

MUNICIPAL TAX DIFFERENTIAL

PROGRAM INFORMATION

The Tax Property Article of the Annotated Code of Maryland (Title 6, Subtitle 6-305) mandates that the County recognize, through a reduced County tax rate or direct grant payment, those governmental services and programs that municipal governments perform in lieu of similar County services, to the extent that these similar services are funded through the property tax rate.

FINANCIAL SUMMARY

Under the provisions of Title 17, Subtitle 10, Division 6 of the Public Local Laws of Prince George's County, each town's cost of each service identified in the prior-year County budget is assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocable to a specific service. The aggregate town requests for "in lieu of" service credit, as certified by the County, are translated into a dollar value, which is the sum of the products of the tax rate equivalent cost of the service multiplied by each town's tax base. Each of these net service values is then reduced to reflect the portion of each County service paid for by the property tax levy. The sum of the tax rate values of the services constitutes the tax rate differential accruing to each town, i.e., the amount by which the County unincorporated area property tax rate will be reduced in each respective town.

Beginning with FY1999, County legislation set a five-year rolling average for changes in the municipal differential rates. In FY2004 this will change to a three year rolling average. The purpose of this modification is to provide stability to municipal residents' County tax rates, smoothing what could otherwise be large rate changes that could be triggered by a reorganization of County services, economic fluctuations, changes in municipal service levels, or other factors.

In 2000, Maryland Senate Bill 626 provided that, beginning in FY2001, property tax rates shall be applied to 100% of the market value of real property, rather than the 40% for most real property under previous law, and that county real property tax rates and municipal tax differentials be adjusted to make the impact revenue neutral. As a result, starting from FY2002, a separate real property tax rate and a separate personal property rate have been applied. Also, a separate real property tax differential and a separate personal property tax differential have been applied, in accordance with State law and County code (CB-1-2001).

FY2004 Tax Differential Rates

Municipality	FY2004 Tax Differential		FY2004 Value		Total
	Personal Property	Real Property	Personal Property	Real Property	
Berwyn Heights	0.350	0.142	\$ 71,798	\$ 225,821	\$ 297,619
Bladensburg	0.373	0.152	59,119	351,737	410,856
Bowie	0.036	0.015	24,205	514,722	538,927
Brentwood	0.051	0.021	1,833	21,131	22,964
Capitol Heights	0.316	0.129	29,623	207,303	236,926
Cheverly	0.332	0.135	54,144	409,069	463,213
College Park	0.039	0.016	27,792	145,005	172,797
Colmar Manor	0.044	0.018	1,303	9,148	10,451
Cottage City	0.317	0.129	8,627	67,685	76,312
District Heights	0.340	0.138	15,858	299,268	315,126
Eagle Harbor	0.014	0.006	6	235	241
Edmonston	0.333	0.136	15,110	108,535	123,645
Fairmount Heights	0.188	0.076	2,435	42,915	45,350
Forest Heights	0.204	0.083	5,083	86,836	91,919
Glenarden	0.298	0.121	6,361	269,008	275,369
Greenbelt	0.383	0.156	346,006	1,728,215	2,074,221
Hyattsville	0.372	0.151	268,346	901,557	1,169,903
Landover Hills	0.357	0.145	14,613	76,665	91,278
Laurel	0.429	0.175	454,713	2,070,584	2,525,297
Morningside	0.313	0.127	4,046	80,489	84,535
Mount Rainier	0.366	0.149	14,749	289,823	304,572
New Carrollton	0.031	0.013	3,398	53,256	56,654
North Brentwood	0.029	0.012	340	2,880	3,220
Riverdale Park	0.377	0.153	62,187	414,895	477,082
Seat Pleasant	0.342	0.139	18,366	230,487	248,853
University Park	0.342	0.139	6,724	256,086	262,810
Upper Marlboro	0.190	0.077	31,309	45,295	76,604
Total			\$ 1,548,094	\$ 8,908,650	\$ 10,456,744