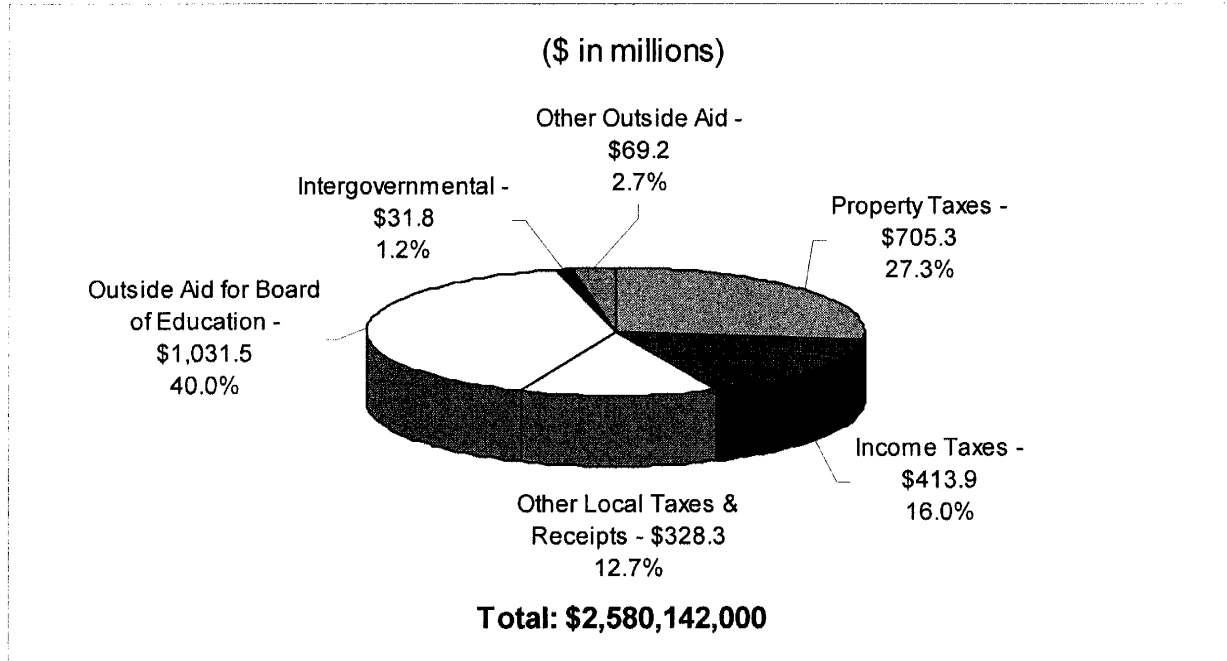


THE FY 2010 REVENUES AT A GLANCE

FY 2010 General Fund Revenues



REVENUE OVERVIEW

- The proposed FY 2010 General Fund budget is \$2,580,142,000, which represents a \$93.3 million or 3.5% decrease from the FY 2009 approved budget.
- Outside aid for the Board of Education, Community College and Memorial Library decreases by \$34.1 million or 3.0%. County source revenues decrease by \$59.2 million or 3.8% from the FY 2009 approved budget.
- General Fund revenue growth has been slowing significantly since FY 2007 due to the weakening housing market and national economy. However, FY 2010 is the first year in recent years that is projected to experience a major revenue decrease. This is primarily attributable to the deteriorating housing market and economy, which is expected to continuously cause significant reductions in major County revenues such as transfer and recordation taxes, personal property taxes, income taxes, construction permit fees and interest income. State aid to County educational agencies and County government is also expected to experience reductions due to the State's need to close its potential \$1.9 billion fiscal gap in FY 2010.

GENERAL FUND REVENUES

INTRODUCTION

The revenue table that accompanies each revenue source compares three years of data. In every instance, the dollar and percent change is from the prior year actual or approved amount. (Numbers in this document may not add due to rounding.)

REAL PROPERTY TAXES are the taxes levied on both land and improvements of taxable real property. Taxes are levied annually and each quarter of the fiscal year as new properties are added to the base. Real Property Tax is the largest tax revenue of the County. The revenue yield is dependent on the following variables:

- The State's triennial assessment process
- Assessment growth caps for owner-occupied property (also called Homestead Tax Credit)
- The assessment percentage
- The housing market and the economy in general
- The tax rate - including changes in the Municipal Tax Differential rates
- Delinquencies and the required reserves
- Appeals and adjustments in assessments
- State funding of State credits

due to the homestead tax credit, municipal tax differential, delinquent tax payments and incremental tax revenues from Tax Increment Financing (TIF) districts that are designated for debt service.

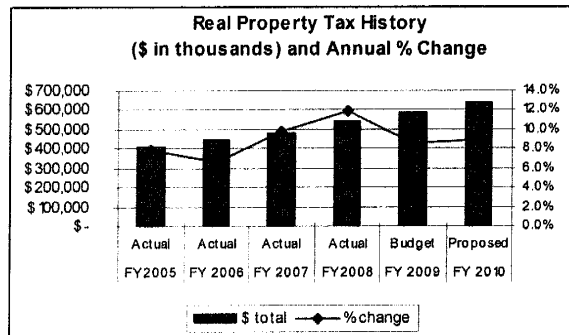
The County's Real Property Tax rate will remain at \$0.96 per \$100 of assessable value in FY 2010. The County is subject to the Tax Reform Initiative by Marylanders (TRIM). Based on this charter provision, the General Fund County Real Property Tax rate could not exceed \$2.40 per \$100 of assessable value before FY 2002, and cannot exceed \$0.96 per \$100 of assessable value since FY 2002, when the real property assessable value was adjusted from 40% to 100% of market value.

The State Department of Assessments and Taxation (SDAT) projected in November 2008 that the County's real property base will grow by 19.7% in FY 2009 and 12.5% in FY 2010 before the homestead tax credit cap and other deductions. Despite the continuously weakening housing market, the County's real property base still shows relatively strong growth in FY 2010 because of the three-year phase-in policy of assessment growth. Each year, one third of the County's real property base is reassessed by the SDAT and the assessment growth from three years ago is phased in over the next three years.

REAL PROPERTY TAXES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$543,656	\$589,892	\$595,083	\$642,095
\$ CHG	58,132	46,235	51,427	52,203
% CHG	12.0%	8.5%	9.5%	8.8%

Nevertheless, the real property base growth in FY 2010 is expected to slow down from FY 2009. With losses in property values to be picked up in upcoming cyclical assessments and then phased into the taxable base, the County's real property base growth is projected to slow down further in the coming years.

The County's commercial real property base continues to grow with new construction. According to the SDAT, the County's commercial property values in the area reassessed in January 2009 grew by 37.6%, or 12.5% annually, in the past three years. However, this also reflects a considerable slowdown from the reassessment growth in January 2008, which had a growth of 64% in total, or 21.3% annually.



