Tyler J. Carpenter
Mayor
Sarah E. Merrell
Council Member
Cheryl A. Richwine
Council Member
John T. Carroll, Jr.
Council Member
Jack W. Duhamell, Jr.
Council Member

Marisa R. Pisapia
Town Administrator
Sue M. Bisbee
Finance & Administrative Clerk
Mike R. Gibson
Maintenance & Facilities Coordinator
Kevin J. Best
Town Attorney

Mayor and Council of Galena

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Written Testimony on behalf of the Town of Galena
From: Marisa R. Pisapia, Town Administrator, Town of Galena
To: Task Force to Modernize County and Municipal Revenue Structures
Date: September 14, 2026

Chair and Members of the Task Force:

Thank you for the opportunity to provide written testimony regarding the revenue structures available to Maryland's municipalities. I serve as the Town Administrator for the Town of Galena, a small municipality in Kent County of about 600 residents. I appreciate the Task Force undertaking this work because, from the perspective of a small municipality, the current system is becoming increasingly difficult to sustain.

The fundamental issue for Galena is simple: the cost of operating a municipality and providing essential services continues to increase, while our available sources of recurring revenue are extremely limited.

Our financial limitations affect nearly every aspect of Town operations. We have essentially no capacity to undertake additional projects unless grant funding is available. While grants are incredibly important to small municipalities like Galena, they should supplement municipal investment rather than become the only practical means of completing infrastructure improvements, park projects, facility upgrades, and other community needs.

Our revenue limitations also directly affect our employees. The Town must compete in the same labor market as counties, larger municipalities, State agencies, and the private sector. Our employees deserve salaries that reflect their responsibilities, the current job market, and increases in the cost of living. Yet even providing reasonable salary adjustments is becoming increasingly difficult. Galena is also unable to provide benefits such as employer-sponsored health insurance because the cost is beyond what our current revenue structure can reasonably support. This makes it even more difficult for a small municipality to recruit and retain qualified employees.

At the same time, increasing property taxes is not a solution that we want to continually impose on our residents. Municipal residents already pay both municipal and county property taxes. While county governments provide important services that benefit all county residents, municipalities also assume direct responsibility for many of the services, facilities, infrastructure, and administrative functions required within their corporate limits. The current system can place municipalities in the difficult position of having to ask residents who already pay taxes to two local governments to pay even more simply so their municipality can continue providing the services expected of it.

For this reason, I strongly encourage the Task Force to examine not only municipal taxing authority, but also how existing revenues are distributed between the State, counties, and municipalities.

Municipalities should receive a greater and more direct share of revenues generated by economic activity occurring within their boundaries. This should include examining the distribution of business-related revenues, sales tax revenues, alcoholic beverage revenues, and other State or county revenue streams that are generated, at least in part, by businesses, residents, and activities within municipalities.

When economic activity occurs within a municipality, the municipality incurs costs associated with supporting that activity. Roads, public spaces, infrastructure, utilities, code enforcement, planning and zoning, public safety coordination, administrative services, and other municipal responsibilities all require funding. Yet municipalities do not necessarily receive a proportionate share of the revenues associated with the economic activity they help support.

The Task Force should also examine existing county-municipal tax duplication and tax differential structures to determine whether municipal taxpayers and municipal governments are receiving an equitable allocation of revenue based upon the services actually provided by each level of government.

I do not believe there is one simple solution to this problem. However, I strongly encourage the Task Force to consider a combination of reforms that would:

- Provide municipalities with a greater share of State and county revenues generated within their boundaries;
- Expand or modernize municipal revenue sources so municipalities are not disproportionately dependent upon real property taxes and utility rates;
- Review county-municipal revenue sharing and tax differential structures to better account for services provided by municipalities;
- Establish predictable, recurring sources of municipal funding rather than requiring municipalities to rely excessively on competitive grants or one-time revenues;
- Consider the unique financial limitations of small municipalities, which do not have the same tax base, staffing capacity, economies of scale, or ability to absorb unexpected costs as larger jurisdictions; and
- Create mechanisms that allow municipal revenues to grow alongside inflation, personnel costs, infrastructure costs, and the economic activity occurring within municipal boundaries.

Galena's experience demonstrates why this conversation is necessary. We are not seeking additional revenue simply to expand government or undertake unnecessary spending. We are trying to maintain essential operations, fairly compensate employees, maintain infrastructure, serve our residents, and make reasonable investments in our community without continually increasing property taxes and utility rates.

Maryland's municipalities are often the level of government closest to their residents. Our residents expect us to maintain their communities, respond when problems arise, support local businesses, plan for growth, maintain infrastructure, and provide reliable services. The revenue structure available to municipalities should give us the financial capacity to meet those responsibilities.

I appreciate the Task Force's willingness to examine these issues and respectfully ask that its recommendations provide Maryland's municipalities, particularly its small municipalities, with a more diverse, equitable, predictable, and sustainable revenue structure. The solution cannot simply be to tell municipalities to raise property taxes or utility rates. We need a structure that better aligns municipal responsibilities with the revenues available to meet them.

Thank you for your consideration and for the opportunity to provide testimony on behalf of the Town of Galena.

Sincerely,

Marisa Pisapia

Marisa R. Pisapia
Town Administrator
Town of Galena, Maryland

Testimony - SEIU Local 500
Christopher C. Cano, MPA
Director of Political & Legislative Affairs
September 14, 2026

Good Afternoon Honorable Members of the Task Force:

SEIU Local 500, represents thousands of workers across Maryland who provide the public services that our communities rely on every day, including those who make Montgomery County Public Schools run for our children.

We appreciate the Task Force's work to examine one of the fundamental challenges facing Maryland: our local governments are being asked to provide more services, serve more people, and meet rising costs while the revenue tools available to them have not kept pace.

The consequences are increasingly visible.

Counties and municipalities are facing higher costs for education, public safety, transportation, health and human services, libraries, housing, infrastructure, and the public employees who deliver these services.

At the same time, Maryland's state government continues to make policy decisions that effectively shift costs onto local governments without providing them with adequate resources to meet those obligations.

That is not sustainable.

And ultimately, when local governments cannot raise sufficient revenue, there are only a few options: cut services, cut jobs, increase fees on working families, or defer investments that communities desperately need.

The decisions made in Annapolis this year cascaded into budgetary fights at the county level that ultimately saw over a thousand jobs on the chopping block. And, while SEIU Local 500 members lost jobs, our children lost social workers and English composition specialists. Our schools lost test scores and confident students while much needed infrastructure repair went uncompleted due to a capital budget that had to be cannibalized to stave off even more layoffs. Are these the costs you all are willing to accept?

SEIU Local 500 believes Maryland needs a different approach.

First, local governments need more revenue tools. Maryland should give counties and municipalities greater flexibility to raise revenue based on the economic circumstances of their communities. Local governments should not have to choose between cutting essential public services and imposing regressive fees and taxes on working families. They need a broader and more flexible menu of options, including the ability to design progressive revenue measures that reflect the ability of residents to pay.

Second, Maryland must confront the problem of cost shifting. We cannot have a system where the State makes decisions that create substantial costs for counties and municipalities and then expects local taxpayers to simply absorb those costs. If the State requires local governments to provide a service, meet a new mandate, or assume responsibility for a program, the State should provide the resources necessary to fulfill that obligation.

Cost shifting is not free. It gets paid for by local taxpayers. It gets paid for through larger class sizes and fewer school employees. It gets paid for through delayed infrastructure projects. It gets paid for when libraries, recreation programs, public health services, and other community services are reduced. And, it gets paid for by public employees who are asked to do more work with fewer resources.

Third, Maryland should give local governments the ability to ask those with the greatest ability to pay to contribute more. We should reject the idea that every dollar of additional revenue has to come from working families. A fair revenue system must recognize a basic principle: Those who have benefited the most from Maryland's economy and have the greatest ability to contribute should pay what they owe.

Maryland's wealthiest residents and the highest-value properties have considerably greater capacity to absorb additional taxation than a public employee, a childcare worker, a paraeducator, a bus driver, or members of our working families struggling to afford housing and childcare.

If local governments need additional resources to maintain public services, we should not begin by asking the people who are already struggling to make ends meet to pay more. We should give local governments the tools to pursue progressive revenue options, including appropriately structured taxes on high-income residents, high-value property, luxury transactions, and other sources of wealth where appropriate.

This is not about punishing success. It is about recognizing that public services create the conditions that make economic success possible. The roads, schools, public safety systems, libraries, parks, transit systems, courts, public health infrastructure, and countless other services that local governments provide are part of the foundation upon which Maryland's economy is built. Those who have benefited most from that foundation should be expected to contribute appropriately to maintaining it.

Finally, revenue policy is really about the kind of communities we want to build. SEIU Local 500's members are workers who see firsthand what happens when public services are underfunded. We see the consequences when schools cannot hire enough support staff. We see what happens when public employees are stretched beyond capacity. We see families struggling to access childcare, housing, transportation, and other basic services. And, we know that cuts don't eliminate needs. They simply shift the costs somewhere else. That is why this Task Force has an important opportunity.

We urge you to recommend a modernized local revenue system that:

- Expands the revenue tools available to counties and municipalities;
- Addresses and limits unfunded mandates and State-to-local cost shifting;
- Provides greater local flexibility to raise revenue progressively;
- Allows local governments to ask higher-income and high-wealth residents to contribute more;
- Reduces reliance on regressive fees and taxes that disproportionately burden working families; and
- Creates a sustainable revenue system capable of supporting the public services and public workforce Maryland communities need.

Maryland cannot continue asking local governments to do more while giving them fewer tools to pay for it. If we want strong schools, safe communities, functioning infrastructure, accessible public services, and a strong public workforce, we have to be willing to pay for them. And, we should start by making sure that those who can most afford to contribute pay their fair share.

The members of SEIU Local 500 look forward to working with this Task Force, the General Assembly, and Governor Wes Moore to build a more equitable, sustainable, and progressive revenue system for Maryland's counties and municipalities.

From:	Nathan Brown
To:	Noren, April
Subject:	Testimony to Task Force to Modernize Municipal Revenue Structures
Date:	Tuesday, September 08, 2026 4:50:08 PM

Nathan Brown
Mayor,
City of Brunswick

I would like to share a lesson that municipalities across Maryland learned through the American Rescue Plan Act.

When local governments are given meaningful resources and flexibility, they deliver results.

For many years, municipalities have been expected to maintain aging infrastructure, support economic development, improve quality of life, address environmental mandates, and meet increasing resident expectations while relying on a limited set of revenue tools. The needs continue to grow, but our ability to generate revenue has not kept pace.

The American Rescue Plan Act provided Brunswick with approximately $6.4 million in one-time funding. For a small municipality, that level of investment was transformational. It represented years of capital investment capacity compressed into a short period of time.

With those resources, Brunswick was able to address infrastructure projects that had been identified as priorities for years but were difficult to fund through existing local revenues alone. We repaired deteriorating stormwater systems, including infrastructure that was contributing to erosion and roadway stability concerns. We invested in aging water mains throughout our community to improve reliability, reduce breaks and leaks, and strengthen fire protection. We advanced improvements to our water storage and distribution system, rehabilitated sewer infrastructure, supported stream restoration efforts, invested in downtown revitalization, and improved sidewalks and other community assets.

These were not luxury projects. They were investments in public safety, environmental stewardship, economic development, infrastructure reliability, and quality of life.

What is important to understand is that Brunswick did not suddenly discover these needs in 2021. We knew these projects were necessary long before ARPA funding arrived. The difference was that we finally had the resources to address them.

The lesson from ARPA is not that municipalities need another one-time federal funding program.

The lesson is that local governments know their communities best.

The federal government did not tell Brunswick which water lines were failing, which stormwater pipes were collapsing, which infrastructure created fire protection concerns, or which investments would best support our downtown. Local officials made those decisions because we live with these challenges every day. We hear directly from residents, operate these systems, and are accountable for the results.

As this Task Force develops recommendations, I encourage you to focus on providing municipalities with greater flexibility and a broader toolbox of revenue options. Communities should have the authority to determine which tools, if any, are appropriate for their local circumstances. A one-size-fits-all approach does not reflect the diversity of Maryland's municipalities.

The success of ARPA demonstrated that municipalities can be trusted to make sound investments and deliver results. The challenge is that ARPA was temporary while the infrastructure needs and service demands facing our communities are permanent.

If local governments were able to accomplish this much with a one-time investment, imagine what Maryland's municipalities could achieve if they had access to modern, sustainable revenue tools that allowed them to proactively address local needs before they become crises.

Thank you for your time and consideration.

City of Annapolis
Ward 7 Alderman Robert Savidge
160 Duke of Gloucester Street, 2nd Floor
Annapolis, MD 21401-2535

aldsavidge@annapolis.gov • 410-260-3407

September 8, 2026

Task Force to Modernize County and Municipal Revenue Structures
c/o Ms. April Noren, Department of Legislative Services
Maryland General Assembly
90 State Circle, Annapolis, Maryland 21401

RE: Written Testimony for the September 14, 2026 Public Hearing. Local Authority for Transportation Development District (TDD) Sales Taxes.

Dear Chair and Members of the Task Force:

Thank you for the opportunity to testify. I have served on the Annapolis City Council for nine years, representing Ward 7, and I offer this testimony in my individual capacity.

I ask the Task Force to examine one tool that local governments in other states use and Maryland's cannot: a transportation development district (TDD) sales tax, levied only inside a defined district and dedicated to transportation infrastructure and its operation. HB 1142 directs this body to study the revenue sources used by counties and municipalities in other states. This is the clearest example of one that works elsewhere, has no Maryland analogue, and speaks directly to the growth and congestion pressures the State is asking us to absorb.

The problem we are trying to solve

Our primary revenue stream is the property tax, and that mode of revenue generation has real limits. Annapolis has taken on significant capital work largely on its own, including the City Dock resilience project, which we structured together with improvements to the Hillman Parking Garage as a public-private partnership.

At the same time, the State has asked us to expand housing options to address the housing crisis. The number one complaint I hear from constituents about growth is traffic congestion. Meeting the housing goal without making that complaint worse requires a gold-standard transportation and transit network that gives people a genuine alternative to driving. Transportation is also the single largest source of greenhouse gas emissions in Maryland, at roughly 35 percent of the statewide total, so the same investment carries our climate obligations as well. What is missing is not the plan. It is the revenue stream matched to the infrastructure.

The tool used elsewhere

Missouri (Mo. Rev. Stat. Sec. 238.200 et seq.) and Kansas (K.S.A. 12-17,140 et seq.) both authorize transportation development districts that may impose a local sales tax of up to one percent, one cent on the dollar, inside a defined district, dedicated to a transportation project in that district. The Federal Highway Administration catalogs both statutes, along with sales tax district provisions in Louisiana, Minnesota, and Texas, in its value capture legislation library.

Kansas City is the clearest working example. The KC Streetcar is funded through the Main Street Rail Transportation Development District, which combines a one percent sales tax inside the district with a special property assessment and parking assessments. That package covered roughly half of the $351 million Main Street extension, with a federal grant covering the balance, and it funds ongoing operations and maintenance, which is why the system runs fare-free. Ridership exceeded projections and the line has now been extended twice. The district has held up because the property owners and businesses inside it can see the return: Kansas City reports more than $2 billion in development completed, underway, or announced inside the district boundaries since the streetcar was approved.

Portland shows the same logic without a sales tax. Oregon has none, so Portland funds streetcar construction through local improvement districts in which benefited property owners are assessed, generally over twenty years, with operations paid from other sources. It is now forming another such district for the Montgomery Park extension, paired with rezoning for more than two thousand housing units.

Tampa is the closest analogue to Annapolis: a 2.7-mile heritage line through a historic waterfront district, fare-free, carrying 1.3 million riders a year, with part of its operating cost covered by a special assessment on businesses inside the streetcar district. That district was sized to cover only a fraction of operations, so Tampa patches the balance together year to year from redevelopment funds. The tool works. The sizing matters.

Why this fits Maryland

- **It reaches the economic activity our infrastructure actually carries.** Anne Arundel County welcomed 7.2 million visitors in 2024, generating $4.3 billion in economic impact, much of it concentrated on West Street, Main Street, and City Dock. Those visitors pay the State sales tax. None of it returns to the city that maintains the streets and public space they use. Under current law our only lever is the property tax, so residents subsidize the infrastructure that carries everyone else.
- **It solves the operating problem, not just the construction problem.** The value capture tools Maryland already allows, tax increment financing and special taxing districts, are property-based and are built to capitalize construction. They are much weaker against a thirty-year operations and maintenance obligation. Nationally, the systems that have faltered failed on operations, not construction, and when service stops the federal capital investment becomes a liability. A district sales tax grows with the activity the investment produces, the right match for a recurring cost.
- **It is bounded, and the term can be matched to the need.** The tax applies only within the district, so the burden falls on the corridor that receives the benefit. Duration should be a local decision. Kansas City set its district at twenty-five years because it carries operations and maintenance alongside debt service; Portland assesses over twenty years and covers operations from elsewhere. A jurisdiction that needs a permanent operating stream should be able to create one, and one that only needs to retire construction debt should be able to end it early.

Design elements I would ask the Task Force to consider

- Make the authority available to municipalities directly, not to counties alone.
- Cap the rate at one percent, imposed in fixed increments; dedicate the revenue to transportation capital, operations, and maintenance; and make it pledgeable to debt service so it can support the local match federal transit grants require.
- Leave duration to the local jurisdiction. Authorize a short fixed term, a long term, or an indefinite term where continuing operations and maintenance require it, ended by local action. Do not write a debt-retirement sunset into the statute; that would fund construction and then strand the operating cost.
- Authorize a district by ordinance of the local governing body after public notice and hearing. If any further showing is required, use a majority petition or a remonstrance threshold rather than unanimity or a referendum.
- Clarify that the authority stacks with existing Maryland tools, including special taxing districts and transit-oriented development designation under Section 7-101 of the Transportation Article.

How a district should be authorized

Jurisdictions do not answer this the same way, and I would rather set out the range than leave it to inference. Missouri requires an election of the qualified voters inside the district, and Kansas City held those elections. Kansas uses petitions, at two different standards: its transportation development district act requires the signatures of the owners of all the land in the district, while its community improvement district act, which also authorizes a district sales tax, requires owners of more than 55 percent of the land area and more than 55 percent of assessed value. Portland requires no petition. Its council forms a district by ordinance after individual mailed notice to every benefited owner, and objections from 60 percent of owners bar formation. Minnesota requires neither petition nor referendum: a county board may impose a transportation sales tax of up to half a percent by resolution following a public hearing, and the General Assembly there wrote that authority as an express exception to the voter approval its general local sales tax law otherwise requires.

My preference is the Minnesota approach: authorization by the elected governing body, by ordinance, after public notice and hearing. A tax imposed by an elected council is already subject to the most direct accountability there is. If residents dislike what we have done, they replace us at the next election. In a city our size that is not a theoretical check.

This is also the process Maryland already entrusts to local governments. Under the Tax Increment Financing Act a development district is designated by resolution of the local governing body, with no petition and no referendum, and the

Special Taxing District Act works the same way and reaches transit facilities by name. Anne Arundel County has used that authority repeatedly, including amending the boundaries of one of its development districts this past April. What I am describing is not a new process. It is the process the State has already authorized, applied to a different revenue base.

If the Task Force concludes that some additional showing is warranted, a majority petition on the Kansas community improvement district standard, or a remonstrance process on the Portland model, would both be workable. I would ask you to avoid two designs. A unanimous petition, which the Kansas transportation development district act requires, cannot be assembled on a corridor with hundreds of small owners, and that is why that act in practice serves single-owner commercial sites. And a mandatory referendum carries three costs. It binds a corridor project to an election calendar; Annapolis holds municipal elections every four years, so a district would either wait years or the City would pay for a special election. It duplicates a process that already requires notice and hearings, and obliges a jurisdiction to fund a public campaign on top of that. And it raises a franchise question with no clean answer: a commercial corridor may contain very few registered voters, so a district vote turns on a handful of residents, while a citywide vote hands the decision to people who will not pay the tax. Missouri has already run into this, and its law falls back to a property owner vote where a district has no registered voters.

This is not hypothetical for Annapolis, and it is not new. In 2009 the City, Anne Arundel County, and the Maryland Transit Administration jointly studied transit options in the West Street corridor. That study recommended a bus circulator in the near term, concluded that fixed rail should be studied in the long-term with a a more detailed planning effort. It named what fixed rail would require, including funding sources adequate to cover the cost. That more detailed planning effort is the feasibility study now underway, funded by the City, the County, and a private foundation through the Resilience Authority, with State agencies having reviewed and commented on its scope. We can plan the corridor and compete for federal capital dollars. What we still cannot do, seventeen years on, is generate the local, dedicated, district-based revenue that pays the operating bill. The funding condition the 2009 study named is unmet because the toolbox has not changed. That is squarely within this Task Force's charge.

I am grateful the State has taken this step, and I would welcome the chance to provide further detail.

Sincerely,

Robert W. Savidge
Alderman, Ward 7
City of Annapolis

From:	Elizabeth Lea Miller Paulov
To:	Noren, April
Cc:	Kevin Kinnally; Kevin D Reed; Matthew S Carpenter
Subject:	Local Revenue Task Force Registration
Date:	Tuesday, September 08, 2026 5:54:46 PM

Good Evening,

I would like to attend the Local Revenue Task Force public hearing on September 14th. Below is my information:

Organization: Baltimore County Government
Title: Chief of Budget and Administration
Testimony: Baltimore County Government implemented substantial revenue enhancements in 2020 and is not currently pursuing major changes to local revenue structures or authorities. What would be most helpful at this time is support in managing recent cost pressures and cost shifts—such as those associated with the Blueprint for Maryland's Future, the Time to Care Act, pension-related cost shifts, and any reductions in state aid—which are becoming increasingly impactful and challenging to absorb within our spending affordability limits.

If you have any questions, please let me know, thank you!

Elizabeth

Elizabeth Lea Miller Paulov
Chief of Budget and Administration
Baltimore County
Office of Budget & Finance
410-887-7425
elmiller@baltimorecountymd.gov

Public Comments to Maryland’s Task Force to
Modernize County and Municipal Revenue Structures

September 14, 2026

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 multifamily units in Montgomery and Prince George’s counties. AOBA submits comments opposing changes to the property tax structure, including a commercial property specialty rate and split-rate taxation, also known as a land value tax.

Land Value Taxation

If the goal of a land value tax is to encourage the development of vacant or underutilized land, the tax fails to account for the increase in land cost. On the multifamily side, the evidence shows that split-rate taxation introduces instability, raises land costs, and risks worsening housing affordability. In Pennsylvania, for example, a 2017 study found that raising taxes on land while lowering taxes on buildings increases land value per acre.[1]

Higher residential land values translate into higher housing development costs, rents, and sales prices. This is most acute in urban areas like Montgomery and Prince George’s Counties where land already represents a large share of total project costs. Furthermore, there are already significant barriers to multifamily development in these counties that split-rate taxation is unlikely to address. These barriers include a challenging regulatory environment and other high taxes, such as rent control and fuel energy taxes, respectively.

Commercial Property Special Tax Rate

Montgomery County established only one special taxing district located in the White Flint area of North Bethesda. Properties in the White Flint Special Taxing District have been charged 10-11 cents per $100 of assessed value since 2011. This tax was projected to bring in $45 million in

[1] https://www.sciencedirect.com/science/article/abs/pii/S1051137716302868

revenue over 10 years. According to a 2021 Montgomery County Council staff memorandum, however, the District only generated about one-third of this expected revenue.[2]

The commercial office market in Maryland continues to grapple with rising vacancy rates, due to increased telework and hybrid work schedules. The most recent Montgomery County Economic Indicators Report shows the county office vacancy rate has risen to 18.9%.[3] This is a one-tenth-of-a-percentage-point increase year over year and seven percentage points above pre-pandemic levels. As for the state of Maryland, office vacancy rates have seen a 0.3% increase between Q4 2024 and Q4 2025. Office vacancy rates are likely to continue climbing as long-term leases expire and employers continue to reduce their office space needs.

The value of commercial office properties is linked to their capitalization rate, which is calculated by dividing the property's net operating income by its most recent purchase price. High office vacancy rates reduce net operating income, lowering the capitalization rate and, consequently, property values.

This makes commercial properties highly sensitive to rising operating costs. Increasing property taxes results in reduced net operating income, lower property values, and increased financing risks. Given that commercial leases often pass through property taxes to tenants, these increases would also raise costs for businesses and further weaken the state's competitiveness with neighboring jurisdictions.

Lastly, some have argued that this taxing authority would make Maryland counties more competitive with those in Northern Virginia.[4] However, that is unlikely because Virginia counties have distinct advantages, including no income tax, a lower corporate tax rate, lower fuel and energy taxes, and lower or no development impact taxes.

For these reasons, AOBA urges the task force to reject a commercial property specialty rate and split-rate taxation proposal. For more information, please contact Hugo Cantu, Director of Government Affairs for Maryland, at hcantu@aoba-metro.org.

