on two criteria:

- the percentage of a program eligible for state support; and
- the State/local cost sharing formula defined in statute.

Regional colleges may receive up to 75% State support while other community colleges may receive between 50% and 70% State support, depending on the wealth of the jurisdiction. Construction funds may be used to acquire, design, construct, renovate, or equip community college buildings. Community colleges eligible for funding through the grant program received \$78.7 million in fiscal 2011; Exhibit 17.5 shows the distribution of funding to the colleges. Baltimore City Community College, as a State agency, receives full funding by the State for capital projects.

Exhibit 17.5
Authorized Capital Funding for Community Colleges
Fiscal 2011
(\$ in Thousands)

College	Total
Allegany	\$790
Anne Arundel	4,935
Baltimore	2,452
Carroll	0
Cecil	0
Chesapeake	268
Frederick	593
Garrett	0
Hagerstown	11,125
Harford	7,904
Howard	9,465
Montgomery	20,326
Prince George's	9,097
Southern Maryland	5,329
Wor-Wic	9,375
Subtotal	\$81,659
Program Fund Balance	-2,914
Total	\$78,745

Source: Department of Legislative Services

Legal Reference

Education Article, Section 11-105(j)

Other Community College Grant Programs

Community colleges receive additional support from several smaller grant programs, which are summarized in Exhibit 17.6. In fiscal 2011, the miscellaneous grant programs totaled \$14.2 million, a 5.3% increase from fiscal 2007.

Unrestricted Small College Grants

When the Cade Funding Formula began, it put a greater emphasis on enrollment as the basis for distributing funds and less of a focus on prior year funding. As a result, State funding to the smaller community colleges decreased. To account for this reduction, Chapter 105 of 1997 provided additional grants to seven small community colleges. In 1998, Chapter 570 required funding to equal \$2.0 million from fiscal 1999 to 2002.

Chapter 584 of 2000 increased the small college grants to \$2.5 million in fiscal 2003 and provided for annual inflationary adjustments after fiscal 2003. The increase is tied to the percentage increase in funding to public four-year institutions. In fiscal 2011, three colleges received \$659,270 and four colleges received \$329,635. In addition, Chapter 350 of 2002 allowed Allegany College and Garrett College to receive annual unrestricted grants of \$360,000 and \$240,000, respectively, which are not increased for inflation. Small college aid totaled \$3.9 million in fiscal 2011.

Tuition Programs

For certain students, the State pays some or all of the difference between in-county and out-of-county or out-of-state tuition rates:

- Statewide Programs (\$6.0 million) pays the difference between in-county and out-of-county or out-of-state tuition rates for students enrolled in health manpower shortage programs.
- The West Virginia/Garrett Agreement (\$142,661) allows students from West Virginia to attend Garrett College at in-county rates, with the State paying Garrett College an amount equal to full formula support for each full-time equivalent West Virginia student enrolled under the agreement.
- The Somerset Grant Program (\$373,065) allows students from Somerset County to attend Wor-Wic Community College at in-county rates, with the State paying half of the difference between in-county and out-of-county rates and Somerset County paying the other half.

Innovative Partnerships for Technology Programs

Initially established by Chapter 601 of 1998, the State provided matching funds for technology donations made to community colleges between 1999 and 2002.

Chapter 413 of 2002 extended the program through fiscal 2006. Final funding for the program was appropriated in fiscal 2010, and the program has since concluded.

English for Speakers of Other Languages

This program provides added State funding to community colleges based on enrollments of students who speak English as a second language. Each college receives \$800 per qualified full-time equivalent student. Chapter 262 of 2006 increased the annual State limit on program funding to \$6.0 million for local colleges, and fiscal 2011 State aid for the program totaled \$3.8 million. Baltimore City Community College also receives State funding for students who do not speak English as their first language.

Exhibit 17.6
Funding for Other Community College Grant Programs
Fiscal 2011

College	Small College Grants ¹	Statewide Programs ²	West Virginia/Garrett Reciprocity Grant	Somerset Grant	English for Speakers of Other Languages
Allegany	\$1,019,270	\$0	\$0	\$0	\$1,091
Anne Arundel	0	0	0	0	290,432
Baltimore	0	0	0	0	552,616
Carroll	329,635	0	0	0	38,344
Cecil	329,635	0	0	0	9,664
Chesapeake	329,635	0	0	0	58,200
Frederick	0	0	0	0	98,744
Garrett	899,270	0	142,661	0	0
Hagerstown	659,270	0	0	0	59,016
Harford	0	0	0	0	65,112
Howard	0	0	0	0	503,752
Montgomery	0	0	0	0	1,906,056
Prince George's	0	0	0	0	220,320
Southern Maryland	0	0	0	0	1,632
Wor-Wic	329,635	0	0	373,065	7,168
Total	\$3,896,350	\$5,947,050	\$142,661	\$373,065	\$3,812,147

¹Includes additional small college grants of \$360,000 for Allegany College of Maryland and \$240,000 for Garrett College.

²A portion of the funding is allocated to all community colleges.

Source: Department of Legislative Services

For more information on the State's community colleges, including the legislative history of each community college aid program, see *Volume IX – Education* of the Legislative Handbook Series.

Chapter 18. Public Safety State Aid

Local governments assume the primary responsibility for most public safety services in Maryland. County and municipal governments spent \$3.2 billion on public safety services in fiscal 2009, accounting for 10.9% of county spending and 21.9% of municipal spending. Public safety is the second largest component of both county and municipal spending. To help local governments fund public safety services, the State provided \$83.0 million in financial assistance in fiscal 2011. Most of this funding is targeted to police protection, with funding for fire protection accounting for about 12% of State public safety aid. From fiscal 2007 to 2011, State funding for local public safety agencies decreased by 22.0% as shown in Exhibit 18.1. The allocation of public safety aid in fiscal 2011 for each county is provided in Exhibit 18.2.

Exhibit 18.1
Public Safety Aid Programs – Funding Trend
(\$ in Millions)

Aid Program	FY 2007	FY 2011	Difference	Percent Difference
Police Aid Formula	\$64.9	\$45.4	-\$19.4	-30.0%
Targeted Crime Grants	13.3	13.0	-0.3	-2.3%
Vehicle Theft Prevention	2.3	1.9	-0.4	-19.2%
Other Police Grants	3.1	3.3	0.2	7.3%
Fire Aid Formula	10.0	10.0	0.0	0.0%
9-1-1 Emergency Grant	12.9	9.4	-3.5	-27.2%
Total	\$106.5	\$83.0	-\$23.5	-22.0%

Source: Department of Legislative Services

Exhibit 18.2
Public Safety Aid Programs by County
Fiscal 2011

County	Police Aid	Fire Aid	Targeted/Other	Total Aid	Per Capita Aid
Allegany	\$565,744	\$240,240	\$0	\$805,984	\$11
Anne Arundel	4,323,397	805,651	174,000	5,303,048	10
Baltimore City	53,839	930,294	7,192,022	8,176,155	13
Baltimore	6,317,434	1,160,698	0	7,478,132	9
Calvert	513,835	200,000	0	713,835	8
Caroline	223,356	208,977	0	432,333	13
Carroll	1,044,214	263,975	0	1,308,189	8
Cecil	635,123	205,616	0	840,739	8
Charles	800,823	241,502	0	1,042,325	7
Dorchester	248,740	217,331	0	466,071	15
Frederick	1,491,173	362,941	0	1,854,114	8
Garrett	154,606	200,000	0	354,606	12
Harford	1,785,739	376,203	0	2,161,942	9
Howard	2,256,458	392,287	0	2,648,745	9
Kent	130,799	204,139	0	334,938	17
Montgomery	9,846,736	1,282,556	0	11,129,292	11
Prince George's	11,694,871	1,131,876	3,760,902	16,587,649	20
Queen Anne's	266,490	200,000	0	466,490	10
St. Mary's	558,918	200,000	0	758,918	7
Somerset	161,907	215,666	0	377,573	15
Talbot	264,152	238,684	0	502,836	14
Washington	959,605	230,022	0	1,189,627	8
Wicomico	665,452	230,167	0	895,619	10
Worcester	457,571	261,176	0	718,747	15
Unallocated	0	0	16,488,428	16,488,428	3
Total	\$45,420,982	\$10,000,001	\$27,615,352	\$83,036,335	\$15

Source: Department of Legislative Services

Police Protection

State and local governments share law enforcement responsibilities in most counties with local sheriffs and police departments acting as the primary local law enforcement agency and the State Police focusing on traffic management and specialized services. Under the Maryland Constitution, each county and Baltimore City is required to elect a sheriff, who is by common law the primary public safety officer of the jurisdiction. State law also authorizes counties to provide for a separate county police force. Local governments maintaining county police forces include Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties, along with Baltimore City. The law is silent on the specific duties of these county law enforcement agencies. In practice, county police departments have become the primary law enforcement agencies in these counties. The sheriff's departments in these counties primarily support judicial functions such as courtroom security and service of process. In fiscal 2009, the most recent data available, county governments and Baltimore City spent \$1.4 billion on police protection and municipal governments spent over \$207 million.

Although the responsibility for funding local law enforcement agencies lies primarily with local governments, the State supports local law enforcement activities by providing two different types of grants to local jurisdictions. The largest portion of State funding is allocated through a statutory formula (State Aid for Police Protection Fund) with smaller amounts distributed through targeted grants (*i.e.*, drug enforcement grants, community policing grants, violent crime grants, gun violence reduction grants, and vehicle theft prevention grants). In fiscal 2011, State assistance to local law enforcement agencies totaled \$63.6 million.

Fire Protection

Funding for fire protection in Maryland comes from three basic sources: (1) fundraising by individual fire companies, (2) local government contributions, and (3) State grants. Information on the amount of funds raised by individual fire companies is not known. In many counties, fire companies rely heavily on local fundraising activities as a revenue source. In fiscal 2009, county governments and Baltimore City spent \$857.8 million on fire protection and municipal governments spent over \$50 million. State funding for local fire protection totals around \$10 million annually. State funding is provided through the Senator Amoss Fire, Rescue, and Ambulance Fund and the Volunteer Company Assistance Fund. These State programs assist with the purchase of fire and rescue apparatus, capital equipment, and facilities. In addition, local governments received approximately \$9.4 million in fiscal 2011 for their emergency communication systems.

For more detailed information on the organization of and fiscal relationship between the State and the counties with regard to the State's public safety systems, see *Volume II – Government Services in Maryland* of the Legislative Handbook Series.

State Aid for Police Protection Fund (Police Aid Formula)

Grants are made to the counties and qualifying municipal corporations for the exclusive purpose of providing adequate police protection. They are provided under the State Aid for Police Protection Fund, which was established in 1967. Qualifying expenditures under this fund include salaries and wages, other operating expenses, capital outlays from current operating funds, and properly identifiable debt service paid for police protection. Expenditures for sheriffs and constables are included only to the extent that such officers perform police protection functions. Expenditures for traffic control, park police, and a central alarm system are included. Expressly prohibited are expenditures for collecting from or servicing parking meters and for jail construction or operating costs. Chapter 515 of 2008 transferred administration of the fund from the Department of State Police to the Governor's Office of Crime Control and Prevention.

Municipal corporations receive a share of these grants. To qualify for grants, a municipal corporation must have a minimum expenditure for police protection of \$5,000 annually and employ at least one qualified full-time police officer or have a minimum expenditure for police protection of \$80,000 annually and employ at least two qualified part-time officers from a county police department or county sheriff's department.

Baltimore City was excluded from the formula beginning in fiscal 1992 due to the State's assumption of the Baltimore City Detention Center. Baltimore City would have received about \$38 million in police aid in fiscal 1992. Beginning with fiscal 1997, Chapters 587 and 588 of 1996 provided the city with a supplemental grant of 50 cents per capita for police aid. The legislation authorizing the State assumption of the city detention center also provided for State operation of a central booking facility for Baltimore City by fiscal 1995. The fiscal 2011 State appropriation for the Baltimore City Detention Center and the central booking facility totaled \$150.9 million, of which \$141.3 million were State general funds.

Distribution

Essentially, the police aid formula distributes funds on a per capita basis. Exhibit 18.3 shows the allocation of police aid for each county in fiscal 2011. The components of the current formula are discussed below.

Share in Basic Expenditure

The State pays to each subdivision any police expenditures over 0.09% of its wealth base (net taxable income + adjusted assessable base) up to \$6 per capita. Inflation has made this calculation obsolete because 0.09% of every jurisdiction's wealth base exceeds the \$6 cap.

Exhibit 18.3 State Aid for Police Protection (Police Aid Formula) Fiscal 2011

County	County Amount	Municipal Amount	Total
Allegany	\$130,595	\$435,149	\$565,744
Anne Arundel	3,619,647	703,750	4,323,397
Baltimore Citv	53.839	0	53.839
Baltimore	6,317,434	0	6,317,434
Calvert	470.600	43.235	513.835
Caroline	107,710	115,646	223,356
Carroll	620,224	423,990	1,044,214
Cecil	339,064	296,059	635,123
Charles	752,332	48,491	800,823
Dorchester	76,816	171,924	248,740
Frederick	664,585	826,588	1,491,173
Garrett	133,250	21,356	154,606
Harford	1,265,323	520,416	1,785,739
Howard	2,256,458	0	2,256,458
Kent	72,685	58,114	130,799
Montgomery	8,682,015	1,164,721	9,846,736
Prince George's	9,270,447	2,424,424	11,694,871
Queen Anne's	225,490	41,000	266,490
St. Mary's	553,152	5,766	558,918
Somerset	66,926	94,981	161,907
Talbot	55,257	208,895	264,152
Washington	388,156	571,449	959,605
Wicomico	259,186	406,266	665,452
Worcester	93,769	363,802	457,571
Total	\$36,474,960	\$8,946,022	\$45,420,982

Source: Department of Budget and Management; Department of Legislative Services

Share over Basic Expenditure

The State pays each subdivision 25% of the police expenditures over \$6 per capita; however, State aid is capped at different per capita amounts depending on a county's population density. In general, higher density jurisdictions receive more aid.

Minimum Grant

The State guarantees a minimum \$2.50 per capita grant to each subdivision (based on aid received under the first two components described above). In addition, no subdivision whose population is less than the 1969 estimate, the first year of the grant, receives less police aid than it received in any year since 1969, provided the subdivision has not reduced its local expenditures for police protection since any prior high-grant year. The minimum grant applied to Allegany, Garrett, and Somerset counties in fiscal 2011.

Incentive Grant

The State pays each subdivision with a population density under 500 per square mile a grant of \$2 per capita. In fiscal 2011, this grant impacted the following counties: Allegany, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Garrett, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester.

Supplemental Grant

In accordance with Chapters 587 and 588 of 1996, the State pays each county and municipal corporation a grant of \$2.50 per capita, while Baltimore City receives 50 cents per capita. Before the legislation, the supplemental grant was \$2.00 per capita, Baltimore City received no aid, and the counties shared the grant with municipal corporations based on a locally negotiated formula. In addition, Chapter 265 of 2006 required the State to pay to those subdivisions bordering the District of Columbia (Montgomery and Prince George's counties) 50 cents for each county resident living within one mile of the border; this supplemental grant began in fiscal 2008.

Additional Grant

The State pays each subdivision an additional grant equal to the greater of 10% of the total grants (excluding the supplemental grant) or \$1 per capita.

Minimum Payment (Hold Harmless) Grant

The State pays any subdivision, whose total police aid grant in the current year is less than its 1984 grant, an amount equal to the difference between its current year grant and the 1984 grant. No county received this grant in fiscal 2011.

Municipal Sworn Officer Grant

Each qualifying municipal corporation (excluding Baltimore City) receives \$1,950 for each sworn police officer actually employed on a full-time basis.

Payments (with the exception of the supplemental grant and sworn officer grants) made to each county are also apportioned between the county and its qualifying municipal corporations on the basis of relative police expenditures.

Crime Laboratory Reduction

The Budget Reconciliation and Financing Act of 2003 (Chapter 203 of 2003) directed the State to recover 30% of the State crime laboratory's costs related to evidence-testing services from local jurisdictions. Accordingly, by statute, each jurisdiction, beginning in fiscal 2004, has its police aid formula allocations reduced based on the jurisdiction's share of the total Part I crime in the State, and the remaining portion of the reduction is based on the assessable wealth of each jurisdiction. Part I crimes include murder, forcible rape, robbery, assault, breaking and entering, larceny-theft, and motor vehicle theft. The crime laboratory reduction for fiscal 2011 totaled \$2.8 million.

Legal Reference

Article 41, Sections 4-401 through 4-406

Governor's Office of Crime Control and Prevention

Through the Governor's Office of Crime Control and Prevention, the State also is involved in coordinating criminal justice programs and administering various federal public safety grants. The office, established by executive order, provides State and local planning, develops policy, and analyzes criminal and juvenile justice issues. Federal and State criminal justice and law enforcement grant programs, which are distributed to State and local government agencies and nonprofit organizations, are administered by the office. In addition, the office has several advisory commissions that focus on juvenile justice, crime victims, drug-free schools, and neighborhood crime prevention; the office is also a statutory participant in numerous councils, boards, and commissions.

The Governor's Office of Crime Control and Prevention was reorganized in fiscal 2008 to streamline grant oversight, and to oversee targeted crime fighting grants. It now serves as the focus of statewide criminal justice initiatives, specializing in forming cross-jurisdictional cooperation both geographically and authoritatively. The office is Maryland's clearinghouse for innovative crime-fighting methods and implementing best practices.

Once only a grant monitoring agency, the office has become more involved with the State's crime-fighting initiatives. Some programmatic examples are (1) tracking of violent offenders across jurisdictional lines; (2) email alerts of parolee arrests in other jurisdictions; (3) inmate HIV testing; (4) sharing gang intelligence between prisons and local law enforcement; and (5) reducing the backlog of DNA searches.

Targeted Crime Grants

State funding for targeted crime grants totaled \$13.0 million in fiscal 2011. Most of the funds were targeted to Baltimore City and Prince George's County, which lead the State in violent crime. Funding for body armor, domestic violence, and gun violence grants are provided on a statewide basis. Baltimore City and Prince George's County have great flexibility in the use of the grant funding. Other than approval of plans for using violent crime grants, there are no restrictions or requirements attached to these targeted grants. Exhibit 18.4 shows the level of State funding for these programs in fiscal 2011.

Capital City Safe Streets

On February 21, 2008, the Governor, the Speaker of the House, the Mayor of Annapolis, the U.S. Attorney for Maryland, and local officials announced a comprehensive plan to reduce crime in Annapolis and signed a memorandum of understanding establishing the Capital City Safe Streets Coalition. The grant funding for this program totaled \$174,000 in fiscal 2011.

Police Foot Patrol Grant

This grant provides \$2.8 million to Baltimore City to deploy additional police officers on the city's streets for the purpose of improving communication with city residents and deterring criminal activity. Funding for this grant began in fiscal 1987.

Community Policing Grant

This grant provides about \$2.0 million to Baltimore City for the purpose of enhancing community policing programs. Funding for this grant began in fiscal 1996.

Violent Crime Grant

This grant provides \$2.5 million to Baltimore City and \$2.3 million to Prince George's County for the purpose of combating violent crime. The jurisdictions must submit proposals outlining their intended use of the funds for approval. Funding for this grant began in fiscal 1993.

Drug Enforcement Grant

This grant provides \$1.5 million to Prince George's County to fight narcotics trafficking. Funding for this grant began in fiscal 1989.

Domestic Violence Grant

This grant began in fiscal 2001 with an annual appropriation of about \$200,000 in federal funds to support law enforcement agencies' enforcement and investigation of domestic violence incidents in rural areas of Maryland.

Gun Violence Reduction Grant

This grant provides nearly \$1.0 million in funding to local law enforcement agencies and State's Attorney's offices for the purpose of curtailing gun violence in Maryland. The grant was established by the Responsible Gun Safety Act of 2000 and was first funded in fiscal 2002.

Body Armor Grant

This grant provides \$49,100 to law enforcement agencies for the purchase of protective body armor for police officers.