In FY 2010, the County's Real Property Tax revenues are projected to be \$52.2 million or 8.8% over the FY 2009 budget. The projection is based on the tax rate, tax base and adjustments made to factor in reductions

The County's real property tax revenue capacity is not fully realized due to the structure of the County's Homestead Tax Credit. The credit, tied to the Consumer Price Index growth for the 12 months ending in June, caps the growth of owner-occupied property assessment for tax purposes at 5% in FY 2010. According to the SDAT, this tax credit is estimated to cause a County revenue loss of approximately \$230.9 million in FY 2010.

The municipal tax differential also reduces the County's property tax revenues. Each year, the County reduces

its property tax rates (both real and personal) to recognize governmental services and programs that municipal governments perform in lieu of similar county services, to the extent that such services are funded through property tax revenues. In FY 2010, county real property tax revenue is reduced by \$23.7 million for the municipal tax differential program, compared with \$18.8 million in FY 2009. The cost of the program has been increasing in recent years due to significant property base increases and expanding municipal services.

The Governor proposed in his FY 2010 budget that in order to narrow the State's potential \$2.0 billion deficit in FY 2010, the majority of the SDAT administrative costs, including 90% of the assessment costs and 75% of information technology costs, will be transferred permanently to the counties. The County's annual share is estimated at about \$4.7 million.

PERSONAL PROPERTY TAXES are the taxes levied on tangible personal property and commercial and manufacturing inventory of businesses. The assessment is made annually at fair market value and determined from annual reports filed with the SDAT.

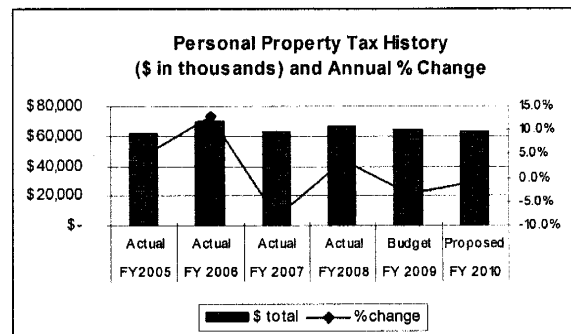
The Personal Property Tax base is influenced by:

- Business cycle
- Availability of commercial credit
- Public utilities' income performance
- Replacement of equipment
- The State law on personal property assessment and depreciation
- Tax rate - including changes in the Municipal Tax Differential rates

The FY 2010 Personal Property Tax revenue is expected to decrease by 1.0% from FY 2009. The tax rate will stay at \$2.40 per \$100 of assessed value. The tax base remained essentially flat in the past few years. However, the FY 2010 base is projected to decline due to reduction in business activities and assets during the economic downturn. And the one-year reassessment cycle of the personal property tax base makes the impact of the downturn more immediately felt. According to the SDAT, the County's business personal property base, which makes up about 60% of the total personal property base, is expected to drop by 4.6% in FY 2010, while the utility personal property base, which makes up about 40% of the total, is expected to increase by 4.6%. The revenue projection has also included losses due to the municipal tax differential, delinquent payments, and attorney fees. Similar to real property revenue, the loss of Personal Property Tax revenues due to the municipal tax differential program has increased in recent years because of expanding

municipal services (such as police patrol, public works, etc.). Of course, this has resulted in greater tax relief for county residents who live in municipalities.

PERSONAL PROPERTY TAXES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$66,077	\$63,820	\$64,019	\$63,205
\$ CHG	2,432	-2,256	-2,058	-616
% CHG	3.8%	-3.4%	-3.1%	-1.0%



INDIVIDUAL INCOME TAXES are distributions made by the Maryland Comptroller's Office for the local tax on individual income. The State distributes the taxes to the County on a quarterly basis based on withholdings, declarations and estimated returns filed by employers and taxpayers. The State distributions are net of reserves for refunds, administrative costs, unallocated taxes (taxes for which no return has been filed) and municipal corporation shares. Municipalities receive a share of their residents' local income tax liability based on the greatest of 8.5% of the State income tax liability, 17% of the county income tax liability or .37% of the Maryland taxable income of municipal residents. Tax tables are usually adjusted at the beginning of the calendar year when any tax law changes take effect.

The following variables influence the annual tax yield:

- County income tax rate
- Economy
- Federal and State tax changes
- Employment growth
- Population growth
- The share to municipal governments
- Other State distribution policy changes
- Taxpayer behavior
- Capital gains realization rates
- Disparity Grant

INCOME TAXES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
TAX RECEIPTS	\$404,189	\$415,512	\$410,015	\$392,197
\$ CHG	16,181	11,323	5,826	-23,314
% CHG	4.2%	2.8%	1.4%	-5.6%
DISPARITY GRANT	\$19,110	\$21,714	\$21,714	\$21,695
TOTAL YIELD	\$423,299	\$437,226	\$431,729	\$413,892
\$ CHG	19,328	13,927	8,430	-23,334
% CHG	4.8%	3.3%	2.0%	-5.3%

The County's income tax revenue includes both income tax receipts and a State Income Disparity Grant. The estimated FY 2009 income tax receipts were reduced from the FY 2009 budget due to worse-than-expected income and employment performance in a slumping economy. Assuming continuous job losses, slow income growth, lower reconciliation amounts from prior years, a full impact of the extended personal income exemption and a required replenishment of the local income tax reserve account, the proposed income tax receipts for FY 2010 are 5.6% lower than the FY 2009 budget.

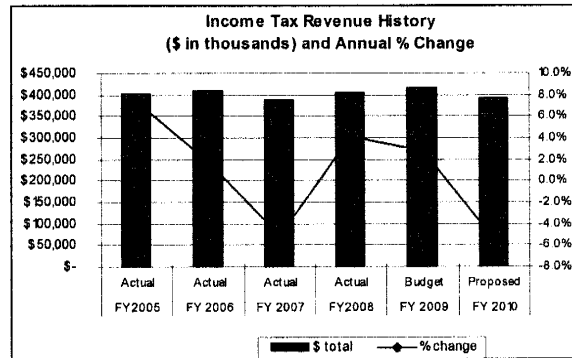
According to the Maryland Department of Labor, Licensing and Regulation, the County's employment dropped by 1.0% in calendar year 2008, the first drop since calendar year 2003. Economy.com projected that the County's personal income growth in calendar year 2009 would be among the lowest in its history. The FY 2010 projection assumes a 1.0% baseline growth in net taxable income.