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[2] https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2021/20210316/20210316_GOTE1.pdf
[3] https://montgomeryplanning.org/wp-content/uploads/2026/07/Q4-2025-MoCo-Econ-Indicators-ADA-corrections-July-9-2026.pdf
[4] https://www.cnbc.com/2026/07/09/americas-top-states-for-business-full-rankings.html

CITY OF HAGERSTOWN, MARYLAND

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City Administrator
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September 9, 2026

Task Force to Modernize Municipal Revenue Structures

RE: Written Testimony

On behalf of the City of Hagerstown, I urge the task force to propose expanded municipal revenue authority as a priority during the 2027 legislative session of the Maryland General Assembly. Maryland's municipalities are facing a fundamental fiscal challenge. The cost of providing police and fire protection, maintaining roads and infrastructure, operating water and wastewater systems, maintaining parks and public facilities, enforcing codes, supporting economic development, and delivering basic municipal services continues to increase. At the same time, municipalities have a remarkably limited number of revenue tools available to address those costs. **This is not simply a Hagerstown issue, it is a statewide municipal issue.**

Municipalities are the level of government closest to the residents and businesses. We are directly accountable to our taxpayers and are expected to respond to their expectations for public safety, infrastructure, economic development, quality of life, and customer service. Yet, Maryland's municipal governments have significantly less flexibility to generate revenue than the State and the counties. The result is an increasingly difficult fiscal situation. Hagerstown has worked aggressively to address this challenge through expenditure controls, operational efficiencies, economic development, redevelopment, grant funding, and careful financial management. However, there is a point at which additional efficiencies cannot substitute for a sustainable revenue structure. We believe Maryland must address these issues proactively rather than waiting for municipalities to reach a fiscal crisis.

We are not asking the State to simply provide additional unrestricted financial assistance to municipalities. We are asking for, simply, more options. Local elected officials should be able to determine which revenue mechanisms make sense for their communities, subject to reasonable limitations, transparency, and public accountability. Among the options that deserve serious consideration are:

- Expanded local taxing authority – additional flexibility to establish or modify locally imposed taxes within parameters established by the General Assembly.
- Local sales tax options – Mechanisms to allow municipalities to capture a greater share of economic activity generated within their communities especially where municipal infrastructure and services directly support that activity.
- Development and infrastructure impact fees – Clear statutory authority to impose reasonable fees associated with development.
- Expanded service fees – Modernize state law so communities can appropriately recover the cost of specific services provided to residents, businesses, and development projects.

- Economic development revenue tools – Allow municipalities to capture a portion of the economic value created by redevelopment and new investment, particularly where municipal infrastructure or public investment is necessary to make that development possible.
- Local-option revenue sources – Consider a menu of revenue tools that municipalities could adopt locally through the appropriate public process rather than imposing a single statewide approach.

Hagerstown recognizes that expanding municipal revenue authority requires careful consideration. We would welcome the opportunity to work with all levels of government, from MACO to the Governor's Office, to develop a thoughtful package of municipal revenue options which would include focuses on: local choice rather than mandates; revenue diversification rather than property tax; accountability and transparency; reasonable taxpayer protections; connection between revenues and the services they support; greater flexibility for municipalities facing different economic and fiscal circumstances.

Maryland's municipalities cannot continue to be expected to do more with less while having fewer fiscal tools than the other levels of government. Thank you for your consideration and the work you are doing on behalf of our taxpayers.

CITY OF HAGERSTOWN

Scott A. Nicewarner

Scott A. Nicewarner
City Administrator

ROBERT TAYLOR
Salisbury, MD

September 9, 2026

TO: Task Force to Modernize County and Municipal Revenue Structures

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Initially –

• Your task is important and long overdue; thanks for your effort in this regard.
• I'm a longtime ("come here") resident of Salisbury, where I practiced law for about 50 years.

Now, my message:

Wicomico County is the poster child for a county government's deliberate disregard for its municipalities. Let me explain why remedial action by the State is warranted:

A. Almost 50% of Wicomico County residents live in municipalities, nearly the highest ratio in the state and about three times the statewide average. About one-third reside in Salisbury, which has among the lowest in per capita income and the highest in poverty rate in Maryland. For perspective: the Census Bureau lists the poverty rate in Salisbury as 24.3%, which is double the rate in the rest of Wicomico County. In fact, the poverty level in Salisbury is substantially higher than in Baltimore City (19.7%), and the per capita income is much lower. These circumstances in Salisbury enable Wicomico County to receive a significant "disparity grant" from the State that would not occur if based on the much higher income level of the other residents of Wicomico County.

B. Salisbury is a larger Maryland municipality; its current population is about 34,000. During the past 50 years, homeownership has fallen, and less than 30% of dwelling units are owner-occupied, whereas the county, state and national levels exceed 60% each. Under the two most recently elected former mayors (James Ireton, Jacob Day), Salisbury's property tax rate has soared by more than 25% in the past dozen years and has become almost the highest in the state ($1.03). Salisbury has one of the highest expenditure levels (per capita) in the State - $2,450 in FY 2024 – needed to fund its extensive public services.

C. Despite these circumstances and the fact that many County facilities (Courthouse, Government Office Building, Health Department, Jail, Sheriff's Office, schools, etc.) are located in Salisbury, Wicomico County has refused to provide any relief from its property taxes to reflect the substantial public services that the City provides - police, roads, animal control, etc. – that significantly reduce the County's expense. And Salisbury's fire department serves (as the primary responder) in a large and densely developed area outside the City, for which the County fails to provide reasonable reimbursement. Other municipalities, especially Delmar and Fruitland, also furnish significant public services that reduce the County's expenses but receive no relief from its property taxes.

D. In 2010, a consultant retained by Wicomico County and Salisbury, Fruitland, and Delmar to determine an appropriate level of relief from the county's property tax concluded that a significant tax rate "differential" (or rebated tax revenue) was appropriate*. However, that recommendation was rejected by the County, which argued that it funds the public schools - albeit using the tax revenue that it receives from all property owners and residents, including those in municipalities, who pay taxes at the same tax rate as the others. Thus, this excuse is ridiculous, and, notably, most of the school system's funds come from other sources (primarily, the State).

E. If the above matters are not sufficiently absurd, consider the following:

1. Wicomico County is the only Maryland county that has a property tax revenue limit ("cap") but does not impose a county property transfer tax – it discontinued this tax about 25 years ago.

2. Under the County's property tax revenue "cap," as the assessable property tax base increases - due in significant part to development in Salisbury and other municipalities – in many years, the County's property tax rate must be reduced in order to comply with the tax revenue limit. Thus, the real estate tax rate has dropped significantly, to $0.7799 this year (FY 2027) from $0.9516 in FY 2014. As a result, Wicomico County now has the next-to-lowest tax rate, and its property tax revenue, measured "per capita," was the lowest in Maryland ($703 – less than half the statewide level, $1,657) in FY 2024. In this year's budget, it is about $790 per capita.

3. Nevertheless, the County has accumulated considerable surplus reserves. The audited financial statement for FY 2025 lists $96.7 million as the "unassigned" portion of the General Fund balance, which is about $900 per capita, possibly the highest level in the State, and triple the amount of such reserves in FY 2014. A table below shows the data from then until FY 2023, during which the County received over $91,000,000 in "disparity grant" funding because of the low income and high poverty levels in Salisbury. Since then, the County has received about $40 million more in such revenue, including $14 million this year, but it does not allocate any of its revenue to the City. In essence, the County uses the "disparity grant "revenue to amass its reserves while having a property tax revenue "cap," which limits its property tax revenue, and (by choice) no transfer tax revenue.

4. Largely because of its property tax revenue "cap," the largest revenue source in the County's General Fund is now the "piggyback" income tax (40% - $82.3 million in FY 2025), not the property taxes, real and personal (38% - $78.5 million in FY 2025) – see the tables below with data from the County's audited financial statements.

F. No doubt MACO, and possibly Wicomico County, will argue that counties should be free to negotiate but not required to provide relief regarding county property taxes on property in municipalities. The manifest truth is that Wicomico County has steadfastly refused to do so. This is unlikely to change because a majority of its council - recently reorganized under a federal court order as seven separate districts (two former "at-large" seats were removed) - will reside outside the City, as almost certainly will the County Executive.

G. In addition to requiring that every county must provide appropriate property tax relief to its municipalities, the Task Force should also recommend that the split of the local "piggyback" income tax revenue be changed so that municipalities receive a greater share. Currently, under state law, municipalities receive the greater of either 0.37% of the Maryland taxable income of the municipal residents or 17% of the county income tax liability of the municipal residents. A simple formula would be for the income tax revenue from municipal sources to go to the respective city or town - in Wicomico County, this would be about 50% of the total.

I. However, I do not suggest that the property tax limit (revenue "cap" in Wicomico County) should be eliminated. That, as well as raising the revenue limit, can be done by local action - a charter amendment in Wicomico County - and under state law the revenue limit can be exceeded by a special appropriation for education, as some counties (but not Wicomico) have done in the past.

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* The *Wicomico County Real Property Tax Differential Study* is available here: https://salisbury.md/departments/finance#docaccess-0f5611051ff8916cd36d30c2c0a5483c8a84a75d233d24a073eab9c346c0f7fd

Residents Residing in Municipalities

July 2023

County	County Population	Municipal Population	Percent of County	Rank
Allegany	67,084	29,496	44.0%	4
Anne Arundel	599,327	40,574	6.8%	20
Baltimore City	567,952	0	0.0%	24
Baltimore	846,378	0	0.0%	24
Calvert	94,753	8,670	9.2%	18
Caroline	33,768	12,781	37.8%	7
Carroll	176,625	54,210	30.7%	10
Cecil	105,789	31,111	29.4%	11
Charles	172,174	15,056	8.7%	19
Dorchester	32,981	16,781	50.9%	2
Frederick	293,742	124,003	42.2%	5
Garrett	28,485	6,729	23.6%	14
Harford	264,739	43,235	16.3%	16
Howard	336,321	0	0.0%	24
Kent	19,448	8,171	42.0%	6
Montgomery	1,064,369	176,424	16.6%	15
Prince George's	954,813	254,438	26.6%	12
Queen Anne's	52,624	7,239	13.8%	17
St. Mary's	115,242	4,908	4.3%	21
Somerset	24,596	6,130	24.9%	13
Talbot	38,019	20,378	53.6%	1
Washington	155,437	57,328	36.9%	8
Wicomico	106,024	48,887	46.1%	3
Worcester	54,237	18,948	34.9%	9
Total	**6,204,927**	**985,497**	**15.9%**	

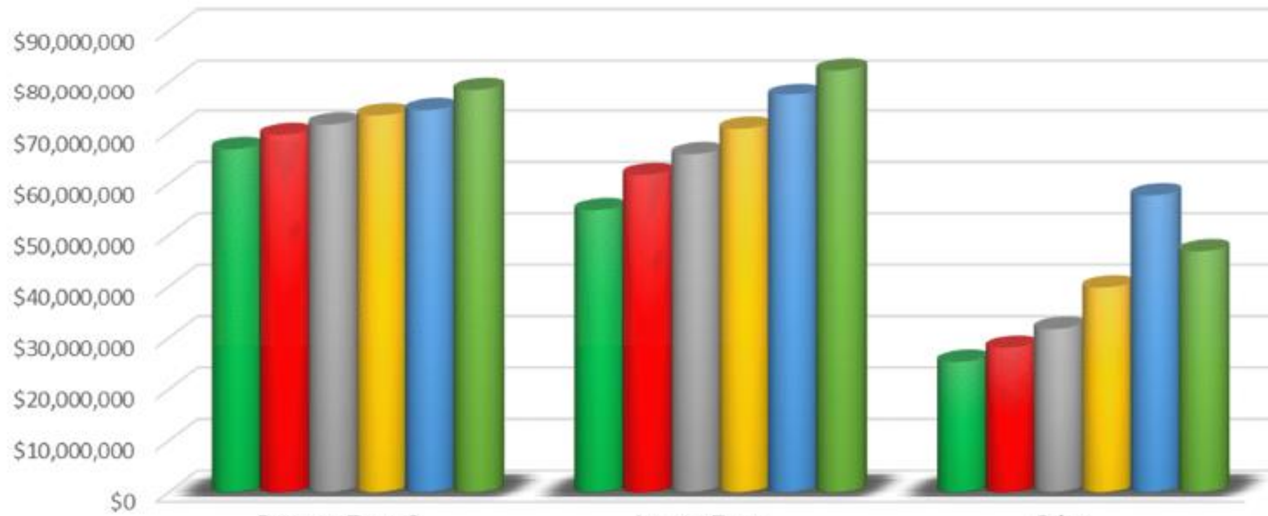
Source: Maryland Department of Planning, Department of Legislative Services

Expenditures in the State's 10 Largest Municipalities

Fiscal 2024

Rank	Municipality	Population	Expenditures $ in Millions	Per Capita Expenditures
1	Frederick	86,251	$174.0	$2,018
2	Gaithersburg	70,268	81.6	1,161
3	Rockville	67,966	154.7	2,276
4	Bowie	57,783	72.0	1,246
5	Hagerstown	43,637	131.3	3,008
6	Annapolis	40,633	144.9	3,565
7	College Park	34,434	29.9	868
8	Salisbury	33,372	81.8	2,450
9	Laurel	29,685	57.3	1,929
10	Greenbelt	24,596	44.0	1,787

Wicomico County, Maryland
General Fund Revenues



	Property Taxes 3	Income Taxes	Other
2020	$66,712,210	$54,799,476	$25,336,885
2021	$69,419,608	$61,649,684	$28,057,665
2022	$71,497,398	$65,685,046	$31,757,268
2023	$73,238,220	$70,634,284	$39,785,539
2024	$74,261,009	$77,380,868	$57,692,950
2025	$78,541,047	$82,308,959	$46,824,268

2020 2021 2022 2023 2024 2025

[3] Property Tax includes Real Property and Personal Property

Source: Wicomico County Audited Financial Statement, FY 2025

Wicomico County General Fund Data (from Audited Financial Statements)

[$ - millions, rounded]

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NEW REVENUE:																		
Real Estate Tax	63.5	62.2	60.5	58.3	57.1	54.6	55.1	53.9	54.2	52.5	51.9	50.5	52.7	51.7	54.5	51.6	48.4	42.5
Pers. Prop. Tax	9.8	9.3	8.9	8.4	8.9	8.4	8.3	8.3	8.5	8.4	9.0	8.0	7.9	8.5	10.5	11.3	112.9	11.9
Income Tax	70.6	65.7	61.6	54.8	55.7	50.4	50.7	48.9	46.1	43.6	41.0	41.8	39.2	37.2	41.2	45.1	44.8	38.3
Recordation Tax	5.4	6.1	5.1	3.8	4.2	3.3	3.5	3.4	2.9	2.6	2.5	2.2	2.2	2.6	2.8	4,5	5.9	5.7
State & Fed Grants*	15.2	14.9	15.3	12.6	11.9	11.1	10.5	10.3	9.5	9.7	4.9	3.3	3.2	3.3	2.0	1.0	0.8	3.8
All other Revenue																		
TOTAL NEW REVENUE	183.7	168.9	159.1	146.8	148.1	135.9	136.7	131.3	129.8	123.6	117.8	113.9	114.1	114.6	116.1	122.6	123.8	110.8
EXPENDITURES	150.1	138.3	138.2	138.0	132.7	132.4	127.3	119.2	120.8	113.1	106.6	101.3	106.4	115.5	122.8	120.1	113.0	53.3
PAYGO/OTHER	12.6	17.2	8.2	7.5	11.3	8.1	6.7	5.7	5.4	8.6	6.9	4.4	3.0	0.9	0.8	7.4	10.2	48.1
TOTAL EXPENDED	162.7	155.5	146.4	145.5	144.0	140.5	134.0	124.9	126.2	121.7	113.5	105.7	109.4	116.4	123.6	127.5	123.2	101.4
DIFFERENCE**	21.0	13.4	12.7	0.3	4.1	-4.6	2.7	6.4	3.6	1.9	4.3	8.2	4.7	-1.8	-7.5	-4.9	0.6	9.4
DISPARITY GRANT	11.8	11.8	12.4	9.6	9.0	8.2	7.6	7.4	6.7	6.7	1.2	2.2	2.2	2.2	0.7	none	none	2.0
2014 & after-Total	91.2	79.4	67.6	55.2	45.6	36.6	28.4	20.8	13.4	6.7	na	na	na	na	na	na	na	na
GENERAL FUND BALANCE:																		
"Unassigned"	74.9	60.4	52.1	37.7	37.1	32.7	39.3	39.5	33.7	30.1	28.6	26.9	17.7	10.6	12.6	15.1	16.8	13.0
All Other Parts	27.5	23.9	18.4	23.2	23.0	23.3	21.4	18.5	17.2	15.8	14.9	12.2	13.2	15.8	15.7	20.5	22.7	13.6
TOTAL FUND BALANCE	102.4	84.3	70.5	60.9	60.1	56.0	60.7	58.0	50.9	45.9	43.5	39.1	30.9	26.4	28.3	35.6	39.5	26.6

*** Includes the Disparity Grant.**

**** Difference between New General Fund Revenue and Total General Fund Expended, including Paygo/Other – Deficit in red.**

When Total New Revenue was lower than the immediately prior year.

When the Disparity Grant was greater than the excess of "new" General Fund revenue over the total of General Fund expenditure and Paygo/Other.

When the total ("cumulative") Disparity Grant revenue in and after 2016 exceeded the "Unassigned" portion of the General Fund Balance.

City of Bowie

15901 Fred Robinson Way
Bowie, Maryland 20716

September 9, 2026

Bill: Testimony in Support of House Bill 1142

Task Force to Modernize County and Municipal Revenue Structures

Position: Favorable

Dear Chair and Members of the Task Force:

On behalf of the City of Bowie, we respectfully submit this testimony in support of House Bill 1142, which establishes a Task Force to Modernize County and Municipal Revenue Structures.

Thank you for the opportunity to provide comments regarding Maryland's county and municipal revenue structures. We appreciate the Task Force's consideration of these important issues and the opportunity to share the City's perspective on the fiscal challenges facing municipalities and the need for a sustainable framework to fund the services, infrastructure, and workforce necessary to serve our communities.

The fiscal challenges facing Bowie demonstrate why this discussion is so important. To address its financial deficit, the City implemented an 18-cent property tax rate increase. Despite this significant increase, our current financial outlook anticipates that additional expenditure reductions and potentially further tax increases will be necessary over the next several years to restore long-term structural balance.

This places an extraordinary burden on our property taxpayers. While difficult decisions regarding expenditures must continue to be made, there is a limit to how heavily municipalities can rely upon property owners to resolve structural financial challenges. A sustainable solution requires attention to both sides of the equation, controlling expenditures and ensuring municipalities have access to a sufficiently diverse and flexible revenue structure.

Greater Municipal Revenue Flexibility

Maryland municipalities vary considerably in size, tax base, service responsibilities, development patterns, and community expectations. A revenue mechanism appropriate

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for one municipality may not be appropriate for another.

For that reason, we encourage the Task Force to consider providing municipalities with greater authority and flexibility to diversify their revenue sources, rather than requiring municipalities to rely disproportionately on real property taxes.

Providing additional authority would not require municipalities to exercise it. Instead, it would give local elected officials additional tools to evaluate based upon their individual financial circumstances and the needs and preferences of their communities.

This distinction is important. Providing municipalities with additional revenue authority does not mean imposing additional taxes. It means providing alternatives so that the property tax does not remain one of the few available tools when a municipality confronts a structural deficit.

Any expanded authority can appropriately include transparency requirements, limitations, and other safeguards established by the General Assembly.

Growth and the Cost of Municipal Services

The Task Force should also consider the fiscal relationship between new development and the municipal services and infrastructure necessary to support that development.

New development can generate economic activity and expand the tax base, but it can also create additional demands for transportation infrastructure, public safety, parks and recreation, stormwater management, public facilities, and other municipal services.

Municipalities should have clear statutory authority to consider reasonable and appropriately structured development fees or similar financing mechanisms that allow new development to contribute a proportionate share toward identifiable municipal infrastructure and service-capacity needs attributable to that growth.

Providing that authority would not determine whether Bowie, or any other municipality, should impose such a fee. It would simply provide municipalities with an additional option that could be evaluated locally.

Local Choice Should Remain Central

Most importantly, expanding municipal revenue authority should not be confused with advocating for higher taxes.

The objective should be to provide municipalities with a broader and more modern set of financial tools. Decisions about whether to utilize those tools should remain with locally elected officials, who are accountable to their residents and are best positioned to evaluate their communities' service expectations, economic conditions, affordability concerns, and fiscal needs.

Our goal is to ensure that the City's elected officials have reliable information and viable options from which to make these decisions. Bowie's current financial circumstances demonstrate the consequences when those options are limited. Continued reliance primarily on property taxes risks placing an increasingly disproportionate burden on the same taxpayers year after year.

We appreciate the Task Force undertaking this important review and encourage consideration of a framework that gives Maryland municipalities greater flexibility to develop sustainable and diversified revenue structures while maintaining appropriate accountability and local control.

Thank you for the opportunity to provide the City of Bowie's perspective on these important issues.

Respectfully submitted,

Angel L. Jones
City Manager
City of Bowie, Maryland

Adam M. Streight
County Executive

Dan Schneckenburger
Director of Administration

Office: 410.996.8300
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County Information
410.658.4041
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CECIL COUNTY, MARYLAND
Office of the County Executive
200 Chesapeake Boulevard, Suite 2100, Elkton, MD 21921

September 10, 2026

Madam Chair, Comptroller Brooke Lierman, and Members of the Task Force to Modernize County and Municipal Revenue Structures:

Thank you for the opportunity to provide comments regarding the future of county and municipal revenue structures in Maryland.

As someone with experience in local government budgeting and finance, I recognize the fiscal challenges facing Maryland's counties. Local governments continue to face increasing costs for education, public safety, infrastructure, employee compensation, health care, and other essential services. However, I respectfully urge the Task Force not to approach these challenges with the assumption that additional taxing authority is the solution.

Maryland's counties do not simply have a revenue problem. Increasingly, they are facing a cost-shift problem.

Over multiple budget cycles, county governments have been required to absorb additional responsibilities and expenses that were historically funded or more substantially supported by the State. Shifting these expenses may help address challenges within the State budget, but it does not eliminate the cost. It simply transfers the financial responsibility from one level of government to another.

Ultimately, the same Maryland taxpayers are responsible for paying the bill, and that burden is becoming increasingly difficult for residents of Cecil County.

When millions of dollars in recurring costs are shifted to counties, local governments are left with limited options. They may be forced to increase property or income taxes, reduce services, delay infrastructure investments, or find additional savings within budgets that are already constrained. None of these options addresses the underlying problem.

New or increased taxes should not automatically be the solution to rising local government costs. Maryland families and businesses are already facing significant financial pressures. While expanding local taxing authority may provide additional revenue options, it does not address whether continued growth in government obligations is sustainable.

Before recommending new taxes, fees, or expansions of existing tax bases, policymakers should first examine opportunities to control spending, eliminate unnecessary duplication, improve efficiency, and reconsider mandates that substantially increase costs for local governments.

Maryland should also reduce the practice of shifting State costs to county governments. A sustainable fiscal relationship between the State and counties requires stability and predictability. Counties must adopt balanced budgets while making long-term decisions involving employees, schools, public safety, infrastructure, and capital investments.

When substantial new expenses are transferred from the State to counties, particularly with limited notice or without a permanent funding source, responsible local financial planning becomes significantly more difficult. When the State creates, expands, or substantially modifies a program that results in additional local costs, it should also provide an appropriate and sustainable share of the funding.

There should also be a clear distinction between providing local flexibility and creating pressure for counties to raise taxes. Maryland's counties vary significantly in population, geography, economic conditions, tax bases, and demands for public services. Local governments should have the flexibility to make decisions that reflect the needs of their communities.

However, additional taxing authority should not become a substitute for adequate State funding or a mechanism for transferring State responsibilities to local governments. Local flexibility should provide counties with the ability to govern effectively, not simply provide new ways to tax residents because counties have been required to assume new expenses.

Taxpayers also deserve transparency regarding which level of government is responsible for increased costs. When a financial obligation is transferred from the State to a county and the county must increase revenue to fund it, residents may understandably view the increase as solely a local decision.

Any State action that materially increases local expenditures should clearly identify the financial impact on county governments. Fiscal analyses should identify not only the statewide cost of legislation but also the anticipated effect on individual county budgets and the potential local revenue needed to support those obligations.

Maryland should continue working toward a stronger fiscal partnership between the State and county governments. Both levels of government ultimately serve the same residents. The goal should not be determining which level of government can transfer a financial obligation to the other. The goal should be creating a sustainable structure in which responsibilities and available revenues are appropriately aligned.

I encourage the Task Force to recommend policies that provide counties with greater fiscal stability, reduce unfunded and underfunded mandates, limit future State-to-local cost shifts, and encourage responsible spending before expanding taxation.

Marylanders should not be asked to pay higher local taxes simply because expenses previously supported by the State have been transferred to county budgets.

A sustainable solution requires more than identifying new sources of revenue. It requires examining why local costs are increasing, determining which level of government should appropriately bear those costs, and ensuring existing taxpayer dollars are being used as efficiently as possible.

I respectfully ask the Task Force to make these principles central to its recommendations. Thank you for the opportunity to provide these comments. If you have any questions or require additional information, please contact my office at 410-996-8317.

Sincerely,

County Executive
Adam M. Streight

Testimony for Task Force on Modernization

Everyone is knowledgeable about and working on the problem I'll touch on, but may be less familiar with how the tax shift helps solve these problems

Though not all jurisdictions would choose to do so, all need the ability to utilize the unique economic and community benefits of shifting the tax off of improvement values and onto land values. The benefits of a land value tax shift cannot be replicated by a vacancy tax or the Homestead and Homeowners tax credits, though these are important, and it certainly cannot be replicated by TIFs. [look at SDAT's materials for any additional examples of "solutions" given…

Need it to meet budget shortfalls without taxing individuals who can't afford it and shouldn't have to pay for it
I was struck by the budget projections shown at the last Task Force meeting. We are already being nickeled and dimed [how much more are we compared to other states?] in this state and particularly in Baltimore City, relative to the median income here. Additional taxes would understandably be unpopular and unaffordable with residents. Whereas, given the land value tax shift reduces the tax on improvements, **we know from its use in other places, the tax shift leads to revenue growth because building permits– development– always increases where this is implemented**. The increase in construction also creates jobs that can't be outsourced to AI or other parts of the country– you can't move land.