Sex Offender and Compliance Enforcement in Maryland

The Sex Offender and Compliance Enforcement in Maryland Program provides resources to all 24 designated State law enforcement agencies responsible for the registration and re-registration of sex offenders in the offender registry. Current grant funding through the Governor's Office of Crime Control and Prevention assists State and

local law enforcement agencies in the enforcement of registration and compliance requirements. The fiscal 2011 grant amount was \$728,900.

Exhibit 18.4
Targeted Crime Grant Funding
Fiscal 2011

	<u>Aid Amount</u>	<u>Percent of Total</u>
Anne Arundel County		
Capital City Safe Streets	<u>174,000</u>	<u>1.3%</u>
Subtotal	\$174,000	1.3%
Baltimore City		
Foot Patrol	2,763,600	21.2%
Violent Crime	2,454,422	18.8%
Community Policing	<u>1,974,000</u>	<u>15.1%</u>
Subtotal	\$7,192,022	55.2%
Prince George's County		
Drug Enforcement	1,464,610	11.2%
Violent Crime	<u>2,296,292</u>	<u>17.6%</u>
Subtotal	\$3,760,902	28.9%
Statewide		
Body Armor	49,088	0.4%
Domestic Violence	196,354	1.5%
Sex Offender	728,916	5.6%
Gun Violence Reduction	<u>928,478</u>	<u>7.1%</u>
Subtotal	\$1,902,836	14.6%
Total	\$13,029,760	100.0%

Source: Department of Legislative Services

Other Public Safety Grants

In recent years, the State has created several public safety grant programs to deal with specific issues within local law enforcement agencies. For example, the School Bus Safety Enforcement Fund assists law enforcement agencies in addressing the problem of drivers illegally failing to stop for school vehicles. The fund was established in fiscal 2000 and was administered by the State Police until it was transferred to the Governor's Office of Crime Control and Prevention by Chapter 87 of 2008. The fund consists of a

portion of the fines assessed on uninsured motorists, investment earnings, and any other money deposited to the fund. It receives about \$600,000 from uninsured motorist penalties annually. State funding in fiscal 2011 for the School Bus Safety Enforcement Fund was \$550,000 (plus an additional \$50,000 for administrative purposes).

The Baltimore City State's Attorney's Office received \$2.0 million in fiscal 2011 to assist in the prosecution of gun offenses and repeat violent offenders, and the city received an additional \$716,400 to offset expenses associated with operating its "war room," which was launched in 2003 as a collaborative effort between the Baltimore City State's Attorney's Office and State Parole and Probation officials to collect and analyze information about repeat, violent offenders for use at their bail review hearings.

Legal Reference

Annual Budget Bill

Vehicle Theft Prevention Program

In 1992, the Governor's Commission on Vehicle Theft and Related Crimes was established to address the rise in vehicle thefts. Based on the commission's recommendations, legislation was enacted in 1994 that established the Vehicle Theft Prevention Council and the Vehicle Theft Prevention Fund (Chapter 459 of 1994). Both the council and fund were to terminate on July 1, 1997; however, the General Assembly twice extended the sunset date to July 1, 2000 (Chapter 434 of 1997), and to July 1, 2003 (Chapter 338 of 2000). The Budget Reconciliation and Financing Act of 2002 (Chapter 440) repealed the sunset date.

The Maryland Vehicle Theft Prevention Council is statutorily charged with assisting local jurisdictions with the highest incidence of vehicle thefts in prevention and deterrence efforts. Grants from the fund are made to "enhance and complement" existing resources.

The Vehicle Theft Prevention Program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for the purpose of establishing vehicle theft prevention, deterrence, and educational programs and enhancing prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a nonlapsing dedicated fund that receives up to \$2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for this program totaled \$2.2 million in fiscal 2009 and \$1.9 million in fiscal 2011.

Distribution

The Vehicle Theft Prevention Council, a unit within the Maryland State Police, assists in the prevention and deterrence of vehicle theft and related crime. One of the council's functions is to make grants to support the development of vehicle theft prevention programs in local jurisdictions. The council targets these funds to jurisdictions that have the highest auto theft rates in the State. With 13 appointed members, the council includes representatives of law enforcement, State's Attorneys' offices, automobile insurers, State government, and the general public. The council awards grants based upon the review of applications submitted by various law enforcement and community organizations. Exhibit 18.5 shows grants awarded for fiscal 2009.

Legal Reference

Public Safety Article, Sections 2-701 through 2-703
Transportation Article, Section 17-106

Exhibit 18.5
Vehicle Theft Prevention Program
Fiscal 2009 Allocation

Anne Arundel County	
Anne Arundel County Police Department	\$65,000
Annapolis City Police Department	30,000
Baltimore City	
Baltimore City State's Attorney	41,000
Community Conferencing Center	30,000
Northwest Citizens' Patrol Group	30,000
Baltimore County	
Baltimore County Police Department	452,000
Baltimore County State's Attorney	125,000
Charles County	
Charles County Sheriff's Office	70,000
Harford County	
Charles County Sheriff's Office	50,000
Howard County	
Howard County Police Department	130,000
Montgomery County	
Montgomery County Police Department	205,000
Prince George's County	
Prince George's County Police Department	305,000
Prince George's County State's Attorney's Office	210,000
Old Mill Foundation	15,000
Take Charge of Your Life Juvenile Diversion Program, Inc.	150,000
Maryland State Agencies	
Maryland State Police – Auto Theft Unit	172,000
MD Community Crime Prevention Institute	23,500
Vehicle Theft Prevention Council – Public Awareness	40,000
Other	
Industry Merged with Police Against Car Theft – IMPACT	90,000
MD/DC/DE Broadcasters' Association	10,000
Total	\$2,243,500

Source: Maryland Vehicle Theft Prevention Council, 2008 Annual Report

Senator Amoss Fire, Rescue, and Ambulance Fund

The State provides formula grants to counties, Baltimore City, and qualifying municipal corporations for local and volunteer fire, rescue, and ambulance services through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund (fire aid formula) established in 1985. Chapters 100 and 101 of 2005 transferred the functions, powers, duties, assets, and liabilities of the fund from the Department of State Police to the Maryland Emergency Management Agency. Although the statute specifies the distribution of the funds, the amount available for distribution depends upon the amount provided in the annual State budget. Part of the revenues from a surcharge on vehicle registrations funds these grants.

Distribution

State funding for this program has totaled \$10 million annually in recent years. Funding is based on each county's proportionate share of property tax accounts (including vacant unimproved properties) relative to the statewide total, as certified by the State Department of Assessments and Taxation.

Qualified municipal corporations in the county are guaranteed to receive a percentage of funds received by the county equal to one-half of the proportion that the municipalities' expenditures bear to the county's expenditures. To be eligible for the distribution, a municipal corporation must spend more than \$25,000 from municipal revenues for fire protection. Each county is guaranteed a minimum 2% share of the total funds, in addition to the amounts that are distributed to qualifying municipal corporations.

Special Provisions

Counties and municipal corporations must allocate their State grants to departments, stations, or companies, including volunteer companies, based on need. Funds may be used for acquisition or rehabilitation of fire or rescue apparatus or capital equipment or for rehabilitation of facilities to house equipment. State grants may not be used for administrative or operating costs; fuel, utility, or routine maintenance costs of facilities or equipment; fundraising; insurance; land acquisition; 9-1-1 emergency service; or debt service. To be eligible for State grants, a county must maintain a level of local spending for fire protection services equal to the average expenditure for the three preceding fiscal years. Allowable local expenditures may include local appropriations for fire protection, rescue, and ambulance services (less salaries, benefits, and administrative costs) and bonds to finance facilities housing fire protection, rescue, and ambulance services equipment. In Carroll County, allowable local expenditures exclude loans to

volunteer companies secured by the volunteer company's indebtedness, if the loan is derived from bonds to finance facilities housing fire protection, rescue, and ambulance services equipment. County expenditures for fire protection must at least match the State aid.

Legal Reference

Public Safety Article, Sections 8-101 through 8-106.

Other Fire Grant Programs

In addition to formula grants, the State supplements funding to volunteer fire companies through the Volunteer Company Assistance Fund, a special, nonlapsing fund that assists volunteer fire, rescue, and ambulance companies with the cost of purchasing or refurbishing fire and rescue equipment and updating or replacing facilities needed to house equipment. A volunteer company receiving a grant must provide at least a 30% match of the award amount, and loans from the fund may only be awarded to assist with up to 75% of the total cost of equipment or facilities being purchased. The Budget Reconciliation and Financing Act of 2004 merged the Emergency Assistance Trust Account and the Low Interest Revolving Loan Fund into the Volunteer Company Assistance Fund. The Governor may include in the State budget each year an appropriation to the fund, after consultation with the Maryland State Firemen's Association. Any investment earnings of the Volunteer Company Assistance Fund must be credited to the fund. In addition, repayments on loans from the Volunteer Company Assistance Fund must be placed in the fund and made available to fund grant or loan requests.

Beginning in 2006, a \$7.50 surcharge was attached to certain motor vehicle violations to help fund both the Volunteer Company Assistance Fund and the State Police Helicopter Replacement Fund. Legislation enacted during the 2010 session expanded the list of eligible violations and altered the distribution of the collected surcharges. As of October 1, 2010, collected surcharges will be credited entirely to the Volunteer Company Assistance Fund until a total of \$20 million has been credited to the fund. After the threshold has been met, 100% of the collected surcharges will be credited to the State general fund. State police helicopter needs will be addressed through capital budget appropriations.

For the purpose of making loans under these provisions, the association must develop loan criteria and loan terms (including interest rates) and recommend the approval or denial of loans. The State's fiscal 2011 budget included \$2.1 million for the

Volunteer Company Assistance Fund, of which \$400,000 was available for grants to local fire companies.

Legal Reference

Public Safety Article, Sections 8-201 through 8-206
Courts and Proceedings Article, Section 7-301(f)

9-1-1 Emergency Telephone System

Maryland's 9-1-1 emergency telephone system statute was enacted in 1979. The law requires all counties and Baltimore City to establish an operational 9-1-1 system and creates the 9-1-1 Trust Fund to assist counties in funding these systems. In 1990, the law was amended to require all counties and Baltimore City to have enhanced systems in place by July 1, 1995. Enhanced systems are capable of providing the street address of the caller. In addition, Chapter 451 of 2003 required the establishment of wireless enhanced 9-1-1 service (also known as Wireless Phase II) in the State. All Maryland counties have enhanced 9-1-1 systems and are also Wireless Phase II operational. The Emergency Number Systems Board defines operational as having all the necessary equipment and having 50% or more of the carriers in that particular county transmitting caller location information.

Distribution

Oversight of local 9-1-1 systems is provided by the Emergency Number Systems Board, which reports to the Secretary of Public Safety and Correctional Services. The board administers both local and State 9-1-1 fees that are placed on telephone subscribers' monthly statements (25 cents State/up to 75 cents local). The 25-cent State fee goes into a trust fund that provides reimbursements to counties for enhancements/improvements to their systems that are approved by the Emergency Number Systems Board. The funding provided by the collection of the county "additional fee" may be used to defray the operational and personnel costs associated with providing 9-1-1 service in that jurisdiction. Counties may only use funding from the "additional fee" to supplement county spending levels for 9-1-1 maintenance or operations and may not use trust fund money to supplant such spending. The county fee on average covers about 41% of the actual 9-1-1 center operating costs. The remaining funding must be covered by local revenues. State funding to local 9-1-1 emergency systems totaled \$9.4 million in fiscal 2011.

Legal Reference

Public Safety Article, Sections 1-301 through 1-312

Local Jails and Detention Centers Grant Program

In general, correctional facilities in the State are handled through a bifurcated system, with short-term inmates held at the local level and those with longer sentences incarcerated by the State. The State prison system incarcerates prisoners with sentences of more than a year. This minimum sentence was raised from three months in 1986. Judges may sentence convicts to local detention centers if the sentence is 18 months or less. If the sentence is a year or less, the inmate must be assigned to a local facility. Local correctional systems also handle those inmates awaiting trial and those awaiting transfer to State or federal custody.

Persons sentenced in Baltimore City are generally incarcerated in State Division of Correction facilities. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detention.

In order to meet the needs of growing inmate populations at the local level, the State pays a minimum of 50% of eligible costs for construction or expansion of local detention centers. If a county can demonstrate that a portion of the expansion is necessary to house additional offenders serving between 6- and 12-month sentences due to sentencing changes made by Chapter 128 of 1986, then the State provides 100% of funding for that portion of the project. The Department of Public Safety and Correctional Services processes the applications for State funding. The department determines the portion of the project cost eligible for State participation. State funds may only be used for costs directly related to incarceration. As shown in Exhibit 18.6, from fiscal 2007 through 2011, the General Assembly authorized \$57.6 million for capital projects at local detention facilities.

Exhibit 18.6
Local Correctional Facilities
Authorized Capital Funding
Fiscal 2007-2011

County	Total
Allegany	\$0
Anne Arundel	0
Baltimore City ¹	0
Baltimore	0
Calvert	0
Caroline	0
Carroll	0
Cecil	10,645,000
Charles	0
Dorchester	63,000
Frederick	7,401,000
Garrett	5,318,000
Harford	13,004,000
Howard	0
Kent	0
Montgomery	0
Prince George's	8,350,000
Queen Anne's	0
St. Mary's	6,211,000
Somerset	536,000
Talbot	0
Washington	1,494,000
Wicomico	0
Worcester	4,606,000
Total	\$57,628,000

¹Baltimore City's detention center is operated by the State

Source: Department of Legislative Services

Chapter 19. Transportation State Aid

While the State and local governments share the responsibility for providing transportation services and facilities in Maryland, the State retains the central role in planning and directing transportation projects and programs. The State constructs and maintains most of the State's major roads outside of Baltimore City, owns and operates the State's two largest airports (Baltimore Washington International Thurgood Marshall Airport in Anne Arundel County and Martin State Airport in Baltimore County), operates the Port of Baltimore, provides commuter rail service to both the Baltimore and Washington areas, subsidizes the Washington Metropolitan Area Transit Authority's operations in Montgomery and Prince George's counties, and owns and operates the mass transit system that serves the Baltimore metropolitan area.

The counties and municipalities construct and maintain local roads and own and operate small regional airports. Montgomery and Prince George's counties augment the Washington metropolitan area mass transit system and several other local governments provide modest transit services. Baltimore City constructs and maintains all roads, except Interstate 95, within the city.

In fiscal 2011, local governments received \$134.3 million in State aid for the construction and maintenance of local roads and \$7.2 million for special transit grants. Exhibit 19.1 illustrates how State aid to local governments for transportation purposes decreased by 74.8% between fiscal 2007 and 2011. The decrease in State funding is due to a significant transfer of local highway user revenues to the State's general fund to help balance the State budget. The transfers totaled \$298.1 million in fiscal 2010 and \$363.4 million in fiscal 2011. Exhibit 19.2 shows the amount of State aid for local transportation programs in each county and Baltimore City in fiscal 2011. For more information about the relationship between State and local transportation programs, see *Volume II – Government Services in Maryland* of the Legislative Handbook Series.

Exhibit 19.1
Transportation Aid Programs – Funding Trend
(\$ in Millions)

<u>Aid Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>	<u>Percent Difference</u>
Highway User Revenues	\$554.9	\$134.3	-\$420.6	-75.8%
Elderly/Disabled Grants	4.2	4.3	0.1	3.0%
Paratransit Grants	3.1	2.9	-0.1	-4.7%
Total	\$562.1	\$141.5	-\$420.6	-74.8%

Source: Department of Legislative Services

Highway User Revenues

Since the early 1900s, the State has shared motor vehicle-related revenues with the counties and Baltimore City. Initially these revenues consisted of vehicle registration fees. In 1927, when the gasoline tax increased from two to four cents per gallon, the State began sharing these taxes with local governments. In 1968, the General Assembly approved legislation essentially establishing the current formula for apportioning the county and municipal shares of highway user revenues. The legislation also initiated the sharing of motor vehicle titling taxes with the subdivisions. Legislation enacted in 1970 created the Maryland Department of Transportation and a consolidated Transportation Trust Fund. As provided by that legislation, the State shares with the counties, Baltimore City, and municipalities those revenues credited to the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund, more commonly referred to as “highway user revenues.” Currently, the revenues dedicated to the account include all or some portion of the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax.

Exhibit 19.2
Transportation Aid Programs
Fiscal 2011

County	Highway User Revenues	Elderly/Disabled	Paratransit	Total Aid	Per Capita Aid
Allegany	\$223,396	\$141,544	\$68,400	\$433,340	\$6
Anne Arundel	907,049	245,996	416,000	1,569,045	3
Baltimore City	124,816,287	379,335	0	125,195,622	196
Baltimore	1,203,079	395,836	0	1,598,915	2
Calvert	201,872	127,003	76,099	404,974	5
Caroline	146,911	120,217	40,000	307,128	9
Carroll	419,577	151,029	0	570,606	3
Cecil	231,434	134,073	0	365,507	4
Charles	294,055	137,609	175,848	607,512	4
Dorchester	163,159	122,724	50,000	335,883	10
Frederick	563,569	159,159	460,000	1,182,728	5
Garrett	181,776	119,664	0	301,440	10
Harford	482,205	170,371	40,592	693,168	3
Howard	444,761	162,520	430,000	1,037,281	4
Kent	83,067	120,217	0	203,284	10
Montgomery	1,311,419	379,108	0	1,690,527	2
Prince George's	1,151,125	332,819	446,663	1,930,607	2
Queen Anne's	165,246	122,064	0	287,310	6
St. Mary's	223,318	131,054	135,000	489,372	5
Somerset	96,318	117,447	96,667	310,432	12
Talbot	138,772	120,217	0	258,989	7
Washington	362,948	146,917	188,100	697,965	5
Wicomico	280,736	134,507	96,667	511,910	5
Worcester	203,926	134,508	206,666	545,100	11
Total	\$134,296,005	\$4,305,938	\$2,926,702	\$141,528,645	\$25

Source: Department of Legislative Services

Distribution

Historically, highway user revenues have been distributed to the Transportation Trust Fund for the Maryland Department of Transportation's capital program, debt service, and operating costs and to the counties, Baltimore City, and municipalities to assist in the development and maintenance of local transportation projects. In recent

years, a significant portion of highway user revenues has been diverted to the State's general fund to help balance the State's budget. Previously, the statutory distribution formula allocated 70.0% of highway user revenues to the department and 30.0% to local jurisdictions. However, the Budget Reconciliation and Financing Act of 2009 (Chapter 487) adjusted the State-local distribution of highway user revenues, beginning in fiscal 2012, to 71.5% to the Transportation Trust Fund and 28.5% to local jurisdictions.

As a result of the ongoing budget crisis facing the State, the Budget Reconciliation and Financing Act of 2010 (Chapter 484) altered the distribution of highway user revenues, significantly reducing the share of revenues distributed to the counties and municipalities, while increasing the portion going to the general fund. In accordance with Chapter 484, in fiscal 2011, the \$1.6 billion in estimated highway user revenues was distributed as follows: \$1.1 billion (68.5%) to the department; \$363.4 million (23.0%) to the general fund; \$124.8 million (7.9%) to Baltimore City; \$7.9 million (0.6%) to counties; and \$1.6 million (0.1%) to municipalities. In fiscal 2013 and future years, highway user revenues will be distributed as follows: 71.5% to the department; 19.3% to the general fund; 7.5% to Baltimore City; 1.4% to counties; and 0.3% to municipalities.

Exhibit 19.3 summarizes the distribution of highway user revenue in fiscal 2010 through 2013, and Exhibit 19.4 details recent and planned transfers of highway user revenue to the general fund. Since the estimated revenue allocation to local jurisdictions in fiscal 2011 and subsequent years is much less than in the recent past, local governments will be required to either cover a greater portion of their transportation service costs or reduce services.

Historically, Baltimore City has received a larger share of highway user revenue than other local jurisdictions. This is because the State does not conduct highway maintenance or construction in Baltimore City (except for portions of I-95) as it does in the counties. Before the recent changes, Baltimore City received the greater of \$157.5 million or 11.5% of the total highway user revenues plus 11.5% of any growth in the counties' share of highway user revenues over fiscal 1998 base levels. Through fiscal 2007, Baltimore City's share was capped at 12.25% of total highway user revenues. Beginning with fiscal 2008, Baltimore City's share increased slightly each year but never exceeded 13.6% of total highway user revenues. As a result of the 2009 and 2010 changes to the highway user allocations, the city's share of total highway user revenue fluctuated from 8.6% in fiscal 2010, to 7.9% in fiscal 2011, and to 7.5% in fiscal 2012 and future fiscal years.