The Maryland 2007 Special Session passed Senate Bill 2 (SB2) to increase the regular personal income tax exemption from \$2,400 to \$3,200 for individuals with federally adjusted gross income of up to \$100,000 (\$150,000 for joint filers) effective January 1, 2008. According to the Maryland Department of Legislative Services (DLS), this was expected to reduce the County's income tax receipts by \$7.6 million in FY 2008 and \$15.3 million in FY 2009. In reality, the impact of the extension may not be fully realized until FY 2010 since many employers have delayed in adjusting their employee payroll to comply with the new legislation.

The Governor indicated in his FY 2010 proposed budget that the State intended to utilize all funds currently in the local income tax reserve account in FY 2010 to reduce its potential \$2 billion budget deficit. All counties, however, will be required to reimburse the account and restore the reserve to the current level within the next ten years. The County is projected to

lose \$3.6 million income tax receipts annually for the next ten years. This has been incorporated into the FY 2010 budget.

The budget has also factored in a local rate increase from 3.1% to 3.2% effective on January 1, 2009, which is projected to bring \$6.5 million additional income tax revenues to the County in FY 2009 and \$13 million in FY 2010. (During the housing market boom, the County cut the income tax rate from 3.2% to 3.1% effective on January 1, 2007.)



In addition, the County will receive \$21.7 million of State Income Disparity Grant in FY 2010, flat from the FY 2009 level. This grant is provided to counties where per capita local income tax revenue falls below 75% of the State average. The FY 2010 disparity grant is calculated by the State Department of Budget and Management based on calendar year 2007 income and population data. Despite an improved performance, the overall growth in the County's income tax receipts continued to fall below the state average. And the County's 2007 population decreased slightly from 2006. Therefore, the disparity grant remained flat from the FY 2009 level.

TRANSFER TAXES are taxes imposed upon recordation of instruments conveying title to real property, or any other interest in real property. All transfer tax revenue is dedicated to the Board of Education. The tax rate is unchanged at 1.4% for FY 2010.

RECORDATION TAXES are taxes on the recordation of written instruments conveying title to real or personal property, conveying leasehold interests in real property or creating liens and encumbrances on real or personal property. The tax rate was raised in FY 2009 from \$2.20 to \$2.50 for each \$500 on all instruments of writing subject to the tax, or from 0.44% to 0.50%. The legislation for the rate increase sunsets after three years.

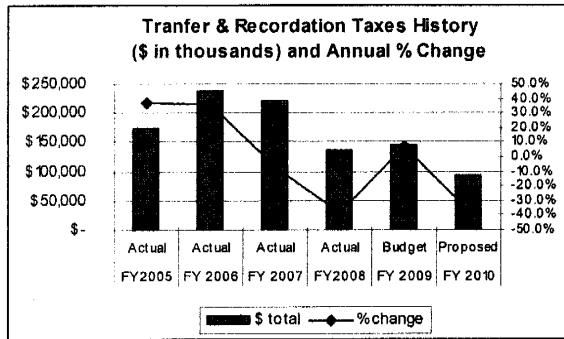
Transfer and recordation taxes are usually the most volatile major revenue source of the County due to the strong correlation between the revenue collection and the activity of the local housing market. The variables influencing Transfer and Recordation Taxes include:

- Tax rate
- Business cycle
- Interest rates
- Availability of credit
- Real estate market

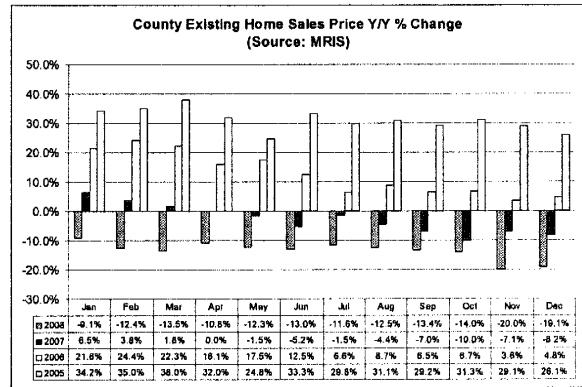
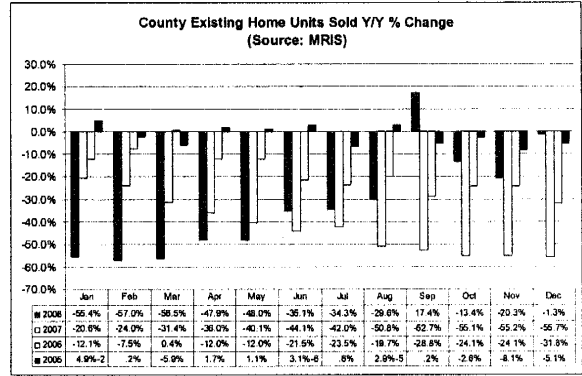
TRANSFER AND RECORDATION TAXES

(\$ in thousands)

	FY 2008 ACTUAL	FY 2009 APPROVED	FY 2009 ESTIMATED	FY 2010 PROPOSED
YIELD	\$136,726	\$145,921	\$92,108	\$92,108
\$ CHG	-85,036	9,195	-44,617	-53,813
% CHG	-38.3%	6.7%	-32.6%	-36.9%



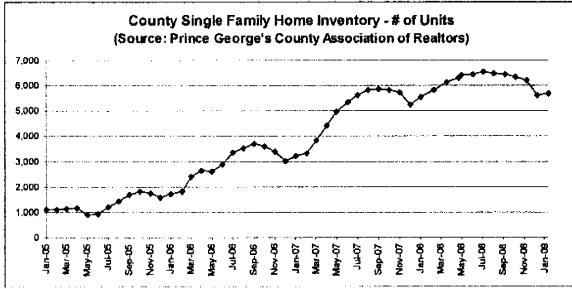
In FY 2010, Transfer and Recordation Taxes are projected to remain flat from the FY 2009 estimate, which is adjusted significantly lower than the budget to reflect the larger-than-expected decline in the local housing market and tax revenues. The FY 2010 budget assumes continuous weakness in the local housing market in the first half of the fiscal year and a gradual stabilization in the second half.



After six years of strong growth, the County's housing market has been weakening since late 2005. As is shown in the charts above, the downward trend continued throughout FY 2006, FY 2007, FY 2008 and most of the first half of FY 2009, in terms of both sales volume and sales price. According to Metropolitan Regional Information Systems, Inc. (MRIS), existing home sales volumes in the County have declined by over 80% from the peak in June 2005. Existing home sales prices have dropped by over 30% from its peak in June 2006.

In January 2009, the median price for home resale in the County was \$233,000, 22.3% lower than the same period of 2008, according to MRIS. The median price for a new single family home in the last quarter of 2008 was \$449,990, a decline of 17.6% from the previous year, according to Hanley-Wood Market Intelligence.