Need it to fight blight and speculation and stimulate healthy residnetial and commercial development in places like Baltimore City
The blight and land speculation we all know about in Baltimore City, as well as in other economically struggling parts of the state like the [Eastern shore?], affects everything from quality of life to ability to get homeowners insurance or a business loan, and of course, means a chronic lack of revenues for these jurisdictions, and more reliance for assistance from the strapped state and the very unreliable federal government, both of whom come up short. **The tax shift reduces blight and vacancy because vacant property becomes more expensive to hold, so owners finally develop them, or sell them to people who will. The artificial land scarcity resolves, and without a penalty on improvements, building occurs, as shown in data from PA.**

Need it in places like Howard County to revitalize and capture value from TOD areas - smart growth
[check with Phil from Howard county and check ATU website or email Brian]
In places like Howard County, TOD (transit-oriented development) areas are not doing as well as they could

Need it to stop the trend towards more involuntary displacement/gentrification
Director Yaeger and the fiscal note mention concern of a risk of gentrification with the tax shift. We are experiencing involuntary displacement– gentrification– now, under the current structure to which the property tax is a significant part of, as Baltimore City has been losing lower-income

and Black residents to more affordable parts of the country. **The tax shift can help slow this loss because displacement thrives under scarcity, and the tax shift reduces it.**

There are so many of us from the neighborhood associations, volunteer lawyers, housing advocates, school & healthcare unions, and many other walks of life who are educating each other and have been telling you that we want a land value tax shift, but we do not have the power to write legislation. We need you to set the politics and the strawmans aside and serve your constituents and finally get tax parity legislation for MD enacted. Thank you.

September 10, 2026

Written Testimony of Maryland REALTORS®
Task Force to Modernize County and Municipal Revenue Structures

Chair Lierman and Members of the Task Force:

Maryland REALTORS® appreciates the opportunity to comment on the Task Force's examination of county and municipal revenue structures. We recognize that local governments need reliable revenue to fund schools, public safety, transportation, infrastructure, and other essential services. We also support examining whether Maryland's current revenue structure meets those needs.

However, any expansion of local taxing authority should be accompanied by a clear benefit to the home owning, buying, and selling public. New taxing authority should not simply result in more revenue for local governments while property owners continue to face rising tax burdens.

Housing Affordability is a Crisis Statewide

Maryland is already facing a significant housing affordability challenge, and the General Assembly has made housing affordability and housing supply a major focus of its work over the past four years. That focus reflects a problem that Maryland residents increasingly feel in their household budgets.

In Maryland REALTORS®' most recent State of Housing Poll, housing affordability was identified as Maryland voters' top policy concern for the first time, ahead of issues including crime, education, and transportation.

The poll found that 61% of voters believe the cost of housing is too high, 84% say housing is a strain on their budget, and 91% say that having a full-time job but still being unable to afford a home is a significant obstacle to homeownership. The consequences extend beyond affordability: 42% of young renters ages 18–34 are considering leaving Maryland because of housing costs, which has profound implications for our workforce and our economy.

Expanding local authority to impose additional taxes on real estate would move in the opposite direction from the State's recent efforts to increase housing supply, improve affordability, and make homeownership more attainable.

Maryland should not pursue new sources of real estate taxation without first considering whether those taxes will make an already expensive housing market even less affordable for Maryland families.

Property Tax Burdens Are a Growing Concern

Maryland homeowners are increasingly concerned about their ability to meet current and future property tax obligations. Through the Maryland REALTORS® consumer education website, MarylandHomeownership.com, we have seen a noticeable increase in consumer interest in property taxes and requests for information about managing property tax bills. Our polling also showed that taxes and property taxes ranked second in the list of voters' concerns (behind housing affordability overall), further underscoring the pressure on household budgets.

This concern extends to prospective homeowners as well, as they recognize that rising property taxes will be a significant part of the cost of owning a home. A growing number have expressed reservations about affording their home purchase in future years due to property tax increases.

Maryland REALTORS® appreciates the State's interest in addressing these costs. But if counties and municipalities receive additional taxing authority, there should be a corresponding expectation that the authority will provide property tax relief, rather than simply expand local general fund revenues.

Real Estate Is Already Heavily Taxed

Real estate is not an undertaxed asset or activity. Maryland already relies extensively on real estate as a source of revenue. Property owners pay recurring property taxes, while buyers and sellers face state transfer taxes, recordation fees, and local transfer and/or recordation taxes when real estate changes hands. DLS reports that Maryland's real estate closing costs rank among the highest nationally, fourth overall, with recordation and transfer taxes accounting for a sizable portion of those costs.

When adding taxes, fees, and other activities, real estate contributes $118.9 billion to the state economy, which is 20.9% of the state's GDP. Property taxes alone contribute over $10 billion directly into local government coffers, covering the entire local share of education funding ($8.2 billion), with money to spare.

The transaction taxes paid by the small subset of residents who buy and sell a home each year total more than $1.1 billion alone in annual local revenue. What's more, transaction tax revenue has continued to grow year over year with rising home prices, even with home sales down significantly from pre-pandemic norms.

Additional transaction taxes discourage housing mobility. A homeowner who needs to move for a growing family, job change, retirement, or other circumstances may reconsider a sale when transaction costs become too high. That reduces the supply of homes available to other buyers, especially when combined with the current "lock-in" effect of mortgage interest rates.

And, while it is true that a few states and localities have adopted progressive transfer taxes, those revenues have been tied to specific purposes, like affordable housing or rental assistance. They are not simply another source of general-purpose local revenue to use as governments wish.

In addition, rising home values will naturally push more and more properties into higher tax rates over time, especially residents whose largest asset is their property. Finally, progressive transfer tax proposals introduced in the General Assembly have not accounted for regional differences in what constitutes a “high value” versus median or starter home.

For these reasons, Maryland should reject expanding local authority to impose or increase real estate transaction taxes.

Maryland Already Provides Extensive Real Estate Taxing Authority

Maryland has spent decades expanding the ability of state and local governments to generate revenue from real estate. Maryland is one of the few states that imposes both a state and local transfer tax and a separate recordation tax on real estate transactions. These taxes are functionally similar, which is why most states rely on one or the other rather than both.

Maryland also imposes recording fees intended to cover the cost of recording real estate documents, with those revenues now supporting functions beyond the underlying recording process. In addition, the State has authorized counties and municipalities to impose stormwater fees on property owners to fund local stormwater management programs, as well as a range of development, excise, and impact taxes on new construction.

Taken together, these policies demonstrate that Maryland has already given local governments substantial tools to generate revenue from property ownership, real estate transactions, and new development. Before creating additional taxing authority, the Task Force should consider the cumulative impact of these existing taxes and fees on the cost of housing and whether further taxation of real estate is consistent with the State's goal of improving housing affordability.

Considerations for Land Value and Split-Rate Taxation

The concept of land value taxation is intended, in part, to encourage development of underutilized land. However, the available evidence does not establish that a split-rate system will produce the additional housing Maryland needs. More importantly, previous legislation authorizing separate rates has not required local governments to tax land at a higher rate than improvements. Depending on how a jurisdiction structures its rates, this could serve just as much as a deterrent to additional housing and development, rather than an encouragement.

There are also significant assessment and administrative concerns. As noted by SDAT, Maryland's assessment system is designed around the valuation of real property as an economic unit. Separating land and improvement values for tax purposes would require substantial changes to State assessment systems, databases, and staffing.

The State should not undertake a costly restructuring of the property tax system without clear evidence that it will improve housing supply or reduce costs for taxpayers. Targeted tax abatements and incentives for new housing development may provide a more direct way to encourage actual investment without restructuring property taxation.

Impacts of Differential Commercial Property Tax Rates

Maryland REALTORS® also urges caution regarding proposals to establish separate property tax rates for commercial and industrial properties.

Increasing taxes on one property class can affect investment, development decisions, and the broader local tax base. Commercial properties contribute significantly to local revenues and help support the services used by residential communities. If higher taxes discourage commercial investment, local governments could become more dependent on residential property taxes over time.

If the goal is to provide relief to homeowners, policymakers should first examine existing homeowner and renter tax relief programs. Updating income thresholds, exemptions, and other eligibility requirements to reflect current housing costs and inflation would provide more direct assistance than creating new property tax classifications.

Maryland REALTORS® supports responsible efforts to improve local government finances. However, expanding the ways counties and municipalities can tax real estate should not be the default solution, as it is already a major source of public revenue.

Changes to property taxation should be evaluated for their effects on housing production, homeownership, affordability, and housing mobility. Maryland homeowners are already facing significant property tax and housing costs, while prospective buyers face some of the nation's highest closing costs. Additional taxes on property ownership or real estate transactions would make those challenges worse.

Maryland REALTORS® appreciates the Task Force's consideration of these concerns and looks forward to working with its members on revenue policies that provide local governments with sustainable resources while keeping homeownership within reach of Maryland families.

For more information contact lisa.may@mdrealtor.org
or christa.mcgee@mdrealtor.org

Eastern Shore
LAND CONSERVANCY

September 10, 2026

Dear Comptroller Lierman and Members of the Task Force:

Thank you for the opportunity to provide comments regarding Maryland's local revenue structure and the Task Force's work to evaluate options for modernizing county and municipal finances.

Eastern Shore Land Conservancy regularly examines the relationship between development patterns, infrastructure investments, and local government revenues. While this Task Force is appropriately focused on revenue structures rather than land use policy itself, we believe the discussion of local government finances cannot be separated from the economic productivity of land and the long-term fiscal obligations created by the built environment.

Maryland's property tax system taxes land and improvements together as a single value. While this system has provided a stable source of revenue for generations, it also has important limitations.

The current approach taxes productive investment in buildings and improvements alongside land value. As a result, a property owner who improves a building, redevelops an underutilized site, or increases economic activity may receive a higher tax bill, while a vacant or underutilized parcel can remain relatively lightly taxed despite benefitting from the same public investments and infrastructure.

At the same time, the property tax system does not adequately account for the vastly different levels of fiscal productivity generated by different land use patterns.

Across the country, value-per-acre analysis consistently demonstrates that traditional downtowns, mixed-use centers, main streets, and compact neighborhoods often generate several times more taxable value per acre than conventional low-density development patterns. In many communities, a few blocks of walkable mixed-use development produce more local tax base than large areas of auto-oriented commercial or residential development while requiring comparatively less infrastructure and public investment to serve.

This observation is not primarily about planning philosophy. It is about local government finance.

Organizations such as Strong Towns have developed practical tools, including the Financial Decoder, that help local governments better understand the long-term fiscal trajectory of development patterns. These analyses recognize that the true financial impact of growth is not measured solely by short-term construction activity or assessed value, but by whether future tax revenues can support the long-term maintenance, replacement, and operation of the infrastructure required to serve that growth.

Many communities are now confronting what Strong Towns describe as the third generation of the post-World War II suburban development experiment. The first generation involved construction. The second generation focused on expansion. The third generation today involves replacement and maintenance of roads, utilities, public facilities, and other infrastructure systems that are reaching the end of their useful lives.

114 S. Washington Street Suite 101, Easton, MD 21601 • 410-690-4603 • www.eslc.org

Maryland's transportation finance challenges further illustrate this issue. The Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN) found that the traditional motor fuel tax, which has long served as a primary transportation funding source, is becoming increasingly unreliable as vehicles become more fuel efficient and electric vehicle adoption accelerates. The Commission warned that Maryland may have already reached peak motor fuel tax revenue and highlighted a transportation funding shortfall exceeding $2 billion within the State's capital program.

These trends have direct implications for local governments. Counties and municipalities are responsible for maintaining extensive transportation infrastructure, yet the underlying revenue system was designed around automobile fuel consumption rather than infrastructure demand. As fuel consumption declines, traditional transportation revenue sources struggle to keep pace with the cost of maintaining and replacing roads, bridges, sidewalks, stormwater systems, and other public assets.

The TRAIN Commission explored several potential responses, including electric vehicle registration fees and vehicle-miles-traveled approaches, but more broadly it underscored a reality that extends beyond transportation: many of the public finance systems Maryland relies upon were designed for a different era and are increasingly disconnected from the long-term costs of the development patterns they support.

As these obligations accumulate, local governments increasingly face a structural challenge: many of the development patterns that characterized growth during the past several decades require extensive infrastructure investments while generating relatively modest revenue per acre. The result is growing pressure on local budgets even as demands for public services continue to increase.

Transportation infrastructure illustrates this challenge particularly well. For decades, public investments have largely supported a development pattern that relies heavily on personal vehicles and freight movement, often requiring significant public expenditures for roadway construction, expansion, and maintenance. Similarly, housing growth has frequently occurred in forms that consume large amounts of land and require extensive infrastructure networks to serve relatively dispersed populations. Regardless of one's views on growth or development, these patterns have significant implications for long-term local government finances.

For these reasons, I encourage the Task Force to view land value taxation not simply as a tax policy proposal but as a potential tool for improving fiscal sustainability.

A land value tax, or split-rate tax system, places greater emphasis on the value of land and less emphasis on the value of improvements. This approach can encourage reinvestment, redevelopment, infill development, and more productive use of land while reducing tax penalties on building improvements and private investment.

I recognize the concerns raised by the Department of Legislative Services and the State Department of Assessments and Taxation regarding implementation costs, administrative complexity, and assessment challenges. Those considerations are important and deserve careful evaluation. However, implementation challenges alone should not prevent Maryland from studying whether alternative tax structures could improve local fiscal performance and strengthen local government finances over the long term.

Ultimately, the challenge before the Task Force is not simply identifying new sources of revenue. The challenge is ensuring that local revenue systems are durable, equitable, economically productive, and aligned with the long-term costs that local governments must bear.

I respectfully encourage the Task Force to consider the following recommendations:

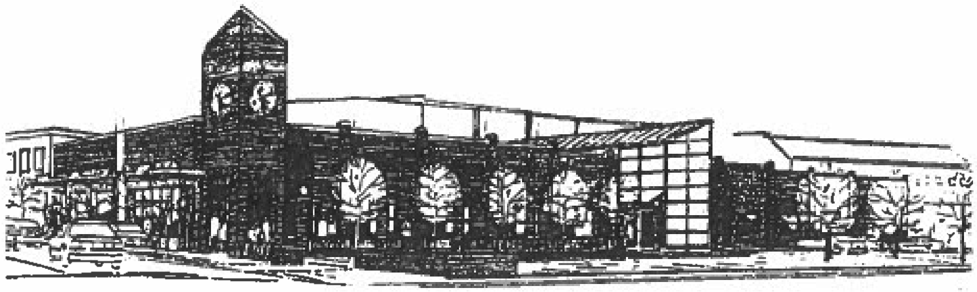
1. Continue evaluating land value taxation and split-rate property tax models as potential tools that local governments may choose to utilize.
2. Expand analysis of value-per-acre metrics and fiscal productivity measures to better understand how different development patterns contribute to local government revenues and long-term liabilities.
3. Explore ways to provide counties and municipalities with greater flexibility to tailor revenue structures to local economic conditions and fiscal needs.
4. Encourage the use of fiscal impact tools, including frameworks such as the Financial Decoder, to help local governments assess the long-term financial implications of public investments and development decisions.
5. Coordinate the Task Force's work with the findings of the TRAIN Commission and other ongoing discussions regarding transportation finance, recognizing that local government fiscal sustainability is increasingly affected by declining fuel tax revenues and changing transportation technologies.
6. Ensure that any new local revenue authority supplements rather than replace existing State funding commitments or becomes the basis for additional State-to-local cost shifts.

As Maryland considers how to best modernize local revenue systems, I encourage the Task Force to recognize that stewardship applies not only to land and natural resources, but also to public infrastructure and taxpayer dollars. The challenge before us is not simply how to generate more revenue, but how to build a revenue system that encourages productive investment, strengthens communities, and enables local governments to responsibly steward the assets entrusted to them.

Thank you for your service and for your consideration of these comments.

Respectfully submitted,

Owen Bailey
Director of Land Use and Policy



Robert J. Alt, Mayor

Board of Commissioners:

Jean A. Broomell **Robert M. Massimiano**
Charles H. Givens, Sr. **Earl M. Piner, Sr.**

Town Administrator:

Alfred C. Wein

Subject: Written Testimony Regarding Municipal Revenue Structures – Town of Elkton, MD

September 9, 2026

The Task Force to Modernize County and Municipal Revenue Structures
Attn: April Noren

Dear Members of the Task Force,

Thank you for the opportunity to submit testimony on modernizing Maryland's local revenue structures. On behalf of the Town of Elkton, I am writing to urge the Task Force to recommend expanding the financial tools available to municipal governments.

Elkton faces the same rising costs for infrastructure, public safety, and essential services as towns across the state. However, our current revenue options are far too restricted. Because we rely so heavily on property taxes, our local homeowners and business owners carry a disproportionate financial burden. To remain fiscally sustainable, we need the authority to diversify our revenue stream.

Specifically, we ask the Task Force to support legislation granting municipalities access to:

- **Modernizing County Tax Rebates and Differentials:** Under State law (§ 6-305/6-306 of the Maryland Tax-Property Article), Elkton annually interacts with the County's tax rebate system. The current "rebate to Town" method only considers police protection, street lighting, and garbage/refuse/landfill. We urge a shift toward a true **tax differential method** that directly reduces County property taxes for Town residents. Furthermore, any modern calculation framework must expand to include **fire/rescue/EMS and roads** as core considerations, accurately reflecting the true public service burdens towns absorb.

- **A Local Share of the Sales Tax:** As a major retail hub for Cecil County, Elkton handles heavy traffic from out-of-town shoppers. A small share of the sales tax generated inside our town limits would directly fund the upkeep of the commercial corridors these shoppers use, without costing our residents a dime.

- **A Restaurant Food and Beverage Tax:** Positioned right along Route 40 and near I-95, Elkton serves thousands of travelers daily. A small tax on prepared food and drinks would capture revenue from these visitors, helping to cover the cost of the emergency services and infrastructure they rely on while passing through town.

- **Expanded Infrastructure Impact Fees:** Elkton continues to see commercial growth. Broader authority to levy localized impact fees on new commercial developments would ensure that developers, rather than current taxpayers, pay for the expanded water, sewer, and road capacity that new projects require.

Diversifying our revenue will allow us to protect our property owners, maintain stable budgets during economic shifts, and proactively fund infrastructure.

We urge the Task Force to recommend giving municipal leaders the flexibility we need to address our own local financial challenges. Thank you for your time and your dedication to strengthening Maryland's communities.

Sincerely,

Joe Zurolo
Assistant Town Administrator
Town of Elkton, MD

Town of North Brentwood
P.O. Box 196
North Brentwood, Maryland 20722
Office: (301) 699-9699 Fax: (301) 699-9699

September 10, 2026

Written Testimony

Attn: Task Force
Re: Modernizing Municipal Revenue

Good afternoon, Chair and Members of the Maryland General Assembly.

Thank you for the opportunity to testify regarding the importance of modernizing the revenue capacity of the **Town of North Brentwood** and other small municipalities across Maryland.

North Brentwood is a historic community with a proud legacy and a strong commitment to its residents. However, like many small municipalities, we are being asked to provide services that have become significantly more expensive while relying on revenue structures that have not kept pace with today's needs.

Municipalities are responsible for maintaining **roads and sidewalks, addressing stormwater and flooding, maintaining parks and public spaces, supporting public safety, providing code enforcement, investing in technology, and promoting economic development**. These responsibilities require resources and sustained investment.

For North Brentwood, the challenge is particularly significant. Our **small tax base limits our ability to generate sufficient revenue**, while our residents rightfully expect modern, responsive, and reliable municipal services.

We cannot address this challenge indefinitely by reducing expenditures, postponing infrastructure improvements, or relying primarily on grants. Grants are important, but they are not a substitute for a stable and sustainable local revenue structure.

Modernizing municipal revenue capacity is not simply about collecting more revenue. It is about providing municipalities with **flexible and responsible fiscal tools** to maintain infrastructure, address flooding and stormwater needs, support economic development, preserve historic communities, and invest in programs for youth, seniors, and families.

Small municipalities should not have to choose between **repairing a road and improving a park, addressing flooding and supporting economic development, or maintaining essential services and investing in our residents.**

We respectfully ask the General Assembly to work with North Brentwood and other small municipalities to modernize the revenue tools available to local governments.

With the appropriate fiscal tools and the continued partnership of the State, North Brentwood can strengthen its financial foundation, improve services, invest in infrastructure, and preserve its historic legacy for future generations.

We ask you to give small municipalities the tools necessary not simply to maintain our communities, but to invest in their future.

Thank you for your time and consideration.

Sincerely,

Petrella Robinson

Mayor Petrella Robinson
Town of North Brentwood

September 14, 2026

The Honorable Brooke E. Lierman
Chair, Task Force to Modernize County and Municipal Revenue Structures
Office of the Comptroller
Goldstein Treasury Building
80 Calvert Street
Annapolis, MD 21401

Dear Chair Lierman and Members of the Task Force to Modernize County and Municipal Revenue Structures:

On behalf of CTIA®, the trade association for the wireless communications industry, I write to submit comments on the Task Force's consideration of granting counties and municipalities additional revenue-raising authority. CTIA respectfully urges the Task Force to avoid any policy recommendations that would result in new or higher local property taxes for telecommunications service and infrastructure.

At a time when affordability for consumers is of paramount importance, it is critical that Maryland have in place a stable and predictable tax environment that supports investments and the state's broader connectivity goals. Wireless providers spent nearly $30 billion last year to expand capacity and support growth in demand from consumers. These investments also drive affordability - real prices for typical unlimited wireless plans declined by more than 10% last year, including a 21% decrease in the price per megabyte. Taken together, the current environment is a clear success for Maryland residents, businesses and communities.

At present, the wireless industry already contributes significant state and local tax revenues through generally applicable taxes and telecommunications-specific taxes, facing local tax burdens that are disproportionately higher than other industries. Several localities impose taxes specifically on telecommunications services for education (e.g., Anne Arundel, Baltimore, Montgomery, and Prince George) in addition to local taxes in all counties that support 911 service. Wireless service is also subject to an additional state 911 tax as well as a new state tax to support 988 crisis services. These telecommunications-specific taxes are also over and above the existing general sales tax. As CTIA explained in testimony on House Bill 90 in the 2026 legislative session, allowing an additional local property tax to apply to telecommunications network property places another layer of taxation on a uniquely tax-burdened industry, which will directly impact affordability for consumers.

As the Task Force evaluates options to expand local taxing authority, CTIA urges the Task Force to consider the existing cumulative tax burden already placed on communications providers and customers and avoid recommendations that would permit additional taxes on property used to provide telecommunications service. Additional local property taxes on telecommunications infrastructure increase the recurring cost of deploying and operating wireless networks and make future investment more difficult, particularly in areas where deployment economics are already challenging. An additional or higher local property tax on telecommunications infrastructure is also misaligned with Maryland's broadband expansion and reliable connectivity priorities. Tax policies that increase the cost of network deployment work against those objectives and affect the infrastructure that supports economic development, education, telehealth, remote work, access to government services, and public safety communications.

CTIA appreciates the Task Force's consideration of these comments. We respectfully urge the Task Force to avoid recommendations that would authorize new or higher local property taxes on telecommunications infrastructure. If the Task Force recommends expanded local taxing authority, property used in whole or in part to provide telecommunications service should be protected from any additional rate, particularly in jurisdictions that already impose a telecommunications-specific tax.

Thank you for your consideration.

Sincerely,

Annissa Reed

Annissa Reed
Director, State and Local Affairs

From:	Brad Sears
To:	Noren, April
Subject:	Written Testimony — September 14 Public Hearing (Town of Ridgely)
Date:	Thursday, September 10, 2026 2:28:20 PM
Attachments:	image.png

Chair and Members of the Task Force:

I am a Commissioner for the Town of Ridgely, a small municipality in Caroline County on the Eastern Shore. I submit this written testimony for the September 14 public hearing and ask that the Task Force consider the following three items in its December 1 report.

All three are narrowly drawn. None requires a State appropriation. None raises a tax on residents. And all three address the same structural problem: Maryland's smallest municipalities are routinely omitted from authority granted to counties, and quietly reduced in formulas written for larger jurisdictions.

1. ADD MUNICIPALITIES TO THE PROPERTY TAX SUBCLASS TEMPLATE

Every subclass-authority bill of the last three sessions grants the power to "the Mayor and City Council of Baltimore City or the governing body of a county." Municipalities are omitted from all of them. This is a drafting convention, not a policy judgment, and it can be fixed with a conforming amendment at no cost to the State.

The pattern includes HB 2 of 2024, the vacant and abandoned property subclass now codified at Tax-Property Article Section 6-202.1; HB 919 of 2024; HB 90 and SB 224 of 2026, the commercial and industrial subclass; and HB 78 of 2026, subclasses of land and improvements. Separately, Section 6-303 already permits a municipal governing body to set special rates for a class of property subject to the municipal property tax, which leaves towns genuinely uncertain whether they may use a subclass the State created for counties.

I ask the Task Force to recommend adding municipal corporations to

Section 6-202.1 and to future subclass authorizations, and to ask DLS and SDAT to state plainly how Section 6-303 interacts with Section 6-202.1.

Why this matters to a town like ours: vacant and deteriorating buildings on a small Main Street are a municipal problem, addressed with municipal code enforcement and municipal money. DLS reported 242,361 vacant real property accounts statewide in fiscal 2024, with a total assessed value of $14.1 billion. Counties may now price that vacancy. Towns cannot.

2. HOLD THE MUNICIPAL HIGHWAY USER REVENUE SHARE AT 3.0% AND GIVE IT A FLOOR

Under Transportation Article Section 8-403, municipalities receive 3.0% of the Gasoline and Motor Vehicle Revenue Account in fiscal 2026 and 2027, then 2.4% in fiscal 2028 and every year after. That is a 20% reduction in the municipal share, already written into law and taking effect next fiscal year.