Exhibit 19.3
Highway User Revenue Distribution
Fiscal 2010-2013
(\$ in Millions)

	Fiscal 2010		Fiscal 2011		Fiscal 2012		Fiscal 2013	
	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>
MDOT	70.0%	\$1,070.2	68.5%	\$1,082.3	71.5%	\$1,185.9	71.5%	\$1,257.5
General Fund	19.5%	298.1	23.0%	363.4	20.4%	338.4	19.3%	339.4
Baltimore City	8.6%	131.5	7.9%	124.8	7.5%	124.4	7.5%	131.9
Counties	1.5%	22.9	0.5%	7.9	0.5%	8.3	1.4%	24.6
Municipalities	0.4%	6.1	0.1%	1.6	0.1%	1.7	0.3%	5.3
Total	100.0%	\$1,528.9	100.0%	\$1,580.0	100.0%	\$1,658.6	100.0%	\$1,758.8

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

Exhibit 19.4
Highway User Revenue Transferred to the General Fund
Fiscal 2010-2015
(\$ in Millions)

<u>Fiscal Years</u>	<u>Amounts</u>
2010	\$298.1
2011	363.4
2012 (est.)	338.4
2013 (est.)	339.4
2014 (est.)	350.3
2015 (est.)	361.2

Source: Department of Legislative Services

For other local jurisdictions, the local share of highway user revenues is generally distributed to all counties and municipalities based upon road miles and vehicle registrations; however, the county share is based upon county only road miles and registrations, and the municipal share is based upon municipal only road miles and

registrations. Exhibit 19.5 shows the local highway user revenue distribution to counties in fiscal 2011 and Exhibit 19.6 shows the local highway user revenue distribution to municipalities in fiscal 2011.

Special Provisions

There are a variety of additional special provisions that shape transportation State aid, as summarized below.

- In order to qualify for highway user revenues, a county, municipality, or Baltimore City must certify that the revenues will be used in compliance with all applicable laws. Municipalities are further required to make a written request of the State Highway Administration for their shares of these funds at least six months before the start of the fiscal year. Any highway user revenues that are not distributed due to a local government's failure to make the required certification revert to the Transportation Trust Fund.
- Highway user revenues may be used by all jurisdictions for debt service on outstanding bonds, the construction and maintenance of county roads, and the cost of transportation facilities as defined by State law. These funds also may be used to establish and maintain footpaths, bridle paths, horse trails, and bicycle trails. In addition, revenues received by Kent County and Baltimore City may be used for other purposes such as police traffic functions and highway lighting, drainage, and street cleaning costs. Kent County also may expend funds for maintaining county-owned boat landings and paying school crossing guards.
- The distribution of highway user revenue to local governments is reduced by (1) the amount of debt service on county highway bonds issued on behalf of the city or county by the department; and (2) any costs necessary to correct individual instances of noncompliance concerning State standards of uniformity for traffic control devices.

Exhibit 19.5
Highway User Revenues – County Distribution
Fiscal 2011

County	A Road Mileage (Jan 2009)	C % of Road Mileage	D 50% Based on Road Mileage	F Vehicle Registration (Jan 2009)	G % of Total Registration	H 50% Based on Vehicle Registration	I Total Aid Distribution
Allegany	528.7	2.50%	\$98,652	36,564	0.97%	\$38,402	\$137,054
Anne Arundel	1,749.9	8.27%	326,494	487,912	12.97%	512,440	838,933
Baltimore City	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Baltimore	2,649.0	12.51%	494,257	674,895	17.95%	708,822	1,203,079
Calvert	527.6	2.49%	98,447	79,625	2.12%	83,628	182,075
Caroline	475.4	2.25%	88,694	27,289	0.73%	28,661	117,355
Carroll	978.1	4.62%	182,497	136,696	3.63%	143,568	326,065
Cecil	594.3	2.81%	110,880	73,490	1.95%	77,184	188,064
Charles	732.3	3.46%	136,642	125,564	3.34%	131,876	268,518
Dorchester	571.9	2.70%	106,699	20,537	0.55%	21,569	128,269
Frederick	1,278.2	6.04%	238,494	143,247	3.81%	150,448	388,942
Garrett	681.2	3.22%	127,099	26,534	0.71%	27,868	154,967
Harford	1,038.7	4.91%	193,797	202,438	5.38%	212,615	406,412
Howard	990.1	4.68%	184,731	247,584	6.58%	260,030	444,761
Kent	272.1	1.29%	50,772	15,147	0.40%	15,908	66,680
Montgomery	2,297.0	10.85%	428,585	601,860	16.00%	632,116	1,060,701
Prince George's	1,775.7	8.39%	331,311	470,826	12.52%	494,495	825,805
Queen Anne's	549.3	2.59%	102,490	49,251	1.31%	51,727	154,217
St. Mary's	608.5	2.87%	113,541	99,824	2.65%	104,842	218,383
Somerset	351.6	1.66%	65,606	16,959	0.45%	17,812	83,418
Talbot	374.2	1.77%	69,817	24,923	0.66%	26,176	95,993
Washington	836.0	3.95%	155,991	94,888	2.52%	99,658	255,649
Wicomico	725.1	3.43%	135,296	68,177	1.81%	71,604	206,900
Worcester	584.7	2.76%	109,092	36,594	0.97%	38,434	147,525
Statewide	21,170		\$3,949,883	3,760,824		\$3,949,883	\$7,899,765
	B			E			

Total Amount Available = \$7,899,765

50% Based on Road Mileage = \$3,949,883 50% Based on Vehicle Registration = \$3,949,883

C = A/B D = C X \$3,949,883 G = F/E H = G X \$3,949,883 I = D + H

Source: Department of Legislative Services; Maryland Department of Transportation

Exhibit 19.6
Highway User Revenues – Municipal Distribution
Fiscal 2011

County	Road Mileage (Jan. 2009)	Vehicle Registration (Jan. 2009)	Total Aid Distribution
Allegany	196.9	27,006	\$86,342
Anne Arundel	89.2	38,446	68,116
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	23.1	11,912	19,797
Caroline	63.4	10,278	29,556
Carroll	168.7	40,790	93,512
Cecil	71.7	20,598	43,370
Charles	41.6	12,304	25,537
Dorchester	75.7	11,920	34,890
Frederick	288.0	83,166	174,627
Garrett	65.5	7,264	26,809
Harford	132.7	34,104	75,793
Howard	n/a	n/a	n/a
Kent	32.7	6,337	16,387
Montgomery	350.6	135,713	250,718
Prince George's	529.0	156,889	325,320
Queen Anne's	17.9	5,317	11,029
St. Mary's	7.5	2,524	4,935
Somerset	29.2	4,082	12,900
Talbot	80.5	17,795	42,779
Washington	206.9	43,358	107,299
Wicomico	167.0	23,446	73,835
Worcester	118.0	20,383	56,401
Statewide	2,756	713,632	\$1,579,953

Source: Department of Legislative Services; Maryland Department of Transportation

Trends

Highway user revenues distributed to local governments have decreased in recent years, due largely to a lack of revenue growth and revenue transfers to the general fund to balance the budget. The fiscal 2011 appropriation for local highway user revenues totaled \$134.3 million, \$420.6 million less than four years earlier in fiscal 2007, representing a 75.8% decrease over this time period.

History of Major Changes

The distribution of highway user revenues has changed significantly over the past 40 years, as summarized in the timeline below.

- 1968 – Formula for allocating the county and municipal share of highway user revenues established and highway user revenues distributed:
 - 60% – State;
 - 20% – Baltimore City; and
 - 20% – Counties and municipalities.
- 1971 – The Maryland Department of Transportation established and highway user revenues redistributed:
 - 65.0% – State;
 - 17.5% – Baltimore City; and
 - 17.5% – Counties and municipalities.
- 1978 – Titling tax increased from 4 to 5%.
- 1982 – Motor fuel tax increased from 9 to 11 cents per gallon.
- 1983 – Motor fuel tax increased to 13.5 cents per gallon.

- 1987 – Motor fuel tax increased to 18.5 cents per gallon. Highway user revenues redistributed:
- 70% – State;
 - 15% – Baltimore City; and
 - 15% – Counties and municipalities.
- 1992 – Motor fuel tax increased to 23.5 cents per gallon.
- 1996 – Highway user revenues redistributed:
- 70% – State ;
 - Greater of \$157.5 million or 11.5% plus 11.5% of any increase in local share – Baltimore City; and
 - Remaining local share – Counties and municipalities.
- 2000 – Added short-term rental vehicle revenues to tax base.
- 2003 – \$17.9 million transferred from local highway user revenues to the general fund in fiscal 2003.
- 2004 – \$102.4 million transferred from local highway user revenues to the general fund in fiscal 2004; and registration fees were increased 87.0% to 89.0% for passenger cars, trucks, and sport utility vehicles.
- 2005 – \$102.4 million transferred from local highway user revenues to the general fund in fiscal 2005; and Department of General Services purchases of motor fuel are exempted from the State motor fuel tax resulting in a nominal decrease in local highway user revenues.
- 2006 – \$22.7 million transferred from local highway user revenues to the general fund in fiscal 2006.
- 2009 – \$161.9 million transferred from local highway user revenues to the general fund in fiscal 2009.

2010 – \$298.1 million transferred from local highway user revenues to the general fund in fiscal 2010 and \$363.4 million transferred from local highway user revenues to the general fund in fiscal 2011; and highway user revenues redistributed as described above, beginning in fiscal 2011. The formula was also changed to allow for separate calculations for the county and individual municipal shares. The county and municipal shares are now calculated based upon each county's or municipality's road mileage and vehicle registrations as a percentage of the county and municipal statewide totals for each.

Legal Reference

Tax-General Article, Title 2, Subtitles 6, 10, 11, and 13

Transportation Article, Title 8, Subtitle 4 and Sections 3-215, 3-216, 12-118, and 13-814

Elderly/Disabled Transportation

State and federal transportation grants are administered by the Maryland Transit Administration to assist the counties in funding both the operating and capital costs of a variety of programs for elderly and disabled persons. A brief summary of these programs follows.

Statewide Special Transportation Assistance

The Secretary of Transportation is required to identify funds within the department's annual budget to be used for elderly and disabled transportation services in each county. Through the Statewide Special Transportation Assistance Program the Maryland Transit Administration complies with this requirement. Statewide Special Transportation Assistance Program funds, which are provided 100% from State transportation resources, are allocated as follows: 60% allocated equally to the counties and Baltimore City and 40% to the counties and Baltimore City based on the ratio of the elderly/disabled population in the jurisdiction to the statewide total. To receive these funds, counties must submit written applications and meet specified matching fund requirements. The fiscal 2011 State budget included \$4.3 million for this program.

Maryland Senior Rides

The Maryland Senior Rides Program provides funding for door-to-door transportation services for low-income to moderate-income seniors. Program funds are

allocated through a competitive grant application process and applicants must provide a minimum 25% match. The fiscal 2011 State budget included \$122,375 for this program.

Federal Grant Assistance

The Federal Transit Administration's Transportation for Elderly Persons and Persons with Disabilities (Section 5310) grant program seeks to improve mobility for elderly and disabled individuals in all locations. Funds are allocated based upon an administrative formula that considers the number of elderly and disabled individuals in each state. The fiscal 2011 State budget included \$2.8 million for this program.

In addition to the Section 5310 program, the Federal Transit Administration's New Freedom (Section 5317) grant program aims to provide additional tools to overcome existing barriers facing individuals with disabilities who seek integration into the workforce and full participation in society. This program is specifically designed to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the federal Americans with Disabilities Act. Capital and operating expenses for new public transportation services and alternatives that go beyond federal requirements are eligible for funding. Six grantees, comprising county government agencies and nonprofit transportation providers, have received New Freedom funds. The fiscal 2011 State budget included \$1.9 million for this program.

Legal Reference

Transportation Article, Title 7, Subtitle 10, and Section 2-103.3

Paratransit Grants

The federal Americans with Disabilities Act requires local transit systems to provide paratransit services – transit designed specifically to accommodate disabled individuals. To comply with this federal requirement, the State allocates grant funds to local transit systems to help defray the costs of providing the paratransit services.

Distribution

The distribution of funds among the 14 participating counties (Allegany, Anne Arundel, Calvert, Charles, Dorchester, Frederick, Harford, Howard, Prince George's, St. Mary's, Somerset, Washington, Wicomico, and Worcester) and two municipalities (Annapolis and Ocean City) is based on a prorated share of the maximum

funding amount using the jurisdiction's actual expenditures. Chapter 687 of 1996 increased the maximum amount of paratransit grant program funding from \$3.45 to \$4.0 million. The fiscal 2011 State budget included \$2.9 million for this program.

Legal Reference

Transportation Article – Section 2-103.5

Mass Transit

The State administers several State and federally funded grant programs that support local transit programs. A brief summary of these programs follows.

Washington Metropolitan Area Transit Authority

The State provides an annual grant to the Washington Metropolitan Area Transit Authority for the construction and operation of the metrorail and metrobus systems in Montgomery and Prince George's counties. The State also supports local bus service in Montgomery and Prince George's counties. The State began paying 100% of the authority's and local bus operating deficits beginning in fiscal 1993. In 1998, legislation was enacted that required the State, beginning in fiscal 2000, to assume 100% of Maryland's share of the authority's capital equipment costs and 100% of the debt service allocated to Maryland for purposes of retiring the revenue bonds issued to finance portions of the construction of the metrorail system. Chapter 111 of 2009 amended the Washington Metropolitan Area Transit Authority Compact to, among other things, require Virginia, Maryland, and the District of Columbia to make payments from a dedicated funding source to match up to \$1.5 billion in federal funds for the authority's capital and preventive maintenance projects. The fiscal 2011 State budget included \$224.5 million in operating assistance and \$102.0 million in capital assistance for the authority.

State Grants in Lieu of Federal Aid

The Maryland Department of Transportation makes State grants available to the counties equivalent to the amount of federal funds allocated to the counties under the federal Secondary Highway Program and the federal Urban Highway Program. The State grants reimburse the counties for the federal monies since the counties release the federal monies to the State for use on the State highway system. This approach maximizes the use of federal funds while minimizing local matching requirements. While Baltimore City is excluded from this arrangement because most highways within the city

limits are its responsibility, Baltimore City receives significant federal funding support through other programs. The counties use the State grants for highway construction.

Distribution

The estimated Transportation Trust Fund allocation to the counties for fiscal 2011 in lieu of federal Secondary and Urban Systems Funds was \$4.5 million. A breakdown of this funding for each county is presented in Exhibit 19.7.

Legal Reference

Transportation Article, Section 8-507

Exhibit 19.7
Estimated Federal Aid
Secondary and Urban Systems Funds
Fiscal 2011

<u>County</u>	<u>Secondary</u>	<u>Urban Systems</u>	<u>Total</u>
Allegany	\$112,932	\$129,724	\$242,656
Anne Arundel	89,967	159,250	249,217
Baltimore	164,812	258,652	423,464
Calvert	95,306	0	95,306
Caroline	137,454	0	137,454
Carroll	196,079	18,379	214,458
Cecil	141,546	7,969	149,515
Charles	126,137	53,367	179,504
Dorchester	147,831	30,214	178,045
Frederick	303,849	69,017	372,866
Garrett	194,700	0	194,700
Harford	163,653	35,778	199,431
Howard	71,716	3,097	74,813
Kent	72,029	0	72,029
Montgomery	117,009	135,221	252,230
Prince George's	57,870	153,953	211,823
Queen Anne's	133,994	0	133,994
St. Mary's	120,780	18,785	139,565
Somerset	95,620	0	95,620
Talbot	97,512	22,311	119,823
Washington	165,119	142,193	307,312
Wicomico	151,303	102,945	254,248
Worcester	139,350	62,577	201,927
Total	\$3,096,568	\$1,403,432	\$4,500,000

Source: State Highway Administration

Chapter 20. Environment and Recreation State Aid

Maryland is recognized as a national leader for its efforts to protect the environment and to provide quality recreational programs to its citizens. The State provides financial assistance to local governments for land conservation and recreation, water quality-related improvements, and other purposes through various programs and funding sources such as Program Open Space, the Bay Restoration Fund, and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. This chapter describes these and various other programs and funds from which financial assistance is directed to local governments.

In fiscal 2011, local governments received \$15.5 million in State funding through three environmental aid programs: (1) Program Open Space, (2) the Baltimore City special Program Open Space grant, and (3) the Chesapeake and Atlantic Coastal Bays Critical Areas grant. Local governments also receive funding from State agencies through various capital grant programs. In fiscal 2011, \$393.6 million in new State funding was anticipated to be available for those other programs, most of which was to be directed to local governments. Reduced transfer tax revenues and the diversion of a portion of Program Open Space funding toward the operation of State forests and parks have contributed to a significant decrease in funding available for local Program Open Space efforts since fiscal 2007. Exhibit 20.1 shows the change in State aid to local governments through Program Open Space and critical areas grants over the last four years. Exhibit 20.2 shows the allocation of that funding among the counties in fiscal 2011.

Exhibit 20.1
Environment and Recreation Aid Programs – Funding Trend
(\$ in Millions)

<u>Aid Program</u>	<u>FY 2007</u>	<u>FY 2011</u>	<u>Difference</u>	<u>Percent Difference</u>
Program Open Space	\$134.1	\$12.4	-\$121.8	-90.8%
Baltimore City Special Grant	1.5	2.9	1.4	93.3%
Critical Areas Grant	0.7	0.3	-0.5	-63.9%
Total	\$136.4	\$15.5	-\$120.9	-88.6%

Source: Department of Legislative Services; Critical Area Commission

Exhibit 20.2
Environment and Recreation Aid Programs by County
Fiscal 2011

County	Program Open Space	Critical Areas	Total Aid	Per Capita Aid
Allegany	\$137,676	\$0	\$137,676	\$2
Anne Arundel	1,485,848	15,000	1,500,848	3
Baltimore City	3,885,410	14,000	3,899,410	6
Baltimore	1,679,997	10,000	1,689,997	2
Calvert	148,646	19,000	167,646	2
Caroline	64,873	8,000	72,873	2
Carroll	333,132	0	333,132	2
Cecil	172,562	24,400	196,962	2
Charles	304,641	10,000	314,641	2
Dorchester	56,231	18,000	74,231	2
Frederick	352,015	0	352,015	2
Garrett	69,664	0	69,664	2
Harford	495,222	11,000	506,222	2
Howard	880,407	0	880,407	3
Kent	41,911	19,000	60,911	3
Montgomery	2,238,214	0	2,238,214	2
Prince George's	1,903,787	5,000	1,908,787	2
Queen Anne's	90,264	11,500	101,764	2
St. Mary's	169,072	13,000	182,072	2
Somerset	39,882	19,500	59,382	2
Talbot	95,407	25,500	120,907	3
Washington	262,305	0	262,305	2
Wicomico	175,350	13,000	188,350	2
Worcester	170,326	28,000	198,326	4
Total	\$15,252,842	\$263,900	\$15,516,742	\$3

Source: Department of Legislative Services; Critical Area Commission

Program Open Space

Program Open Space provides dedicated funds for State and local parks and conservation areas. The goal of the program is to expedite the acquisition of conservation and scenic areas to avoid permanent forfeiture of such land due to unaffordable land prices and development. Both the State and local governments may use Program Open Space funding for land acquisition and the development of park and recreation facilities. State and local funding is based on a statutory formula. The program was established in 1969, and today over 5,800 individual county and municipal parks and conservation projects exist because of it. The Department of Natural Resources administers the program and allocates funding to both State and local projects.

Funding and Distribution

In most recent years, Program Open Space has been funded primarily with State transfer tax revenue. However, recent legislative changes have redirected a portion of Program Open Space funding for other uses and allowed for bond proceeds to temporarily take the place of certain State transfer tax funding for Program Open Space and related programs. The changes allow for the replaced transfer tax funding to instead be directed to the general fund. Program Open Space also receives some federal funding.