Based on the current sales as well as other associated factors such as accumulating inventory, increased number of foreclosures and tightening credit, the local housing market is not expected to recover or bottom out soon. Further decreases in sales price and volume are projected for the rest of FY 2009 and the first half of FY 2010.



According to the Prince George's County Association of Realtors, the number of single family active listings in the County by January 2009 was 5,699, compared with 5,560 a year ago (see the chart above). It is expected to take approximately another year for the market to absorb the extra supply and bring the inventory down to the normal level. According to RealtyTrac Inc., foreclosures in the County increased 32.5% in the last quarter of 2008 from a year ago. The number of County foreclosures in the quarter accounted for over one third of the State total (see the chart below).

Prince George's County Foreclosure Trend
Source: DHCD Quarterly Report

	# of County foreclosures	Qtr-to-Qtr % change	Yr/Yr % change	County share in MD
2007 Q1	450			28.4%
2007 Q2	1,188	164.0%		29.0%
2007 Q3	1,673	40.8%		23.9%
2007 Q4	2,732	63.3%		28.1%
2008 Q1	3,310	21.2%	635.6%	29.1%
2008 Q2	2,853	-13.8%	140.2%	32.0%
2008 Q3	2,789	-2.2%	66.7%	35.0%
2008 Q4	3,621	29.8%	32.5%	36.1%

OTHER LOCAL TAXES include Energy Taxes, Telecommunications Taxes, Hotel/Motel Taxes, Admissions and Amusement Taxes, Penalties and Interest on Delinquent Taxes, and Trailer Camp Taxes.

OTHER LOCAL TAXES
(\$ in thousands)

	FY 2008 ACTUAL	FY 2009 APPROVED	FY 2009 ESTIMATED	FY 2010 PROPOSED
YIELD	\$132,147	\$127,696	\$129,319	\$126,581
\$ CHG	8,334	-4,452	-2,828	-1,115
% CHG	6.7%	-3.4%	-2.1%	-0.9%

In FY 2010, the total revenue from other local taxes is expected to decrease by 0.9% from the FY 2009 approved budget.

The Energy Tax comprises almost half of the total FY 2010 revenue in this category. Among the different

energy tax components, two thirds of the tax receipts are from the sale of electricity and approximately one third of the receipts are from the sale of natural gas. The Energy Tax unit rates for a certain fiscal year are determined by the total consumption and sales of the calendar year two years prior to that fiscal year. For example, the FY 2010 rates are based upon the calendar year 2008 data. The formula divides total calendar year 2008 sales (by type of energy used) by total 2008 consumption, which is then multiplied by 7.5%, the current effective tax rate, to arrive at the FY 2010 unit charge per kilowatt hour, therm, gallon or other unit. The FY 2010 rates compared to FY 2009 are shown below:

ENERGY TAX COMPONENTS

	FY 2009 Rates	FY 2010 Rates	% Change
Electricity (KWH)	0.006714	0.007286	11%
Natural Gas (Ther)	0.085487	0.079058	5%
Fuel Oil (Gal.)	0.150968	0.164698	23%
Propane (Gal)	0.185493	0.210486	3%

ENERGY TAXES

(\$ in thousands)

	FY 2008 ACTUAL	FY 2009 APPROVED	FY 2009 ESTIMATED	FY 2010 PROPOSED
YIELD	\$62,747	\$60,307	\$64,002	\$61,747
\$ CHG	8,373	-2,440	1,255	1,440
% CHG	15.4%	-3.9%	2.0%	2.4%

Fluctuations in energy usage due to weather conditions and price instability of fuels such as natural gas and oil can cause major deviations in rates between fiscal years. Rate changes granted to the major utilities by the Public Service Commission also influence the yield from this revenue source. Although oil and gas prices have remained low since late 2008, the prices of electricity, natural gas, and some other types of energy in calendar year 2008 increased overall from the levels in calendar year 2007. Consumption is expected to decline in FY 2010 due to the ongoing recession.

The law exempts energy tax payment for Federal, State and local governments and provides refund for certain qualifying residents based on income, age, etc. House Bill 929 of the 2008 General Assembly Session removed the exemption of energy tax for Washington Suburban Sanitary Committee (WSSC) effective July 1, 2008, which is expected bring an additional \$700,000 in tax revenue to the County starting in FY 2009. The

entire Energy Tax is earmarked for the Board of Education.

Another major revenue item is the **Telecommunications Tax**, which represents over one third of the FY 2010 revenues generated by "Other Local Taxes". The tax revenue has been steady since its introduction due to a relatively stable landline market and a gradually expanding wireless market. The FY 2010 projection reflects a 5.2% decrease from the FY 2009 budget due to the weakening economy. The FY 2009 estimate was revised lower than the budget due to worse-than-expected year-to-date performance. The FY 2008 revenue dropped by 5.4% from FY 2007 because of a \$3.1 million one-time revenue gain in FY 2007 from prior year adjustments.

TELECOMMUNICATIONS TAXES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$47,377	\$47,287	\$45,482	\$44,844
\$ CHG	-2,692	-89	-1,895	-2,444
% CHG	-5.4%	-0.2%	-4.0%	-5.2%

The State mandated that the net proceeds of this tax be used only for expenditures of the County's school system. An administrative fee of one percent of collections remitted to the County is shared equally between vendors and the County to cover the cost of collecting, remitting and administering the collection of the tax. The rate has remained at 8% on the gross receipts for telecommunications service in the County.

Starting in FY 2005, the County has been implementing the provisions of Chapter 187 of the 2004 Laws of Maryland (HB 589) that authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax for school renovation and systemic replacement projects. This revenue will be dedicated toward financing various renovation and replacement projects. As a result, the Telecommunications Tax revenue in the general fund does not include the up to 10% of receipts dedicated for capital budget expenditures.

Hotel/Motel Taxes and Admissions and Amusement Taxes

in FY 2010 are expected to be close to their FY 2009 levels, which will be significantly lower than the FY 2008 receipts due to the economic downturn. The Admissions and Amusement Tax rate will remain at 10%. The Hotel/Motel tax rate will be maintained at 5%, with municipalities receiving 50% of

the revenue received from hotels located within their corporate limits. Occupancy and average room rates are expected to decrease in FY 2009 and remain flat in FY 2010. (The revenue impact of the National Harbor project is not factored in primarily due to the dedication of hotel/motel taxes in the Special Taxing District to funding bonds issued for infrastructure and the convention center.)

STATE SHARED TAXES consist of highway user and corporate transfer taxes that are shared between the State and the County.

STATE SHARED TAXES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$28,785	\$29,534	\$25,912	\$25,998
\$ CHG	-1,342	748	-2,874	-3,536
% CHG	-4.5%	2.6%	-10.0%	-12.0%

Highway user revenues are projected to drop to \$26.0 million in FY 2010 according to the State budget, compared with \$29.5 million in FY 2009. Gas consumption is expected to decline in the slumping economy.