Section 8-403(c) compounds it: these local capital grants are appropriated only after all debt service requirements and departmental operating expenses have been funded and sufficient funds remain for the capital program. A percentage that can be crowded out is not a reliable revenue source, and a small town cannot bond around a shortfall the way a large jurisdiction can.

I ask the Task Force to recommend holding the municipal share at 3.0% and establishing a municipal floor that is not subordinated under subsection (c).

Why this matters to a town like ours: municipal governments maintain the street in front of the house. For a town our size these dollars are paving, patching, and stormwater inlets, not administration. A 20% cut to the share does not reduce a single lane mile we are responsible for.

3. STANDARDIZE THE TAX SET-OFF PROCESS IN THE COUNTIES THAT ARE

NOT ALREADY MANDATED

Tax-Property Article Section 6-305 requires eight named counties to grant a set-off where a municipality demonstrates it performs services in lieu of similar county services. Section 6-305.1 requires Frederick County to grant one under a formula agreed to with the municipality, defaulting to the prior year's formula if no agreement is reached. Every Eastern Shore county falls under Section 6-306 instead, where the county may act but need not. Identical facts produce different outcomes depending on which side of the Bay a town sits on.

DLS's fiscal 2025 set-off report shows the spread. Set-offs totaled $142.7 million statewide and ranged, per capita, from less than $1 in St. Mary's County to $108 in Talbot County, against a statewide average of $32. Kent, Wicomico, and Worcester counties provided none at all, and 25 municipalities statewide received neither a differential nor a rebate. The judicial route has also been tested and closed: when Ocean City challenged the scheme, the Court of Appeals, now the Supreme Court of Maryland, held in 2021 that Sections 6-305 and 6-306 are not a purely local matter because they carry significant implications for county residents outside the municipality. That leaves the General Assembly as the only remaining forum.

Our own numbers, from the same DLS report: Caroline County provides differentials only for police protection. DLS records that the rate is historically based on a formula of county police coverage, but that the county commissioners have held the differential rates constant over the last five years. Ridgely's differential is $0.05 per $100 of assessed value, worth $71,054, or $43 per resident. Five of Caroline's ten municipalities receive no differential at all. The county's total has grown 28.6% since fiscal 2020, but that reflects growth in the assessable base rather than any recalculation of what the towns are actually owed.

I ask the Task Force to consider three options, in ascending order of ambition:

(a) Extend the annual reporting requirement that Section 6-305(k) now applies only to Prince George's County to every county: the amount granted to each municipality, a description of the services each municipality provides in lieu of county services, and a description of the methodology used, including any formulas. Cost to the State: nothing.

(b) Require that where a county has adopted a calculation method, it be applied annually rather than held at a prior year's result, on the Section 6-305.1 model.

(c) Make "shall grant" the default in Section 6-306, using the service-by-service approach Prince George's County already applies, which accounts for the share of each service funded by property tax revenue and for county costs that do not decline.

I recognize the concern that a single statewide formula would not capture local service arrangements or the county costs that remain after a municipality takes over a service. I think that concern is well founded. Option (a) answers it directly: build the inventory first and let comparison do the work before anyone writes a formula.

Why this matters to a town like ours: a frozen differential is a shrinking one. Our costs for police coverage, paving, and code enforcement have not been constant for five years, and the residents of Ridgely pay a full county property tax bill either way.

I offer this testimony in my individual capacity as a Commissioner. It has not been adopted as a formal position of the Commissioners of Ridgely.

I am glad to supply the underlying statutory citations, or to answer questions from the Task Force or DLS staff. Thank you for taking up work that matters a great deal to Maryland's smallest municipalities.

Respectfully,

Clarence B. (Brad) Sears
Commissioner
Town of Ridgely
2 Central Avenue
Ridgely, MD 21660
(410) 634-2177
www.ridgelymd.org

Councilman Mike Detmer
Vice President and District 5 Representative of the Dorchester County Council
Written Testimony for Task Force to Modernize County and Municipal Revenue Structures

Chair and Members of the Task Force:

Thank you for the opportunity provide written comment and to contribute to the process of your important work on this matter.

Modest changes can't keep pace with massive obligations

As an individual councilman and taxpayer, I am receptive to 'fine tuning' of local revenue structures; however, I am deeply concerned about looking to changes in local practices in the face of an onslaught of unfunded state mandates and pushdowns of expenses from the state to the county level. If the current trajectory of skyrocketing expenses my county has little to no input on continues, even the most effective incremental adjustments of county revenue generation could never hope to keep pace.

The money has to come from somewhere

One of the fundamental aspects of increased revenue generation at the county level is that additional money comes largely from our residents and businesses. In a state like Maryland that has significant challenges with cost of living and housing costs, coupled with what my constituents tell me is a stagnant climate for economic development, I fear that efforts to increase revenue will rely on more thoroughly accessing the contents of the wallets of Dorchester County's people.

I already hear concerns from many of my constituents about the negative impact that things like higher assessments are having on their ability to prosper. They tell me that the big jumps in their property tax obligation due to dramatic increase of the assessed value of their property do them no good in a market in which few other homes are in their budget, particularly with current interest rates. I have heard many times that the increased property tax obligation alone has hurt their quality of life and detracted from their ability to spend money for the benefit of their family or to save for the future.

Revenue generation creates intended and unintended incentives for behavior. One of my missions as a councilman is to try to incentive and help create the conditions for people in Dorchester to live well, robustly participate in commerce, and welcome visitors to enjoy this wonderful place. My constituents already tell me they feel like they are already being squeezed. Many have told me they can't wait to move elsewhere.

Plans that don't fit us got us here in the first place

Another aspect of any possible state-level action on county revenue practices would be further mandates for policy and practices that don't fit our jurisdiction. From my perspective, a massive part of the fiscal problem that Dorchester faces has derived directly from the requirement to participate in and pay for practices that do not fit our county. The rural nature of our county makes Dorchester so very different from some of our sister counties elsewhere in the state—we just can't capture some of the same benefits of population size, assessable tax base, or economies of scale. Consequently, we find ourselves chasing implementation of a plan we never would have chosen for ourselves instead of looking at the situation at the ground level and listening to our neighbors about what would work best for us.

Any state mandates about what are currently locally guided practices carry an extreme risk that the required path does not fit us as well as the people of our county deserve.

Municipal tax differential should and will be fair

In Dorchester, we are actively working to develop a formula for municipal tax differential that fairly and clearly identifies where municipal expenditures save the county from having to make expenditures. Any differential that is not fairly constructed is fundamentally unfair to either the municipal residents or county residents. The questions of fair differential is certainly very complex, as each county differs from all of the others, and each municipality within the county is a unique circumstance that deserves a focused, collaborative, and very local approach. Any exterior requirement or formula of any kind would be injurious to that highly specific consideration of fiscal equitability.

Thank you any for this opportunity to contribution my perspective to your considerations. Please feel free to contact me with questions at 443-477-5082 or at mdetmer@dorchestermd.gov.

Sincerely,

Mike Detmer

MARYLAND MUNICIPAL LEAGUE

TESTIMONY

COMMITTEE: Task Force to Modernize County and Municipal Revenue Structures

DATE: September 14, 2026

The Maryland Municipal League (MML), representing 160 Maryland's incorporated cities, towns and villages, respectfully submits this testimony for the record of the Task Force's September 14, 2026 public hearing. On behalf of the leadership of the League, we are grateful to the membership of the Task Force for its work and for the opportunity to comment.

The League's comments are intentionally brief. The most important testimony before the Task Force comes not from the League but from the municipal officials who have appeared and submitted statements on behalf of their communities — the mayors, council members, and managers who balance the needs of residents, the services provided and the budget challenges.

Maryland's municipalities are constantly asked to do more: maintain roads and water systems, provide police and public works, support economic development, and deliver the services residents see and rely on every day. Yet the revenue tools available to municipalities have not changed. Municipalities remain overwhelmingly dependent on the property tax, with limited or no access to the broader mix of revenue authorities that counties and the State use to fund comparable services. The result is a structure in which the level of government closest to residents with essential services has the fewest options.

The League's request of the Task Force is simple: recommend a modern, flexible revenue structure to the Maryland General Assembly which gives municipalities meaningful, locally accountable options, so that decisions about how to fund local services are made by the elected officials who answer directly to the people paying for them.

This is not an abstract concern raised by an association. In just a 3-week period during the 2026 legislative session, more than 40 municipal governing bodies across the State — representing every region and every size of community — formally adopted resolutions supporting the Task Force creation and calling for modernization of municipal revenue authority. Each was debated and adopted in a public meeting by a locally elected body. Together, they represent broad municipal support for the Task Force and a united call for modernization.

MML is grateful for the seriousness with which the Task Force has approached this issue and stands ready to assist in any way as it develops its recommendations for the December 1 report.

For more information relating to this piece of testimony, please contact:

Theresa Kuhns: Chief Executive Officer, theresak@mdmunicipal.org

Justin Fiore: Director, Advocacy and Public Policy, justinf@mdmunicipal.org

A RESOLUTION
IN SUPPORT OF HB 1142/SB ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

****

BE IT RESOLVED, ENACTED AND ORDAINED, this 13th day of April 2026, by the Mayor and Board of Commissioners of the Town of Emmitsburg, Maryland, pursuant to the authority granted to them by the laws of Maryland and the Charter of the Town of Emmitsburg, do **IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.**

WHEREAS, the Town of Emmitsburg provides essential frontline services to its residents, including **public safety, infrastructure maintenance, and community planning,** all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT HEREBY enacted this 13th day of April, 2026 by the Mayor and Board of Commissioners, that Resolution Number 26-04 is true, correct, and duly adopted by the Mayor and Board of Commissioners of the Town of Emmitsburg.

1. **Support for Legislation:** The Town of Emmitsburg formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

1. **The Senator representing District** ✓
2. **Each Delegate representing District** ✓
3. **Staff at the Maryland Municipal League**

PASSED this 13th day of April, 2026 by a vote of:

Commissioners:	For	Against	Absent	Abstain
Hoover	✓			
Benvengi	✓			
Sweeney	✓			
Hagan	✓			
Turnquist	✓			
TOTAL:	5	Ø	Ø	Ø

ATTEST:

Sabrina King

Sabrina King, Town Clerk

EMMITSBURG BOARD OF COMMISSIONERS:

James Hoover

Jim Hoover, President

✓ APPROVED _______VETOED

this 13th day of April, 2026.

Allen F. Davis

Allen F. Davis Jr., Mayor

Resolution No: **02-25**

Resolution: Supporting the Maryland Municipal League's HB 1142 Establishing The Task Force to Modernize County and Municipal Revenue Sources

WHEREAS, the City of Rockville provides essential frontline services to its residents, including public safety, infrastructure maintenance, community planning and development services, housing and community development, recreation and parks, and many others, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital-based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of Rockville:

1. **Support HB 1142:** The City of Rockville formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

    1. **The Senator representing District 17 – Senator Cheryl Kagan**

    2. **Each Delegate representing District 17- Delegate Julie Palakovich Carr, Delegate Ryan Spiegel, and Delegate Joe Vogel**

    3. **Maryland Municipal League Staff**

Resolution No. 02-25

****

I certify that the above is a true and correct copy of a Resolution
Adopted by the Mayor and Council of the City of Rockville,
Maryland at its meeting of March 9, 2026

Sara Taylor-Ferrell

Sara Taylor-Ferrell, City Clerk/Director of Council Operations

Title: A Resolution **in** Support of HB 1142 to Establish a Task Force on Modernizing County and Municipal Revenue Sources
Introduced by: Council President César Díaz on behalf of the Administration
Date: March 19, 2026 **Action:** Approved

THE CITY OF FREDERICK
CITY COUNCIL

RESOLUTION NO: 26-5

A RESOLUTION

In Support of HB 1142 to Establish a Task Force on Modernizing County and Municipal Revenue Sources

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BACKGROUND

WHEREAS, the City of Frederick provides essential frontline services to its residents—including, but not limited to, public safety, public health, comprehensive community planning, economic development support, and housing assistance—all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, along with increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that neither shares tax revenue from the sale of goods or services with local governments nor allows those governments to collect such revenue themselves, resulting in an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service-based and digital economy; and

WHEREAS, the proposed Task Force would provide a data-driven, nonpartisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREDERICK that the City of Frederick joins the Maryland Municipal League and other counties and municipalities across the State in formally supporting the passage of HB 1142, and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.

BE IT FURTHER RESOLVED, that a copy of this resolution be transmitted to the legislators representing Maryland Legislative District 3—State Senator Karen Lewis Young and State Delegates Karen Simpson, Kenneth Kerr, and Kris Fair—as well as to the staff of the Maryland Municipal League.

ADOPTED AND APPROVED THIS 19TH DAY OF MARCH, 2026.

APPROVED: March 20, 2026

PASSED: March 19, 2026

Michael O'Connor, Mayor

César Díaz, City Council President

Approved for Legal Sufficiency:

Rachel A Gray

City Attorney

TOWN OF EDMONSTON

RESOLUTION NO. 26-R-03
A RESOLUTION OF THE TOWN OF EDMONSTON IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the [City/Town] of [Name] provides essential frontline services to its residents, including [Insert services, e.g. public safety, infrastructure maintenance, and community planning], all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS Maryland's municipalities are a primary driver of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE RESOLVED by the Mayor and Council of Edmonston:

1. **Support for Legislation:** The Town of Edmonston formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

1. **The Senator representing District __22_____**
2. **Each Delegate representing District __22_____**
3. **Staff at the Maryland Municipal League**

ADOPTED this 11th day of March, 2026.

ATTEST:

Tracy R Gant, *Mayor*

5005 52nd Avenue, Edmonston, MD 20781
301 699-8806 (Office) 301 699-8203 (Fax)
Website: edmonstonmd.gov

RESOLUTION NO. 2026-04

A RESOLUTION OF THE MAYOR AND COUNCIL OF BRUNSWICK IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the City of Brunswick provides essential frontline services to its residents, including public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary driver of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of Brunswick that the City of Brunswick formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

PASSED this 10th day of March, 2026 by a vote of 5 for; 0 against; 0 abstaining, and 1 absent.

ATTEST: COUNCIL OF THE CITY OF BRUNSWICK:

Julie Martorana

Julie Martorana, City Administrator

By:

Brian Sandusky, Mayor Pro Tem

APPROVED this 10th day of March, 2026.

ATTEST: Julie Martorana

Julie Martorana, City Administrator

Nathan Brown, Mayor

CITY OF HAGERSTOWN, MARYLAND

A RESOLUTION AUTHORIZING THE SUPPORT OF HB 1142, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

RECITALS

WHEREAS, the City of Hagerstown provides essential frontline services to its residents, including public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports this growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

R-26-10

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Hagerstown, Maryland as its duly constituted legislative body is taking the following actions:

1. **Support for Legislation:** The City of Hagerstown formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report.**

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

   Senator Paul Corderman
   Delegate Matthew Schindler
   Staff at the Maryland Municipal League

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its approval.

WITNESS AND ATTEST AS TO CORPORATE SEAL	MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, MARYLAND
Donna K. Spickler	By: William B. McIntire
Donna K. Spickler, City Clerk	William B. McIntire, Mayor

Date of Passage: March 10, 2026
Effective Date: March 10, 2026

R-26-10

Introduced: Councilmember Pompi
1st Reading: March 9, 2026
Passed: March 9, 2026
Posted: March 10, 2026
Effective: March 9, 2026

CITY OF GREENBELT

RESOLUTION NO. 26-2130

A RESOLUTION OF THE CITY COUNCIL OF CITY OF GREENBELT IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the City of Greenbelt provides essential frontline services to its residents, including public safety and animal services, public works and infrastructure maintenance, social and family services, recreation, arts and culture, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Greenbelt, Maryland:

1. **Support for Legislation:** The City of Greenbelt formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

1. **The Senator representing District 22**
2. **Each Delegate representing District 22**
3. **Staff at the Maryland Municipal League**

ADOPTED this 9th day of March, 2026.

Emmett V. Jordan

Emmett V. Jordan, Mayor

ATTEST:

Bonita Anderson

Bonita Anderson, City Clerk

RESOLUTION NO. 02-2026

A RESOLUTION OF THE MAYOR AND COUNCIL OF TOWN OF NORTH BRENTWOOD IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of North Brentwood provides essential frontline services to its residents, including public works, public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of Town of North Brentwood:

1. **Support for Legislation:** The Town of North Brentwood formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report.**
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senator representing District 47**
    2. **Each Delegate representing District 47a**
    3. **Staff at the Maryland Municipal League**

ADOPTED this 16TH day of MArch, 2026.

Signed by:
Petrella Johnson
E8FD5826BCE04D8...

MAYOR

Signed by:
Carletta Lundy
62358E69367E476...

ATTEST: clerk

Signed by:
15E6C542E21B483...

COUNCIL - WARD I

Signed by:
F8147B234513454...

COUNCIL - WARD II

Signed by:
Evan Dame
77363D09DE0A434...

COUNCIL – WARD III

RESOLUTION R-2-26

A RESOLUTION OF THE MAYOR AND COUNCIL OF CHEVERLY, MARYLAND, IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of Cheverly provides essential frontline services to its residents, including 24/7 police protection, twice-a-week trash pickup, curbside recycling pickup, and comprehensive emergency response, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital-based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Cheverly, Maryland:

1. Support for Legislation: The Town formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.
2. Communication of Resolution: A copy of this resolution shall be transmitted to:
    1. State Senator Malcolm Augustine, District 47.
    2. Delegates Diana Fennell and Julian Ivey, District 47A.
    3. The Mayor or equivalent of each municipality in the 47th Legislative District of Maryland; and
    4. Staff at the Maryland Municipal League

ADOPTED this 12th day of March 2026.

Attest: ______________________ ______________________

Micah Watson
Mayor

Christopher R. Wade
Councilmember

David Tansey
Councilmember

John LeGloahec
Councilmember

Charly Garces
Councilmember

Nicole Bryner
Councilmember

Amy Jean Chung Fry
Councilmember

RESOLUTION NO. R-12-26

A RESOLUTION OF THE MAYOR AND CITY COUNCIL AFFIRMING SUPPORT OF HB 1142, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the City of Gaithersburg provides essential frontline services to its residents, including Parks and Recreation, Police, Public Works, and Planning Services, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Gaithersburg:

1. Support for Legislation: The City of Gaithersburg formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.

2. Communication of Resolution: A copy of this resolution shall be transmitted to:

   1. The Senators representing Districts 17 and 39
   2. Each Delegate representing Districts 17 and 39
   3. Staff at the Maryland Municipal League

ADOPTED by the City Council this 16th day of March 2026.

Signed by:

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JUD ASHMAN, MAYOR and
President of the Council

THIS IS TO CERTIFY, that the foregoing Resolution was adopted by the City Council, in public meeting assembled on the 16th day of March 2026.

DocuSigned by:

Tanisha Briley

96695A65FBE94E0...

Tanisha Briley, City Manager

COUNCIL OF THE TOWN OF LA PLATA
Resolution 26-17

Introduced By:	**Mayor Jeannine E. James, by request**
Date Introduced:	**March 10, 2026**
Date Adopted:	**March 10, 2026**
Date Effective:	**March 10, 2026**

A RESOLUTION concerning

Modernization of County and Municipal Revenue Sources

FOR the purpose of supporting Maryland General Assembly House Bill 1142 (HB1142), establishing a Task Force to Modernize County and Municipal Revenue Structures.

* * * * * * * * * * * * * * * *

WHEREAS, the Town of La Plata provides essential frontline services to its residents, including community planning, public safety, water and sewer infrastructure, sanitation, and stormwater management, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service- and digital-based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of La Plata, Maryland, that

1. **Support for Legislation:** The Town of La Plata formally supports the passage of Maryland General Assembly House Bill 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report; and

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. Senator Arthur Ellis, District 28
    2. Delegate Edith J. Patterson, District 28
    3. Delegate Debra Davis, District 28
    4. Delegate C.T. Wilson, District 28
    5. Staff at the Maryland Municipal League

Resolution 26-17

ADOPTED AND APPROVED by the Council of the Town of La Plata on this 10th day of March, 2026.

SEAL:

MAYOR AND COUNCIL
TOWN OF
LA PLATA
MARYLAND
INCORPORATED 1888

COUNCIL OF THE TOWN OF LA PLATA

Jeannine E. James, Mayor

Paul C. Guttenberg, Councilman

Patrick McCormick, Councilman

Gregory Sampson, Jr., Councilman

Tyjon C. Johnson, Councilman

ATTEST:

Shelby Pritchett
Town Clerk

Date 10 March 2026

Council of the Town of Leonardtown
RESOLUTION NO. 1-26

A RESOLUTION OF THE COMMISSIONERS OF LEONARDTOWN IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Commissioners of Leonardtown provides essential frontline services to its residents, including [waste water treatment plant/wells/pumps, water, sewer and trash collection, infrastructure streets/roads maintenance and community planning], all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED the Commissioners of Leonardtown support for Legislation the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.

Communication of Resolution: A copy of this resolution shall be transmitted to:

The Senator representing District ✓
Each Delegate representing District ✓
Staff at the Maryland Municipal League ✓

ADOPTED this 11th **day of** March**, 2026.**

ATTEST: ____________ ***Commissioners of Leonardtown, Mayor Daniel W. Burris***

Council of the Town of Leonardtown
RESOLUTION NO. 1-26 - Page 2

A RESOLUTION OF THE COMMISSIONERS OF LEONARDTOWN IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

BY ORDER: I hereby certify that Resolution Number 1-26 is true and correct and duly adopted by the Commissioners of Leonardtown, MD.

COMMISSIONERS OF LEONARDTOWN:

____
Daniel W. Burris, Mayor

____
J. Maguire Mattingly, IV, Council Member

____
Nick Colvin, Council Member

____
Heather M. Earhart, Council Member

absent
____
Christy Hollander, Council Member

____
Mary Maday Slade, Council Member

ATTEST/WITNESS:

Laschelle E McKay
____
Laschelle E. McKay, Town Administrator

MAYOR AND COUNCIL OF BOONSBORO
RESOLUTION 2026-01;
A RESOLUTION OF THE MAYOR AND COUNCIL OF BOONSBORO IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the Town of Boonsboro provides essential frontline services to its residents, including infrastructure maintenance, water and wastewater management, municipal planning and public safety, all of which rely on stable and diversified revenue streams; and

WHEREAS, Municipal Governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing State-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's Municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within Municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of Boonsboro:

1. **Support for Legislation:** The Town formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report.**
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senator representing District 2: Senator Paul Corderman**
    2. **Each Delegate representing District 2A: Delegates William Valentine and William Wivel**
    3. **Staff at the Maryland Municipal League**

ADOPTED this 9th day of March, 2026.

ATTEST: Howard W. Long *Howard W. Long, Mayor of Boonsboro*

ATTEST: ______________________ *Jesse H. Powers, Town Clerk of Boonsboro*

2026-03

A RESOLUTION ADOPTED BY
THE BURGESS AND COMMISSIONERS
OF THE TOWN OF WALKERSVILLE, MARYLAND

THIS 11TH DAY OF MARCH 2026
* * * * * *

A RESOLUTION OF THE BURGESS & COMMISSIONERS OF WALKERSVILLE, MD IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of Walkersville provides essential frontline services to its residents, including the only Maryland State Resident Trooper program, safe sidewalks, beautiful parks, and upgraded street lighting all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Burgess & Commissioners of Walkersville, MD

1. **Support for Legislation:** The Town of Walkersville formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senator representing District 4**
    2. **Each Delegate representing District 4**
    3. **Staff at the Maryland Municipal League**

ADOPTED this 11th day of March, 2026.

Chad W. Weddle, Burgess

Betsey Whitmore Brannen, Commissioner

John Thomas Gilbert, Jr., Commissioner

Chris Ragen, Commissioner

Russell Winch, Commissioner

Bob Yoder, Commissioner

Introduced by: Councilmember Landman

CITY OF TAKOMA PARK, MARYLAND

RESOLUTION 2026-13

SUPPORTING HB 1142 -- ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the City of Takoma Park provides essential frontline services to its residents, including police and public safety; housing, economic and community development; public works and environmental services; recreation, arts and cultural events; and a municipal library; all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing State-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of Takoma Park, Maryland formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report** on establishing the Task Force to Modernize County and Municipal Revenue Sources.

BE IT FURTHER RESOLVED THAT a copy of this resolution shall be transmitted to each member of the District 20 Delegation and to Staff at the Maryland Municipal League.

Adopted this 18th day of March, 2026.

Attest:

Jessie Carpenter

Jessie Carpenter, CMC
City Clerk

Resolution: R-01-2026
Introduced: 03-19-2026
Adopted: 03-19-2026

RESOLUTION NO. R-01-2026

A RESOLUTION OF THE MAYOR AND COUNCIL OF LANDOVER HILLS IN SUPPORT OF HB 1142 TO ESTABLISH A TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of Landover Hills provides essential frontline services to its residents, including public safety, public works and code enforcement, all of which require stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland's cities and towns contain 25 percent of the state's population but generate 37 percent of the state's sales tax revenues; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, nearly half of the Town of Landover Hills' revenues come from property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force to Modernize County and Municipal Revenue Structures would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of Landover Hills formally supports the passage of HB 1142 and urges our state representatives to support the bill and that the House Ways and Means Committee and the Senate Budget and Taxation Committee issue a Favorable Report.

INTRODUCED by the Mayor and Town Council of the Town of Landover Hills, Maryland, at a Regular Meeting on March 19, 2026

ADOPTED this 19 day of March, 2026.