Chapter 2 of the 2007 special session affected the distribution of Program Open Space funding between the State and local governments. Prior to the enactment of this legislation, the statutory requirements and authorizations governing the distribution of Program Open Space funding generally provided for a roughly equal distribution of funding between the State and the local governments. To relieve pressure on the general fund, Chapter 2 required that a portion of Program Open Space funding (20% of certain available funding, or \$21 million, whichever is greater), which previously was a part of the funding distributed to the local governments, be used for the operation of State forests and parks.

In fiscal 2011, the local share of Program Open Space funding, \$12.4 million, made up 21% of approximately \$58.8 million in total new Program Open Space funding. Some local governments, however, benefit from the State's share of funding. Portions of the State's share, for example, are allocated to Baltimore City for park projects and to Ocean City for beach replenishment efforts. Up to \$8 million of the State's share of funding may also be transferred to the Rural Legacy Program, which provides funding to local governments and land trusts for land conservation.

As illustrated in Exhibit 20.3, the local share of Program Open Space funds is allocated among the local governments as follows:

- the proportionate distribution of the sum of each county's largest grant between 1970 and 1982 is applied to the initial distribution of current funds;
- counties that are projected to lose population between 2000-2010 are allocated the lesser of the distribution calculated above or its proportionate distribution in 1982; and
- remaining funds are distributed based on each county's relative share of transfer tax revenues collected in the second preceding fiscal year.

Counties must submit an annual program of proposed acquisition and development projects to the Department of Natural Resources for approval each year. Legislators from the district within which any part of the local jurisdiction is located are given the opportunity to review and comment on the annual program prior to its approval. The annual program then becomes the basis for a grant agreement for the total allocation to each of the local governing bodies. A county must also submit an updated land preservation, parks, and recreation plan every six years to the Department of Natural Resources and the Maryland Department of Planning for joint approval. The Maryland Department of Planning, in cooperation with the Department of Natural Resources, also updates a Maryland Land Preservation, Parks, and Recreation Plan (most recently updated in July 2009).

Municipalities also may receive Program Open Space funding through their counties. They apply to the counties for the funds, and each county then considers municipal projects along with other county projects.

Exhibit 20.3
Program Open Space Allocation
Fiscal 2011

	<div>A</div>	<div>C</div>	<div>E</div>	<div>F</div>	<div>G</div>	<div>I</div>	<div>K</div>	<div>L</div>	<div>M</div>
County	Maximum Grant 1970-1982	Percent of Total	Initial Allocation FY 2011	FY 1982 Based Grant Capped Co.	Distribution Per Maximum With Ceiling	Transfer Tax Revenue FY 2009	Percent of Total	Distribution Per Transfer Tax	Final Allocation
Allegany	\$162,370	1.10%	\$136,410	\$138,969	\$136,410	\$426,070	0.38%	\$1,266	\$137,676
Anne Arundel	1,728,020	11.75%	1,451,740	0	1,451,740	11,481,722	10.17%	34,108	1,485,848
Baltimore City	1,549,600	10.54%	1,301,846	966,363	966,363	6,411,657	5.68%	19,047	985,410
Baltimore	1,954,810	13.29%	1,642,270	0	1,642,270	12,699,893	11.25%	37,727	1,679,997
Calvert	171,240	1.16%	143,862	0	143,862	1,610,693	1.43%	4,785	148,646
Caroline	76,020	0.52%	63,866	0	63,866	339,087	0.30%	1,007	64,873
Carroll	388,080	2.64%	326,033	0	326,033	2,389,934	2.12%	7,100	333,132
Cecil	200,060	1.36%	168,074	0	168,074	1,510,877	1.34%	4,488	172,562
Charles	352,100	2.39%	295,805	0	295,805	2,974,377	2.63%	8,836	304,641
Dorchester	64,870	0.44%	54,498	0	54,498	583,123	0.52%	1,732	56,231
Frederick	401,380	2.73%	337,206	0	337,206	4,985,190	4.41%	14,809	352,015
Garrett	79,940	0.54%	67,159	0	67,159	843,133	0.75%	2,505	69,664
Harford	574,980	3.91%	483,051	0	483,051	4,097,249	3.63%	12,171	495,222
Howard	1,019,340	6.93%	856,365	0	856,365	8,093,246	7.17%	24,042	880,407
Kent	48,360	0.33%	40,628	0	40,628	431,962	0.38%	1,283	41,911
Montgomery	2,567,460	17.46%	2,156,968	0	2,156,968	27,349,825	24.22%	81,246	2,238,214
Prince George's	2,209,090	15.02%	1,855,895	0	1,855,895	16,121,886	14.28%	47,892	1,903,787
Queen Anne's	103,320	0.70%	86,801	0	86,801	1,165,776	1.03%	3,463	90,264
St. Mary's	194,740	1.32%	163,604	0	163,604	1,840,485	1.63%	5,467	169,072
Somerset	46,760	0.32%	39,284	0	39,284	201,499	0.18%	599	39,882
Talbot	108,360	0.74%	91,035	0	91,035	1,471,864	1.30%	4,372	95,407
Washington	305,760	2.08%	256,874	0	256,874	1,828,219	1.62%	5,431	262,305
Wicomico	204,260	1.39%	171,602	0	171,602	1,261,640	1.12%	3,748	175,350
Worcester	192,790	1.31%	161,966	0	161,966	2,814,249	2.49%	8,360	170,326
Statewide	\$14,703,710	100%	\$12,352,843		\$12,017,360	\$112,933,655	100%	\$335,483	\$12,352,843
	<div>B</div>		<div>D</div>		<div>H</div>	<div>J</div>			

C = A/B; D = FY 2011 State funding for local Program Open Space projects; E = C x D; F = Proportionate share based on 1982 grant for counties losing population; G = E or the lesser of E or F for counties losing population; K = I/J; L = (D - H) x K; M = G + L

Source: Department of Legislative Services

Funding History

Funding for Program Open Space has evolved over time and has been affected by numerous budgetary actions. Over the last decade, budget reconciliation measures have redirected just under \$900 million (as shown in Exhibit 20.4) in State transfer tax funding for Program Open Space (State and local) and related programs to the general fund. Recent diversions of transfer tax funding to the general fund for fiscal 2009 through 2011, which were authorized under the Budget Reconciliation and Financing Acts (BRFAs) of 2009 and 2010, have mostly been replaced, or are expected to be replaced in upcoming fiscal years, with bond funding. Earlier diversions, from fiscal 2002 through 2006 went largely unreplaced, affecting program funding levels.

From fiscal 2002 through 2006, appropriations for the local share of Program Open Space funding averaged \$27.7 million (see Exhibit 20.5). In fiscal 2007, the local share appropriation increased significantly to \$134.1 million. There was no budget reconciliation measure diverting transfer tax revenue to the general fund in fiscal 2007, as there had been in the previous five fiscal years, and a significant amount of transfer tax revenue was expected to be available in that year due to a strong real estate market.

Local Program Open Space funding, however, has subsequently decreased considerably due to reduced transfer tax estimates, underattainment of transfer tax revenues (required by statute to be reconciled in subsequent fiscal year appropriations), and the diversion of a significant portion of Program Open Space funding (at least \$21 million) each year to the operation of State forests and parks. In fiscal 2010, \$6.1 million in transfer tax revenue was appropriated for the local share of Program Open Space and \$12.4 million in general obligation bonds (reflecting replacement of fiscal 2011 transfer tax funding diverted to the general fund) was authorized for fiscal 2011.

Local Program Open Space funds were not targeted in the 2009 BRFA transfer authorizations, and while over \$100 million in prior year and fiscal 2011 local funding was authorized to be transferred to the general fund under the 2010 BRFA, general obligation bond funding was authorized/preauthorized in the fiscal 2011 capital budget in amounts sufficient to replace the entire transferred amount over the course of fiscal 2011 through 2013.

Exhibit 20.4
Recent Diversions of State Transfer Tax Revenue to the General Fund
and General Obligation Bond/General Fund* Replacement
(\$ in Millions)

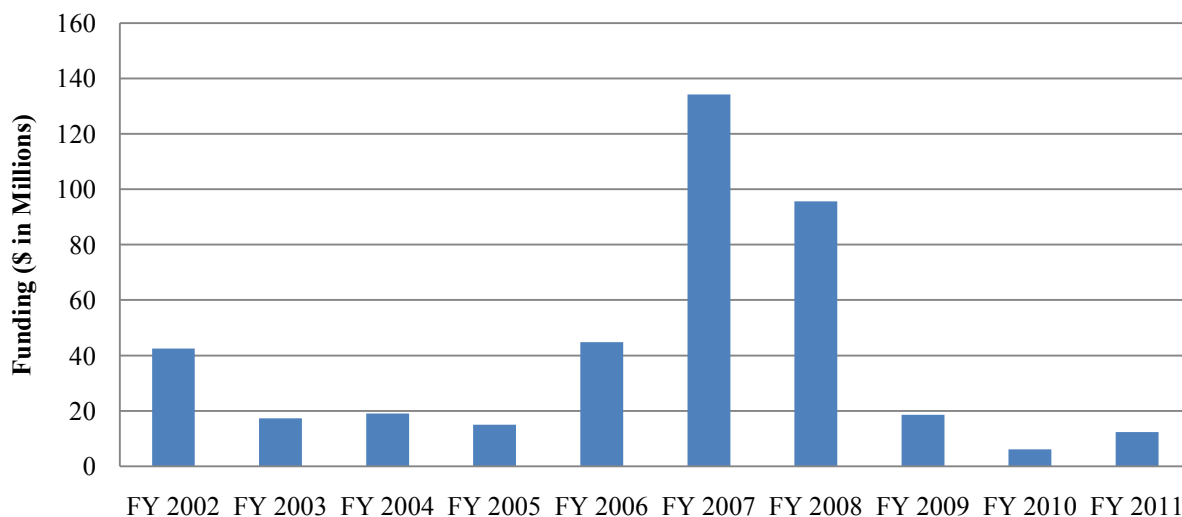
<u>Fiscal Year</u>	<u>Diverted</u>	<u>Replaced</u>
2002	\$29.2	\$0.0
2003	107.7	0.0
2004	102.8	53.3
2005	189.3	23.6
2006	90.0	0.0
2007	0.0	0.0
2008	0.0	0.0
2009	141.3	0.0
2010	184.0	135.7
2011	54.0	156.5
2012 Est.	0.0	96.7
2013 Est.	0.0	73.7
Total	\$898.4	\$539.5

Note: The diverted revenue represents funding that otherwise would have gone to Program Open Space (both State and local shares) and related programs. The diversions in fiscal 2002, 2003, 2009, and 2010 include transfers of fund balances. Replacement of amounts diverted from fiscal 2009-2011 has not necessarily always been authorized to occur in the same fiscal year as the diversion.

*The fiscal 2012 and 2013 replacement amounts include estimated general fund replacement (\$50.0 million in fiscal 2012 and \$40.0 million in fiscal 2013) of the fiscal 2006 transfer of \$90.0 million required to be replaced by Chapter 473 of 2005. Aside from these estimated amounts, all other replacement consists of general obligation bond funding. The remainder of the fiscal 2012 and 2013 replacement amounts consists of general obligation bond funding pre-authorized in Chapter 483 of 2010 or in the five-year Capital Improvement Plan. The fiscal 2010 and 2011 replacement amounts include \$70 million in bonds authorized in 2009 to be repaid with transfer tax revenues – \$33.4 million issued in fiscal 2010 and \$36.6 million issued in fiscal 2011.

Source: Department of Legislative Services

Exhibit 20.5
Recent Local Program Open Space Funding



Source: Department of Legislative Services

History of Major Changes

- 1969 – Chapter 403 established Program Open Space.
- 1984 – Chapter 665 capped transfer tax revenues dedicated to Program Open Space at \$24 million.
- 1987 – Chapter 303 increased the cap to \$29 million in fiscal 1988 and \$32 million in subsequent years. Chapter 450 established new requirements related to the funding of local acquisition and development projects, allowing local governments that meet or exceed acreage acquisition goals to use a greater portion of their funds for development projects.
- 1990 – Chapter 63 made various changes to the program, including phasing out the cap on the program by fiscal 1996, expanding the allowable uses of the State's share of funding (to include capital improvements to state-owned land, among other uses), and requiring certain local Program Open Space funds that are unencumbered after five years from the original date of allocation to revert to the State and be reapportioned among the local governments in the next fiscal

- year. Chapter 63 also provided for over or underattainment of State transfer tax revenues (in relation to the revenue estimates used as the basis for budget appropriations) in a given fiscal year to be reconciled by an increase or reduction in the following year's allocations.
- 1993 – Chapter 204 altered the allocation of transfer tax revenues between the program and the general fund and delayed the phase-out of the cap until fiscal 1997.
- 1996 – Chapter 600 delayed the dedication of 100% of the transfer tax to Program Open Space and related programs until fiscal 1998. Chapter 600 also required that reconciliation of over or underattainment of transfer tax revenues occur in the second, rather than the first, subsequent fiscal year. Chapter 601 authorized the Governor to transfer \$1 million in Program Open Space funds to the Maryland Heritage Areas Authority Financing Fund. Chapter 659 authorized the Department of Natural Resources to use up to 12.5% (\$800,000), in fiscal 1997 only, of the State's share of Program Open Space funds available for capital improvements, to operate State forests and parks.
- 1997 – Chapter 672 authorized the Department of Natural Resources to use up to \$1 million of the State's share of Program Open Space funds available for capital improvements to operate State forests and parks in fiscal 1998 and to use up to \$1.2 million for State forest and park operations in subsequent years. Chapters 757 and 758 established the Rural Legacy Program and altered the distribution of State transfer tax revenue among Program Open Space and related programs, providing for a percentage to be distributed to the Rural Legacy Program.
- 2001 – Chapter 658 temporarily increased, from 75% to 100%, the amount a local government can spend on development projects once it has been certified by the Department of Natural Resources and the Maryland Department of Planning as having attained its acreage acquisition goals. Chapter 658 terminated September 30, 2006.
- 2002
thru
2005 – As a result of budget reconciliation legislation in each of these years, \$479.2 million in State transfer tax revenue was redirected to the general fund from fiscal 2002 through 2006, limiting revenue available for Program Open Space and other land conservation programs. An additional \$39.8 million in fund balances from transfer tax-funded programs, including Program Open Space, was transferred to the general fund in fiscal 2002 and 2003 through

- budget reconciliation legislation. General obligation bonds were used to partially replace redirected transfer tax funding in fiscal 2004 and 2005.
- 2005 – Chapter 473 required, among other things, that, beginning in fiscal 2012, previous transfers of State transfer tax revenue to the general fund, occurring in fiscal 2006 and subsequent years, be reimbursed under certain circumstances. Chapter 473 also required that in fiscal years in which revenue was transferred or appropriated to the general fund, any overattainment of revenue in the preceding fiscal year be allocated in the subsequent fiscal year among Program Open Space and other programs (the excess revenue would otherwise be allocated in the second subsequent fiscal year). Chapter 473 also specified that an existing required allocation of “a portion” of the State’s share of Program Open Space funding to Baltimore City for park projects be “at least \$1.5 million.” Chapter 209 increased the amount of Program Open Space funds authorized to be transferred to the Heritage Areas Authority Financing Fund from \$1 million to \$3 million. The Budget Reconciliation and Financing Act of 2005 (Chapter 444) authorized the use of up to \$2.5 million of the State’s share of Program Open Space funds to operate State forests and parks in fiscal 2006 only.
- 2007 – Chapter 2 of the 2007 special session amended the allocation of Program Open Space funds to require that, of the funds remaining after any distribution to the Maryland Heritage Areas Authority Financing Fund, 20% or \$21 million, whichever is greater, be appropriated for the operation of the State’s forests and parks.
- 2008 – Chapter 163 again temporarily increased from 75% to 100% the amount a local government can spend on development projects once it has been certified by the Department of Natural Resources and the Maryland Department of Planning as having attained its acreage acquisition goals. Chapter 163 terminated May 31, 2010.
- 2009 – The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of \$172.3 million in transfer tax funding to the general fund, but none of the transferred funds had been allocated for local Program Open Space projects. An equivalent amount of special and general obligation debt to replace the transferred funding was authorized through Chapter 419 of 2009 and the fiscal 2010 capital budget (Chapter 485 of 2009). Chapter 487 also required that, in fiscal 2011 through 2013, to the extent that additional bond proceeds are used to fund Program Open Space and other land conservation programs, an equivalent amount of State transfer tax funding be

redirected from those programs to the general fund. The allocations of transfer tax funding to the general fund provided for under Chapter 487 are not subject to requirements established under Chapter 473 of 2005 that provide for reimbursement of State transfer tax revenue appropriated or transferred to the general fund in certain cases.

Chapter 206 authorized the use of local Program Open Space funds for both indoor and outdoor recreation and open space purposes, including the construction of indoor nature centers and indoor aquatic, golf, and community facilities. Funding had been used for indoor recreation projects prior to the enactment of Chapter 206, but uncertainty was raised regarding the consistency of those uses with the law.

- 2010 – The Budget Reconciliation and Financing Act of 2010 (Chapter 484) authorized the transfer of \$211.6 million in transfer tax funding to the general fund, consisting of both unexpended prior year funding and fiscal 2011 funding for Program Open Space, the Rural Legacy Program, and the Maryland Agricultural Land Preservation Foundation. Unlike the Budget Reconciliation and Financing Act of 2009, a significant amount of the funding transferred under Chapter 484 (over \$100 million) was from the local share of Program Open Space funding. The fiscal 2011 capital budget (Chapter 483) authorized and pre-authorized the replacement of almost all of the transferred funding (including all of the local Program Open Space funding) with general obligation debt over the course of fiscal 2011 through 2013. Like the transfers authorized under Chapter 487 of 2009, the allocations of transfer tax funding to the general fund provided for under Chapter 484 are not subject to requirements established under Chapter 473 of 2005 that provide for reimbursement of State transfer tax revenue appropriated or transferred to the general fund in certain cases.

Chapter 372 amended Chapter 419 of 2009, which originally authorized up to \$70 million of special obligation debt (supported by transfer tax revenue), to allow for up to \$70 million of either special or general obligation debt to be incurred.

Legal Reference

Natural Resources Article, Title 5, Subtitle 9
Tax-Property Article, Section 13-209

Chesapeake and Atlantic Coastal Bays Critical Area Grants

The Chesapeake and Atlantic Coastal Bays Critical Area Program is intended to foster more sensitive development activity for certain shoreline areas to minimize damage to water quality and natural habitats. The program is implemented cooperatively by the State, through the Critical Area Commission (within the Department of Natural Resources), and affected local governments. Local jurisdictions implement local critical area programs that are subject to regulations established by the Critical Area Commission and review and approval by the commission.

The Critical Area Commission provides grants to 16 counties (Anne Arundel, Baltimore, Calvert, Caroline, Cecil, Charles, Dorchester, Harford, Kent, Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester), Baltimore City, and 37 municipalities to defray administrative costs for developing plans to improve conditions in the Chesapeake and Atlantic Coastal Bays pursuant to Section 8-1808 of the Natural Resources Article. In fiscal 2011, a total of \$263,900 in grants was allocated to those jurisdictions.

Other Environment/Recreation Programs

A number of other (mostly capital) State programs provide financial assistance to local governments. State funding for these programs totaled almost \$394 million in fiscal 2011, as shown in Exhibit 20.6.

Exhibit 20.6
Additional State Funding to Local Government Environment and
Recreation Programs
Fiscal 2011

<u>Aid Program</u>	<u>State Funding¹</u>
Maryland Agricultural Land Preservation	\$7,814,000 ²
Rural Legacy	6,319,000
Community Parks and Playgrounds	2,500,000
Biological Nutrient Removal	33,300,000
Bay Restoration	204,000,000
Supplemental Assistance	5,000,000
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	20,000,000
Maryland Water Quality Revolving Loan	93,500,000
Shore Erosion Control	788,000
Maryland Drinking Water Revolving Loan	8,317,000
Water Supply Financial Assistance	3,500,000
Waterway Improvement	5,000,000
Energy Efficiency/Renewable Energy	3,588,000
Total	\$393,625,000

¹ Some of the programs provide funding to State agencies or other entities as well as local governments. Most of the overall funding, however, is directed to local governments. Federal funding is not included.