The highway user revenues are restricted State monies and can only be used to construct or maintain roads, including payment of road debt. The State receives 70% of the revenues derived from certain fuel taxes, titling taxes, licenses and corporate income taxes. The remaining 30% is allocated to local jurisdictions. The County's allocation is based on local road mileage and vehicle registrations. Municipalities in the County receive a share on the same basis. Approximately 25% of the County share goes to the municipal governments.

LICENSES AND PERMITS include revenue derived from a number of licenses and permits issued for regulatory purposes. They include Building Permits, Street Use Permits, Business Licenses (regulatory, not income-related), Liquor Licenses and Permits (authorized by the State), Animal Licenses, Health Permits and various other permits.

LICENSES AND PERMITS

(\$ in thousands)

	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$20,734	\$23,532	\$15,715	\$15,723
\$ CHG	-6,760	2,798	-5,018	-7,809
% CHG	-24.6%	13.5%	-24.2%	-33.2%

The largest portion of these revenues is related to the building sector of the economy, and as such is subject to significant year-to-year changes as the amount of construction in the County varies.

Building permit revenues experienced strong growth during the housing market boom. In late 2006, the growth in residential building permits began to moderate. With a continuously weakening housing market, the number of single family residential permits issued declined by over 10% and 30% from the previous year in FY 2007 and FY 2008, respectively, according to the County's Department of Environmental Resources. More recently, the number of residential permits issued for single family units dropped by another 50% in the first half of FY 2009 from the same time period last year. The revenues collected so far in FY 2009 have shown a similar drastic decline from the prior year. There is no sign of recovery of the market at this time.

The County's commercial building permits have also experienced declines. Permit revenues for new commercial buildings in the first half of FY 2009 dropped by half from the same time period in FY 2008.

USE OF MONEY AND PROPERTY includes revenue derived from the investment of idle County cash and the lease of certain County owned or leased properties. Most of the County's idle cash is invested in short-term vehicles in the money market. A smaller portion is for intermediate term investments.

USE OF MONEY AND PROPERTY

(\$ in thousands)

	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$44,514	\$22,942	\$20,946	\$12,357
\$ CHG	2,005	-21,572	-23,568	-10,585
% CHG	4.7%	-48.5%	-52.9%	-46.1%

Interest income is the largest component of this category. It is projected to drop from \$35.7 million in FY 2008 to \$19.4 million in FY 2009 and further to \$10.8 million in FY 2010. This assumes an average short-term investment interest rate of 2.3% in FY 2009 and 0.8% in FY 2010, based on the current market trends. The Federal Reserve raised the Federal Fund Rate 17 consecutive times from 3.25% in the middle of 2005 to 5.25% in June 2006. With the subprime mortgage crisis, the related turmoil on Wall Street and various concerns about a potential recession, the Fed started to cut the rate aggressively in September 2007. By January 2009, the Fed had reduced the rate to a historically low 0.25%. The rate is widely expected to be unchanged through the remainder of the calendar year based on the current economic conditions. Therefore, interest income revenues are projected to decrease significantly in FY 2009 and FY 2010.

CHARGES FOR SERVICES are typically known as user fees. These fees include corrections service charges for housing State and Federal prisoners, fees from tax collection services provided to various agencies for whom the County levies taxes, animal control charges such as fines and user fees related to the County shelter and animal control services, fees and charges levied by the Health Department for health-related services, Cable Franchise Charges from Comcast Cable Communications, the 911 fee allocated to the 911 emergency system costs and contractual police service fees for additional police services for events and entities.

CHARGES FOR SERVICES

(\$ in thousands)

	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$26,819	\$29,719	\$27,187	\$27,432
\$ CHG	2,319	2,900	368	-2,287
% CHG	9.5%	10.8%	1.4%	-7.7%

Corrections Charges are expected to decrease in FY 2009 and FY 2010 due to the State's proposed reduction in reimbursement to local jails. Starting from FY 2007, the capacity of the County's correctional facilities to hold federal prisoners has declined due to overcrowding. New facilities are under construction currently.

Before FY 2007, the number of cable subscribers had decreased slightly while the Cable Franchise Fees had grown modestly due to higher rates and new services provided. With Verizon being awarded a cable

franchise in FY 2007, the number of cable subscriptions has increased gradually. The current economic downturn, however, is expected to have some negative impact on the number of subscriptions and the level of services in demand. Therefore, the franchise fee is projected to experience minor growth in FY 2009 and then remain flat in FY 2010.

The FY 2010 projection of 911 fees assumes normal growth from FY 2009. Health Fees are projected to decrease slightly in FY 2009 and FY 2010, compared with FY 2008. Police contract revenues dropped significantly starting in FY 2008 due to the end of the police patrolling contracts with major municipalities. Emergency transportation fee rates were increased in FY 2009; the revenues in FY 2009 and FY 2010 are projected to be significantly higher than that in FY 2008.

Overall, charges for services in FY 2010 are expected to experience a 7.7% decrease from the FY 2009 budget, primarily due to the downward adjustment in the projection of the emergency transportation fees. Compared with the FY 2009 estimate, service charges are projected to increase overall by 0.9% in FY 2010.

INTERGOVERNMENTAL REVENUES include State restricted grants, along with a small portion of Federal monies related to emergency preparedness. In FY 2006, three State grants – anti-violence, drug and public safety – were converted from revenues to non-competitive grants by the State. Starting in FY 2010, the State fire grant is included in the County budget in the Grant Funds.

INTERGOVERNMENTAL REVENUES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$32,258	\$31,570	\$34,302	\$31,838
\$ CHG	2,365	-688	2,044	268
% CHG	7.9%	-2.1%	6.3%	0.8%

The \$7.7 million Electricity Deregulation Grant was eliminated permanently by the General Assembly in the 2007 Special Session in order to close the State's \$1.5 billion deficit in FY 2009. The grant was created in FY 2001 for counties to offset the revenue loss due to the State mandated local property tax restructuring as a part of the utility deregulation.

The local health grant decreased significantly in FY 2007 due to overpayment in FY 2006. It returned to

the normal level of about \$9 million in FY 2008. In FY 2009, the grant is expected to remain at the normal level based on the Governor's proposal. However, in order to address the State's \$1.9 billion potential deficit in FY 2010, the Governor has proposed to reduce the grant to \$7.7 million in FY 2010.

Compared with the FY 2009 budget, in FY 2010 the County is expected to receive an additional \$2.0 million from the Maryland-National Capital Park and Planning Commission (M-NCPPC) and an additional \$1.0 million from the Revenue Authority based on the County's agreements with both for reimbursement of County services. Total intergovernmental revenues in FY 2010 are projected to increase by \$0.3 million or 0.8% from the FY 2009 budget.