Rommel Pazmino, Town Manager

Jeffrey Schomisch, Mayor

Glenda Johnson, Vice Mayor

Mike Walker, Councilman

Julio Murillo, Councilman

Kathleen Walker, Councilwoman

Oral Grant, Councilman

Todd Over, Councilman

Resolution No. R-03-2026

A Resolution of the Mayor and Town Council of Kensington in Support of House Bill (HB) 1142, to Establish a Task Force to Modernize County and Municipal Revenue Structures to study and evaluate the revenue structure of County and Municipal governments within the State; and require the Task Force to submit a report of its finding and recommendation to the Governor and certain Committees of the General Assembly by December 1, 2026.

WHEREAS, the Town of Kensington provides essential frontline services to its residents, including Code Enforcement, Parks, Public Works, and Stormwater Management, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are the primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Kensington, Maryland, the following:

1. **Support for Legislation:** The Town of Kensington formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

    1. **The Senator representing District 18**

        - Jeff Waldstreicher

    1. **Each Delegate representing District 18**

        - Aaron Kaufman
        - Emily Shetty
        - Jared Solomon

    3. **Staff at the Maryland Municipal League**

Adopted by the Town Council this 18th day of March, 2026.

Effective this 18th day of March, 2026.

ATTEST: **TOWN OF KENSINGTON, MARYLAND**

By: Susan C Engels
Susan C. Engels, Clerk – Treasurer

Tracey C. Furman, Mayor

TOWN OF COTTAGE CITY
RESOLUTION 2026-07

A RESOLUTION OF THE COMMISSION OF THE TOWN OF COTTAGE CITY IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

Introduced by: The Cottage City Commission

WHEREAS, The Town of Cottage City provides essential frontline services to its residents, including law enforcement, leaf removal, street cleaning, street maintenance and lighting, shuttle van and bus transportation, certain social and recreational services, community amenities, and other municipal services, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Commission of The Town of Cottage City -

1. **Support for Legislation:** The Town of Cottage City formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senator representing District 47 – Senator Malcolm Augustine**
    2. **Each Delegate representing District 47 – Delegate Diana Fennell**
Delegate Julien Ivey
    3. **Staff at the Maryland Municipal League**

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon adoption.

ADOPTED this 11th day of March, 2026, by The Cottage City Commission of the Town of Cottage City, Maryland.

ATTEST: TOWN OF COTTAGE CITY, MARYLAND

Signed by: John Hoatson
382BA08655BC4C5...
John Hoatson, Town Manager

By: Signed by: Wanda Wheatley
4328C51EEB5A4B2...
Wanda Wheatley, Ward 3, Commissioner Chair

CERTIFICATION

I, HEREBY CERTIFY, as the duly appointed Town Manager of the Town of Cottage City, Maryland, that on the 11th day of March 2026 with 5 Aye votes and 0 Nay votes, the aforesaid Resolution 2026-07 passed.

Signed by: John Hoatson
382BA08655BC4C5...
John Hoatson, Town Manager

CITY OF LAUREL, MARYLAND

RESOLUTION NO. 3-2026

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF LAUREL, MARYLAND IN SUPPORT OF HB 1142 ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

Sponsored by the Council President

WHEREAS, the City of Laurel provides essential frontline services to our residents, including a full-service police department, a full-service department of public works, a full-service department of parks and recreation, a full-service planning, zoning, and economic development department and a full-service permit, inspections, code enforcement and fire marshal department all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Laurel, Maryland that the City of Laurel formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report.

AND, BE IT FURTHER RESOLVED, that a copy of this resolution shall be transmitted to:

- Speaker of the House Joseline A. Peña-Melnyk, District 21
- Senator James C. Rosapepe, District 21
- Delegate Ben Barnes, District 21

- Delegate Mary A. Lehman, District 21
- Staff at the Maryland Municipal League

AND, BE IT FURTHER RESOLVED, that this Resolution shall take effect on the date of its adoption.

ADOPTED this 23rd day of March, 2026.

ATTEST:

SARA A. GREEN, CPM, MMC
City Clerk

BRENCIS D. SMITH
President of the City Council

APPROVED this 23rd day of March, 2026.

Keith R. Sydnor

KEITH R. SYDNOR
Mayor

RESOLUTION NO. 2026-03

A RESOLUTION OF THE MAYOR AND COUNCIL OF BERLIN
IN SUPPORT OF HB 1142 ESTABLISHING THE TASK FORCE
TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Mayor and Council of the Town of Berlin provides essential frontline services to its residents, including public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary driver of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital-based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED that the Town of Berlin hereby:

1. Formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report; and
2. A copy of this resolution shall be transmitted to:
    1. Senator Mary Beth Carroza;
    2. Delegate Wayne Hartman and Delegate Howard Kevin Anderson;
    3. Staff at the Maryland Municipal League

Approved this 9th day of March, 2026 by the Council of the Town of Berlin, Maryland, by the following vote.

Name	Counted toward Quorum				
	Aye	No	Abstain	Recused	Absent
Dean Burrell, VP	X				
Steve Green	X				
Jay Knerr	X				
Shaneka Nichols	X				
Jack Orris	X				
Voting Tally	5				

Dean Burrell, Sr., Vice-President of the Council

Approved this 9th day of March, 2026 by the Mayor of the Town of Berlin.

Zackery Tyndall, Mayor and President of Council

ATTEST:

Mary Bohlen, Town Administrator

Town of Berwyn Heights

5700 Berwyn Road
Berwyn Heights, MD 20740
Tel. (301) 474-5000
Fax (301) 474-5002

MAYOR
Tiffany Papanikolas
COUNCIL MEMBERS
Edgar Moctezuma (Mayor Pro Tem)
David Wolfinger
Roger Gaines
Chris Brittan-Powell

Resolution 04-2026

A RESOLUTION IN SUPPORT OF HB 1142, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the Town of Berwyn Heights provides essential frontline services to its residents, including police services, public works, code compliance, parks and recreation programs, and municipal administration, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing significant inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, highlighting the urgent need for modern and flexible municipal revenue sources; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Berwyn Heights formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a Favorable Report. A copy of this resolution shall be transmitted to:

- Senator Alonzo T. Washington, Maryland Senate, District 22
- Delegate Anne Healey, Maryland House of Delegates, District 22
- Delegate Nicole A. Williams, Maryland House of Delegates, District 22
- Delegate Ashanti F. Martinez, Maryland House of Delegates, District 22
- Staff at the Maryland Municipal League

RESOLVED:

Tiffany A Papanikolas

Tiffany Papanikolas, Mayor

ATTEST:

N Friesen

Melanie Friesen, Town Clerk

TOWN OF HAMPSTEAD
RESOLUTION NO. 2026-01

A RESOLUTION TO SUPPORT A TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the Town of Hampstead provides essential frontline services to its residents, including public safety, public water service, infrastructure maintenance, code enforcement and community planning and zoning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Town Council of the Town of Hampstead to fully support a task force to modernize county and municipal revenue sources and Maryland's municipal revenue structure.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to the Senator representing District 42C, the Delegate representing District 42C, and Staff at the Maryland Municipal League.

Be it further resolved that this resolution shall take effect upon the date of its adoption.

Adopted this 14th day of April, 2026 by a vote of 5 Council members in favor, 0 Council members opposed, and 0 abstentions.

Christopher M. Nevin, Mayor

James Roark, Clerk of the Council

Approved as to form and legal sufficiency this 16th day of April, 2026.

BY: ______________________________

Thomas McCarron, Esq.
Town Attorney

MAYOR AND COUNCIL OF SNOW HILL

RESOLUTION NO. 2026-02

A RESOLUTION OF THE MAYOR AND COUNCIL OF SNOW HILL IN SUPPORT OF HB 1142 ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

WHEREAS, the Town of Snow Hill provides essential frontline services to its residents, including public safety, infrastructure maintenance, community planning and traditional governmental services, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of Snow Hill:

1. **Support for Legislation:** The Mayor and Council of Snow Hill formally support the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

2. **Communication of Resolution:** A copy of this Resolution shall be transmitted to:

    1. **Senator Mary Beth Carozza, District 38A**

    2. **Delegate Kevin Anderson, District 38A**

    3. **Staff at the Maryland Municipal League**

RESOLVED AND EFFECTIVE this 31st day of March, 2026.

ATTEST:

RICHARD POLLITT, Town Manager

JANET SIMPSON, Mayor

Approved as to form:

AARON LUMPKINS, Central District Council Person

Maureen Howarth

MAUREEN HOWARTH
Ayres, Jenkins, Gordy & Almand, P.A.
Office of Town Solicitor

EDWARD S. LEE, Eastern District Council Person

Margaret Ann Fletcher

MARGARET ANN FLETCHER, Western District Council Person

COMMISSIONERS OF SHARPTOWN

ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES

RESOLUTION NO. 2026-04-06

A RESOLUTION OF THE COMMISSIONERS OF SHARPTOWN, MARYLAND IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, The Commissioners of Sharptown, Maryland provides essential frontline services to its residents, including water, wastewater, infrastructure maintenance, recreation, historical and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, Municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, nonpartisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Sharptown, Maryland:

1. **Support for Legislation:** The Commissioners of Sharptown, Maryland formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report.**

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

   1. **The Senator representing District 37**

   2. **Each Delegate representing District 37B & 37A**

   3. **Staff at the Maryland Municipal League**

ADOPTED this 6th day of April, 2026.

COMMISSIONERS OF SHARPTOWN

Matthew V. Schneider, President

Jerry L. Bennett, Chairman

Cecil B. Bradley. Commissioner

George E. Henry, Commissioner

Mark A. Carroll, Commissioner

Attest to all:

Clerk/Treasurer

TOWN OF MOUNT AIRY

RESOLUTION NO. 2026-7

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF MOUNT AIRY (the "Town") IN SUPPORT OF HB 1142/ SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of Mount Airy provides essential frontline services to its residents, including public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Town Council of the Town of Mount Airy:

1. **Support for Legislation:** The Town formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senator representing Districts 4 & 5**
    2. **Each Delegate representing Districts 4 & 5**
    3. **Staff at the Maryland Municipal League**

ADOPTED:

This 6th day of April, 2026 by a vote of 5 in favor and 0 opposed

ATTEST:

Jason Evans, Secretary

Tim Washabaugh,
President of the Council

ATTEST:

Jason Evans, Secretary

Larry Hushour, Mayor

Approved as to form and
legal sufficiency this 6th day of
April, 2026:

Thomas V. McCarron
Town Attorney

RESOLUTION NO. R-26-1

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF CHESAPEAKE BEACH, MARYLAND, IN SUPPORT OF HB 1142 / SB, ESTABLISHING THE TASK FORCE TO MODERNIZE COUNTY AND MUNICIPAL REVENUE SOURCES.

WHEREAS, the Town of Chesapeake Beach, Maryland, provides essential frontline services to its residents, including public safety, water and wastewater utility operations, public works and infrastructure maintenance, stormwater management, solid waste and recycling services, code enforcement, and planning and zoning administration, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Town Council of Chesapeake Beach:

1. **Support for Legislation:** The Town of Chesapeake Beach formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

    1. **The Senator representing District 27-B**
    2. **Each Delegate representing District 27-B**
    3. **Staff at the Maryland Municipal League**

ADOPTED this 16th day of April, 2026.

ATTEST: ______________________ *Bruce A. Wahl, Mayor*

CHESAPEAKE BEACH, MARYLAND

Bruce A Wahl

Bruce A. Wahl, Mayor

Jamey Shuls, Council Vice-President

(OPPOSED)

Eric Reinhardt, Councilmember

Jonathan Evans

Jonathan Evans, Councilmember

Laura Blackwelder, Councilmember

Anthony Greene, Councilmember

Daniel Duvall, Councilmember

The Mayor and Commissioners
of the Town of Elkton

Resolution R5-2026
Maryland House of Delegates – HB 1142

A RESOLUTION of the Mayor and Commissioners of the Town of Elkton, Cecil County, supporting House Bill 1142 that establishes a task force to modernize county and municipal revenue sources.

WHEREAS, the Town of Elkton provides essential services to its residents and business community, including administration services, public safety, public works services, community planning, recreational facilities, building and zoning services, and financial management for the Town's government, all of which rely on stable, diversified, and recurrent revenue for the General Fund; and

WHEREAS, municipal governments are facing unprecedented inflation on supplies, fuel, labor, energy, and a host of other necessary operational needs, along with State-mandated program expenses, necessitating the need for improving revenue sources; and

WHEREAS, Maryland's municipalities are primarily responsible for economic development and investment in the State, but the current tax structure is deficient in sharing the revenue generated within municipal borders that both supports and enhances growth and development; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods and services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes as a primary source of revenue for the General Fund; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed task force included in House Bill 1142 would provide a data-driven, non-partisan forum to study inequities and recommend solutions that would ensure municipal governments can remain fiscally resilient without overburdening real property taxpayers.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Commissioners of the Town of Elkton that:

1. The governing body of the Town of Elkton supports the passage of **House Bill 1142** and urges the ***Ways and Means Committee*** and the **Senate Budget and Taxation Committee** to issue a ***Favorable Report***; and
2. That a copy of this supporting resolution be distributed to: **The Honorable Senator Jason C. Gallion, the Honorable Senator Stephen S. Hershey, Jr., the Honorable Delegate Michael Griffith, the Honorable Delegate Teresa E. Reilly, the Honorable Delegate Kevin B. Hornberger, the Honorable Delegate Steven J. Arentz, the Honorable Delegate Jefferson L. Ghrist, and the Honorable Delegate Jay A. Jacobs**; and
3. The **Maryland Municipal League Staff**, Annapolis, Maryland

READ AND PASSED THIS 1ST DAY OF APRIL, 2026

The Mayor and Commissioners
of the Town of Elkton

Attest:

______________________________	______________________________
Lewis George, Town Administrator	Mayor Robert J. Alt
______________________________	______________________________
Commissioner Jean A. Broomell	Commissioner Charles H. Givens, Sr.
______________________________	______________________________
Commissioners Robert M. Massimiano	Commissioner Earl M. Piner, Sr.

RESOLUTION NO. 2026-001

A Resolution of the Mayor and Council of the Town of Chesapeake City, Maryland in support of HB 1142/SB, establishing the Task Force to modernize County and Municipal Revenue Sources.

WHEREAS, the Town of Chesapeake City, Maryland provides essential frontline services to its residents, including water and sewer utilities, infrastructure maintenance, public safety, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are the primary drivers of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Chesapeake City, Maryland as follows:

1. **Support for Legislation:** The Town of Chesapeake City, Maryland formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.
2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:
    1. **The Senators representing District 35/36**
    2. **Each Delegates representing District 35A,B/36**
    3. **Staff at the Maryland Municipal League**

BE IT FURTHER RESOLVED THAT, a copy of this Resolution shall be maintained in the Town Office and made available for public inspection.

Introduced and adopted by the Mayor and Town Council of the Town of Chesapeake City, Maryland at a regular public meeting held on the 13th day of April 2026.

Effective Date:

BY AUTHORITY OF THE MAYOR
AND COUNCIL OF THE TOWN OF
CHESAPEAKE CITY, MARYLAND

Richard L. Taylor III

Richard L. Taylor, III, Mayor

Approved as to Form:

Genevieve Macfarlane, Attorney

Town of North Beach
8916 Chesapeake Avenue
North Beach, MD 20714

RESOLUTION 26-01

A Resolution of the Mayor and Town Council of the Town of North Beach
In support of HB 1142, establishing the task for to modernize county
And municipal revenue sources

WHEREAS, the Town of North Beach provides essential frontline services to its residents, including water/sewer services, trash collection, public safety, infrastructure maintenance, and community planning, all of which rely on stable and diversified revenue streams; and

WHEREAS, municipal governments are facing unprecedented inflationary pressures on construction materials, fuel, and labor, alongside increasing state-mandated costs, making the need for modern and flexible revenue sources more urgent than ever; and

WHEREAS, Maryland's municipalities are a primary driver of economic activity and tourism in the State, yet the current tax structure fails to reinvest a fair share of the wealth generated within municipal borders back into the local infrastructure that supports that very growth; and

WHEREAS, Maryland is one of only six states that fails to share tax revenue from the sale of goods or services with local governments or allow those governments to collect it themselves, creating an over-reliance on property taxes; and

WHEREAS, the current local revenue structure in Maryland has not been comprehensively updated in decades and does not reflect the modern shift toward a service and digital based economy; and

WHEREAS, the proposed Task Force would provide a data-driven, non-partisan forum to study these inequities and recommend solutions that ensure municipal governments can remain fiscally resilient without overburdening local property owners.

NOW, THEREFORE, BE RESOLVED by the Mayor and Town Council of the Town of North Beach:

1. **Support for Legislation:** The Town of North Beach formally supports the passage of HB 1142 and urges the House Ways and Means Committee and the Senate Budget and Taxation Committee to issue a **Favorable Report**.

2. **Communication of Resolution:** A copy of this resolution shall be transmitted to:

    1 **The Senator representing District 27**

    2. **Each Delegate representing District 27**

    3. **Staff at the Maryland Municipal League**

READ AND ADOPTED THIS 9th DAY OF April 2026.

By Order of the Town Council
Of the Town of North Beach, Maryland

Signed by:
BA48EC7ED321455...
Mike Benton, Mayor

CERTIFICATION

I, HEREBY CERTIFY, that as the duly appointed Town Clerk/HR Manager, the foregoing RESOLUTION 26-01 was adopted on the 9th day of April 2026 with 6 Council Members present and voting with 6 Aye and ______ Nay votes.

Signed by:
Stacy Milor
B92245BAE09249A...

Stacy W. Milor Town Clerk

FREDERICK COUNTY GOVERNMENT

Jessica Fitzwater
County Executive

OFFICE OF THE COUNTY EXECUTIVE

Daniel J. Lewis, CPFO, Chief Financial Officer

Frederick County Written Testimony – Task Force Public Hearing
Task Force to Modernize County and Municipal Revenue Structures

DATE:	September 14, 2026
POSITION:	Letter of Information
FROM:	Daniel J. Lewis, Chief Financial Officer, Frederick County Government

As the Chief Financial Officer for Frederick County, I am writing to provide input for the Task Force to Modernize County and Municipal Revenue Structures. Frederick County, like many Maryland counties, faces growing obligations in education, transportation, public safety, health, infrastructure, and other core services. Yet, our ability to meet these needs is constrained by an outdated and inflexible local revenue framework.

Currently, Maryland counties rely overwhelmingly on property tax and county income tax. Many other local revenue tools are either unavailable, narrowly authorized, or vary significantly from county to county. This limited toolkit restricts our ability to respond to evolving fiscal challenges and to tailor solutions to our unique communities.

Recent years have brought increased cost shifts from the State. In Fiscal Year 2026, Frederick County absorbed $7.5 million in newly shifted State costs, including pension responsibilities for teachers, community colleges, and public libraries, as well as changes in SDAT cost shares and billing corrections. Fiscal Year 2027 added another $5.1 million in new obligations. Between FY26 and FY27, Frederick County assumed over $12 million in additional local responsibilities—without corresponding enhancements to our revenue authority.

Despite these rising obligations, counties have not been granted meaningful new tools to generate revenue in ways that benefit our communities. Frederick County is committed to providing essential services and maintaining critical infrastructure without raising the cost of living for residents. However, this is increasingly difficult with persistent cost shifts and inflation. We need solutions that are flexible, sustainable, and tailored to our local industries and needs.

A prime example is the data center industry. Frederick County is home to a master-planned data center campus, which has already generated over $50 million in recordation tax revenue. We anticipate significant increases in real property tax revenue as the project progresses. However, current law prevents us from taxing the business personal property of this facility, leaving substantial revenue untapped and failing to meet the expectations of our constituents.

During the 2026 legislative session, proposals such as House Bill 90 and Senate Bill 427 sought to modernize local revenue authority. House Bill 90 would have allowed counties to set special property tax rates for commercial and industrial properties, enabling targeted increases without affecting residential rates. This approach ensures that revenue from these taxes is directed to transportation improvements or school funding, reflecting local priorities and public input. Senate

Bill 427 would have permitted counties to tax the business personal property of data centers, aligning Maryland with neighboring jurisdictions like Northern Virginia, where such authority has enabled substantial revenue generation and fiscal flexibility.

Frederick County supported these proposals because they represent a shift toward modernizing local revenue authority—not simply identifying new taxes or redistributing existing revenues. They offer counties the flexibility to respond to local economic realities, support essential services, and maintain affordability for residents.

As the task force continues its work, I urge you to prioritize legislation and policy changes that empower counties with meaningful, flexible, and sustainable revenue options. Modernizing local revenue authority is essential for Maryland counties to meet growing obligations, regulate evolving industries, and ensure fiscal responsibility. We must move beyond the status quo and provide local governments with the tools they need to serve their communities effectively.

Thank you for considering Frederick County's perspective as you chart a path toward a modernized, equitable, and sustainable local revenue framework for Maryland.

Sincerely,

Daniel Lewis

Daniel J. Lewis, CPFO
Chief Financial Officer
Frederick County, Maryland
DLewis@FrederickCountyMD.Gov

CITY OF LAUREL
OFFICE OF THE MAYOR

8103 Sandy Spring Road, Laurel, MD 20707
Phone: 301-725-5300 ext. 2125 • Fax: 301-725-6831

Keith R. Sydnor
Mayor

September 9, 2026

The Honorable Brooke Lierman, Comptroller
100 Carroll Street
Annapolis, Maryland 21411

Dear Comptroller Lierman and Members of the Task Force,

On behalf of the City of Laurel, I am writing to express the needs of our community. Our municipality, like many of the 157 cities and towns across Maryland, is operating under a revenue framework that has not been substantially modernized in nearly 60 years. Currently, property taxes account for approximately **67%** of our general fund. While we take pride in providing essential services – **including but not limited to a full service police department; a full service department of public works and a full service department of parks and recreation; as well as a department of human services with a multiservice center to assist vulnerable populations** - this heavy reliance on a single revenue source is no longer sustainable in a modern economy. It is imperative that the Task Force evaluate how we can:

- **Relieve the Burden on Homeowners:** By identifying alternative revenue streams, we can move away from the "one-lever" system that forces us to raise property taxes to meet rising costs. However, since property taxes have increased based on increases in assessments, increasing the local tax rates compounds this burden on homeowners and property owners.
- **Reflect a Modern Economy:** Our current tools were built for a mid-20th-century economy. We need a system that captures the value of our modern, service-based and visitor-driven economies. For example, the City of Laurel has a premium location halfway between Washington, D.C. and Baltimore. We do receive hotel/motel tax from Prince George's County, and possibly admission and amusement tax from visitors that will enjoy a safe, clean and recreation-rich town. Receiving a portion of the sales tax generated by our local businesses and a restaurant tax generated by our restaurants would create a better balance than for the majority of the City's costs to be placed on our property owners.
- **Ensure Local Resilience:** Diversified revenue makes local governments more resilient to economic shifts, ensuring that municipal services remain stable even when the housing market fluctuates.

In the City of Laurel, we are currently facing rising costs of employee pay and benefits; increased utility costs for City-owned facilities; increases in the costs of vehicles and vehicle maintenance as well as increased costs for street and park projects. Without modern revenue tools, our only option is to look back to our property owners for additional funding. The City of Laurel supports the efforts of this Task Force to reinvent the revenue opportunities of local governments by giving us the flexibility we need to keep our community affordable and vibrant.

Keith R. Sydnor
Mayor

MARYLAND BUILDING INDUSTRY ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

September 14, 2026

The Honorable Brooke Lierman
Chair, Task force to Modernize County and Municipal Revenue
45 Calvert Street
Annapolis, Maryland 21401

Dear Chair Lierman,

The Maryland Building Industry Association appreciated the opportunity to be a part of the conversation regarding how to modernize County and Municipal revenue. While we appreciate the need for counties to move forward and find ways to create new revenue sources. We specifically have some concerns on two potential proposals:

- **Authority to set separate rates for land and improvements:**

  Risk of higher taxes — Critics argue counties may use authority to increase overall tax collections, especially in high-value urban or waterfront areas. Homeowners worry that "land-heavy" assessments could push taxes up even if their buildings are modest.

  Assessment volatility — Land assessments fluctuate more than building values. This could create unpredictable year-to-year tax bills, complicating budgeting for families and businesses.

  Administrative complexity — Counties would need new assessment models separating land value from improvement value.

  Equity concerns can disproportionately affect owners of small homes on high-value land (e.g., long-time residents in gentrifying neighborhoods.

  Concerns about local experimentation — Giving counties broad new tax tools without statewide guardrails, fearing inconsistent tax regimes across Maryland that complicate business planning.

- **Authority to set additional tax rates for commercial and industrial properties:**

  Authorizing local governments to impose a special property tax rate on a subclass of commercial and industrial property places a disproportionate burden on businesses that already shoulder a significant share of the tax base. Targeting specific property classes risks creating an uneven and unpredictable tax environment, discouraging investment, expansion and job creation- particularly for small and mid-sized employers operating on narrow margins. MBIA has concerns about granting discretion to local jurisdictions to establish and adjust these tax rates. Without clear statewide standards or limitations, businesses could face inconsistent tax policies across counties and Baltimore City, undermining Maryland's competitiveness and making long-term planning more difficult for employers considering where to locate or remain. limitation that added authority gives counties too much discretion, reducing transparency and making it harder for investors to have certainty in the market.

In summary, MBIA has concerns about granting counties broader taxing authority due to concerns about higher taxes, weaker safeguards, uneven impacts across regions, and fears of fiscal or economic disrupt

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Task for to Modernize County and Municipal Revenue

September 10, 2026

Written testimony from Mayor Costello, Town of Glen Echo, MD

As the Mayor of Glen Echo, Maryland, I believe it is increasingly important for Maryland municipalities to have serious conversations about developing additional streams of revenue to support the long-term financial health of our towns.

All our municipalities are facing rising costs for infrastructure, stormwater management, public facilities, maintenance, administration, and other essential responsibilities. At the same time, many municipalities—particularly smaller towns—have limited tax bases and rely heavily on property taxes to fund local government.