² An additional \$4 million was expected to be available in fiscal 2011 but is not reflected here.

Note: The Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund and the Comprehensive Flood Management Grant Program are not included. The Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund is allocated \$2.1 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. Funding is not appropriated for the Comprehensive Flood Management Grant Program in fiscal 2011.

Source: Department of Legislative Services

Land Conservation and Recreation

Maryland Agricultural Land Preservation Program

The Maryland Agricultural Land Preservation Program, established in 1977, seeks to preserve productive agricultural land and woodland, limit the extent of urban development, and protect agricultural land and woodland as open space. The Maryland

Agricultural Land Preservation Foundation (part of the Maryland Department of Agriculture), with the assistance and cooperation of landowners and local governments, purchases development rights easements as a means of protecting agricultural land and woodland production activities.

Half of the funds available to the Maryland Agricultural Land Preservation Foundation for the purchase of easements is initially distributed evenly among the 23 counties for “general allotted purchases.” The other half is divided among counties with an approved local agricultural land preservation program for “matching allotted purchases,” for which the local governments are required to provide matching funding of at least 40% of the value of each easement. “Round 1” offers are made based on competition for funds by applications within individual counties. General allotted funds are applied first to make Round 1 offers, and the matching funds are then applied to make Round 1 offers until either all the matching funds are depleted or no more offers can be made due to limited demand, limited county matching funds, or a \$2 million statutory limit on the amount of funding that can be provided as the State’s share for matching allotted purchases in any county in any fiscal year. When Round 1 offers are completed, the remaining easement applications compete statewide in “Round 2” for certain unused general allotted and State matching funds, including funds for initial offers to purchase that are not accepted.

In recent years, funding for this program has generally been derived from State transfer tax revenues, the agricultural land transfer tax, matching funds from counties, and federal funding. In fiscal 2010 and 2011, however, a portion of the State transfer tax funding was replaced with general obligation bond funding. The 2009 and 2010 Budget Reconciliation and Financing Acts authorized a total of \$34.8 million in transfer tax funding for the program (consisting of revenues from fiscal 2009, 2010, and 2011) to be transferred to the general fund. Almost that entire amount was correspondingly authorized to be replaced with general obligation bond proceeds in the fiscal 2010 and 2011 capital budgets. In fiscal 2011, \$21.9 million was appropriated for this program for easement purchases, consisting of \$12.1 million in special funds (made up mostly of estimated county matching funding), \$7.8 million in general obligation bonds, and \$2.0 million in federal funding. An additional \$4 million was also expected to be available for the program in fiscal 2011 due to the elimination during the 2010 legislative session of certain statutory requirements affecting the distribution of agricultural land transfer tax revenue and State transfer tax revenue to the Maryland Agricultural Land Preservation Foundation and the Maryland Agricultural and Resource-Based Industry Development Corporation. However, as of September 2010, that funding was not yet accounted for in the fiscal 2011 State budget.

Rural Legacy Program

The Rural Legacy Program, which began in 1998, provides funding to local governments and conservation organizations for the purchase of property and conservation easements within designated “rural legacy” areas for the purpose of protecting agricultural, natural, and cultural resources from urban sprawl. Local jurisdictions voluntarily participating in the program may purchase interests from willing sellers located in designated rural legacy areas. The program is administered by a Rural Legacy Board composed of the secretaries of natural resources, agriculture, and planning.

In recent years, the program has been funded with State transfer tax revenues and general obligation bonds. In fiscal 2010 and 2011, however, the program was funded solely with general obligation bonds. The 2009 and 2010 Budget Reconciliation and Financing Acts authorized a total of \$35.1 million in transfer tax funding for the program to be transferred to the general fund. General obligation bonds, however, were correspondingly authorized in the fiscal 2010 and 2011 capital budgets (Chapter 485 of 2009 and Chapter 483 of 2010) to replace the transferred funding. In fiscal 2011, \$6.3 million in general obligation bonds was provided for this program.

Community Parks and Playgrounds Program

Established in 2001, the Community Parks and Playgrounds Program, administered by the Department of Natural Resources’ Program Open Space, provides funding for the restoration of existing, and the creation of new parks and green spaces in municipalities and Baltimore City. Originally the program also made funding available to counties; however, the program’s scope was limited when it was codified in State law in 2008.

The program provides flexible grants to assist in rehabilitating, expanding, improving, or maintaining existing parks; creating new parks; or purchasing and installing playground equipment. Grants can also be used for environmentally oriented parks and recreation projects. While land acquisition costs are considered, highest priority is given to capital costs associated with park and playground development and improvement. To date, \$47.4 million has been approved for 478 park and playground projects. In fiscal 2011, \$2.5 million in general obligation bonds is provided for the program to fund 24 projects.

Water Quality

Biological Nutrient Removal Program

The Biological Nutrient Removal Program, started in 1985, provides grants to local governments to retrofit and upgrade wastewater treatment plants with biological nutrient removal technology to remove a greater portion of nutrients (nitrogen and phosphorus) from discharges. Biological nutrient removal technology is intended to achieve average wastewater effluent quality of 8 mg/L total nitrogen and is the first phase of upgrading wastewater treatment plants. The program is geared toward large (design capacity of 500,000 gallons per day or greater), publicly owned wastewater treatment plants, which make up the vast majority of sewage flow in Maryland.

The State is authorized in statute to provide grants of up to 100% of eligible costs, although the Maryland Department of the Environment limits grants to 50% of eligible costs as a matter of policy due to the magnitude of costs involved. For fiscal 2011, \$33.3 million in general obligation bonds was authorized for this program.

Bay Restoration Fund

The Bay Restoration Fund was created in 2004 (Chapter 428) to provide grants for enhanced nutrient removal upgrades at the State's major publicly owned wastewater treatment plants. Enhanced nutrient removal grants are the fund's primary expenditure, but funds are also dedicated to septic system upgrade grants and the Maryland Department of Agriculture's Cover Crop Program. Through fiscal 2009, funds were also provided for sewer infrastructure grants, and from fiscal 2010 forward, funding is authorized to be used for a portion of the operation and maintenance costs related to the enhanced nutrient removal technology. The fund is financed by a bay restoration fee of generally \$30 per year, collected from users of wastewater treatment plants and owners of septic systems and sewage holding tanks. Just over \$350 million has been collected through fiscal 2010.

Up to 100% of eligible costs attributable to upgrading a wastewater facility from biological nutrient removal to enhanced nutrient removal is available. Enhanced nutrient removal technology takes water that has gone through the biological nutrient removal process and further refines the effluent to lower nitrogen and phosphorus levels (to 3.0 mg/l and 0.3 mg/l, respectively). Similar to the Biological Nutrient Removal Program, priority is given to upgrades at publicly owned wastewater facilities with a design capacity of 500,000 gallons per day or greater. As of early August 2010, 14 of 67 prioritized facilities had operational enhanced nutrient removal technology. The

remaining facilities were in various stages of the upgrade process. Of the 67 prioritized facilities, 64 are owned by local governments.

A portion of the funds collected from the bay restoration fee from owners of septic systems and sewage holding tanks is used to upgrade or replace failing systems with the best available technology for nitrogen removal. There are approximately 420,000 septic systems in Maryland. The program gives priority to failing septic systems and sewage holding tanks located in the Chesapeake and Atlantic Coastal Bays Critical Area and then to failing systems that the Maryland Department of the Environment determines are a threat to public health or water quality. In past years, grants under the septic system upgrade program were administered by both the counties and the department. Beginning July 1, 2010, however, the program is administered solely by the counties or other parties. Over 2,000 septic systems have been upgraded through the Bay Restoration Fund to date.

The upgrade programs had been funded with both bay restoration fee revenues and revenue bond proceeds in past years. In fiscal 2011, however, prior year and fiscal 2011 fee revenue (\$155.0 million and \$45.0 million, respectively) was authorized to be transferred to the general fund under the 2010 Budget Reconciliation and Financing Act, with the majority of the transferred funding replaced with general obligation bond funding authorized in the fiscal 2011 capital budget and the remainder expected to be replaced in the fiscal 2012 capital budget. In fiscal 2011, \$195.0 million in new funding was anticipated to be available for wastewater treatment plant upgrades, consisting of \$45.0 million in general obligation bond proceeds and \$150.0 million in revenue bond proceeds anticipated to be issued by the department. The septic system upgrade program was funded with \$9.0 million in fee revenue special funds in fiscal 2011.

Supplemental Assistance Program

Since 1984, the Supplemental Assistance Program has provided grant assistance to local governments for planning, designing, and constructing needed wastewater facilities throughout the State. Projects funded by the program include wastewater treatment plant upgrades; connection of failing septic systems in older established communities to public sewers; and correction/prevention of system deficiencies such as combined and sanitary sewer overflows. Funds are directed principally to projects where local governments need a subsidy to undertake the needed water quality or public health project. This program is often used in conjunction with other sources of federal and State financial assistance to achieve project affordability. In fiscal 2011, \$5 million in general obligation bonds was provided for this program.

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

The Chesapeake Bay 2010 Trust Fund was created by Chapter 6 of the 2007 special session. In 2008, the scope of the fund was expanded to include the Atlantic Coastal Bays, and the fund was renamed the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The purpose of the fund is to provide funding for the implementation of nonpoint source pollution control projects to achieve the State's tributary strategy under the Chesapeake 2000 Agreement and improve the health of the Atlantic Coastal Bays and their tributaries. Funding is distributed through work and expenditure plans developed by the BayStat Program, which measures and evaluates efforts to restore the Chesapeake and Atlantic Coastal Bays and administers the fund. The administration of the BayStat Program is overseen by a BayStat Subcabinet, which includes the secretaries of natural resources, the environment, planning, and agriculture, among others. Funds may be distributed, among other means, through grants to local governments. The General Assembly expressed the intent that, when possible, money in the fund be granted to local governments and other political subdivisions for agricultural, forestry, stream and wetland restoration, and urban and suburban stormwater nonpoint source pollution control projects.

The fund's revenue sources include portions of the motor fuel and rental car sales and use tax revenue. The funding generated from the dedicated portions of the motor fuel and rental car sales and use tax revenue has been less than the approximately \$50 million or more that was originally expected to annually accrue to the fund (only \$39.2 million was generated in fiscal 2009). In addition, a significant amount of revenue (\$76.6 million total) that would have otherwise gone to the fund has been diverted to the general fund over the course of fiscal 2009 through 2011 under Chapter 414 of 2008 (the Spending Mandate and Revenue Dedication Relief Act) and the 2009 and 2010 Budget Reconciliation and Financing Acts. In fiscal 2009 and 2010, \$18.4 million was spent from the fund for the fund's statutory purposes; and \$20 million was appropriated in fiscal 2011.

Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund

The Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund, administered by the Water Quality Financing Administration within the Maryland Department of the Environment, was created in 2008 (Chapters 120 and 121) to provide financial assistance for the implementation of urban and suburban stormwater management practices and stream and wetland restoration. Local governments may apply for funding; grants are available for up to 100% of project planning, design, and construction costs.

The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund is the Nonpoint Source Fund's primary source of revenue. In fiscal 2011, the Nonpoint Source Fund was allocated \$2.1 million of the amount appropriated for the 2010 trust fund.

Water Quality Revolving Loan Fund

The Water Quality Revolving Loan Fund, supported by both State and federal funding, was created in 1989 and provides low-interest loans to local governments and private persons or entities to finance water quality improvement projects. Projects eligible for funding include wastewater treatment plants, failing septic systems, and nonpoint source projects such as urban stormwater control projects. The criteria for determining priority of projects are based on water quality and public health benefits. The fund is administered by the Water Quality Financing Administration within the Maryland Department of the Environment.

The fund is governed by both federal and State law and regulatory requirements. The State is required to match 20% of federal funds received. Loans must be made at or below market interest rates and must be fully amortized within 20 years of project completion. The local government must also establish a dedicated source of revenue to repay the loan. In fiscal 2011, \$110 million was provided for this program, including \$90.2 million in special funds (largely loan repayments and interest), \$16.5 million in federal funds, and \$3.3 million in general obligation bonds. In fiscal 2010, the fund received \$92.8 million in additional federal funding under the American Recovery and Reinvestment Act of 2009.

Shore Erosion Control Program

The Shore Erosion Control Program was established in 1968 and is administered by the Department of Natural Resources. The department is authorized to provide interest-free loans and grants to individual property owners, municipalities, and counties to complete eligible shore erosion control projects. The program has helped establish both structural shore erosion control projects (bulkheads, concrete walls, etc.) and

nonstructural shore erosion control projects (protective vegetative buffers) in the past, but the emphasis of the program has since been shifted to nonstructural projects. Similar to transfers from a number of other programs described in this chapter, the 2010 Budget Reconciliation and Financing Act transferred \$385,401 from the program's Shore Erosion Control Construction Loan Fund to the general fund. The fiscal 2011 State operating budget appropriated \$788,000 for this program in special and reimbursable funds.

Water Supply

Maryland Drinking Water Revolving Loan Fund

The Maryland Drinking Water Revolving Loan Fund was established by the General Assembly in 1993 in anticipation of federal legislation to create a grant program providing financial assistance to local governments for drinking water system improvements. Eligible projects include drinking water treatment plant upgrades, water distribution mains, aging water infrastructure replacement, water storage facilities, and consolidation of existing water systems. The criteria for determining priority of projects are based on the effect a project has or will have on public health. The fund is administered by the Water Quality Financing Administration within the Maryland Department of the Environment.

The fund is supported by both State and federal funding and is subject to similar federal and State law and regulatory requirements as those applicable to the Water Quality Revolving Loan Fund discussed above. Additionally, relaxed loan terms and loan subsidies are authorized for loans to disadvantaged communities. In fiscal 2011, \$16.5 million was provided for the program, consisting of \$6.1 million in special funds (largely loan repayments and interest), \$8.2 million in federal funds, and \$2.2 million in general obligation bonds. In fiscal 2010, the fund received \$26.4 million in additional federal funding under the American Recovery and Reinvestment Act of 2009.

Water Supply Financial Assistance Program

The Water Supply Financial Assistance Program, which began in 1982 and is administered by the Maryland Department of the Environment, provides grants and loans to assist small communities with the acquisition, construction, equipping, rehabilitation, design, and improvement of publicly owned water supply facilities. Maximum grant assistance may not exceed 87.5% of the total eligible project cost, and a 12.5% local match is required. Loans must be repaid to the State Treasury within 30 years and bear at least the same rate of interest as the most recent State general obligation bond sale preceding the date of approval by the Board of Public Works. In recent years, all

assistance has been in the form of grants rather than loans. This program is often used in conjunction with other sources of federal and State financial assistance (such as the Drinking Water Revolving Loan Fund) to achieve project affordability. In fiscal 2011, \$3.5 million in general obligation bonds was authorized for this program.

Other Programs

Waterway Improvement Fund

Maryland's Waterway Improvement Fund finances projects to expand and improve public boating access throughout the State. The fund, which was established in 1965, is administered by the Department of Natural Resources. Financial support for the fund comes primarily from the 5% excise tax on the sale of vessels within the State. The fund provides financial support for projects such as dredging channels and harbors, marking channels and harbors, clearing debris and other obstructions, constructing and maintaining marine facilities, shore erosion control, and other projects. Some of the monies are used for grants and/or long-term, interest-free loans to local governments.

The 2010 Budget Reconciliation and Financing Act authorized the transfer of \$16.4 million (\$12.5 million in prior year fund balance and \$3.9 million in fiscal 2011 vessel excise tax revenues) from the Waterway Improvement Fund to the general fund. The fiscal 2011 capital budget replaced \$10.2 million (\$6.3 million in prior year funds and \$3.9 million in fiscal 2011 revenue) of that amount with general obligation bonds. The department's *Capital Improvement Program* contains general obligation bond funding in fiscal 2012 to replace the remainder of the transferred funding. In fiscal 2011, \$6.0 million in new funding was provided for the program, consisting of \$3.9 million in general obligation bonds, \$1.1 million in special funds, and \$1.0 million in federal funds.

Comprehensive Flood Management Grant Program

The Comprehensive Flood Management Grant Program, which was started in 1982, provides funding to local governments for capital projects to reduce damage due to flooding. Qualifying expenditures include elevation and relocation of homes and acquisition of flood prone properties. The Maryland Department of the Environment administers the program and may provide (1) for projects that involve federal funding, up to 50% of the nonfederal share of the project funding; and (2) for projects that do not involve federal funding, up to 75%. Funding is not appropriated for the program in fiscal 2011 and has not been in recent years. The department continues to use unexpended money that was appropriated in the past for the program, but funds for the program have been almost fully expended. Additional funding is anticipated to be requested only in the event of a major flood.

Energy Efficiency/Renewable Energy Programs

The Maryland Energy Administration administers various programs that provide financial assistance for energy efficiency and renewable energy efforts undertaken by State and local governments, businesses, nonprofit organizations, and individuals. The programs are largely supported by funding generated from auctions of carbon dioxide emission allowances under the Regional Greenhouse Gas Initiative (deposited in the Maryland Strategic Energy Investment Fund) and temporary funding provided under the American Recovery and Reinvestment Act of 2009. Both of these funding sources have become available recently and have significantly expanded the administration's funding and financial assistance programs. The American Recovery and Reinvestment Act funding, however, will be fully expended by fiscal 2012, if not earlier, and the price per allowance from the Regional Greenhouse Gas Initiative auctions (held quarterly) has generally been decreasing, creating uncertainty about future levels of funding for the administration's programs.

Local governments are among the targeted recipients of grants for energy efficiency improvement programs that benefit low- to moderate-income individuals as well as loans made under the Jane E. Lawton Conservation Loan Program for energy efficiency housing programs. The administration awarded over \$2 million in grants to counties for low- to moderate-income energy efficiency programs in fiscal 2010. In fiscal 2011, \$1.4 million was expected to be allocated to grants for low- to moderate-income energy efficiency programs, from the Maryland Strategic Energy Investment Fund, and \$2.2 million in revolving funds (largely prior loan repayments) was appropriated in fiscal 2011 under the Jane E. Lawton Conservation Loan Program. Funding was also available to local governments in fiscal 2011 under additional programs largely supported by federal American Recovery and Reinvestment Act funding.

Chapter 21. Health and Miscellaneous State Aid

Health State Aid

Maryland was the first state in the nation to have local health departments in each of its jurisdictions. In 1956, the State began supporting local health departments through the Case formula, named after the chairman of the commission that developed the nonstatutory formula. Following the Case Commission recommendations, the State calculated minimum budgets for each local health department. Until fiscal 1993, annual budget bill language specified the determination of State/local shares of each local health department's minimum budget. Legislation was enacted in 1993 that established a new funding mechanism called the Targeted Funding Program.

Targeted Funding Program

The Targeted Funding Program is administered by the Department of Health and Mental Hygiene's Infectious Disease and Environmental Health Administration. The allocation of funds provided through the Targeted Funding Program is determined by priorities established by the local health department. These priorities are based upon seven broad permissible service areas defined in law:

- communicable disease control;
- environmental health;
- family planning;
- maternal and child health;
- wellness promotion;
- adult and geriatric health; and
- administration.

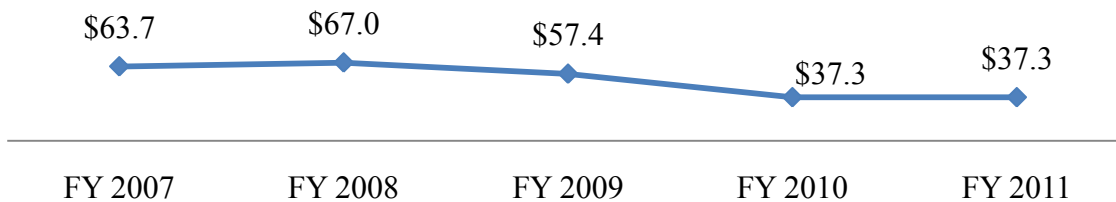
Within these broad service areas, a variety of programs are proposed and approved for funding. Child health may include programs with a school health focus. Communicable disease control includes programs to control the spread of sexually

transmitted disease, tuberculosis, and HIV, as well as to expand immunization levels among children. Administration comprises a range of programs including health planning, data collection, and coalition building. Currently, there is no established minimum or maximum allocation of funds among the priority service areas.