MISCELLANEOUS RECEIPTS encompass a number of relatively smaller county revenues. The principal sources are fines and forfeitures (primarily from red light cameras) and sales of surplus County properties. The miscellaneous receipts collected in FY 2008 declined due to one-time gains in FY 2007. The FY 2009 and FY 2010 receipts are expected to experience some growth from FY 2008 because of anticipated improvement in revenue collection efficiency in red light camera fines. In FY 2008, the County installed additional cameras and introduced a new vendor to administer the program. The FY 2009 estimate is adjusted lower than the FY 2009 budget due to slower than expected growth in red light camera receipts.

MISCELLANEOUS RECEIPTS				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$2,579	\$5,319	\$2,979	\$3,142
\$ CHG	-796	2,739	400	-2,177
% CHG	-23.6%	106.2%	15.5%	-40.9%

OTHER FINANCING SOURCES include use of fund balance and transfers-in of monies from other County funds. \$25.0 million use of fund balance is proposed for FY 2010.

OTHER FINANCING SOURCES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$28,903	\$31,376	\$31,376	\$25,000
\$ CHG	4,522	2,474	2,474	-6,376
% CHG	18.5%	8.6%	8.6%	-20.3%

Normally, these sources are one-time in nature. The \$25.0 million use of fund balance proposed for FY 2010 includes \$8.0 million for CIP pay-go and \$12.0 million for Dimensions Health Corporation.

BOARD OF EDUCATION SOURCES are projected to decrease overall by 3.1% in FY 2010 from the FY 2009 budget. State aid, which has been the major outside aid to the Board of Education, is expected to decrease by 0.6% from FY 2009. Federal aid is projected to increase by 1.6%, while the Board's own source is expected to decrease by 60.7%. No use of fund balance is anticipated in FY 2010, compared with \$28.9 million in the FY 2009 budget.

FY 2008 was the last year of the five year phase-in of the Thornton legislation, which significantly increased the amount of State aid to public schools between FY 2004 and FY 2008. In the 2007 Special Session, the General Assembly froze inflation in the per pupil amount used in the education aid formulas for FY 2009 and FY 2010, and established supplemental grants that ensure a 1% annual increase in State aid for school systems during the two years of the freeze. However, the projected \$1.9 billion State deficit in FY 2010 prompted the Governor to forego the 1% supplemental grant requirement from the 2007 Special Session and make significant cuts to State aid to the County's public schools in the Governor's FY 2010 proposed budget released in January 2009. With the passage of the Federal stimulus package, the Governor announced his plan on February 20, 2009 to restore and fully fund the Geographic Cost of Education Index (GCEI), Supplemental Grant, and Non-Public Placement Grant. Therefore, the State aid cut for FY 2010 was reduced to \$5.4 million.

BOARD OF EDUCATION SOURCES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$1,084,065	\$1,064,448	\$1,064,448	\$1,031,533
\$ CHG	203,602	-19,617	-19,617	-32,915
% CHG	23.1%	-1.8%	-1.8%	-3.1%

According to the Maryland State Department of Education, enrollment is expected to decline by 0.7% for the upcoming school year.

COMMUNITY COLLEGE SOURCES in the FY 2010 proposed budget decline by \$0.9 million or 3.0% from the FY 2009 budget. The revenue mostly comes from tuition, fees, charges and formula-driven State aid. State aid for Community College is expected to increase by \$0.2 million in FY 2009. Tuition and fees are projected to decrease by \$1.2 million. Use of fund balance is anticipated to drop by \$0.9 million. Starting in FY 2009, the Community College receives an additional \$2.0 million reimbursement from M-NCPPC for expenses associated with their recreational activities.

COMMUNITY COLLEGE SOURCES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$55,239	\$62,377	\$61,457	\$60,505
\$ CHG	3,586	7,138	6,218	-1,872
% CHG	6.9%	12.9%	11.3%	-3.0%

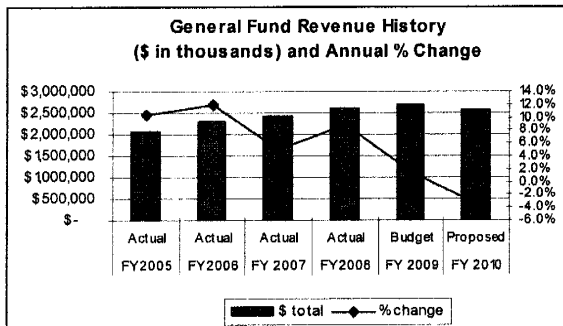
LIBRARY SOURCES are projected to increase by \$0.7 million or 8.1% in FY 2010, primarily due to the \$1.3 million use of fund balance. Fines, fees and other revenue generated by the Library system are expected to be flat from FY 2009. State aid to the library system is projected to decrease by \$0.7 million based on a reduced per resident rate.

LIBRARY SOURCES				
(\$ in thousands)				
	FY 2008	FY 2009	FY 2009	FY 2010
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$8,509	\$8,084	\$8,084	\$8,736
\$ CHG	965	-425	-425	652
% CHG	12.8%	-5.0%	-5.0%	8.1%

SUMMARY: The County's total General Fund revenues are projected to decline by \$93.3 million or 3.5% in FY 2010 from the FY 2009 budget. This is mainly attributed to the continuous declines in the housing market, the economy and the labor market, as well as local aid cuts made by the State. Excluding outside aid, county source revenues are expected to be \$59.2 million or 3.8% lower than the FY 2009 budget. Among county source revenues, transfer and recordation taxes, personal property taxes, income tax receipts, construction permit fees, interest income and intergovernmental revenues (mainly State aid to local government) experience significant decreases. In outside aid, the Board of Education and Memorial Library experience cuts from the State. Total outside aid is anticipated to decline by \$34.1 million or 3.0% from the FY 2009 approved budget.

TOTAL GENERAL FUND (\$ in thousands)				
	FY 2008 ACTUAL	FY 2009 APPROVED	FY 2009 ESTIMATED	FY 2010 PROPOSED
COUNTY SOURCE	\$1,486,497	\$1,538,546	\$1,470,677	\$1,479,369
\$ CHG	5,505	52,049	-15,820-	59,177
% CHG	0.4%	3.5%	-1.1%	-3.8%
OUTSIDE AID	\$1,147,813	\$1,134,908	\$1,133,988	\$1,100,773
\$ CHG	208,152	-12,905	-13,825-	34,135
% CHG	22.2%	-1.1%	-1.2%	-3.0%
TOTAL YIELD	\$2,634,310	\$2,673,454	\$2,604,665	\$2,580,142
\$ CHG	213,657	39,144	-29,645-	93,312
% CHG	8.8%	1.5%	-1.1%	-3.5%

The actual general fund revenues in FY 2008 increased by 8.8%, which was mostly attributed to the 22.2% increase in outside aid. State aid increased significantly during the year as it was the last year of the phase-in of the Thornton legislation. The Board of Education's \$69.0 million use of fund balance also contributed to the increase.