This creates a delicate balance for towns to maintain and improve our communities while continuing to be responsible stewards of our residents' tax dollars. Simply increasing property taxes is not a sustainable or desirable solution, particularly in communities where the tax base is small and opportunities for growth are limited.

We need to think differently about municipal finances.
Developing additional sources of municipal revenue would provide greater financial stability and allow towns to better plan for future needs, address aging infrastructure, and respond to unexpected expenses. It would also reduce the pressure to place the entire financial burden of municipal government on property owners.

This is not about creating unnecessary taxes or fees. It is about giving municipalities the flexibility and authority to build more diverse and sustainable financial foundations.
I believe this should be an important issue for Maryland municipalities as we look toward the future. Smaller municipalities, in particular, need the ability to explore responsible approaches that recognize the very different circumstances of each community.

Smaller town staff, mayor and council members are closest to the residents we serve, and we directly, and sometimes daily, understand the needs and challenges of our communities. We should have the tools necessary to maintain our town's financial strength and independence.

I encourage municipal leaders across Maryland to make municipal revenue diversification part of our statewide conversation about the future of local government.

Sincerely,

Mayor Dia Costello

mayorcostello@glenecho.gov
(301) 538-7784
www.linkedin.com/in/diacostello

MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

WILL JAWANDO
COUNCILMEMBER AT-LARGE
CHAIR, EDUCATION & CULTURE COMMITTEE
PLANNING, HOUSING, AND PARKS COMMITTEE

September 10, 2026

<u>Montgomery County Councilmember Will Jawando</u>
<u>Testimony to the Task Force to Modernize County and Municipal Revenue Structures</u>

Dear Distinguished Members of the Task Force to Modernize County and Municipal Revenue Structures,

Thank you for your service on this task force and for convening on a topic of such consequence for Maryland's counties, municipalities, and the residents we all serve. As I am finishing my second term on the Montgomery County Council, and looking to the future of our County as the Democratic nominee for County Executive, I appreciate this opportunity to share **<u>my strong support for increasing local government revenue flexibility</u>**. Increased revenue flexibility for local jurisdictions is one of my top priorities because it is critical to addressing Montgomery County's pressing needs in a more equitable and sustainable manner. I am grateful for your important work on this task force to guide the way forward on this fundamental issue for our county and for Maryland, and I look forward to partnership with you in your work on the task force and in your respective roles on this issue.

One of my greatest concerns during my tenure on the Council has been how narrow the set of revenue tools available to local jurisdictions is, and how regressive the results can be for residents. Little flexibility to adjust the revenue structure means that residents of limited and substantial means have the same property tax rate, and any increase is necessarily felt by *all* of our residents, including those on fixed incomes or otherwise acutely sensitive to changes in their personal budgets. Similarly, local jurisdictions have no way to differentiate between commercial and residential properties in taxation, nor to make special taxing distinctions with respect to entities that may drain significant resources from the jurisdiction, such as data centers.

The result of this regressive system is hesitance to increase taxes, which results in shortfalls in the revenue needed to fund critical County services, including our schools and critical infrastructure, as well a painful strain on many residents when such taxes must be raised. This spring, for example, the absence of more targeted revenue tools contributed to a $36 million shortfall in the Montgomery County Public Schools budget, forcing the elimination of 415 positions, including social workers and family engagement specialists who work directly with our most vulnerable students. Greater flexibility to raise revenue in a more targeted, progressive manner would allow us to protect positions like these without placing the full burden of new revenue on a flat property tax rate that falls hardest on residents least able to absorb it.

The income tax flexibility the General Assembly extended to local jurisdictions was a meaningful step forward, and Montgomery County put it to use, introducing a progressive income tax structure for the first time in this spring's budget. That change is already making a difference, and it points toward the additional tools that would let us go further, with respect to income taxes and more generally.

I appreciate that the Maryland Association of Counties (MACo) and my colleagues from around the state are joining me in calling for increased revenue flexibility. As MACo's *Conduit Street* notes, "Maryland's counties have different economies, tax bases, service demands, and fiscal pressures, and greater flexibility would allow local governments to choose the tools that best fit their communities rather than relying on a limited, one-size-fits-all revenue structure."[1] From my perspective in Montgomery County, such tools would be a win-win-win for the state, local jurisdictions, and most importantly the residents we serve, with local jurisdictions empowered to make wiser fiscal choices on behalf of residents to balance their budgets.

As you are working to guide the way forward on this important issue, I would suggest the following changes:

- Local revenue flexibility to make changes to residential property, commercial property, and income taxes, including to have differentiated rates for residential and commercial property.

- Special taxing authority on commercial entities that may result in a greater strain on county resources, such as data centers.

- Increased dialogue between the state and counties as budgets are crafted, so counties are better able to forecast revenue needs.

- Consideration of whether innovations are needed in how property value is assessed, perhaps with more local control. While this issue may be outside the scope of this task force, property tax assessment increases are a critical aspect of why many of our residents feel strained by taxes, and more analysis is needed regarding the current way assessments are conducted and whether reform would be helpful.

Thank you again for your important work on this task force and for your consideration of my testimony. You may contact me at councilmember.jawando@montgomerycountymd.gov.

Sincerely,

Will Jawando

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[1] https://conduitstreet.mdcounties.org/2026/09/02/local-revenue-task-force-sets-public-hearing-heres-how-to-testify/?utm_

STELLA B. WERNER OFFICE BUILDING • 100 MARYLAND AVENUE • ROCKVILLE, MARYLAND 20850

240/777-7811 OR 240/777-7900 • TTY 24/777-7914 • FAX 240/777-7989
WWW.MONTGOMERYCOUNTYMD.GOV/COUNCIL

Members of the Task Force on County and Municipal Revenue,

Thank you all for taking on this topic. Maryland is at a critical juncture as the state and many local jurisdictions are facing structural deficits that have policymakers and analysts at every level of government seeking fiscal solutions.

As my staff and I have weighed revenue generation options for ensuring that the city is on strong fiscal footing in the coming years, we keep coming back to one place: the land value tax. While I understand that there are operational concerns from SDAT in implementing this policy, I believe the potential upside for Maryland's state and local governments vastly outweighs the potential administrative burden and cost.

From a 30,000-foot view of the state's current struggles, it is very clear how LVT fits into a broader policy discussion. We have an acute shortage of housing, we are struggling to attract businesses, and we are facing deficits at every level of government. Maryland has a state-level assessment office that, with the right resources, could administer a system that gives not just counties but the state access to a revenue source that has been labeled by many economists as "the least bad tax." Both the theory of and research behind LVT's impact where it has been implemented show that it is a stable source of revenue that literally cannot move to another jurisdiction (read: Virginia) and it encourages housing construction and business formation in high value (smart growth) areas where infrastructure already exists.

<u>Land Value Tax as Policy</u>
The current property tax system punishes investing in Maryland. Take an empty lot and build an apartment building or factory on it? Incur higher property taxes. Take an empty commercial building and lease it to a tenant? Incur higher property taxes. The economic activity that our state needs is punished by the existing property tax because it is mostly a tax on improvements.

Allowing local jurisdictions (and potentially the state) to shift rates from improvements onto land encourages the type of investment that the state urgently needs. The ability to lower taxes on improvements would incentivize housing construction, make it less expensive to expand business operations (especially those requiring large capital investments in improvements), or even just build a backyard ADU—all initiatives supported by the current administration. Targeted credits and other incentives that defray the tax costs of new investment are leveraged freely across Maryland for large projects but are not frequently available to homeowners and smaller businesses. The land value tax shift could be a credit for everyone who invests in their property in Maryland.

<u>Land Value Tax as Posture</u>
There are two characteristics inherent to land value that make LVT especially critical policy at the current moment. First, much of the value of land in Maryland is created by the state. Proximity to jobs, transportation infrastructure, institutions, and the stability they produce all increase land values. Maryland has created (or will soon create) billions of dollars of land value through

infrastructure investments like the Purple Line, Red Line, and the Howard Street Tunnel. Schools create billions of dollars of value annually and will become an even more powerful generator of value as the Blueprint continues to develop. Local governments and the state should have a tool that more readily allows them to capture the value of those investments.

Second, land cannot move to Virginia. As the state considers revenue options, policymakers must weigh the fact that Maryland is experiencing a large outmigration of both businesses and residents to peer states. Enabling a land value tax gives local jurisdictions a tool that doesn't push residents, businesses, and jobs across the Potomac. By making the decision to implement LVT rather than relying on taxes like digital services, ads, and wealth taxes that are likely to continue to be challenged in court, we can plant our flag in the ground as a state that welcomes investment.

Other tools are not as powerful

A vacancy tax is an important tool that Baltimore and other jurisdictions are implementing but it will not realize the full benefits of LVT. Further, it has pitfalls of its own: Allowing jurisdictions to tax blighted property at a higher rate encourages demolishing or abating blight in cheap ways but does not encourage owners of underutilized land to invest in improvements like building housing or putting businesses on that property.

While the increased property tax on commercial and industrial properties seems like an opportunity to unburden residents, it is placing a greater burden on the state's businesses. At a time that Maryland is looking to invite business investment, attract jobs, and strengthen its economic climate, increasing property tax feels like something that we cannot afford to pursue. Further, increased property tax introduces a level of volatility not currently in place. During the last Task Force meeting, an example was provided in which an office building might appeal its value mid-cycle due to a lost tenant and see a major reduction in its assessment. Meanwhile, the jurisdiction still needs to provide the services and infrastructure to that property but must do so with a much less substantial contribution.

Finally, credits on new improvements and other discretionary tools like PILOTs are available as a tool to local jurisdictions but selectively applied credits like this do not have the broad impact that tax shift to LVT will have.

Potential downsides already exist

Some potential policy downsides mentioned at the Task Force's last meeting are things like gentrification, potential inequitable distribution of burden, and overdevelopment. These downsides were highlighted as if they are unique to land value taxation. Gentrification is not just possible under the current property tax system but exacerbated because when valuable land remains underutilized, it pushes housing and other commercial pressure into less affluent areas. The idea that a land value tax might be inequitable/hard to predict is difficult to imagine since every property is assessed in the prior year and it would be relatively simple to analyze how the burden would fall. Contrast that predictability with other more regressive taxes like the sales tax where an increase would fall with unpredictable burden on households that spend large amounts of their income on goods.

It's unclear what is meant by "overdevelopment" when dismissing LVT as a solution for Maryland since the state has very strict rules on agricultural preservation to prevent sprawl. Further, a land value tax encourages investment in areas with high land values, which are typically areas that are already served by infrastructure, near jobs and amenities, and have the highest housing burden. This would be a particularly powerful tool for Baltimore, its immediate suburbs and the suburbs around Washington, D.C. (especially those near metro stations).

On the difficulty of providing separate land and assessment value and implementing the policy overall, this seems like the highest bar to clear. Maryland already has a well-developed property assessment and appeals system that could be configured to handle this with the appropriate resources. According to a 1995 AG opinion, municipalities already have the authority to impose different rates on land and improvements. It then stands to reason that a certain level of this burden already falls on SDAT administratively. Extending the authority to counties will require a code change at the state level, and with concerns raised by SDAT about how appeals might work, this seems like an opportunity to clarify how land value should be assessed. The code already addresses this for certain land classifications like golf courses and agricultural land. Codifying guidelines for SDAT could abate the anxiety about appeals, even if it's something as simple as clarifying that the burden of proof for all assessed values falls to the party appealing. Making the technological and staffing changes necessary to assess land value may seem onerous up front but the state will reap the benefit of additional housing and business investment. The state may also consider making use of a broad-based land value tax to replace other anti-growth or regressive revenues like sales taxes or income taxes on low-income earners.

In summary, land value taxation provides a unique set of policy advantages not captured by any other options. Maryland will create billions of dollars of new land value in the next ten years through projects like the Purple Line, the new Bay Bridge, and the Blueprint for Maryland's Future. The state and its local governments should have a tool that more readily captures the value created by its investments. I urge the Task Force members to forward and Land Value Tax as a final recommendation to the full General Assembly.

Sincerely,

Zac Blanchard

Baltimore City Council, District 11

NATIONAL AQUARIUM

Dedicated Support for Cultural Institutions

September 14, 2026

EACH YEAR THE NATIONAL AQUARIUM

SUPPORTS

3,400

JOBS

ENGAGES MORE THAN

80,000 STUDENTS

ACROSS MARYLAND

CREATES A

$430 MILLION

STATEWIDE IMPACT

GENERATES

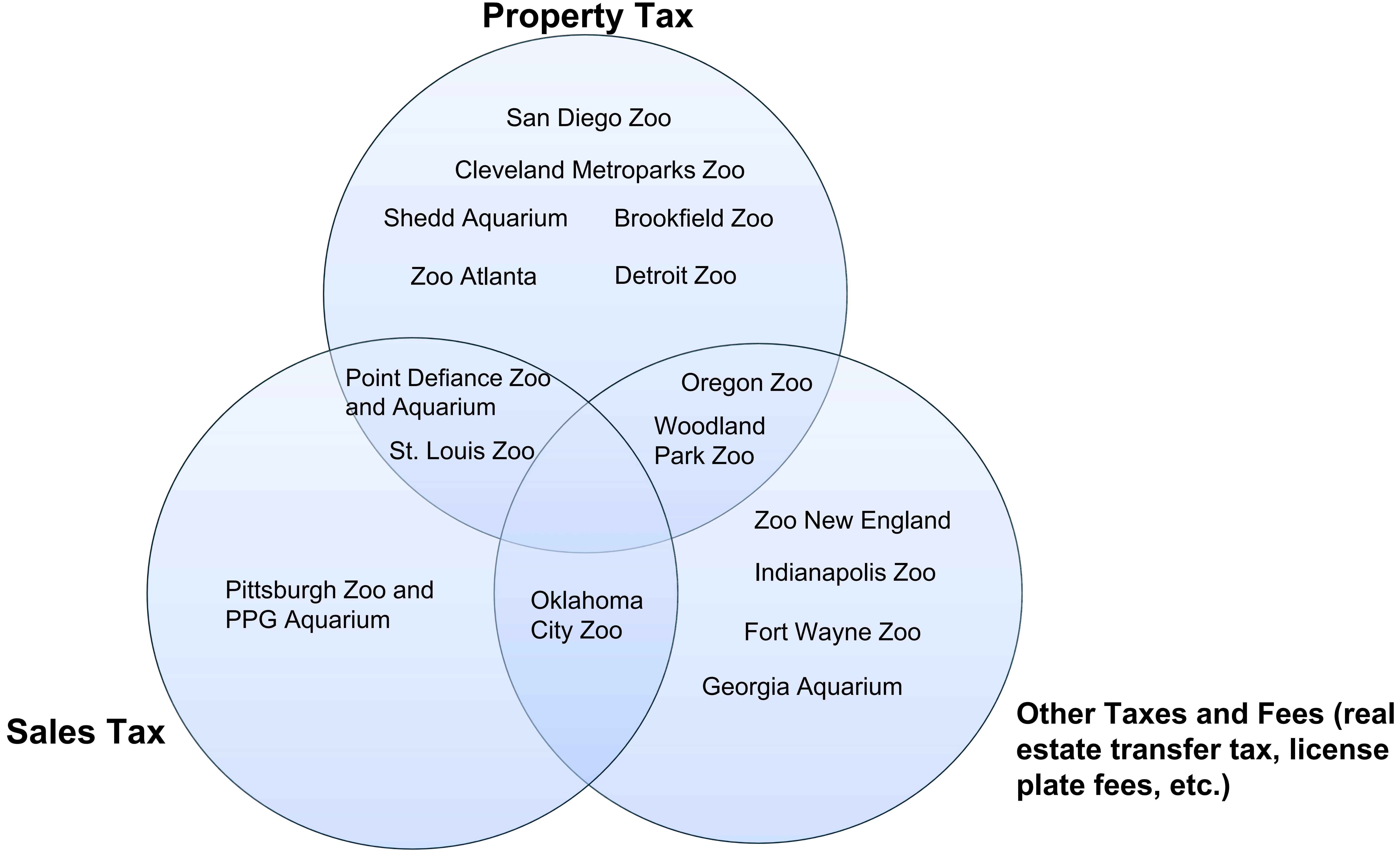
$36 MILLION

IN ANNUAL TAX REVENUE

Financial Support Comparison

	LEGACY BENEFACTOR	DEDICATED PUBLIC SUPPORT
NATIONAL AQUARIUM		
GEORGIA AQUARIUM	BERNARD MARCUS FOUNDATION (HOME DEPOT)	
MONTEREY BAY AQUARIUM	PACKARD FAMILY (HEWLETT-PACKARD)	
WOODLAND PARK ZOO		$15 MILLION / YEAR
SAN DIEGO ZOO		$20.5 MILLION / YEAR
SHEDD AQUARIUM		$4 MILLION / YEAR
ST. LOUIS ZOO		$54 MILLION / YEAR
BROOKFIELD ZOO		$14 MILLION / YEAR
DETROIT ZOO		$20 MILLION / YEAR
CLEVELAND METROPARK ZOO		$26 MILLION / YEAR
PHILADELPHIA ZOO		$4 MILLION / YEAR
PITTSBURGH ZOO & PPG AQUARIUM		$7 MILLION / YEAR

Case Study: Funding Sources



Case Study: Oregon Zoo Public Support

A SUCCESSFUL EXAMPLE OF PUBLIC BOND FUNDING

OREGON ZOO PUBLICLY FUNDED BONDS	
2008 Bond	$125 million
2024 Bond	$380 million
Total	$505 million

In 2008 and again in 2024, the Oregon Zoo, a leading U.S. zoo, funded major campus improvements through public bonds. **No private sector funding was committed to secure either bond,** and public funding was assumed to cover 100% of total project costs.

Areas of Focus & Improvements Made by Oregon Zoo

Animal Welfare

- Built a new veterinary medical center.
- Upgraded life support systems.
- Renovated large-scale exhibits, including their elephant, penguin, tropical forest and coastal shores habitats.

Conservation Education

- Built a new environmental education center.
- Improved exhibit signage and interpretation, highlighting human impacts on wildlife.

General Infrastructure

- Addressed dated and leaking plumbing.
- Expanded and improved accessibility to guest facilities, such as dining and event space, and restrooms.

Sustainability & Resiliency

- Full electrification of their campus by 2040.
- Conducted a comprehensive resiliency study.

Photo Credit: Opsis Architecture

Case Study: Point Defiance Zoo Public Support

A SUCCESSFUL EXAMPLE OF PUBLIC BOND FUNDING

POINT DEFIANCE ZOO PUBLIC FUNDING SOURCES	
Local Sales Tax	.0335% total revenue
Property Tax	45 cents/$1,000
Total	$40+ million/year

Point Defiance Zoo in Tacoma, Washington, receives yearly public support through a sales tax and through bonds financed through a property tax. **In 2014, voters approved a $198M bond for the local park district, which provided the zoo with $65M for upgrades**. In April 2026, voters approved an additional $155M bond that will fund the zoo and over 100 other projects, paid for by a property tax.

Areas of Focus & Improvements Made by Point Defiance Zoo

Animal Welfare

- Upgraded life support systems.
- Improved veterinary services
- Renovated large-scale exhibits, including their sea lion, penguin, Rocky Shores, Pacific Seas, and South Pacific habitats.

General Infrastructure

- 2026 bond funding a new Central Hub and welcome center
- Improved electrical and mechanical systems
- Roof replacement
- Asphalt improvements and striping

Conservation Education

- Improved signage, interpretation, and education offerings

Sustainability & Resiliency

- Building resilient infrastructure and critical system redundancy.

Photo Credit: PAE Engineers

Case Study: St. Louis Zoo Public Support

A SUCCESSFUL EXAMPLE OF MULTI-JURISDICTION PUBLIC FUNDING

ST. LOUIS ZOO PUBLIC FUNDING SOURCES	
City/County Property Tax	Up to 8 cents/$100 value
County Sales Tax	1/8 cent/$1
Total funding	~$54M/year

Like Baltimore, the City of St. Louis is considered a separate jurisdiction from surrounding St. Louis County. **The St. Louis Zoo receives dedicated public support from both the City and County**, offsetting admission costs and providing consistent investment to maintain and improve exhibits and infrastructure

Areas of Focus & Improvements Made by St. Louis Zoo

Conservation Education

- Partially funding the construction of the Zoo's new WildCare Park, a 425-acre free safari park and conservation center located in St. Louis County.
- Funding new Children's Zoo & Conservation Education Center (opening Fall 2026)

Animal Welfare

- Upgraded life support systems.
- Built multiple large exhibits, including their Big Cat Country and Jungle of the Apes habitats.

General Infrastructure

- Replaced pipes and sewers original to the Zoo (as old as 1910)

Free Admission

- Because of the substantial public funding the zoo receives, it can offer guests free admission

Photo Credit PGAV Destinations

NATIONAL AQUARIUM

CONTACT

RYAN FREDRIKSSON

VICE PRESIDENT, GOVERNMENT AFFAIRS

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Local Revenue Task Force Testimony
Holly Sun, Budget Administrator, Howard County Government

Dear Sir/Madam,
Below please find my written testimony. In summary, local governments face increased challenges from slowing revenues and rising costs. More flexibility and support are needed to sustain essential services and infrastructure.

Concerns:

- **Revenue Slowdown:** Local revenue growth is expected to slow significantly. Most counties rely heavily on property and income taxes, which make up 90%+ of Howard County's General Fund.
  - **Property taxes** growth are slowing due to assessment growth slowdown amid mortgage rates and affordability issues (median home price in Howard grew by only 2.5% in 2025).
  - **Income taxes** will likely experience some downward adjustments later as one-time drivers such as capital gain spikes fade and delayed impact kick in from the job markets (which show a negative growth in 2025 in both Maryland and Howard County).
- **Rising Costs:** Local budgets face new and increased costs, such as:
  - **State cost shifts:** Multi-million $ increases each year in FY26 and FY27 in Howard County (education pensions, pre-K match, SDAT cost, election systems etc.) add challenges.
  - **School funding pressure:** Howard County funding to its school system exceeds Maintenance of Effort by $53.8M in FY27 to support Blueprint implementation and critical needs, but a slowdown in revenue growth will make sustaining support very difficult.
  - **Deferred maintenance:** Capital requests for infrastructure are often 2–3 times what's affordable in the County, primarily driven by deferred maintenance of an aging infrastructure (roads, stormwater etc.) and school projects
  - **Escalating fringe costs:** Health benefits, pensions, and risk mgt. (e.g. cybersecurity).

Recommendations

1. **Increase Local Revenue Authority & Flexibility:** Allow counties more options and flexibility in tax types and caps, so they can tailor solutions to own communities - to address local fiscal challenges, NOT to fund more state cost shift! Counties must limit tax burden of our residents.
2. **Reduce Existing State Cost Shifts:** Gradually reduce costs pushed to local governments in recent years and ensure timely communications and local input in decision-making.
3. **Reassess/Adjust Blueprint Implementation:** Slow or delay timelines until costs and funding solutions are fully understood.
4. **Boost State Funding for Infrastructure:** Increase State funding support for transportation, deferred maintenance, and school capital projects.

Thank you.

Holly Sun, Budget Administrator of Howard County Government

Testimony for the Task Force to Modernize County and Municipal Revenue Structures

My name is Martha Darling Sparks, and I am the Director of Finance for Talbot County, Maryland. Thank you for the opportunity to provide testimony on the modernization of local government revenue structures. I want to frame these comments around a central truth that often gets lost in statewide policy discussions: not all Maryland counties are the same**.** Small rural counties like Talbot face challenges that are fundamentally different from those of larger, more urban jurisdictions, and our revenue structures should reflect those differences. Rural counties on the Eastern Shore and in western Maryland have the highest percentages of seniors in the state, with Talbot County among the highest. These counties are also below the state median household income. Just these two factors add significant pressure on local revenues, with limited ability to absorb increasing tax burdens.

First, local revenue flexibility is essential as County responsibilities have grown considerably over the past decade, yet Maryland's revenue structure has not kept pace. Counties need more options to diversify their revenue mix, and locally elected officials should have the authority to determine which revenue tools make sense for their economies, tax bases, and communities. A modern revenue framework should respect that rural counties operate with smaller populations, limited commercial bases, and fewer opportunities to absorb cost shifts.

Second, Maryland counties today are heavily dependent on property taxes to fund core local services. This dependence is especially challenging in smaller counties where real estate assessments fluctuate sharply, and the housing affordability conversation remains front-and-center. Without modernization, the only way counties can keep up is by placing increasing pressure on property taxpayers, directly contradicting statewide goals around housing affordability and cost of living relief.

Third, counties have absorbed significant state cost shifts over the last two budget cycles. The State moved approximately $137 million dollars in annual teacher retirement costs onto county budgets, phased out $27.7 million dollars in teacher retirement supplemental grants, increased counties' share of SDAT assessment costs, and added new locally funded responsibilities such as assisted outpatient treatment programs. These shifts fall hardest on counties with smaller tax bases and narrower fiscal margins.

At the same time, counties are already investing beyond required education funding levels. In fiscal 2026, counties collectively contributed nearly $9 billion dollars to public schools — over $1 billion dollars more than the State originally projected when the Blueprint passed, and more than half a billion above the legal minimum. Counties have shown, clearly and consistently, their commitment to the Blueprint and to public education.

Meanwhile, other county responsibilities continue to grow. Counties face a nearly $100 million dollar local road funding cliff in fiscal 2028, rising infrastructure and public safety costs, and significant cybersecurity needs requiring sustained investment. For rural counties, these pressures are magnified because service demands rise even when populations grow slowly or remain flat.

With all of this in mind, I want to underscore a critical point: revenue flexibility cannot become another avenue for State cost shifts. Any new authority granted to counties should help them meet local needs and modernize outdated revenue structures**;** not simply create additional mechanisms for the State to offload its budget pressures onto local governments. Doing so would undermine the very purpose of reform.