Trends

State funds for local health services increased from \$44.4 million in fiscal 1989 to \$47.8 million in fiscal 1990. With the onset of the State's fiscal crisis in fiscal 1991, State funding for local health services fell to \$32.5 million in fiscal 1992 and \$14.6 million in fiscal 1993. Legislation enacted in 1993 required the Governor to include at least \$34 million in the fiscal 1995 budget for local health services and at least \$39 million in fiscal 1996 and each year thereafter. However, subsequent legislation required a minimum funding level of \$41 million in fiscal 1997, with funding in future years adjusted for inflation and population growth. More recently, due to budget constraints and cost cutting measures, the fiscal 2010 appropriation was reduced to \$37.3 million, which was below the fiscal 1997 mandated funding level. During the 2010 session, the statute underlying the health aid formula was amended to rebase the formula at the fiscal 2010 level for fiscal 2011 and 2012. Increased funding would be distributed on the basis of community health need and local funding effort pursuant to regulations adopted by the health department in 1996; however, no county may receive less funding than they received in fiscal 2012. Exhibit 21.1 shows the funding level for the program over the five-year period from fiscal 2007 to 2011. A county-by-county allocation for fiscal 2011 is provided in Exhibit 21.2.

Exhibit 21.1
Local Health Aid – Funding Trend
(\$ in Millions)



Source: Department of Legislative Services

Exhibit 21.2
Local Health Grants – Targeted Funding Program
Fiscal 2011

County	Total Aid	Per Capita Aid
Allegany	\$908,719	\$13
Anne Arundel	3,141,951	6
Baltimore City	6,675,053	10
Baltimore	4,302,255	5
Calvert	369,812	4
Caroline	538,253	16
Carroll	1,231,995	7
Cecil	806,392	8
Charles	994,528	7
Dorchester	428,709	13
Frederick	1,512,159	7
Garrett	437,403	15
Harford	1,737,473	7
Howard	1,215,070	4
Kent	335,941	17
Montgomery	3,014,680	3
Prince George's	5,007,057	6
Queen Anne's	417,744	9
St. Mary's	808,576	8
Somerset	429,385	17
Talbot	328,705	9
Washington	1,381,306	9
Wicomico	947,374	10
Worcester	312,944	6
Unallocated	0	0
Total	\$37,283,484	\$7

Source: Department of Legislative Services

History of Major Changes

- 1956 – State began funding local health departments through the Case formula.
- 1990s – With the onset of the fiscal crisis, State funding for local health services fell to \$32.5 million in fiscal 1992 and \$14.6 million by fiscal 1993.
- 1993 – State established a new funding mechanism called the Targeted Funding Program. Governor was required to include at least \$34 million in fiscal 1995 budget for local health services and at least \$39 million in fiscal 1996 and each year thereafter.
- 1995 – Minimum funding level increased to \$41 million in fiscal 1997, with future year funding levels adjusted for inflation and population growth.
- 1996 – Department of Health and Mental Hygiene adopted regulations that provided for the distribution of State aid under the Targeted Funding Program.
- 1998 – State provided funding to support cost-of-living adjustments for local health department employees beginning in fiscal 1999.
- 2010 – Minimum funding level rebased to \$37.3 million.

Legal Reference

Health General Article, Title 2, Subtitle 3

Miscellaneous State Aid

Seven other State aid programs provide local governments with assistance in a variety of areas. The largest program is the disparity grant, which provides over \$120 million in funding to less affluent local governments. As shown in Exhibit 21.3, these seven State aid programs provided \$130.5 million to local governments in fiscal 2011, a 12.4% increase since fiscal 2007. Exhibit 21.4 shows the aid allocation for each county.

Exhibit 21.3
Miscellaneous State Aid Programs – Funding Trend
(\$ in Millions)

Aid Program	FY 2007	FY 2011	Difference	Percent Difference
Disparity Grants	\$109.5	\$121.4	\$12.0	11.0%
Video Lottery Terminal Grants	0.0	6.8	6.8	N/A
PILOT Grants – Port Facilities	0.8	1.0	0.2	22.9%
Horse Racing Impact Aid	1.2	0.7	-0.5	-41.5%
Senior Citizens Activities Centers	0.5	0.5	0.0	0.0%
Baltimore City Special Grant	2.9	0.0	-2.9	-100.0%
Local Voting Systems Grant	1.2	0.0	-1.2	-100.0%
Total	\$116.0	\$130.5	\$14.4	12.4%

Source: Department of Legislative Services

Exhibit 21.4
Miscellaneous State Aid Programs by County
Fiscal 2011

County	Disparity Grants	PILOT Grants	Horse Racing	Other Grants¹	Total Aid	Per Capita Aid
Allegany	\$7,298,505	\$0	\$0	\$0	\$7,298,505	\$101
Anne Arundel	0	75,000	201,918	0	276,918	1
Baltimore City	79,051,790	930,699	324,473	0	80,306,962	126
Baltimore	0	138	29,263	0	29,401	0
Calvert	0	0	0	0	0	0
Caroline	2,131,782	0	0	0	2,131,782	64
Carroll	0	0	0	0	0	0
Cecil	0	0	0	0	0	0
Charles	0	0	0	0	0	0
Dorchester	2,022,690	0	0	0	2,022,690	63
Frederick	0	0	0	0	0	0
Garrett	2,131,271	0	0	0	2,131,271	72
Harford	0	0	0	0	0	0
Howard	0	0	50,480	0	50,480	0
Kent	0	0	0	0	0	0
Montgomery	0	0	0	0	0	0
Prince George's	21,694,767	0	99,466	0	21,794,233	26
Queen Anne's	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0
Somerset	4,908,167	0	0	0	4,908,167	189
Talbot	0	0	0	0	0	0
Washington	0	0	0	0	0	0
Wicomico	2,197,041	0	0	0	2,197,041	23
Worcester	0	0	0	0	0	0
Unallocated	0	0	0	7,309,000	7,309,000	1
Total	\$121,436,013	\$1,005,837	\$705,600	\$7,309,000	\$130,456,450	\$23

¹Other grants include video lottery terminal grants (\$6,809,000) and senior citizens activities center grants (\$500,000).

Source: Department of Legislative Services

Disparity Grants

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions for county government purposes. The program reflects the State's policy to improve fiscal equity among jurisdictions by making less affluent jurisdictions less

dependent on their own tax base to fund public services. Specifically, disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of their larger revenue sources. Counties with per capita local income tax revenues less than 75% of the statewide average receive grants, unless a county has an income tax rate below 2.4% or did not receive grant funding in fiscal 2010, making it subject to the cap restriction adopted at the 2009 session. This legislative change is discussed further below.

Aid received by a county equals the lesser of the dollar amount necessary to raise the county's per capita income tax revenues to 75% of the statewide average or the amount received from the State in fiscal 2010. In fiscal 2011, Baltimore City and seven counties (Allegany, Caroline, Dorchester, Garrett, Prince George's, Somerset, and Wicomico) qualified for disparity grants. The fiscal 2011 State budget included \$121.4 million for disparity grants.

Distribution

The fiscal 2011 grant under the statute was based on population estimates for July 2008 and calendar 2009 local income tax revenues raised from a 2.54% local income tax rate. A county may not receive this grant if the tax rate in that county is less than 2.4%. Beginning in fiscal 2011, a jurisdiction may not receive funding above the level that it received in fiscal 2010, nor may any new jurisdiction qualify for funding if it did not receive a grant in fiscal 2010. Exhibit 21.5 shows the calculation for the disparity grant program for fiscal 2011.

Exhibit 21.5
Disparity Grant Calculation for Fiscal 2011

County	Population July 2008	TY 2008 Adjusted Income Tax Revenues	Per Capita Tax Yield	Per Capita Grant	Prior Year Grant	Total Grant	Grant with Cap	Effect of Cap
Allegany	72,238	\$21,993,246	\$304.46	\$117.80	\$7,298,505	\$8,509,813	\$7,298,505	(\$1,211,308)
Anne Arundel	512,790	341,351,629	665.68	0.00	0	0	0	0
Baltimore City	636,919	187,496,383	294.38	127.88	79,051,790	81,447,640	79,051,790	-2,395,850
Baltimore	785,618	460,637,508	586.34	0.00	0	0	0	0
Calvert	88,698	50,354,522	567.71	0.00	0	0	0	0
Caroline	33,138	10,393,850	313.65	108.60	2,131,782	3,598,929	2,131,782	-1,467,147
Carroll	169,353	91,917,810	542.76	0.00	0	0	0	0
Cecil	99,926	42,929,423	429.61	0.00	0	0	0	0
Charles	140,764	70,612,219	501.64	0.00	0	0	0	0
Dorchester	31,998	10,202,083	318.84	103.42	2,022,690	3,309,322	2,022,690	-1,286,632
Frederick	225,721	131,743,208	583.66	0.00	0	0	0	0
Garrett	29,698	10,066,506	338.96	83.30	2,131,271	2,473,707	2,131,271	-342,436
Harford	240,351	129,599,484	539.21	0.00	0	0	0	0
Howard	274,995	223,852,857	814.03	0.00	0	0	0	0
Kent	20,151	8,772,601	435.34	0.00	0	0	0	0
Montgomery	950,680	835,062,324	878.38	0.00	0	0	0	0
Prince George's	820,852	323,191,374	393.73	28.53	21,694,767	23,419,795	21,694,767	-1,725,028
Queen Anne's	47,091	27,194,204	577.48	0.00	0	0	0	0
St. Mary's	101,578	49,739,624	489.67	0.00	0	0	0	0
Somerset	26,119	5,331,095	204.11	218.15	4,908,167	5,697,857	4,908,167	-789,690
Talbot	36,215	25,344,161	699.82	0.00	0	0	0	0
Washington	145,384	57,087,837	392.67	29.59	0	4,301,693	0	-4,301,693
Wicomico	94,046	33,780,746	359.19	63.06	2,197,041	5,930,912	2,197,041	-3,733,871
Worcester	49,274	23,119,087	469.19	0.00	0	0	0	0
Total	5,633,597	\$3,171,773,784	\$563.01	\$0.00	\$121,436,013	\$138,689,667	\$121,436,013	-\$17,253,654
		<i>Target (75%)</i>	<i>\$422.26</i>					

Note: Adjusted income tax revenues based on net taxable income from returns filed through November 1.

Source: Department of Legislative Services

History of Major Changes

- 1991 – Chapter 525 repealed the sales and use tax exemption for cigarettes and dedicated the revenue to the six jurisdictions whose local income tax revenues were below 67% of the statewide average. Baltimore and five counties (Allegany, Caroline, Dorchester, Garrett, and Somerset) qualified for the grants, which totaled \$8.5 million in fiscal 1992.
- 1992 – Chapter 2 of the first special session codified the disparity grant formula in statute for fiscal 1993 and subsequent years. The program established a mandated annual grant to counties where per capita local income tax revenues were less than 70% of the statewide average.
- 1996 – Chapter 173 based the disparity grant formula on 75% of the statewide average per capita local income tax yield beginning in fiscal 1998.
- 2009 – Chapter 487 capped the funding amount that any jurisdiction may receive under the grant program to the amount received in fiscal 2010. While this approach maintains the functionality of the formula, it does serve to constrain growth for counties that otherwise would have seen an increase in grant amounts as well as prohibiting grants to any new jurisdiction that would qualify for funding in fiscal 2011 or beyond.
- 2010 – Chapter 484 changed the calculation of the formula by using net taxable income from returns filed through November 1 rather than August 15.

Legal Reference

Article 24, Section 9-1101

Video Lottery Terminal (VLT) Grants

A constitutional amendment authorizing 15,000 VLTs at five locations in the State was approved by Maryland voters at the November 2008 general election. Chapter 4 of the 2007 special session established the operational and regulatory framework for the authorized VLT program and provided local impact aid for jurisdictions in which VLT operations are located. These jurisdictions will receive 5.5% of the gross VLT proceeds. Eighteen percent of the total aid is allocated to the Pimlico Community Development Authority for 15 years beginning in fiscal 2012, of which \$1 million must be allocated annually to Prince George's County for the Rosecroft community. The remaining 82% is allocated to the five jurisdictions based on each jurisdiction's share of the gross VLT

revenues. This aid is to be used for infrastructure, facilities, services, and other improvements. The constitutional amendment authorizes a VLT facility in five jurisdictions. Based on current estimates of when VLT facilities will operate in those jurisdictions including Baltimore City and Allegany, Anne Arundel, Cecil, and Worcester counties, local governments would receive \$6.8 million in fiscal 2011 and \$59.3 million by fiscal 2015.

Legal Reference

Chapter 4 of the 2007 special session

Local Voting System Grants

Chapter 564 of 2001 required the State Board of Elections, in consultation with local election boards, to select and certify a uniform statewide voting system with the costs to be split equally between the State and local jurisdictions. The legislation was the result of the Governor's Special Committee on Voting Systems and Election Procedures, which submitted its recommendations in February 2001. The recommendations address concerns arising from the 2000 presidential election regarding uniformity in voting systems among local jurisdictions. The legislation required the State to provide funding through the annual budget bill for the exclusive purpose of reducing the fiscal impact of purchasing new voting equipment. Since fiscal 2003, the State has provided local governments with \$27.0 million in voting system grants. The program was not funded in fiscal 2011 due to the delay in the purchase of new voting equipment.

Legal Reference

Section 6, Chapter 564, Acts of 2001

Baltimore City Miscellaneous Grant

Chapter 6 of the 2007 special session established a new mandated general fund grant of \$3,075,000 for Baltimore City, replacing an existing grant program that was based on a share of security interest filing fee revenues. Since fiscal 1998, Baltimore City had received a grant equal to \$5 of each security interest filing fee collected by the Motor Vehicle Administration pursuant to Chapter 163 of 1996, which revised the allocation of highway user revenues between Baltimore City and other jurisdictions. Due to cost containment actions, funding for the grant was reduced to \$2,575,000 in fiscal 2010 and was eliminated in fiscal 2011.

Legal Reference

Article 24, Section 9-1104

Horse Racing Impact Aid

Since 1947, the State has shared with local governments revenues derived from the tax on horse racing. In 1975, impact aid was established to provide additional horse racing tax revenues to those subdivisions where mile thoroughbred tracks were located. Concurrent with a significant reduction in the State tax on horse racing in 1985 (from 4.09 to 0.5%), the State eliminated the local per capita distribution of horse racing taxes while retaining the impact aid distributions. In 1997, the State lowered the tax rate on horse racing to 0.32% with a provision to revert the rate back to 0.5% on July 1, 1999; however, Chapter 291 of 1999 extended the horse racing tax of 0.32% to July 1, 2000. The Racing Act of 2000 (Chapter 309 of 2000) further extended the horse racing tax of 0.32%.

Horse racing impact aid involves grants to counties and municipal corporations that contain or are located close to thoroughbred racetracks. Currently, Anne Arundel, Baltimore, and Howard counties, and the cities of Baltimore and Laurel, receive impact aid grants. Exhibit 21.6 shows the allocation of Horse Racing Impact Aid for fiscal 2009 through 2011.

Legal Reference

Business Regulation Article, Section 11-404

Exhibit 21.6
Horse Racing Impact Aid
Fiscal 2009-2011

<u>County</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Anne Arundel	\$353,000	\$172,500	\$201,918
Baltimore City	602,000	277,200	324,473
Baltimore	50,000	25,000	29,263
Howard	88,250	43,125	50,480
Prince George's	171,150	84,975	99,466
Total	\$1,264,400	\$602,800	\$705,600

Source: Department of Legislative Services

Payments in Lieu of Taxes

Legislation enacted in 1996 required the State to provide Baltimore City with a grant in lieu of property taxes on certain port property beginning in fiscal 1998. This new grant coincided with the change in the distribution of highway user revenues that took effect that year (fiscal 1998). The grant amount was specified in statute for the first two years – \$410,000 in fiscal 1998 and \$418,200 in fiscal 1999. Beginning in fiscal 2000, the grant amount equals the Baltimore City property tax rate multiplied by the assessment of the port properties. Anne Arundel and Baltimore counties also receive a small portion of these grants. Exhibit 21.7 shows the allocation of payments in lieu of taxes for fiscal 2009 through 2011.

Legal Reference

Transportation Article, Section 6-411

Exhibit 21.7 Payments in Lieu of Taxes Fiscal 2009-2011

<u>County</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Anne Arundel	\$75,000	\$75,000	\$75,000
Baltimore City	740,370	930,699	930,699
Baltimore	0	138	138
Total	\$815,370	\$1,005,837	\$1,005,837

Source: Department of Legislative Services

Senior Citizen Activities Center Operating Fund

Legislation enacted in 2000 established the Senior Citizen Activities Center Operating Fund. The Governor is required to include an appropriation of \$500,000 for the fund in the budget submitted to the General Assembly. The fund is to supplement any existing funding for senior centers and may not be used to supplant existing funding.

At least 50% of the funds are to be distributed to senior centers in economically distressed areas. These areas have an unemployment rate 150% greater than the average of the rest of the State for the most recent 18-month period or where the average per

capita personal income is equal to or less than 67% of the average personal per capita income for the rest of the State for the most recent 24-month period. The remaining funds are distributed based on a competitive grant process. Operating fund grants are provided for innovative programming, and the State grants must be matched 100% by the grant recipient. Also, the grants are not to exceed three years. The fiscal 2011 State budget included a \$500,000 appropriation for the fund.

Legal Reference

Human Services Article, Section 10-502

Chapter 22. State Assumption of Local Functions

One aspect of State and local fiscal relationships is the State assumption of functions or responsibilities traditionally performed by local governments. State assumption of local programs may relieve local governments of the cost of programs over which they have little control, achieve equity when local administration resulted in significant inequities, or occur when specific functions in a local jurisdiction require State intervention.

Numerous reasons underlie State assumption of local functions over the last four decades. In the case of public assistance and social services programs, local officials exercised almost no discretionary authority. The local property assessment function was taken over to relieve inequities in the assessment process. The local property tax credit programs for elderly homeowners were taken over by the State to bring about a greater degree of uniformity in the credits and to change the funding of the program from the local property tax to State revenues. State assumption of the Baltimore City detention center, central booking facility, and community college helped to alleviate fiscal pressures in Baltimore City while providing services to city residents. As shown in Exhibit 22.1, local functions in Baltimore City cost the State \$178.9 million in fiscal 2011 while local circuit court functions cost approximately \$127.6 million.

Exhibit 22.1
Local Government Functions Assumed by the State
Selected Fiscal Years
(\$ in Millions)

	<u>FY 2007</u>	<u>FY 2011</u>	<u>Percent Change</u>
Baltimore City Functions	\$172.4	\$178.9	3.8%
Local Circuit Courts	<u>109.3</u>	<u>127.6</u>	16.7%
Total	\$281.7	\$306.5	8.8%

Source: Department of Legislative Services

Baltimore City Functions

In the past, when the State assumed a local function, it assumed the function for all jurisdictions in the State. Recently, however, with the exception of circuit court costs, State assumption of local functions has been specific to Baltimore City. Exhibit 22.2 shows the amount of State funding for the three assumed local government functions in Baltimore City since fiscal 2007.

Exhibit 22.2
Baltimore City Functions Assumed by the State

Fiscal	Community College	Detention Center	Central Booking	Total
2007	\$35,024,587	\$89,746,750	\$47,651,405	\$172,422,742
2008	40,447,646	89,391,099	47,244,260	177,083,005
2009	40,367,040	90,246,870	53,080,310	183,694,220
2010	40,202,531	86,410,211	47,760,729	174,373,471
2011	\$40,902,095	\$89,106,571	\$48,896,759	\$178,905,425

Source: Department of Legislative Services

Baltimore City Detention Center and Central Booking and Intake Facility

County governments have traditionally been given the responsibility for defendants confined while awaiting pretrial release or trial. County governments spent approximately \$367.5 million in fiscal 2009 on local correctional services. In Baltimore City, however, the Maryland Department of Public Safety and Correctional Services is responsible for operating and funding the Baltimore City Detention Center and the Baltimore Central Booking and Intake Facility.