The following chart summarizes the proposed State aid cuts to the County government and educational agencies for FY 2010. It also includes certain potential

expenditure increases included in the State budget. The total revenue loss is expected to be \$11.4 million, while the grand total impact on Prince George's County (including expenditure increases) is projected at a negative \$16.1 million.

FY 2010 GOVERNOR'S PROPOSED BUDGET IMPACT ON PRINCE GEORGE'S COUNTY			
(\$ IN MILLIONS)	FY 2009	FY 2010	GAIN/(LOSS)
Foundation Aid	\$ 516.3	\$ 491.1	\$(25.2)
Geographic Cost of Education Index (GCEI)	23.6	39.1	15.4
Guaranteed Tax Base	24.9	6.8	(18.0)
Compensatory Education	189.0	184.7	(4.3)
Non-Public Placement	28.4	29.9	1.5
Supplemental Grant	-	25.1	25.1
Other Education Aid	139.6	139.6	0.1
SUBTOTAL EDUCATION AID	\$ 921.7	\$ 916.4	\$(5.4)
Community College Aid	\$ 23.7	\$ 23.9	0.2
Library Aid	6.5	5.8	(0.7)
Local Health Grant	9.0	7.7	(1.3)
Local Jail Reimbursement	2.6	2.0	(0.6)
Other Aid	67.8	67.7	(0.1)
SUBTOTAL OTHER DIRECT AID	\$ 109.7	\$ 107.2	\$(2.5)
Reimbursement of Income Tax Reserve Account	-	(3.6)	(3.6)
SUBTOTAL OTHER REVENUE LOSS	\$ -	\$(3.6)	\$(3.6)
TOTAL REVENUE LOSS	\$ 1,031.4	\$ 1,020.0	\$(11.4)
Transfer of SDAT Costs	\$ -	\$ 4.7	\$(4.7)
TOTAL NEW EXPENSE INCREASE	\$ -	\$ 4.7	\$(4.7)
GRAND TOTAL COUNTY IMPACT	\$ 1,031.4	\$ 1,018.3	\$(13.1)

In conclusion, in FY 2010 the County is expected to experience one of the most significant revenue challenges in its recent history.

**ASSESSABLE BASE
REAL AND PERSONAL PROPERTY**
(\$ in millions)

Location	REAL PROPERTY 2009	PERSONAL PROPERTY 2009	TOTAL BASE 2009	REAL PROPERTY 2010	PERSONAL PROPERTY 2010	TOTAL BASE 2010
Berwyn Heights	\$ 232.56	\$ 19.87	\$ 252.43	\$ 257.28	\$ 19.57	\$ 276.85
Bladensburg	338.37	20.61	358.98	350.10	19.70	369.80
Bowie	5,086.35	112.78	5,199.13	5,708.49	110.99	5,819.48
Brentwood	157.45	3.75	161.20	188.67	3.86	192.53
Capitol Heights	227.80	6.79	234.59	237.79	6.52	244.31
Cheverly	418.17	16.35	434.52	426.77	16.03	442.80
College Park	1,629.98	69.77	1,699.75	1,939.95	64.96	2,004.91
Colmar Manor	71.22	2.14	73.36	71.70	2.04	73.74
Cottage City	75.24	4.01	79.25	78.91	3.65	82.56
District Heights	289.21	4.21	293.42	295.60	4.29	299.89
Eagle Harbor	6.31	0.03	6.34	8.30	0.09	8.39
Edmonston	117.76	5.06	122.82	131.19	5.32	136.51
Fairmount Heights	85.49	1.24	86.73	88.08	1.28	89.36
Forest Heights	141.91	2.62	144.53	157.02	2.51	159.53
Glenarden	305.40	4.78	310.18	328.46	4.95	333.41
Greenbelt	1,709.59	77.40	1,786.99	1,853.88	75.53	1,929.41
Hyattsville	1,326.30	78.58	1,404.88	1,565.77	80.61	1,646.38
Landover Hills	77.59	2.59	80.18	77.66	2.61	80.27
Laurel	2,072.71	90.51	2,163.22	2,491.71	91.31	2,583.02
Morningside	77.91	1.28	79.19	78.79	1.33	80.12
Mount Rainier	307.57	4.40	311.97	344.83	4.09	348.92
New Carrollton	609.20	11.93	621.13	625.60	11.67	637.27
North Brentwood	36.71	0.86	37.57	42.74	1.04	43.78
Riverdale Park	450.24	13.29	463.53	511.91	14.02	525.93
Seat Pleasant	223.76	5.75	229.51	233.83	5.69	239.52
University Park	246.02	1.77	247.79	266.37	1.99	268.36
Upper Marlboro	76.16	21.29	97.45	84.59	21.86	106.45
SubTotal	\$ 16,396.99	\$ 583.67	\$ 16,980.66	\$ 18,445.98	\$ 577.51	\$ 19,023.49
Unincorporated Area	\$ 47,445.72	\$ 2,319.17	\$ 49,764.89	\$ 51,407.13	\$ 2,302.81	\$ 53,709.94
TOTAL COUNTY WIDE	\$ 63,842.71	\$ 2,902.84	\$ 66,745.55	\$ 69,853.11	\$ 2,880.32	\$ 72,733.43

Note: 1) Numbers may not add due to rounding.

- 2) Starting in FY 2002, real property in Maryland has been assessed at 100% of market value rather than 40% in most cases under prior law. Assessed value of personal property remains unchanged at 100% of market value.
- 3) Adjustment is made in the real property assessment base to exclude the incremental assessment value for the Tax Increment Financing (TIF) district in National Harbor. The incremental tax revenues from the TIF will be fully dedicated to the debt service for construction in the TIF area.

Source: State Department of Assessments and Taxation

PROPERTY TAX LIMITATION FISCAL YEAR 2010

At the 1978 general election, the voters of the County adopted an amendment to Section 817, Article VIII, of the Prince George's County Charter limiting future collections of real property taxes. The amendment, which became effective in December 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for "Tax Reform Initiative by Marylanders"). The amendment forbade the County Council to "levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in FY 1979," or \$143.9 million. At the 1984 general election, an amendment to TRIM was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate of \$2.40 for each \$100 of assessed value. The County passed legislation capping taxable assessment growth in FY 1994 and future years for owner occupied residences at the lesser of the change in the Consumer Price Index (CPI) or 5% of the prior year's taxable assessment. For FY 2009 the cap is set at 3%. This limitation is a charter mandated computation passed by the voters in November 1994 and is permitted by the Tax Property Article, Section 9-105 of the Annotated Code of Maryland.