This is particularly important in Talbot County, where voters approved a revenue cap to protect themselves from rapid increases in property taxes, to ensure government accountability, and to maintain the small county fiscal discipline they value. Using revenue flexibility to shift state costs would directly conflict with the intentions of Talbot County residents who adopted that cap. Their vote was about stability, predictability, and safeguarding the local tax base**,** not about creating new channels for unfunded mandates.

In closing, modernizing Maryland's local revenue structure is necessary, but it should be done with care. It should acknowledge the real differences between rural and urban counties, ensure counties have the tools they need to serve their communities, and avoid placing new burdens on the very jurisdictions least able to absorb them. Any increase in county revenues is borne directly by our residents who often have limited capacity to absorb rising tax bills. Revenue flexibility should strengthen local government and not substitute for state funding obligations.

Thank you for the opportunity to provide Talbot County's perspective on this Task Force's important goal.

Respectfully submitted,

Martha Darling Sparks, Director of Finance
Talbot County, Maryland

ANNE ARUNDEL COUNTY
MARYLAND

Office of the County Executive
STEUART PITTMAN

September 14, 2026

Re: Task Force to Modernize County and Municipal Revenue Structures Testimony

Dear Chair Lierman and Task Force members:

Thank you for your time and dedication to this important task force. Increasing local flexibility and progressivity when it comes to how local governments fund services has been an important priority for me over the last eight years leading Maryland's fourth largest jurisdiction. Throughout my time in office, I have consistently pushed for a fairer and more equitable tax structure that reflects the modern economy and does not burden our most vulnerable residents.

In 2021, the Maryland General Assembly gave local jurisdictions the authority to set our local income tax rates on a progressive bracket basis, while staying within the existing local income tax rate limit of 3.2%. Anne Arundel County proudly used this new authority. The flexibility provided allowed us to cut taxes for all income below $50,000 in our 2023 budget, and raise the tax rate only on the top 2% of earners in our 2024 budget. As fiscal leaders, we look out for our constituents by ensuring that we generate necessary revenue in order to meet the challenges of today, while mitigating the economic burden on our hardworking taxpayers. Since then, we have consistently applied this progressive bracket basis in each of our annual budgets.

In 2025, the General Assembly granted additional authority to allow counties to increase the rate for the highest earners to 3.3%, however to date only a handful of counties have done this. Legislation in prior years to increase the allowable top rate to 3.7% has not passed, however I am hopeful that the General Assembly will pass enabling legislation in the next legislative session. This enabling legislation is critical to how counties address their local tax and revenue needs. In Anne Arundel County, we could generate significant revenue to pay for education and local services with the passage of this bill, while only asking for very minimal help from those taxpayers with the highest incomes. We also would be able to keep rates lower for the majority of taxpayers. Every Maryland county would have similar options with passage of this bill, and having this level of flexibility would move every jurisdiction in the right direction for years to come.

The majority of our revenue however comes from property taxes. Counties rely heavily on unpopular and regressive property taxes to fund core services, including education, public safety, critical infrastructure, and public health. Increased progressivity and flexibility in how we assess and collect property taxes can ease the burden on our lowest income property homeowners while accounting for increasing costs and demands for services. Proposals such as allowing counties to establish property tax rates for real property so that commercial and industrial property could be taxed at a different rate than residential property, as is done in

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Virginia, or allowing for a "land value tax" that applies to the land itself, rather than the improvement and allowing for split rates where the land is taxed at one rate and the improvement is taxed at another rate, as is done in Pennsylvania, may help some jurisdictions adjust tax policy and give them more flexibility in revenue streams.

Ultimately, local governments operate under a State-defined tax system. Counties face rising costs and continued cost shifts, often without meaningful tools to adjust local revenue structures to keep pace. The current federal administration has shown a reckless and ravenous appetite for abandoning its funding responsibilities, pushing even more costs to the state and local governments to protect our most vulnerable residents. As costs grow and service demands increase, the current structure places sustained pressure on residents and homeowners with few options for local leaders. Overreliance on narrowly allowed residential property and local income taxes limits counties' ability to adjust revenue sources to target economic activity and community needs. A more progressive and equitable structure can strengthen fiscal stability, reduce pressure on Marylanders, and equip counties with the tools to address local priorities and a rapidly changing economy.

Thank you for your consideration.

Sincerely,

Steuart Pittman
County Executive

MARYLAND CREDA
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

September 10, 2026

The Honorable Brooke E. Lierman
Comptroller of Maryland
Chair, Task Force to Modernize Local Government Revenue Structure

Sent by Email: April.Noren@mga.maryland.gov

RE: Comments on Property Tax Revenue Options

Dear Comptroller Lierman and Task Force Members:

On July 1, 2026, NAIOP, the leading association of commercial real estate professionals with fifty-five chapters in the United States and Canada became CREDA, the Commercial Real Estate Development Association. CREDA Maryland brings together the state's top commercial real estate firms who create and manage the places where people work, shop, live and connect.

On behalf of the CREDA membership I am writing to comment on local real estate revenue options that have been presented to the Task Force to Modernize Local Government Revenue Structure. (the Task Force)

Summary and Recommendations

Commercial real estate frequently serves as an important fiscal asset for local governments. Office buildings, industrial facilities, warehouses, retail centers, research facilities, and many mixed-use developments often generate significant revenues relative to the public services they require.

Before endorsing differential commercial real property tax rates or land value taxes, we recommend the Task Force consider the cumulative revenues generated by the transfer taxes, recordation taxes, impact fees, excise taxes, and real property taxes that commercial properties already pay. We believe the Task Force should focus on policies that stimulate growth in Maryland's economy, not policies that make commercial investment in Maryland more costly and less competitive compared to other states that are reducing rates, limiting tax increases and encouraging investment through more progressive local land use policies.

Maryland's fiscal challenges will not be solved by adopting tax proposals that impose disproportionately high taxes on commercial property such as differential commercial rates, split-rate taxation, or land value taxation. By increasing the cost of investment and redevelopment, these approaches could suppress property values and economic activity, weakening the long-term growth of the tax base, job creation, and housing production on which sustainable local revenues depend.

Commercial Real Estate Already Generates Significant and Growing Revenue from Multiple Sources

The available data demonstrates that commercial real estate is already a substantial and growing contributor to local government revenues and has been a major source of tax-base growth across Maryland over the last decade.

Between FY 2015 and FY 2025, Maryland's commercial real estate tax base increased by approximately $75 billion, growing from roughly $161 billion to approximately $236 billion in taxable assessable value, an increase of 46.5 percent.

Approximately $64.6 billion of that growth in commercial real estate taxable value occurred in Maryland's largest jurisdictions. Prince George's County grew by 65 percent, Frederick County by 63 percent, Baltimore City by 52 percent, and Anne Arundel County by 48 percent. Montgomery County alone added nearly $16 billion in commercial assessable value, a 40% increase.[1]

The data demonstrate that while commercial real estate generated that $75 billion in additional assessable value statewide over the last decade, it maintained its share of Maryland's overall property tax base and contributed to substantial growth in transfer taxes, recordation taxes, and development-related revenues.

Over that same time period, County transfer and recordation tax collections increased from approximately $722 million in FY 2015 to nearly $1.4 billion in FY 2025, an increase of more than 90 percent. [2]

These are not the numbers of a sector that is underperforming or failing to contribute. Rather, they demonstrate that commercial real estate has been expanding local tax bases and generating substantial additional revenues under Maryland's existing tax structure.

Disproportionate Taxes Risk Undermining Future Commercial Investment and Tax-Base Growth

Commercial real estate is already operating under significant financial pressure from elevated borrowing costs, tighter underwriting standards, and reduced property values in several asset classes. Increasing taxes on commercial properties through higher assessments, tax rate increases, or differential commercial tax rates compounds these challenges and risks discouraging investment in Maryland. Recent industry analyses continue to identify refinancing risk and capital availability as major concerns for commercial property owners.

A differential tax rate that applies a higher rate increases operating expenses and reduces net operating income, which lowers commercial property values. Lower property values make refinancing more difficult and create barriers to redevelopment and building renovations.

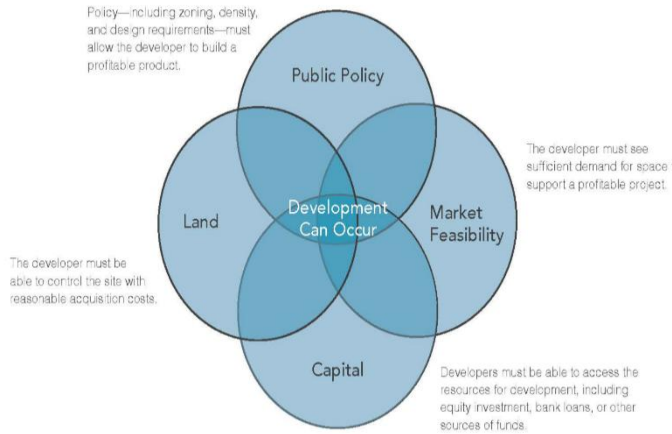
Commercial Development Funds Local Transportation Infrastructure Through Impact Fees and Excise Taxes

Local transportation funding is often cited as one of the reasons to expand local revenues. In many jurisdictions CREDA members pay impact fees to fund expansion of transportation facilities and provide in-kind services in the form of upgraded intersections and road improvements as a condition of development approval. These taxes and road improvements are development costs embedded in the sales prices of new buildings. To the extent that new revenues are raised for transportation funding, they will "double tax" some property owners. This would happen without regard for the adequacy of transportation infrastructure serving the buildings that pay the increased taxes or whether the class of property paying the increased tax is generating demand for expanded transportation infrastructure.

[1] Maryland Department of Assessments and Taxation (SDAT), *AIMS Reports 2015 and 2025*
[2] Maryland Association of Counties (MACo), *FY 2015 Budget and Tax Rates Survey* and *FY 2025 Budget and Tax Final Report*

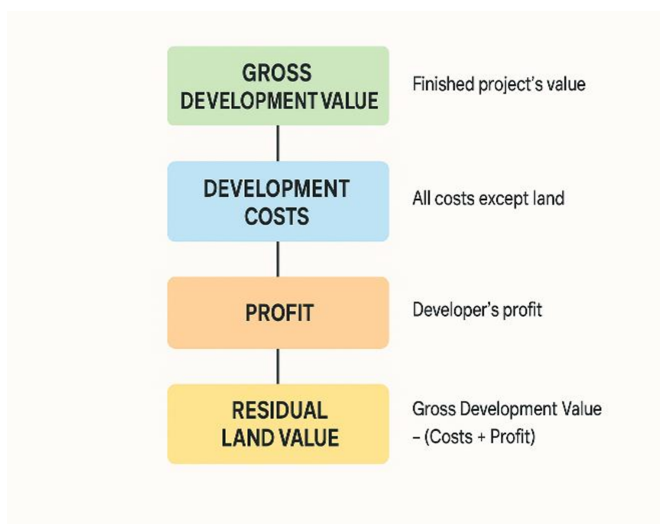
Land Value Taxation Underestimates the Factors Determining Land Value and Development Feasibility

Advocates argue Land Value Taxation is potentially better able to encourage economic development than uniform tax rates because higher land taxes pressure or incentivize property owners to enter the market and develop land more intensely rather than hold it for future use. We believe these theories underweight other more influential factors that determine development feasibility and the value of commercial real estate, setting unrealistic expectations for policy results.



Commercial real estate is valued based on the return on investment after factoring the cost of capital, rental income, operating costs and regulatory considerations like development fees, zoning and required infrastructure upgrades. Land Value Taxation typically values land based on its highest and best use assuming all legal and physical development possibilities can be achieved, regardless of current improvements.

The approach to valuation in Land Value Taxation is at odds with real estate fianance practice where the value of land and the feasibility of a development project is often determined by the results of a Residual Land Value Analysis. Residual land value is a measure of what a developer would be able to pay for the land, given a set of assumptions about capital, construction and operating costs and project revenue.



A higher residual land value means that a proposed development project is likely to be more feasible. As unavoidable costs increase or revenues decrease, the residual land value decreases. A negative residual land value — where the land is worth less than $0 — indicates that a proposed development project is not feasible.

Residual land value represents the real-time development value of land. While Land Value Taxation assesses land value based on a future highest and best use that may or may not be attainable. Higher rates of taxation on the land will not necessarily change the factors that determine development feasibility.

The most notable application of Land Value Taxation was in Pittsburgh Pennsylvania where In 1979, as the steel crisis deepened and the city's industrial base collapsed, Pittsburgh raised the land tax to 12.55%, more than five times the value of structures, which were taxed at 2.475%.

Advocates point to Pittsburgh as evidence that Land Value Taxation can work, but the benefits from Land Value Taxation in Pittsburgh are hard to isolate. Implementation of Land Value Taxation in Pittsburgh coincided with major economic development initiatives, capital projects and increased demand for commercial and residential construction driven by the transformation of the regional economy from steel and manufacturing to education, banking, technology, and healthcare.

In 2001 property tax reassessments resulted in massive tax hikes: land values rose 81%, while buildings increased by 43%. The public loss of confidence in the assessment process resulted in 130,000 tax assessment appeals. By way of comparison the Maryland Property Tax Assessment Appeals Board received just over 7,600 appeals in 2022. The resulting reassessment crisis transformed the land value tax from an academic policy innovation into a political flashpoint—ultimately leading to its repeal. Faced with a public tax backlash, the Pittsburgh City Council repealed the Land Value Taxation, replacing it with a uniform property assessment and taxation system.

More recently, Connecticut, Michigan and Washington D.C. considered and rejected Land Value Taxation.

Conclusion

Commercial real estate is taxed throughout the property lifecycle—including construction, acquisition, leasing, financing, redevelopment, annual ownership and sale. Commercial real estate often generates significant revenues relative to the public services it requires. We recommend the Task Force avoid endorsing disproportionate rates or additional taxes that stack over multiple stages of the development and operation of commercial real estate because the cumulative effect would discourage investment and reduce future tax-base growth.

Thank you for considering our perspective and recommendations on these issues.

Respectfully submitted,

Tom Ballentine, Vice President for Policy
CREDA – Maryland, *The Commercial Real Estate Development Association*

cc: Task Force on Local Revenue Structure Members
Nick Manis, Manis Canning Associates
CREDA Maryland Legislative Committee

BRENTWOOD Maryland

Thursday, September 10, 2026

WRITTEN TESTIMONY

Task Force to Modernize County and Municipal Revenue Structures

Public Hearing • September 14, 2026

Submitted by: The Honorable Rocio Treminio-Lopez, Mayor

Municipality: Town of Brentwood, Prince George's County, Maryland

Subject: Modern, equitable, and sustainable revenue authority for Maryland municipalities

Chair and Members of the Task Force:

Thank you for the opportunity to submit testimony on behalf of the Town of Brentwood. Brentwood is a small, diverse municipality in Prince George's County whose residents expect—and deserve—safe streets, reliable public services, sound infrastructure, accessible local government, and a community prepared for emergencies and climate-related challenges. Yet the fiscal tools available to municipalities have not kept pace with the cost and complexity of providing those services.

Our central request is straightforward: Maryland should give municipalities a broader, modern, and locally accountable revenue toolbox, paired with equitable state support and safeguards for residents with limited incomes. Municipalities should not be forced to choose between maintaining essential services and placing ever-greater pressure on the property tax base.

The Fiscal Reality for a Small Municipality

Brentwood must deliver many of the same core functions as larger jurisdictions, but with a much smaller administrative structure and a constrained revenue base. Fixed costs do not become proportionally smaller simply because a municipality is small. Police and public safety, public works equipment, insurance, audits, technology, legal compliance, facilities, emergency preparedness, and professional staffing all carry minimum costs that can consume a significant share of a small-town budget.

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www.brentwoodmd.gov

At the same time, the Town is addressing aging streets and public facilities, drainage and stormwater concerns, pedestrian safety, tree canopy and park improvements, community programming, communications, and the need to recruit and retain qualified staff. Construction, insurance, fuel, technology, contracted services, and employee benefit costs have risen. Grant funding is valuable, but it is usually restricted, competitive, temporary, reimbursement-based, or dependent on a local match. A grant can help build an asset; it rarely provides the dependable operating revenue needed to maintain that asset and the services surrounding it.

For Brentwood, this is not an abstract debate about taxation. It is a question of whether local government can maintain the basic systems that make a community safe, functional, attractive, and economically viable.

Why the Existing Structure Is Insufficient

1. Overreliance on property taxes

Property taxes remain an essential municipal revenue source, but excessive dependence on them creates both fiscal and equity concerns. A municipality with a limited commercial base cannot spread costs as broadly as a larger or more commercially developed jurisdiction. Raising the property tax rate may burden homeowners and renters, while still failing to produce enough revenue for major capital and staffing needs. Municipal leaders need alternatives that reflect how services are used and how economic activity occurs today.

2. Unfunded and underfunded responsibilities

Municipal governments are closest to residents and are often the first place people turn when a street floods, a sidewalk is unsafe, a tree falls, a public space deteriorates, or a neighborhood needs immediate attention. Even when another level of government has formal responsibility, the municipality must coordinate, communicate, document, and respond. Those expectations require staff time and resources. Any new state or county mandate should include a clear fiscal analysis and a reliable funding source.

3. Capital needs exceed annual capacity

A small municipality cannot responsibly fund every major street, facility, stormwater, fleet, and park project from a single annual operating budget. Deferring maintenance increases long-term costs and can turn manageable repairs into emergencies. Municipalities need predictable capital funding, accessible financing, and revenue authority that supports multiyear planning rather than crisis-driven spending.

4. Grant access is unequal

Competitive grants often favor jurisdictions with dedicated grant writers, engineers, and finance staff. Small municipalities may have strong projects but insufficient capacity to prepare complex applications, fund designs in advance, manage reimbursement delays, or satisfy match requirements. Revenue modernization must therefore address both the availability of funds and the administrative capacity required to access them.

Recommendations to the Task Force

A. Expand optional local revenue authority

The General Assembly should authorize a menu of optional municipal revenue tools that local elected officials may adopt through a transparent public process. The precise mix should be determined locally, because municipalities differ in tax base, service responsibilities, development patterns, and community priorities. Options should be broad enough to reduce overreliance on real property taxes and should include reasonable authority for service-based fees, special assessments, and locally appropriate revenues connected to development, business activity, short-term occupancy, parking, or other measurable demands on municipal services, where legally and administratively feasible.

Local option authority should include notice, public-hearing, reporting, and affordability protections. The goal is not to require new taxes; it is to give municipalities lawful choices and allow residents to hold their own elected officials accountable for how those choices are used.

B. Protect low- and moderate-income residents

Revenue modernization must be equitable. Any expanded authority should permit targeted exemptions, credits, deferrals, hardship waivers, or graduated structures for seniors, residents with disabilities, low-income households, and other financially vulnerable residents. State law should also make existing property tax relief easier to understand and access. A modern system cannot balance municipal budgets by destabilizing the very residents local government exists to serve.

C. Establish predictable municipal infrastructure funding

Maryland should create or strengthen a recurring, formula-based municipal infrastructure program for streets, sidewalks, drainage, stormwater, public buildings, parks, fleet replacement, and resilience. Formula funding gives municipalities the predictability needed to plan, bundle projects, secure better pricing, and avoid repeated emergency repairs. Competitive grants can supplement this structure, but they should not replace a dependable baseline.

D. Improve municipal access to shared revenues

The State should review whether municipalities receive a fair and predictable share of revenues generated within their borders or tied to services they help support. Any distribution formula should recognize population, road mileage, service burden, fiscal capacity, infrastructure age, and community vulnerability—not only the ability to generate revenue locally. Small municipalities should not be disadvantaged because their tax base is limited.

E. Fund mandates and intergovernmental service demands

New mandates affecting municipal staffing, reporting, technology, public safety, elections, procurement, records, environmental compliance, or employee administration should be accompanied by funding or a realistic implementation pathway. The Task Force should recommend a formal fiscal-impact process for municipal mandates and a mechanism for reimbursement or shared-service support.

F. Build capacity for small municipalities

Revenue authority alone is not enough. Maryland should provide technical assistance, model ordinances, revenue forecasting support, grant-writing assistance, engineering and procurement resources, and pooled financial expertise. Regional or state-supported shared services could allow small municipalities to access professional capacity that they cannot afford individually.

G. Simplify grants and reimbursement

Grant programs should offer proportional match requirements, advance funding or faster reimbursement for small jurisdictions, standardized applications, longer implementation periods, and assistance with compliance. Where possible, multiple small grants should be consolidated into flexible programs that support locally adopted capital plans.

Accountability and Public Trust

Brentwood supports modernization with strong accountability. Any new municipal revenue authority should be exercised through an open process that includes:

- Public notice and a public hearing before adoption;
- A clear statement of the revenue's purpose and anticipated impact;
- Annual public reporting on collections and expenditures;
- Periodic review or sunset provisions when appropriate;
- Independent audit and existing financial-control requirements; and
- Meaningful affordability protections for vulnerable residents.

These safeguards would preserve local flexibility while strengthening public confidence. Residents should be able to see the connection between a revenue decision and the service, infrastructure, or relief it supports.

What Modernization Would Make Possible in Brentwood

A more flexible and predictable revenue framework would help Brentwood move from reactive maintenance to responsible long-term planning. It would improve our ability to:

- Repair and modernize streets, sidewalks, drainage systems, and aging public facilities;
- Maintain public safety and emergency preparedness without destabilizing other services;
- Recruit and retain qualified public works, administrative, and professional staff;
- Invest in parks, tree canopy, community facilities, senior and youth programming, and neighborhood quality of life;
- Meet grant-match requirements and manage reimbursement timelines;
- Support small businesses and strengthen the local commercial tax base; and
- Create multiyear capital plans that reduce deferred maintenance and long-term taxpayer costs.

Conclusion

Maryland's municipalities are essential partners in delivering public services and sustaining the quality of life of our communities. The revenue framework should recognize the responsibilities residents already place on municipal government and the real cost of meeting them.

The Town of Brentwood respectfully urges the Task Force to recommend a modern municipal finance framework built on five principles: local choice, diversified revenue, equity for residents, predictable infrastructure support, and strong public accountability. The State should provide municipalities with options—not mandates—and pair those options with the resources and safeguards necessary for responsible implementation.

Thank you for considering the perspective of Brentwood and Maryland's small municipalities. We welcome continued dialogue and stand ready to assist the Task Force as it develops its recommendations.

Respectfully submitted,

The Honorable Rocio Treminio-Lopez
Mayor, Town of Brentwood, Maryland

Board of County Commissioners

Joseph A. Vigliotti, President
Michael R. Guerin, Vice President
Thomas S. Gordon III
Kenneth A. Kiler
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Carroll County Government

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September 10, 2026

Task Force to Modernize County and Municipal Revenue Structures
c/o April Noren
Maryland General Assembly

RE: Written Testimony - Public Hearing, September 14, 2026

Dear Members of the Task Force:

Thank you for the opportunity to comment on behalf of Carroll County Government.

Carroll County appreciates the Task Force's work to examine how counties fund the services our residents depend on. We support the effort to identify viable local revenue options, but we're concerned that a one-size-fits-all approach won't serve every county. A revenue mechanism built for a large, commercially dense jurisdiction may do very little for a county like ours, and flexibility only helps if the options are ones we can realistically use.

Our more pressing concern: any conversation about expanding local revenue authority has to be paired with real restraint on shifting State costs and mandates onto counties. Too often new responsibilities and expenses are passed down without the funding to match them, and no amount of local revenue flexibility keeps up if that pressure keeps growing. We urge the Task Force to weigh the two together: give counties workable tools, and at the same time protect them from further cost shifts from the State.

We appreciate your consideration and look forward to being a resource as this work moves toward the 2027 legislative session.

Sincerely,

THE BOARD OF COUNTY COMMISSIONERS OF CARROLL COUNTY

Joseph A. Vigliotti
President

Michael R. Guerin
Vice President

Thomas S. Gordon III

Kenneth A. Kiler

Susan W. Krebs

https://justeconomicsllc.com/ r.rybeck@justeconomicsllc.com

Just Economics

MARYLAND TASK FORCE TO MODERNIZE COUNTY & MUNICIPAL REVENUE STRUCTURES

PUBLIC HEARING
September 14, 2026

1669 Columbia Rd., NW, Suite 116, Washington, DC 20009 (202) 439-4176

My name is Rick Rybeck. I'm the director of Just Economics, LLC. Just Economics is a consultancy that assists state and local governments in harmonizing economic incentives with policy objectives for affordable housing, job creation and sustainable development. Since 2018, I have been advising Baltimore Thrive, an organization devoted to improving housing affordability and job creation in Baltimore.

I recently listened to the recording of the Task Force meeting held on August 31st. I was flabbergasted by the misinformation provided by Director Yeager. He's relatively new to his position and I believe that he's well-intentioned. However, perhaps he has been "captured" by the career bureaucrats at SDAT who are set in their ways, don't want to change. Perhaps they convinced Mr. Yeager that a change in assessment procedure is a practical impossibility rather than merely inconvenient due to human inertia.

Long before we invented computers, people were making sophisticated investments in railroads, steel factories, skyscrapers, etc. These investments don't work if investors don't know the value of the land upon which these investments will be located. Insurance companies provide insurance based on the value of buildings. They would go out of business if, when buildings burned down, they provided payouts based on the total property value rather than on the value of the building. SDAT says that they have a rule of thumb that allocates total property value between land and buildings. I'm sure you've seen surface parking lots in downtown Baltimore with little shacks for the attendant. Again, insurance companies would go broke if that shack burned down and they paid out 75% or 80% of the total property value to compensate for the shack that was destroyed. So, **the notion that real property value cannot be disaggregated into its land and building components is simply not true.** The argument that it can't be done, coming from "professionals" who are legally obligated to do this, is particularly troublesome.