Legislation enacted in 1991 authorized the State to assume the costs and operation of the Baltimore City Detention Center and provided for State operation of a Central Booking and Intake Facility in Baltimore City by fiscal 1995. The city's central booking and intake facility originally opened in fiscal 1996. As shown in Exhibit 22.2, the State spent approximately \$89.1 million in fiscal 2011 to operate the Baltimore City Detention Center and \$48.9 million to operate the Baltimore City Central Booking and Intake Facility. To partially offset the costs to operate these two facilities, State funding for

Baltimore City under the police aid formula was discontinued; however, legislation enacted in 1996 provided a small grant to Baltimore City under the police aid formula beginning in fiscal 1997.

Baltimore City Community College

Community colleges are considered units of local government. Generally, the State makes financial contributions to local community colleges through several formula grants. Statewide, local community colleges receive around 23.5% of their operating funding from the State and 31.2% from county governments.

In Baltimore City, the local community college is operated and funded by the State. Legislation enacted in 1990 established the city's community college as a State agency beginning in fiscal 1991. The college was authorized to be a State agency for three years and was scheduled to become a local entity on July 1, 1993, but legislation enacted in 1992 made the community college a permanent State institution of higher education. As shown in Exhibit 22.2, State funding for the Baltimore City Community College totaled approximately \$40.9 million in fiscal 2011.

Local Circuit Court Functions

The circuit courts are the highest trial courts exercising jurisdiction within the State. Generally, the circuit courts handle major civil cases, the more serious criminal cases, all family and juvenile law cases, and appeals from the District Court and certain administrative agencies. The circuit courts are funded by the State and local governments; local governments funded all circuit court costs until fiscal 1946 when the State assumed the funding of circuit court judges' salaries.

Beginning in fiscal 1986, the State assumed the personnel and operational costs of circuit court clerks' offices; prior to fiscal 1986 the clerks' offices were funded by fees with a State appropriation to cover any deficiencies. Beginning in fiscal 1997, the State assumed the costs of new standing masters and by fiscal 2003 had assumed all compensation costs for standing masters. While standing masters employed in fiscal 2001 had the choice of becoming State employees or remaining county employees with salaries funded by the State, all standing masters hired on or after July 1, 2002, are required to be State employees.

In fiscal 1999, the State assumed all costs for the family divisions and family services. In fiscal 2000, the State began contributing \$5 for each juror per diem; in fiscal 2002 the contribution increased to \$15. In fiscal 2006, the State increased the juror per diem from \$15 to \$50 after the fifth day of juror service. Also in fiscal 2000, the

State began providing funding for the costs of court interpreters. All local savings generated by State assumption of circuit court costs must be used by the local jurisdiction solely for circuit court costs or related public safety purposes.

The State assumed funding for law clerks of circuit court judges beginning in fiscal 2004. A provision in the Budget Reconciliation and Financing Act (BRFA) of 2003 required local jurisdictions to make a 25% contribution for the salaries of circuit court law clerks. This provision was repealed in 2006, effective fiscal 2007. The law requires the State to fund the employment of one law clerk for each circuit court judge hired on or after July 1, 2002. The counties are required to utilize their cost savings for other circuit court expenditures or related public safety measures while not supplanting current expenditures.

Most recently, the State has begun to assume the cost of circuit court facilities with lease payments to local jurisdictions. As originally enacted in 2002, State assumption was to begin in fiscal 2004. However, the 2003 BRFA delayed the circuit court rent payments until fiscal 2007. In fiscal 2007 the State was to pay local jurisdictions \$250,000 in rent for space occupied in county facilities by the circuit court clerks at a rate of \$2.50 per net useable square foot. The rent was to increase to \$5 in fiscal 2008 and to \$10 in fiscal 2009. However, legislation enacted in 2008 provided that the Chief Judge of the Court of Appeals must certify to the Governor an amount not exceeding \$500,000 for the rent for space occupied.

As noted in Exhibit 22.3, State assumed costs of local circuit court functions totaled \$127.6 million in fiscal 2011. Exhibit 22.4 shows the estimated State assumed costs by jurisdiction for fiscal 2010.

History of State Assumption of Other Local Functions

Health and Social Service Programs

Public Assistance

As a result of an extensive study by the Legislative Council's Committee on Taxation and Fiscal Matters, legislation was enacted in 1961 that placed an overall limitation on total local spending for welfare programs. Legislation was subsequently enacted that changed the role of the local boards to an advisory status and enlarged the role of the State Department of Social Services in determining eligibility standards and grant levels pursuant to federal law and regulations. In December 1973, the Commission on the Functions of Government issued a report recommending that welfare programs should be financed jointly by the federal and State governments and that local

governments should be relieved of financial responsibility for a program over which there was almost no local discretionary authority. The Governor provided funds in fiscal 1974 to reduce local financial responsibilities for welfare. Legislation was subsequently adopted at the 1974 session providing for a phase-out of local funding mechanisms by the end of fiscal 1976.

Food Stamp Program

Prior to 1980, local governments administered the federal Food Stamp Program. Legislation enacted in 1979 transferred responsibility for funding the administration of the federal Food Stamp Program to the State.

Exhibit 22.3
Local Circuit Court Functions Assumed by the State

Fiscal	Clerks of Court	Juror Fees	Masters' Salaries	Law Clerks	Family Divisions/ Family Services	Interpreters	Court Leases	Total
1991	\$40,447,378	\$0	\$0	\$0	\$0	\$0	\$0	\$40,447,378
1992	40,178,230	0	0	0	0	0	0	40,178,230
1993	41,270,378	0	0	0	0	0	0	41,270,378
1994	42,669,753	0	0	0	0	0	0	42,669,753
1995	44,429,640	0	0	0	0	0	0	44,429,640
1996	47,038,793	0	0	0	0	0	0	47,038,793
1997	49,299,644	0	0	0	0	0	0	49,299,644
1998	47,868,594	0	0	0	0	0	0	47,868,594
1999	52,741,913	0	0	0	4,371,720	0	0	57,113,633
2000	57,770,131	0	0	0	5,258,981	0	0	63,029,112
2001	58,907,656	0	0	0	6,599,614	0	0	65,507,270
2002	65,327,986	3,012,989	0	0	7,199,222	487,377	0	76,027,574
2003	64,218,086	3,327,656	3,908,792	0	7,634,975	565,475	0	79,654,984
2004	63,727,796	3,398,168	5,739,485	6,247,463	7,741,459	669,878	0	87,524,249
2005	68,917,535	2,759,395	5,950,757	6,626,376	8,528,986	751,238	0	93,534,287
2006	74,970,737	4,192,372	6,537,399	5,076,419	9,099,993	934,110	0	100,811,030
2007	79,294,276	3,867,875	7,124,042	7,227,658	10,198,693	1,347,958	250,000	109,310,502
2008	80,025,841	4,037,418	7,723,334	6,668,975	10,623,964	1,503,545	500,000	111,083,077
2009	85,167,158	3,835,685	8,281,073	7,367,857	11,737,356	1,225,447	500,000	118,114,576
2010	92,952,938	3,935,000	8,838,811	7,120,251	10,941,222	1,323,115	500,000	125,611,337
2011	93,514,539	4,200,000	8,893,896	8,363,751	10,676,188	1,451,250	500,000	127,599,624

Source: Administrative Office of the Courts

Exhibit 22.4
Local Circuit Court Functions Assumed by the State
Fiscal 2010 Estimated Expenditures
(\$ in Thousands)

County	Clerks of Court	Juror Fees	Masters' Salaries	Law Clerks	Family Divisions/ Family Services	Interpreters	Court Leases	Total
Allegany	\$1,281.6	\$45.3	\$256.9	\$91.6	\$159.1	\$0.0	\$7.0	\$1,841.5
Anne Arundel	7,396.6	254.1	846.7	501.2	748.5	0.0	29.7	9,776.8
Baltimore City	18,851.2	1,098.0	2,098.3	1,523.4	1,478.0	51.1	201.8	25,301.8
Baltimore	7,794.7	408.1	970.9	761.1	971.6	89.7	30.9	11,027.0
Calvert	1,523.9	26.5	117.7	95.9	184.6	0.0	4.4	1,953.0
Caroline	802.0	16.3	128.4	46.7	122.9	0.0	3.6	1,119.9
Carroll	2,044.5	51.5	275.2	148.1	304.7	0.0	13.1	2,837.1
Cecil	1,955.7	98.6	107.5	141.3	217.2	0.0	7.5	2,527.8
Charles	2,868.9	84.1	319.3	159.1	250.1	0.0	9.4	3,690.9
Dorchester	1,179.1	20.4	107.5	43.5	157.6	0.0	14.3	1,522.4
Frederick	2,415.3	80.3	235.9	190.5	180.2	0.0	9.9	3,112.1
Garrett	754.8	10.2	128.4	87.4	104.4	0.0	4.7	1,089.9
Harford	3,296.3	162.3	429.0	256.1	284.2	0.0	9.0	4,436.9
Howard	2,869.7	112.3	399.3	238.7	286.2	0.0	11.9	3,918.1
Kent	745.5	11.4	0.0	48.5	139.9	0.0	2.9	948.2
Montgomery	10,876.9	445.3	722.4	985.8	2,225.4	322.7	55.7	15,634.2
Prince George's	13,191.6	660.7	931.0	1,040.6	1,917.1	302.9	44.1	18,088.0
Queen Anne's	1,211.2	13.8	121.3	47.9	167.2	0.0	4.9	1,566.3
St. Mary's	1,582.8	28.8	146.8	142.3	121.1	0.0	5.1	2,026.9
Somerset	1,144.2	42.4	121.3	39.9	261.6	0.0	2.4	1,611.8
Talbot	970.9	17.3	0.0	49.6	122.5	0.0	3.2	1,163.5
Washington	2,172.4	108.4	125.1	232.6	181.9	0.0	8.5	2,828.9
Wicomico	1,695.7	118.8	121.3	147.8	165.2	0.0	9.8	2,258.6
Worcester	1,912.9	20.1	128.4	100.7	189.9	0.0	6.3	2,358.3
Unallocated	2,414.5	0.0	0.0	0.0	0.0	556.7	0.0	2,971.2
Total	\$92,952.9	\$3,935.0	\$8,838.8	\$7,120.3	\$10,941.2	\$1,323.1	\$500.0	\$125,611.3

Source: Administrative Office of the Courts

Medical Assistance

The State began to make contributions to hospitals for the cost of in-patient care of indigent persons in 1945. With the enactment of the federal Medical Assistance Program in 1966, State law was changed to require a State contribution of 80% and a local contribution of 20% for the cost of hospitalized indigent persons. The requirement for the 20% local contribution continued until 1973 when legislation placed a maximum dollar ceiling on the local contribution. At the 1974 session, the local contribution and maximum amount was reduced by half, and at the 1978 session, it was eliminated entirely.

Public Safety, Courts, and Judiciary

District Court System

The District Court was created in 1971 as a statewide entity after ratification of a constitutional amendment in 1970. The District Court replaced varying local trial magistrates, people's court systems, and municipal courts and is set up to handle some criminal, most motor vehicle, and many civil cases. All employees of the local court systems were transferred to the District Court. The State assumed responsibility for all administrative expenses and received the fines and costs collected by the court.

Office of the Public Defender

Prior to 1971, legal representation for indigent persons accused of criminal offenses rested with various programs within the circuit courts subject to the availability of funds as provided by the counties and Baltimore City. In 1971, the statewide Office of the Public Defender was created by the General Assembly in response to a U.S. Supreme Court decision that indigent persons accused of criminal offenses had a right to counsel and related services. The Office of the Public Defender replaced various circuit court programs throughout the State. Subsequent legal decisions have expanded the scope of the public defender program to include some administrative proceedings.

Baltimore City Pre-trial Release Services

Based on a report issued by the Clerks of the Court Task Force in 1984, legislation was enacted in 1985 that transferred the Baltimore City Pre-Trial Release Services Division from the Baltimore City Clerk of the Circuit Court to the State's Division of Parole and Probation within the Department of Public Safety and Correctional Services.

Court-ordered Mental Examinations

As part of pre-trial procedures, courts may request mental examinations of persons accused of serious crimes. Since the counties and Baltimore City were responsible for the administrative costs of the circuit court system, the State mental hospitals charged the local governments for the costs of these examinations. In 1977, legislation was enacted to relieve the counties and Baltimore City of the responsibility of paying for court-ordered mental examinations.

Probation Employees

Effective in fiscal 1974, local probation employees in Prince George's County and Baltimore City were transferred to the State's Division of Parole and Probation and local laws providing for probation departments in these jurisdictions were repealed or amended. In the following year, probation employees of Harford County were transferred to the State; Baltimore County probation employees were transferred in fiscal 1978. Now, all parole and probation services are provided by the Division of Parole and Probation in the Department of Public Safety and Correctional Services.

Child Support Enforcement

Legislation enacted in 1978 transferred Baltimore City's child support enforcement function to the State's Child Support Enforcement Administration of the Department of Human Resources. The legislation also authorized a county or circuit court with a local support enforcement office to request responsibility for support enforcement to be transferred to the Child Support Enforcement Administration. As of fiscal 2003, all local jurisdictions have transferred their child support functions to the State.

Office of Post Mortem Examiners

Prior to fiscal 1981, Baltimore City funded certain positions in the Department of Post Mortem Examiners such as investigators, morgue assistants, and clerks, and the counties funded services of the deputy medical examiners. Legislation enacted in 1979 transferred the costs for post mortem examiners to the State and transferred all employees of the department to the State personnel system effective in fiscal 1981. Currently known as the Office of the Chief Medical Examiner as a part of the Department of Health and Mental Hygiene, the office assists State's Attorneys, the courts, law enforcement agencies, and families.

Mass Transportation

In 1961, the legislature created the Metropolitan Transit Authority (now the Maryland Transit Administration) to plan a mass transit system for the Baltimore metropolitan area. When the authority was reenacted in 1969, the legislation included a provision that State financial assistance for mass transit should be allocated on a parity basis between the Baltimore and Washington areas.

The Washington Suburban Transit Commission was established in 1965 to administer Maryland's participation in the development, construction, and financing of the Washington Metro subway system. The commission received its funds for construction from bonds issued by Montgomery and Prince George's counties. Public transportation in the Washington metropolitan area is supported by funds from Maryland, Virginia, and the District of Columbia. The State and Montgomery and Prince George's counties share responsibility for Maryland's portion.

The construction of the Washington area's Metro system began prior to the initiation of the Baltimore subway system. The financial commitment assumed by Montgomery and Prince George's counties totaled \$259 million. In 1971, plans for Phase I of the Baltimore subway system were completed. The legislature increased the gasoline tax at the 1972 session to finance an expanded highway program and the State's commitment for mass transit. The legislation provided for State financing of the nonfederal portion of the Baltimore subway system (subsequently estimated to be \$159 million) and for the State to assume financial responsibility for the remaining \$161 million of Montgomery and Prince George's counties' contribution towards the Washington area's Metro system. The legislation also provided that the \$10 million in loans previously made available by the State to each system should be considered as grants.

In 1980, the General Assembly agreed to provide State grants to the Washington area's Metro system for (1) construction in the amounts required of the Washington Suburban Transit District in accordance with capital contribution agreements between the Washington Metropolitan Area Transit Authority (WMATA), the Washington Suburban Transit District, and other participating jurisdictions; (2) 75% of operating deficiencies, defined as operational costs reduced by available federal funds and the greater of operating revenues or 50% of operating costs; and (3) 75% of the debt service on bonds issued prior to July 1, 1979.

In 1984, the General Assembly further agreed to provide State subsidies for local bus systems in Montgomery and Prince George's counties. The program pays 37.5% of operating costs or 75.0% of the operating deficit (whichever is less) of bus operations

implemented to replace services previously operated by the Washington area's Metro system.

The State provided increased funding for the Washington Metropolitan Area Transit Authority (WMATA), with legislation passed in 1992, for services in Montgomery and Prince George's counties beginning in fiscal 1993. The State's share of WMATA funding for operating deficits was increased from 75% to 100% and 100% of the operating deficits for eligible bus service. In addition, beginning in fiscal 2000, the State now pays 100% of WMATA's capital equipment costs.

Property Assessment and Property Tax Credits

Property Assessment

The assessment of State property originally was the sole responsibility of the counties and Baltimore City. The State Department of Assessments and Taxation was established in 1959 and granted the authority to establish standards and guidelines over local jurisdictions' assessment processes. At this time, the State began to fund 60% of the salaries of assessors, with local governments funding the remainder of the costs. In 1973, legislation was enacted whereby the State assumed complete administrative responsibility for the assessment function and began paying all costs on a three-year phased-in basis. State assumption of the property assessment process was designed to achieve uniformity in the property assessment process.

Property Tax Credits

During the early 1960s, numerous local laws were enacted authorizing local governments to grant property tax credits to elderly homeowners. In 1963, statewide authority for such tax credits was enacted, and in 1967 the State enacted a mandatory minimum tax credit program for elderly homeowners. Subsequently, many local governments adopted more generous credit programs, either as a result of local action or local legislation. In 1975, the legislature enacted a statewide property tax credit program for elderly homeowners (over 60 years of age) in lieu of the existing local programs; local programs were redundant and eliminated after the statewide property tax credit program was created. The action was taken to bring about a greater degree of uniformity in the credits and to change the funding of the program from the local property tax to State revenues.

Chapter 23. Federal Aid to Local Governments

Local governments receive federal financial assistance either directly from the federal government or from the State in the form of “pass-through” federal grants that are administered by State agencies. Direct payments include Community Development Block Grants, housing grants, Head Start grants, mass transit funding, and higher education grants. Pass-through grants occur mainly in the areas of primary and secondary education, vocational education, health and human services, and law enforcement.

Federal aid accounts for a small percentage of local government revenues. From fiscal 1999 to 2009, the federal aid share of local revenues decreased. In fiscal 2009, federal aid accounted for 6.4% of county revenues and 1.9% of municipal revenues. In fiscal 1999, federal aid accounted for 6.9% of county revenues and 2.8% of municipal revenue. From fiscal 1999 to 2009, federal aid to county governments increased at an average annual rate of 5.4% compared to 6.2% for total county revenues. Federal aid for municipal corporations increased at an average annual rate of 2.5% compared to 6.7% for total municipal revenues. Exhibit 23.1 shows the growth in federal aid from fiscal 1999 to 2009 for both county and municipal governments.

Exhibit 23.1
Federal Aid to Maryland Local Governments
Selected Fiscal Years
(\$ in Millions)

	<u>FY 1999</u>	<u>FY 2009</u>	<u>Percent Change</u>
Counties	\$928.1	\$1,574.0	69.6%
Municipal Corporations	18.8	24.0	27.7%
Total	\$946.9	\$1,598.0	68.8%

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Major Funding Categories

The major areas in which local governments receive federal funds include primary and secondary education, community colleges, health and human services, housing and community development, public safety, and transportation. In fiscal 2009, county governments and Baltimore City received federal aid totaling \$1.6 billion and municipal corporations received \$24.0 million (Exhibit 23.2). Of the aid provided to counties and Baltimore City, approximately \$697.6 million (44.3%) was for primary and secondary education, \$109.0 million (6.9%) was for community colleges, \$108.5 million (6.9%) was for local health departments, \$308.7 million (19.6%) was for community development, and \$350.2 million (22.3%) was for other programs. Exhibit 23.3 presents federal funds by category for Baltimore City and county governments in fiscal 2009, while Exhibit 23.4 shows federal funding for municipal governments. A description of some of the major federal aid programs in the various areas follows.

Primary and Secondary Education

Title I – Grants to Local Education Agencies

Title I grants are a significant source of federal aid to local school systems. The grants help local school systems target and assist children disadvantaged by poverty to successfully complete elementary and secondary education. State education agencies receive formula grants and administer the program. Local school systems receive grants from the State.

State Grants for Improving Teacher Quality

State Grants for Improving Teacher Quality provide funds to the states to support comprehensive reforms to improve teacher quality, to facilitate change and improvement in teacher education programs, and to reduce shortages of quality teachers in high-need school districts.

Food and Nutrition Services

The Food and Nutrition Service in the U.S. Department of Agriculture provides general, free and reduced price subsidies for the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, and meals and snacks for children enrolled in eligible after school programs. Public schools are reimbursed at rates that are adjusted on an annual basis to reflect changes in the Food Away From Home Series of the Consumer Price Index.

Exhibit 23.2
Federal Aid to Local Governments
Fiscal 2009

County	County Revenues	Municipal Revenues	Total Revenues	Per Capita Revenues	Per Capita Ranking
Allegany	\$26,535,752	\$3,192,098	\$29,727,850	\$409	5
Anne Arundel	78,686,676	2,868,544	81,555,220	158	22
Baltimore City	340,014,633	0	340,014,633	533	2
Baltimore	201,357,123	0	201,357,123	255	14
Calvert	11,731,911	1,586	11,733,497	132	23
Caroline	8,928,110	805,374	9,733,484	292	9
Carroll	26,813,357	2,181,151	28,994,508	171	21
Cecil	23,120,083	2,249,274	25,369,357	254	15
Charles	37,795,295	800,000	38,595,295	273	12
Dorchester	14,885,259	185,416	15,070,675	471	4
Frederick	40,694,742	1,588,466	42,283,208	187	20
Garrett	14,351,914	2,003,646	16,355,560	551	1
Harford	47,201,230	374,433	47,575,663	197	19
Howard	36,159,670	0	36,159,670	130	24
Kent	5,612,715	16,074	5,628,789	278	11
Montgomery	285,537,003	1,029,763	286,566,766	300	8
Prince George's	237,932,521	1,705,976	239,638,497	289	10
Queen Anne's	11,831,929	0	11,831,929	249	16
St. Mary's	21,640,878	51,399	21,692,277	213	18
Somerset	9,061,834	0	9,061,834	347	6
Talbot	7,847,285	579,099	8,426,384	233	17
Washington	36,005,113	2,364,388	38,369,501	264	13
Wicomico	28,280,802	461,231	28,742,033	306	7
Worcester	21,953,212	1,566,711	23,519,923	478	3
Statewide	\$1,573,979,046	\$24,024,629	\$1,598,003,675	\$282	

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Exhibit 23.3
Federal Aid to County Governments
Fiscal 2009

County	Public Schools	Community Colleges	Health Boards	Community Development	Other Programs	Total
Allegany	\$12,336,446	\$5,287,549	\$3,686,865	\$1,280,687	\$3,944,205	\$26,535,752
Anne Arundel	45,102,263	9,609,167	6,995,662	8,298,917	8,680,667	78,686,676
Baltimore City	147,113,000	0	22,359,660	34,544,276	135,997,697	340,014,633
Baltimore	81,594,000	26,336,990	11,469,450	58,797,554	23,159,129	201,357,123
Calvert	6,656,492	987,198	1,478,795	49,472	2,559,954	11,731,911
Caroline	5,433,352	802,317	1,780,575	0	911,866	8,928,110
Carroll	12,923,205	1,126,414	3,553,167	5,721,787	3,488,784	26,813,357
Cecil	11,194,258	1,585,078	1,777,746	4,251,101	4,311,900	23,120,083
Charles	16,526,758	4,781,957	3,135,656	7,376,779	5,974,145	37,795,295
Dorchester	6,000,361	733,547	1,423,651	0	6,727,700	14,885,259
Frederick	19,093,049	2,217,641	3,329,948	4,664,316	11,389,788	40,694,742
Garrett	5,185,791	2,607,579	2,071,734	244,584	4,242,226	14,351,914
Harford	21,934,126	3,328,431	3,556,697	8,710,294	9,671,682	47,201,230
Howard	21,043,317	5,177,559	2,500,570	2,944,719	4,493,505	36,159,670
Kent	3,243,405	370,594	1,068,638	30,426	899,652	5,612,715
Montgomery	94,289,082	19,840,626	8,157,262	101,607,738	61,642,295	285,537,003
Prince George's	117,865,347	12,359,030	14,544,259	67,753,735	25,410,150	237,932,521
Queen Anne's	5,565,220	1,031,550	1,486,591	1,565,744	2,182,824	11,831,929
St. Mary's	13,608,678	1,239,248	941,596	0	5,851,356	21,640,878
Somerset	6,161,812	0	1,338,942	154,833	1,406,247	9,061,834
Talbot	3,154,992	882,549	1,143,158	0	2,666,586	7,847,285
Washington	17,453,566	4,024,151	3,720,828	0	10,806,568	36,005,113
Wicomico	14,943,379	3,269,568	4,200,195	667,983	5,199,677	28,280,802
Worcester	9,168,356	1,401,243	2,753,150	0	8,630,463	21,953,212
Statewide	\$697,590,255	\$108,999,985	\$108,474,795	\$308,664,945	\$350,249,066	\$1,573,979,046

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Exhibit 23.4
Federal Aid to Municipal Governments
Fiscal 2009

County	Community Development	Public Safety	Sewer/Waste/ Water	Economic Development	Other Programs	Total
Allegany	\$3,139,186	\$41,338	\$0	\$4,309	\$7,265	\$3,192,098
Anne Arundel	504,210	1,172,259	0	0	1,192,075	2,868,544
Baltimore City	0	0	0	0	0	0
Baltimore	0	0	0	0	0	0
Calvert	0	0	0	0	1,586	1,586
Caroline	543,468	116,842	0	0	145,064	805,374
Carroll	1,848,534	61,096	0	0	271,521	2,181,151
Cecil	2,277	13,626	2,203,738	0	29,633	2,249,274
Charles	800,000	0	0	0	0	800,000
Dorchester	0	147,853	0	0	37,563	185,416
Frederick	387,370	131,081	0	904,398	165,617	1,588,466
Garrett	702,954	0	1,240,755	21,659	38,278	2,003,646
Harford	362,744	11,689	0	0	0	374,433
Howard	0	0	0	0	0	0
Kent	0	0	0	0	16,074	16,074
Montgomery	869,090	23,185	0	67,910	69,578	1,029,763
Prince George's	1,163,687	81,629	74,605	0	386,055	1,705,976
Queen Anne's	0	0	0	0	0	0
St. Mary's	0	51,399	0	0	0	51,399
Somerset	0	0	0	0	0	0
Talbot	554,231	24,868	0	0	0	579,099
Washington	0	1,100,335	17,500	1,246,553	0	2,364,388
Wicomico	343,989	86,642	0	0	30,600	461,231
Worcester	164,558	477,306	0	35,000	889,847	1,566,711
Statewide	\$11,386,298	\$3,541,148	\$3,536,598	\$2,279,829	\$3,280,756	\$24,024,629

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Vocational Education Basic State Grants

Vocational Education Basic State Grants are designed to expand and improve programs of vocational education and provide equal access to vocational education for special needs populations. States apply for and receive grants to administer the program. Local school systems may apply to states to receive grant funds.

Special Education Basic State Grants

Special Education Basic State Grants are intended to make free public education available to all children with disabilities. Funds are used by State and local school systems. State education agencies apply for the grants and administer the program. Local school systems receive grants from the State.

Technology Literacy Challenge Fund

Technology Literacy Challenge Grants provide formula grants to State education agencies for developing and implementing systemic technology plans at State, local, and school levels to improve the teaching and learning of children.

Adult Education – Basic Grants

Adult Education – Basic Grants improve literacy, computational, and other educational opportunities for adults who have not completed secondary school. State educational agencies administer the program and provide grants to local school systems, schools, and community-based organizations that have developed adult education programs. This program is administered by the Department of Labor, Licensing, and Regulation.

Community Colleges

Pell Grants

Pell grants provide need-based assistance to low- and middle-income postsecondary students. The State's postsecondary institutions of higher learning receive the funds from the federal government and then act as the disbursing agent to students.

College Work-study Program

College Work-study programs provide part-time employment to postsecondary students to defray costs of education and enhance opportunities for community service. Colleges apply for grants and receive an administrative cost allowance for administering the program.

Federal Supplemental Education Opportunity Grants

The Federal Supplemental Education Opportunity Grants program provides grants of up to \$4,000 per academic year for students working on their first undergraduate baccalaureate degree. Colleges apply for grants and receive administrative cost allowances for administering the program.

National Endowment for the Humanities

The National Endowment for the Humanities funds project grants for research in the humanities, educational opportunities, research and writing of scholarly texts, translations of important works, preservation of texts and materials, museum exhibitions, and television and radio programs.

Perkins Loan Program

The Perkins Loan Program provides payments to institutions of higher education to enable the institutions to make low-interest loans to eligible students able to demonstrate financial need. Funds are distributed to institutions of higher education based on prior expenditures and demonstrated need. Students apply to their institutions for the loans.

Health and Human Services**Food Program for Women, Infants, and Children**

The Food Program for Women, Infants, and Children (WIC) provides supplemental nutritious foods, nutrition education, and health care referrals to low-income pregnant, breastfeeding, and postpartum women, as well as infants and children up to age five who are at nutritional risk. Nutrition and education are provided at no cost to program participants. States apply for WIC grants and administer the program. Local agencies that qualify under state agency guidelines may operate WIC programs.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program helps improve the quality of emergency shelters and provides transitional housing for the homeless, including shelter operation costs and essential social services to help prevent homelessness. Metropolitan cities may apply for grants from the federal government. Other local governments receive grants through the state-administered program.

Head Start

Head Start provides comprehensive health, educational, nutritional, and other social services to economically disadvantaged preschool children. Services are primarily for families with incomes below the federal poverty level. Services are provided to children up to the age of five. At least 10% of enrollment in any Head Start program must be available for children with disabilities. Local governments apply to the federal government directly for grants.

Housing and Community Development

Community Development Block Grants

The Community Development Block Grant Program provides competitive federally funded grants to local governments in nonentitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and improving community facilities and services. Activities primarily benefit low- and moderate-income individuals. Nonentitlement areas are mainly rural areas of the State. Entitlement areas include Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties and the cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown, and Salisbury. Entitlement areas receive a direct allocation from the U.S. Department of Housing and Urban Development and are not eligible for the State program.

Public Housing Grants

Public Housing Grants are designed to provide and operate cost-effective, decent, safe, and affordable housing for lower-income families. Operating subsidy funds are available and capital funds are also provided for improvement of the condition of existing public housing. Local governments approve the proposed housing programs. Local governments or public housing agencies may apply for grants directly from the federal government.

Public Safety

Byrne Justice Assistance Grants

Byrne Justice Assistance Grants provide funds to support all components of the criminal justice system such as multi-jurisdictional drug and gang task forces, crime prevention and domestic violence programs, and criminal justice information sharing initiatives.

Juvenile Justice Grants

Juvenile Justice Grants provide funds to develop programs for greater accountability in the juvenile justice system and to support the development of more effective education, training, research, prevention, diversion, treatment, and rehabilitation programs in juvenile delinquency.

Violence Against Women Formula Grants

Violence Against Women Formula Grants provide resources to develop and strengthen victim services and law enforcement and prosecution strategies to combat violent crimes against women.

State Homeland Security Grants

State Homeland Security Grants provide funds to support building and sustaining preparedness capabilities through planning, equipment, training, and exercise activities. Funding is awarded based on a combined formula and competitive basis to states and passed through to local jurisdictions.

Emergency Management Performance Grants

Emergency Management Performance Grants provide funds to assist in the development, maintenance, and improvement of state and local emergency management capabilities. Funding is used to sustain and enhance catastrophic planning needs and capabilities.

Urban Areas Security Initiative Grants

Urban Areas Security Initiative Grants provide financial assistance to address the unique multi-discipline planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas, and to assist them in building and sustaining

capabilities to prevent, protect against, respond to, and recover from threats or acts of terrorism.

Transportation

Large Urbanized Area Operating Assistance

The Federal Transit Administration's Large Urbanized Area (Section 5307) grant program supports mass transit operating costs incurred by Howard and Harford counties and the cities of Cumberland, Hagerstown, and Frederick. This program is funded in the Maryland Transit Administration's operating budget and assists in financing the planning, acquisition, construction, leasing, improvement, and maintenance of equipment and facilities for use in mass transportation services. The fiscal 2011 State budget included \$7.4 million for this program.

Rural and Small Urban Areas Operating Assistance

The Federal Transit Administration's Rural and Small Urban Areas (Section 5311) grant program supports administrative, operating, and capital expenses relating to public transportation service in nonurbanized areas. In Maryland, there are 17 eligible systems operating in 21 jurisdictions. Federal funds may be used for up to 80% of capital and administrative expenses and up to 50% of operating expenses. This program is funded in the Maryland Transit Administration's operating budget. The fiscal 2011 State budget included \$5.3 million for this program.

Transit Cooperative Research

The Federal Transit Administration's Transit Cooperative Research (Section 5313) grant program provides funding for transit-related planning and technical studies and assistance, demonstration projects, management training, and cooperative research. This program is funded in the Maryland Transit Administration's operating budget and federal funding is provided annually based on a competitive nationwide award process. The fiscal 2011 State budget included \$286,281 for this program.

Job Access and Reverse Commute

The Federal Transit Administration's Job Access and Reverse Commute (Section 5316) grant program funds projects designed to (1) help low-income individuals access employment in locations that lack a strong transit infrastructure, and (2) provide reverse commute transit services to the general public. Federal funding is allocated by formula to states for areas with populations below 200,000 persons, and to

designated recipients for areas with populations over 200,000 persons. The formula is based on the number of eligible low-income and welfare recipients in urbanized and rural areas. This program is funded in the Maryland Transit Administration's operating budget. The fiscal 2011 State budget included \$2.5 million for this program.

Surface Transportation Grants

Surface Transportation Grants, composed of several grant programs, provide funds for highways, mass transit, urban highway systems, and interstate maintenance.

Federal Transit Capital Improvement Grants

Federal Transit Capital Improvement Grants comprise several programs that provide financial resources for the acquisition of real property, and the construction, reconstruction, and improvement of rolling stock and other mass transit equipment. Grants are also targeted to coordination between transit and nearby highway systems and the introduction of new technology. Municipal corporations, counties, and other subdivisions with the capacity to carry out and maintain mass transit service may apply for the grants.

Bridge Repair and Restoration

Bridge Repair and Restoration Grants provide funding for projects rehabilitating or replacing unsafe or otherwise deficient bridges. Funds are distributed based on a state's relative share of the total cost to repair all deficient bridges.

Public Transportation for Nonurbanized Areas Grants

The Public Transportation for Nonurbanized Area Grants provide financial assistance to nonurbanized and rural areas. Grants for capital acquisition of facilities and mass transit equipment are available, as well as grants to defray operating expenses. Local governments and local mass transit systems may apply for the grants directly.

Appendix 1. Number of Local Governments in the United States by Type

Rank	State	Total	County	Municipal	Townships	Special
1	Illinois	6,994	102	1,299	1,432	4,161
2	Pennsylvania	4,871	66	1,016	1,546	2,243
3	Texas	4,835	254	1,209	0	3,372
4	California	4,344	57	478	0	3,809
5	Kansas	3,931	104	627	1,353	1,847
6	Missouri	3,723	114	952	312	2,345
7	Ohio	3,702	88	938	1,308	1368
8	Minnesota	3,526	87	854	1788	797
9	New York	3,403	57	618	929	1,799
10	Indiana	3,231	91	567	1,008	1,565
11	Wisconsin	3,120	72	592	1,259	1,197
12	Michigan	2,893	83	533	1,242	1035
13	North Dakota	2,699	53	357	1320	969
14	Nebraska	2,659	93	530	454	1582
15	Colorado	2,416	62	270	0	2084
16	South Dakota	1,983	66	309	916	692
17	Iowa	1,954	99	947	0	908
18	Oklahoma	1,880	77	594	0	1,209
19	Washington	1,845	39	281	0	1,525
20	Florida	1,623	66	411	0	1,146
21	Arkansas	1,548	75	502	0	971
22	Oregon	1,546	36	242	0	1268
23	Georgia	1,439	154	535	0	750
24	New Jersey	1,383	21	324	242	796
25	Kentucky	1,346	118	419	0	809
	District of Columbia	2	0	1	0	1
26	Montana	1,273	54	129	0	1090
27	Idaho	1,240	44	200	0	996
28	Alabama	1,185	67	458	0	660
29	Mississippi	1,000	82	296	0	622
30	North Carolina	963	100	548	0	315
31	Tennessee	928	92	347	0	489
32	New Mexico	863	33	101	0	729
33	Massachusetts	861	5	45	306	505
34	Maine	850	16	22	466	346
35	Vermont	733	14	45	237	437
36	Wyoming	726	23	99	0	604
37	South Carolina	698	46	268	0	384
38	West Virginia	663	55	232	0	376
39	Connecticut	649	0	30	149	470
40	Arizona	645	15	90	0	540
41	Utah	599	29	242	0	328
42	New Hampshire	545	10	13	221	301
43	Louisiana	526	60	303	0	163
44	Virginia	511	95	229	0	187
45	Delaware	338	3	57	0	278
46	Maryland	256	24	156	0	76
47	Nevada	198	16	19	0	163
48	Alaska	177	14	148	0	15
49	Rhode Island	134	0	8	31	95
50	Hawaii	19	3	1	0	15
	United States	89,476	3,033	19,492	16,519	50,432

Source: U.S. Census Bureau, *2007 Census of Government*

Appendix 2. County Population by Region

	1970	1980	1990	2000	2009	Change 1970-2009	Annual Increase
United States	203,798,722	227,224,719	249,622,814	282,171,957	307,006,550	50.6%	1.1%
Maryland	3,938,051	4,227,643	4,799,770	5,310,579	5,699,478	44.7%	1.0%
Baltimore Region	2,076,332	2,177,703	2,356,461	2,516,736	2,642,928	27.3%	0.6%
Anne Arundel County	299,825	372,415	428,877	491,394	521,209	73.8%	1.4%
Baltimore County	622,418	655,878	694,782	756,037	789,814	26.9%	0.6%
Carroll County	69,441	96,853	124,086	151,580	170,089	144.9%	2.3%
Harford County	116,349	146,394	183,717	219,472	242,514	108.4%	1.9%
Howard County	63,714	119,855	189,367	249,599	281,884	342.4%	3.9%
Baltimore City	904,585	786,308	735,632	648,654	637,418	-29.5%	-0.9%
Washington Suburban Region	1,275,845	1,364,128	1,642,717	1,877,074	2,034,140	59.4%	1.2%
Frederick County	85,309	115,706	151,345	196,522	227,980	167.2%	2.6%
Montgomery County	524,400	582,053	760,296	877,363	971,600	85.3%	1.6%
Prince George's County	666,136	666,369	731,076	803,189	834,560	25.3%	0.6%
Southern Maryland Region	117,004	168,526	230,066	282,887	334,437	185.8%	2.7%
Calvert County	20,932	34,884	51,954	75,163	89,212	326.2%	3.8%
Charles County	48,232	73,466	101,751	121,203	142,226	194.9%	2.8%
St. Mary's County	47,840	60,176	76,361	86,521	102,999	115.3%	2.0%
Western Maryland Region	209,509	220,143	225,141	236,729	247,997	18.4%	0.4%
Allegany County	83,983	80,584	74,954	74,804	72,532	-13.6%	-0.4%
Garrett County	21,607	26,555	28,236	29,824	29,555	36.8%	0.8%
Washington County	103,919	113,004	121,951	132,101	145,910	40.4%	0.9%
Eastern Shore Region	259,361	297,143	345,385	397,153	439,976	69.6%	1.4%
Caroline County	19,893	23,205	27,125	29,828	33,367	67.7%	1.3%
Cecil County	53,519	60,590	71,866	86,464	100,796	88.3%	1.6%
Dorchester County	29,506	30,558	30,282	30,586	32,043	8.6%	0.2%
Kent County	16,247	16,707	17,869	19,266	20,247	24.6%	0.6%
Queen Anne's County	18,506	25,682	34,082	40,765	47,958	159.1%	2.5%
Somerset County	18,928	19,131	23,469	24,718	25,959	37.1%	0.8%
Talbot County	23,710	25,732	30,661	33,890	36,262	52.9%	1.1%
Wicomico County	54,534	64,646	74,743	84,864	94,222	72.8%	1.4%
Worcester County	24,518	30,892	35,288	46,772	49,122	100.4%	1.8%

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