There are three techniques for valuing real estate. These techniques are described in an appendix to this testimony for those who are not familiar with how property assessments are done. The International Association of Assessing Officers (IAAO) offers a course in land valuation. The course description is also provided in the appendix.

There are a multitude of factors that influence the value of both buildings and land. Multiple regression analysis is a statistical technique used to understand the relationship between one dependent variable and two or more independent variables. Using this approach, real estate professionals can tell you the difference in value for brick walls or vinyl siding on otherwise identical homes. The same is true for kitchen options, bathroom fixtures, hardwood floors versus wall-to-wall carpeting, and countless other details. Multiple regression analysis can also allocate total property value between its land and building components.

In the 1980s, I was advocating for a **split-rate property tax** (which I now refer to as a "**land value return tax shift**"). The DC Office of Tax and Revenue said that performing multiple regression analysis was complex and beyond the skill level of their assessors. But I should be patient and wait for computer-assisted mass appraisal

(CAMA) systems to become available. Then we could have this discussion! CAMA was introduced in the 1990s. (Most CAMA systems have a multiple regression module.) Yet, SDAT claims that disaggregating property value into land and building components cannot be done.

Finally, as we think about the multitude of factors (related to both buildings and land/location) involved in property valuation, it can seem to be a bit overwhelming. But, **ordinary people make these calculations every day**! They are looking for a home to buy or an apartment to rent. They have requirements about size, style, condition, etc. Typically, in their community, there are many homes that fit their criteria. Yet almost identical houses and apartments will have significantly different prices/rents based on the neighborhood in which they are located. One is in a good school district. Another is across the street from a park. One has good access to jobs and shopping. One is near the county dump or sewage treatment facility. One is beneath the flight path to a busy airport. To simplify, imagine a mobile home on quarter-acre lots in different neighborhoods. Each would sell or rent for different price based on the neighborhood characteristics. These differences in prices and rents reflect the collective judgement of buyers and renters in the market. **IF ORDINARY PEOPLE CAN DETERMINE THE RELATIVE WORTH OF DIFFERENT NEIGHBORHOODS (LAND VALUE), WHY CANNOT PROFESSIONAL ASSESSORS DO THE SAME?**

In 2024, Baltimore Thrive was attempting to run simulations of a land value return tax shift using actual Baltimore assessments. Given the large number of vacant lots and boarded up buildings, we expected that shifting the property tax off of building values and onto land values would save most homeowners money while causing land speculators to pay much more for the city facilities and services that make their land valuable. To our surprise, half the homeowners paid less but half paid more. WHY? We investigated.

We found a block with fifteen properties. All the lots had identical zoning and were about the same size. The west half of the block had townhomes. The east half of the block used to have townhomes, but was now vacant. Land beneath the homes was valued at about $25,000 per lot. The vacant lots were valued at about $2,200 each, **less than 10% of the adjacent occupied lots**! Further analysis showed that this was a consistent pattern for both residential and commercial property around Baltimore City. In other words, if you lower tax rates on building values and raise them on land values, but vacant land is valued at almost nothing, then the reform does not work. Indeed, **SDAT had shifted taxes off of land values and onto building values administratively through its erroneous assessment process. Thus, SDAT administratively implemented a "tax shift" in the <u>wrong</u> direction!** (This illegal administrative tax shift penalized homeowners and businesses while subsidizing parasitic land speculators.)

In the spring of 2025, Baltimore Thrive put out a report and a press release. Bob Yeager was newly installed as SDAT's Director. He didn't make excuses. Without acknowledging Baltimore Thrive's report, SDAT announced that it was embarking on an effort to improve the valuation of vacant land. One year later, based on the most recent round of assessments, SDAT's results appear to be promising. (Assessments of vacant residential lots increased by over 400%. See SDAT press release at SDAT Modernizes Baltimore City Vacant Property Assessments to Ensure Fair Market Value_0726-A.pdf.)

In light of this successful assessment reform, conducted within SDAT's existing budget, it is disheartening to hear Director Yeager make statements that appear to be false. And, if the existing CAMA software cannot accommodate separate valuation of land and buildings, why spend lots of money to "fix" outdated and poorly-engineered software? Artificial intelligence is tailor-made for this analysis. As with any system, people who understand property value and assessments must set it up. Non-profits such as the Lincoln Institute of Land Policy, The Center for Land Economics (which performed the 2025 assessment analysis for Baltimore Thrive), the International Association of Assessing Officers (IAAO) or others could devise an excellent assessment system. Such an effort might cost between 1 and 2 million dollars. Such an investment would be justified in terms of more affordable housing, increased economic development, and reduced infrastructure spending resulting from more compact development.

Director Yeager mentioned that assessing land and building values based upon an artificial administrative rule of thumb (e.g., "80% of a typical property's value is in the building and 20% in the land") would generate a flood of assessment appeals and overwhelm SDAT's staff and leave communities in tax limbo. I agree. That is why, SDAT should use existing best practices and existing software to perform defensible assessments that would withstand the appeals process. (In assessment appeals, the judge assumes that SDAT assessments are correct unless the plaintiff presents evidence that they are not. And, if plaintiffs can find evidence that SDAT assessments are erroneous, then SDAT can find that same evidence and use it to make accurate and defensible assessments. Maryland law mandates assessments of both land and building at fair market value. Assessment professionals should not be arguing that they are incapable of implementing a law that has been on the books for generations.

Director Yeager and Stan Ward then made remarks indicating that the goals of a land value return tax shift could be attained through other means, primarily through tax abatements, vacant land penalty taxes, and zoning reform. While each of these policy options may have utility, they are not substitutes for the land value return tax shift for the follow reasons:

- **Tax Abatements**
  Typically, tax abatements are offered for new construction for a limited time. Those who receive it, are often those with the political connections and resources necessary to apply. Furthermore, the abatements expire when buildings begin to need more maintenance and rehabilitation, thereby making the long-term viability of these buildings more expensive. A land value return tax shift is a "universal abatement" it applies to all property owners. It applies equally to new construction, improvement of existing property, and even property maintenance. Also, It does not expire, thereby helping maintain older buildings which are critical in terms of supplying affordable residential and commercial space.

- **Vacant Land Penalty Taxes**
  These penalty taxes have some utility, but they are limited. First, they do not remove the tax penalty associated with improving vacant land. Second, they do not apply to blighted buildings. (If they do, that's a whole other set of administrative complications and unintended consequences. Arson rates spiked in DC after implementing a penalty tax on blighted buildings.)

- **Zoning Reform**
  Development is often constrained by low-density zoning and/or excessive parking requirements. Zoning reform is important to deal with these regulatory impediments. BUT, if excessive parking requirements are eliminated and/or if the density is increased, land prices escalate, thereby thwarting the intention of making development more affordable to end users. However, if combined with a land value return tax shift, the publicly-created land value associated with zoning reform is returned to the public instead of becoming a windfall to landowners. This helps keep land prices more affordable, encourages transit-oriented development (TOD), and makes it possible for zoning reform to deliver its intended outcomes.

Here is a summary of SDAT's claims about vacant land assessments. A summary of my rebuttal is provided in red font:

> SDAT cannot value land and buildings separately under its current operational structure for three reasons.
>
> 1. Vacant, arms-length land sales are virtually non-existent. Assessors must rely on speculative land value extraction formulas that lack backing from actual market transactions. This puts assessments at risk on appeal. As mentioned above, recognized techniques exist for accurately assessing land values
> 2. Computer Assisted Mass Appraisal (CAMA) system is designed around total market value models. Technically not possible to re-engineer our software. Cost prohibitive. **Most CAMA systems include multiple regression modules**. If this module does not exist in SDAT's software:
>   a. It should be available for purchase
>   b. If not, then an AI alternative could be easily developed.
> 3. Appeals and litigation. If SDAT were forced to defend separate *artificial* land values at different levels of appeal, it would unleash a continual flood of litigation and destabilize revenue bases. If SDAT uses *artificial* allocations for land and building values, I agree. But Pennsylania jurisdictions employing the Tax Shift (some since 1913) have found it to be administratively feasible and not subject to a "flood of litigation."
> 4. If jurisdictions want to encourage development, use tax abatements and zoning changes. There are shortcomings to abatements and zoning changes. Zoning changes, while often important, do not work as intended unless accompanied by a land value return tax shift.

Others have testified why a “land value return tax shift” is critical for Maryland to meet its affordable housing, economic development and environmental goals. I have written a brief article explaining the Tax Shift at https://www.shareable.net/land-value-return-and-building-a-more-equitable-economy/ . **A land value return tax shift is an important policy that can yield tremendous benefits at minimal cost. Legislators should not allow SDAT to apply an administrative veto based on inaccurate and misleading statements.**

If members of this Task Force have any questions or concerns about this testimony, I am happy to receive them and respond.

APPENDIX: REAL PROPERTY ASSESSMENT TECHNIQUES

Below are summaries of the primary techniques used to determine the fair market value of real property.

First is "**comparable sales**." Assessors determine what buildings are similar and in the same neighborhood. If one of these buildings is sold, it is assumed that the other comparable buildings would sell for a similar amount. There are also adjustments, both positive and negative, for noting differences between properties that sell and those that don't.

The second approach, applied to buildings, is the "**cost**" approach. A determination is made about the cost of replicating a building in today's market. That dollar amount is then adjusted for depreciation based upon the age of the building or its primary components. The difference between the total market value (which SDAT claims to know) and the current depreciated value of the building would be the land value. In this regard, it is worth noting that buildings sometimes have negative value. If you see the sale of a property followed by the demolition of the building, the purchaser would have paid more for the land if it had been vacant. Therefore, the market value for this parcel of land would be what the purchaser paid **plus** the cost of demolishing the building.

The third approach, typically applied to commercial property, is the "**income**" approach. It is assumed that an investor will pay for property based upon its expected income. For example, if I had $100,000 in a bank account and the interest rate was 5%, I would earn $5,000 in interest. Thus, if I wanted an asset that generated $5,000 in income and the risk of return was the same as for a bank, I might offer $100,000 for that asset. Of course, real estate investments are typically more risky than bank deposits, so this increased risk factor is accounted for in the capitalization rate.

> Some assessment departments make a big mistake when using this technique. They obtain income and expense data from individual properties. They subtract the expenses from the income to derive the the net operating income (NOI). Each property's value is based on a capitalization of its NOI. Imagine two identical buildings on two adjacent identical lots. One building is well-managed. Leasable spaces are always fully rented, operations are efficient and costs are minimized. The other building isn't well-managed. There are extended vacancies, operations are inefficient and there's little or no cost control. On the basis of NOI, each building has a very different value and pays a very different property tax. Yet, they are identical buildings on identical lots. They are benefiting equally from public goods and services. Using the "income approach" in this manner converts the property tax into an income tax. It punishes the well-managed property and rewards the poorly-managed property.
>
> What assessors should do is obtain income and expense data for many similar commercial properties and determine the average NOI. Appropriate

capitalization of the average NOI reveals what a typical investor would pay for a typical property of this type. That should be that property's value. This approach to using of the income approach provides a better estimate of true market value and does not punish good management nor reward poor management.

ASSESSING LAND

The International Association of Assessing Officers (IAAO) offers the following course in land valuation:

201- Appraisal of Land - Boise, ID - July 2027 - Idaho State Tax Commission - 2027102155

Includes a Live In-Person Event on 07/19/2027 at 9:00 AM (CDT)

Course 201 covers the theory and techniques of appraising land. Topics include classifying land; estimating highest and best use; discovering significant trends and factors and their effects on value; data collection; and selection of correct physical units of land measurement for appraisal. The five land appraisal methods (sales comparison, allocation, anticipated use, capitalization of ground rent, and land residual capitalization) are studied in depth.

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

TO: Task Force to Modernize County and Municipal Revenue Structures

FROM: Montgomery County Executive Marc Elrich

SUBJECT: Public Hearing Testimony in Support of Enhanced Local Revenue Authority

DATE: September 14, 2026

I am grateful to the Maryland General Assembly for establishing the Task Force to Modernize County and Municipal Revenue Structures, and I appreciate the commitment and expertise each Task Force member is bringing to this effort. The first two Task Force meetings have been exceptionally well organized, with substantive briefings and detailed supporting materials that have created a strong foundation for examining Maryland's current system of local revenue authority, the significant fiscal pressures facing county governments, and the structural limitations that prevent county governments from responding effectively to changing economic conditions and mandated responsibilities.

One issue central to the work of the Task Force is the need to update Maryland's local property tax framework to give counties the flexibility that is necessary to address local needs without imposing a disproportionate burden on residential property owners. Two other central issues are whether county governments should be granted authority to impose a local sales tax or further increase the local income tax rate. It is also essential that the Task Force research and fully understand the historical context of State-to-county cost shifts over the past two decades, as the State has increasingly balanced its own fiscal challenges by shifting long-term expenses and unfunded operational mandates to county governments.

Differential Property Tax Rates

The desire to provide flexibility with property tax rates to avoid disproportionate burdens on residential property owners was the primary motivation for the introduction during the 2026 legislative session of House Bill 90/Senate Bill 224 - *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property* (and similar bills introduced in the 2024 and 2025 sessions), which would have authorized Baltimore City and county governments to set a single special property tax rate for subclasses of commercial and industrial real property for the purpose of financing transportation improvements or providing required funding to their local school systems.

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House Bill 90/Senate Bill 224 would have established subclasses for commercial, industrial, commercial/industrial condominium, residential/commercial, and commercial/residential property and limited the special tax rate that may be applied to $0.125 for each $100 of assessed value. The bills also would have prohibited the application of the higher rate to any residential portion of a mixed-use property that receives either an exemption or credit from the special rate. For transportation funding, the bills would have limited the imposition of the special rate to a special taxing district established for the purpose of financing State or county transportation improvements. For education funding, the bills would have allowed the special rate to be imposed on a countywide basis.

I strongly supported House Bill 90/Senate Bill 224 and believe it is critically important for the Task Force to evaluate the framework that would have been created by these bills; a framework that would have provided counties with the same authority that is already held by municipalities in Maryland except that counties would have been subject to certain restrictions that do not apply to municipalities. Importantly, the bills were "enabling" in nature. They would have allowed local elected officials to choose whether to enact a local law establishing differential property tax rates after engaging in a public legislative process at the local level to allow all stakeholders to voice their opinions on a proposed local law.

As the County Executive of Montgomery County, a community famous for severe traffic congestion, I am increasingly frustrated by our inability to compete with the expansion of transportation infrastructure in Northern Virginia (NOVA). Differences in the application of development taxes and fees hinder our County's ability to compete with the NOVA suburbs for the buildout of crucial new infrastructure which is essential for successful development. While independent reports document that taxes for businesses are higher in NOVA than in Montgomery County, the method of taxation used in our County is a negative for developers and the County. Because of limitations on ways any county in Maryland can generate revenue, Montgomery County relies on impact taxes to cover new infrastructure. This is a particularly burdensome tax since it must be paid at the time of construction which drives up the initial costs of development. Further, because impact taxes produce an unpredictable and volatile revenue stream that is project specific and comes in one-time payments, it is impossible to bond, thereby limiting opportunities to finance the infrastructure investment necessary to support the new development.

In contrast, the NOVA counties, by law, must impose higher rates on commercial properties than residential, with the strong backing of the business community. In NOVA, the business community understood that higher property taxes that are dedicated to specific infrastructure investment made economic sense. They knew they could not be successful without making the kinds of investments that would be necessary to attract new development. A prominent example is the Silver Line, which was partially paid for by differentiated commercial taxes levied in special taxing districts.

The NOVA region has thrived, at our expense. Their elected officials and the business community took a long view and agreed that they needed a new approach to regionalism and infrastructure investment. They were willing to pay to make that happen and were rewarded with billions of dollars to invest in new infrastructure.

I am asking the Task Force to also take the long view and consider the changes to State law reflected in House Bill 90/Senate Bill 224 that give county governments an additional tool that Maryland's municipalities have had for many years. In Montgomery County, the use of differential property tax rates could generate new revenue to help the County partner with the State to make critical transportation investments, including our comprehensive bus rapid transit network. These investments are needed now and cannot wait to queue up in the State's long backlog of unfunded transportation projects. This needed authority would help Montgomery County compete for new development in the Washington region and allow other counties and Baltimore City another option to generate local revenues to cover their specific needs.

Local Sales Tax

Granting county governments authority to impose a local sales tax could significantly alleviate pressure to increase local property and income taxes, which place a compounding financial burden on homeowners and working residents. Over-reliance on property taxes penalizes long-term homeowners and seniors on fixed incomes whose property values rise while their liquid income remains stagnant. A local sales tax would broaden the tax base, allowing counties to potentially lower or stabilize property tax rates. Millions of out-of-state visitors and daily commuters utilize Maryland's county roads, public transit, and emergency services every day. Under the current tax structure, these non-residents consume local resources without directly contributing to their upkeep. A local sales tax ensures that visitors share the cost of the infrastructure and services they use.

Maryland's 23 counties and Baltimore City face drastically different economic realities, from highly urbanized commercial centers to rural agricultural zones. Granting local sales tax authority gives county leaders the autonomy to tailor revenue structures to their specific local economies rather than relying on State-level interventions or experiencing structural deficits due to unfunded mandates. A healthy fiscal portfolio relies on the three pillars of taxation: wealth (property), earnings (income), and consumption (sales). By locking counties out of consumption-based revenue, the State forces local governments to disproportionately squeeze income and wealth, making county budgets less resilient during economic downturns. Granting local sales tax authority would be a shift toward local empowerment and taxpayer equity.

Targeted Local Income Tax Flexibility

I appreciate the authority that the General Assembly granted in 2021 to allow counties to use a bracket system to tax lower-income and higher-income earners at different rates. The County exercised that authority this year and created a progressive bracket system starting with the 2027 tax year. I also appreciate the General Assembly's decision in 2025 to increase the maximum allowable local income tax rate from 3.20% to 3.30%. The County's new bracket structure that takes effect for the 2027 tax year reflects that authority by setting the highest tax bracket at 3.30%. Unfortunately, Maryland counties currently lack the authority to impose targeted income-tax rates for very high-income earners. A narrowly tailored change to State law that authorizes counties to create this type of progressive tax rate system should be considered by the Task Force. Moving the cap to 3.5%, which is a proposal that has been included in several legislative proposals in recent years, would be very helpful. Like the differential tax rates and local sales tax options discussed above, this option would give counties the opportunity to debate this type of policy change as a part of the normal local legislative process.

Property Tax Limitations in County Charters

Like most counties, Montgomery County's operating budget is dominated by two important categories of spending – public education and public safety. The County's total operating budget for fiscal year 2026 was about $7.6 billion of which 47%, or nearly half, was budgeted for public education and 11% for public safety, reflecting a public view on the importance of supporting education and underwriting the costs of residents feeling safe and secure in their communities. I have limited discretion over spending for public education given State mandates and a common belief that making the investment necessary to provide a high-quality, high performing public education system is key to economic success. The State has acknowledged this, and it is a key reason why it has granted charter counties that are subject to limitations an "out" via the State law to allow an override of a charter limit that restricts the ability to generate new revenue, as prescribed by the law, in order to support public school budgets.

There are fewer limits on my discretion over my public safety budget, although there are still mandates and on occasion, the passage of State laws that restrict local decision-making authority and are costly. With nearly 50% of my budget already spent, the public safety category of spending must compete for the remaining half of the budget. Similarly, quality of life indicators like low crime rates and stable neighborhoods are "must haves" to support economic success. A robust public safety budget is essential to fund law enforcement, emergency services, and community-based programs that deter and respond to crime. However, there is no similar "out" if a county finds itself with deficient resources to support critical public safety expenditures.

I believe it is justifiable to create parallel authority for a charter county to have the same option to override a charter limit to fund an approved public safety budget as that allowed for an approved school board budget is justifiable. I believe that this authority would be rarely exercised. However, if there are no good options, it is another tool in the toolbox that could help ensure that BOTH public school AND public safety budgets would be adequate to meet community needs and expectations. That is why I expressed strong support for Senate Bill 520, *Property Tax – Charter Counties – Application of County Tax Limitation on Public Safety Budget* during the 2026 Session. Similar to the current exception that charter counties are afforded regarding funding the approved budgets of their county boards of education, Senate Bill

520 would have allowed the same for the approved public safety budgets of charter counties. Specifically, if a charter county that is subject to limits placed on its authority to set a property tax rate or generate revenue based on the county's charter, by a simple majority vote of its county councilmembers serving at the time, may take an action inconsistent with those limitations to fund the county's public safety budget. Once again, the bill was authorizing only. No charter county would have been required to override charter limits. The bill merely would have provided authority to do so under the specified circumstances. I strongly encourage the Task Force to study Senate Bill 520 and to consider any other ideas for providing flexibility to counties regarding Charter limits on property tax rates, the methodologies used to develop property tax rates, or revenues derived from property taxes.

Cost Shifts and Historical Context

It is essential that the Task Force gain a full understanding of the historical context of State-to-county cost shifts and increases in other mandated local funding over the past two decades, as the State has increasingly balanced its own fiscal challenges by diverting revenues previously dedicated to local purposes (e.g., highway user revenues) and shifted long-term expenses and unfunded operational mandates onto county governments (e.g., local health departments, teacher pensions, the Blueprint for Maryland's Future, operating expenses for the State Department of Assessments and Taxation, and wrongful incarceration settlements). This historical background is essential context for evaluating the need for enhancements to local revenue authority.

Summary

For the reasons outlined above, I urge you to place local authority for differential property tax rates at the top of the list of potential reforms, followed by the need to create a path toward a local sales-tax option and targeted local income-tax flexibility.

September 10, 2026

Task Force to Modernize County and Municipal Revenue Structures

Re: Public Hearing, Monday, September 14, 2025 – 12:30PM

Chair Lierman and Esteemed Members of the Task Force:

The Prince George's County Council appreciates the opportunity to provide comments to the Task Force to Modernize County and Municipal Revenue Structures. The Council strongly supports the Task Force's work and believes Maryland has reached an important moment to consider whether the fiscal tools available to local governments adequately reflect the responsibilities counties and municipalities are expected to fulfill.

Maryland counties are responsible for delivering and supporting an extraordinary range of essential public services, including public education, public safety, health, elections, transportation, infrastructure, environmental protection, housing, and programs established or influenced by State policy. Yet the universe of meaningful locally controlled revenue sources remains comparatively narrow. A modern framework should provide flexibility to respond to local conditions without forcing every new fiscal need back onto the property tax base.

The Council urges the Task Force to distinguish clearly between authorizing a revenue tool and requiring its use. The State should establish a broader framework of local-option authority, while allowing each jurisdiction to decide through its normal public legislative and budget process whether a particular tool is appropriate for its residents, economy, service demands, and tax base.

A revenue option that makes sense for one county may be unnecessary or inappropriate for another. Local flexibility, coupled with public notice, legislative action, and electoral accountability, is preferable to a one-size-fits-all approach.

The Department of Legislative Services' July 31, 2026 presentation demonstrates why diversification deserves serious consideration. In fiscal 2024, local taxes accounted for 42.0% of Prince George's County's total revenue, compared with 47.0% statewide. Property taxes represented 23.9% of County revenue, income taxes 12.3%, and other local taxes 5.8%. (*Source: Department of Legislative Services, Local Taxing Authority and Revenue Sources (July 31, 2026), fiscal 2024 data.)*

For municipalities located in Prince George's County, property taxes represented 49.4% of total municipal revenue in fiscal 2024, while other local taxes accounted for only 0.7%. This concentration underscores the value of examining additional tools that can better match modern economic activity and service demands.

Maryland law already reflects different levels of local taxing authority. The Department of Legislative Services has noted that Baltimore City, Baltimore County, and Montgomery County possess broad statutory authority to tax "to the same extent as the State," subject to specified exceptions. The Task Force should evaluate whether a comparable enabling framework with appropriate statewide exclusions and safeguards should be extended to other charter counties, including Prince George's County.

Such an approach would not dictate local tax policy. It would reduce the need for counties to seek individual legislative authorization for discrete tools and would recognize that locally elected officials are directly accountable for balancing revenue needs, affordability, competitiveness, and service delivery.

Property taxes remain indispensable to local government, but they should not become the default answer whenever costs increase simply because other meaningful options are unavailable or constrained. The Task Force should examine revenue tools used in Maryland and other states and identify options that are administratively workable, economically fair, and appropriately connected to the local services or infrastructure generated by the taxed activity. Some ideas include modernizing existing local-option authorities and bases where current law no longer reflects contemporary economic activity; allowing targeted revenue mechanisms tied to identifiable local service, infrastructure, or administrative costs; providing counties greater flexibility to structure exemptions, thresholds, credits, or other affordability protections; and reducing unnecessary jurisdiction-by-jurisdiction legislative requests when a statewide enabling framework can preserve local choice.

Additionally, it is important that new local authority should supplement local fiscal flexibility not substitute for existing State commitments. The creation of additional revenue options must not be treated as permission to transfer State responsibilities, reduce State aid, or impose new unfunded mandates on counties and municipalities.

The Task Force should also recognize the important relationship between counties and municipalities. Prince George's County contains a large and diverse municipal community. New revenue authorities should account for overlapping tax bases, revenue-sharing arrangements, and shared or divided service responsibilities so that modernization strengthens local fiscal capacity without creating unintended duplication or inequity.

The Prince George's County Council appreciates the Task Force's leadership on this important issue and looks forward to working with the General Assembly, State fiscal leaders, counties, and municipalities as recommendations are developed.

For these reasons, the Prince George's County Council supports the modernization and expansion of responsible local-option revenue authority and appreciates the opportunity to share this testimony.

Prepared by Ashlar Government Relations on behalf of Prince George's County Council