In 2000, Maryland Senate Bill 626 provided that beginning in tax year 2001, property tax rates shall be applied to 100%, instead of 40%, of the value of real property, and that the real property tax rate be adjusted to make the impact revenue neutral. The bill also stipulated that any limit on a local real property tax rate in a local law or charter provision shall be constructed to mean a rate equal to 40% times the rate stated in the local law or charter provision. As a result, nominal real property rate of the County was adjusted to \$0.96/\$100 of assessed value in FY 2002.

Yield Calculation

	FY 2010 Tax Base	FY 2010 Tax Yield
REAL PROPERTY BASE JULY 1, 2009 ¹	\$69,853,100,912	
Add: New Construction Annualized for Cyclical Base Adjustments & Net of Assessment Cap	<u>200,000,000</u>	
TOTAL REAL PROPERTY BASE FY 2010	\$70,053,100,912	
Nominal Real Property Tax Rate/\$100	\$0.96	
REAL PROPERTY YIELD		\$672,509,769
TOTAL PERSONAL PROPERTY BASE FY 2010	\$2,880,318,000	
Nominal Personal Property Tax Rate/\$100	\$2.40	
PERSONAL PROPERTY TAX YIELD		<u>\$69,127,632</u>
TOTAL PROPERTY TAX YIELD (Unadjusted)		\$741,637,401
Less: Collection Allowance (1.3%)		(9,490,203)
Municipal Tax Differential		(25,538,621)
Adjustments ²		<u>(1,309,177)</u>
TOTAL GENERAL FUND PROPERTY TAX YIELD		\$705,299,400
Total County Real Property Nominal Tax Rate/\$100	\$0.96	
Total County Personal Property Nominal Tax Rate/\$100	\$2.40	

¹ Estimates based on reports from the State Department of Assessments and Taxation (as of February, 2009). Adjustments for abatements/credits, a 5% cap on reassessment growth, and the increment assessment value for the Tax Increment Financing (TIF) district in National Harbor are included.

² Adjustments include regular and one-time adjustments.

CONSTANT YIELD DATA

The County real property tax rates for municipalities and the unincorporated area of the County are detailed below, along with the constant yield tax rates as certified by the State Department of Assessments and Taxation. In accordance with Title 6, Subtitle 6-308 of the Tax-Property Article of the Annotated Code of Maryland, a rate which exceeds the constant yield rate is subject to certain advertising and public hearing requirements. Per Maryland Senate Bill 626, the real property tax rate was adjusted to reflect the conversion to full value assessments of real property, effective October 1, 2000. Starting from February, 2001, personal property has been excluded from the constant yield tax rate as reported by the State Department of Assessments and Taxation. The personal property tax rate is fixed at 2.5 times the rate on real property.

LOCATION	APPROVED 2009			PROPOSED 2010		
	TAX RATE	CONSTANT YIELD		TAX RATE	CONSTANT YIELD	
		TAX RATE	OVER (UNDER)		TAX RATE	OVER (UNDER)
Berwyn Heights	\$ 0.7970	\$ 0.7420	\$ 0.0550	\$ 0.7970	\$ 0.7250	\$ 0.0720
Bladensburg	0.7880	0.7300	0.0580	0.7900	0.7590	0.0310
Bowie	0.9090	0.8790	0.0300	0.8660	0.8350	0.0310
Brentwood	0.9360	0.8280	0.1080	0.9340	0.8200	0.1140
Capitol Heights	0.8120	0.7700	0.0420	0.8100	0.7900	0.0200
Cheverly	0.8050	0.7610	0.0440	0.8040	0.7990	0.0050
College Park	0.9450	0.8300	0.1150	0.9460	0.8410	0.1050
Colmar Manor	0.9210	0.8730	0.0480	0.8870	0.9240	(0.0370)
Cottage City	0.8100	0.7540	0.0560	0.8140	0.7760	0.0380
District Heights	0.8020	0.7630	0.0390	0.8020	0.8130	(0.0110)
Eagle Harbor	0.9570	0.7270	0.2300	0.9590	0.7560	0.2030
Edmonston	0.8030	0.7290	0.0740	0.8090	0.7250	0.0840
Fairmount Heights	0.8720	0.8100	0.0620	0.8690	0.8660	0.0030
Forest Heights	0.8410	0.7830	0.0580	0.8410	0.7630	0.0780
Glenarden	0.8250	0.7780	0.0470	0.8250	0.7720	0.0530
Greenbelt	0.7840	0.7230	0.0610	0.7840	0.7290	0.0550
Hyattsville	0.7880	0.7130	0.0750	0.7880	0.7110	0.0770
Landover Hills	0.7970	0.7550	0.0420	0.7970	0.8020	(0.0050)
Laurel	0.7560	0.6760	0.0800	0.7550	0.6750	0.0800
Morningside	0.8110	0.7640	0.0470	0.8170	0.8000	0.0170
Mount Rainier	0.7900	0.7100	0.0800	0.7890	0.7070	0.0820
New Carrollton	0.8620	0.8300	0.0320	0.8460	0.8460	-
North Brentwood	0.9500	0.8430	0.1070	0.9510	0.8390	0.1120
Riverdale Park	0.7860	0.6980	0.0880	0.7850	0.6960	0.0890
Seat Pleasant	0.8020	0.7580	0.0440	0.8010	0.7750	0.0260
University Park	0.8010	0.7650	0.0360	0.8000	0.7450	0.0550
Upper Marlboro	0.8340	0.7840	0.0500	0.8190	0.7600	0.0590
Unincorporated Area	\$ 0.9600	\$ 0.8880	\$ 0.0720	\$ 0.9600	\$ 0.8990	\$ 0.0610

FY 2010 Allocated General Fund Revenues

Some County revenues are allocated to cover some or all costs of specific services. Listed below are the allocated General Fund revenues.

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2008 Budget</u>	<u>FY 2009 Budget</u>	<u>FY 2010 Proposed</u>
County Council	Zoning Fees	\$ 62,000	\$ 80,000	\$ 60,000
	Total County Council	\$ 62,000	\$ 80,000	\$ 60,000
Office of Homeland Security	911 Fees	\$ 7,302,600	\$ 7,242,000	\$ 6,978,800
	Federal OEP Grant	80,000	120,000	100,000
	Total Office of Homeland Security	\$ 7,382,600	\$ 7,362,000	\$ 7,078,800
Board of License Commissioners	Liquor Licenses	\$ 1,044,500	\$ 1,065,400	\$ 1,241,000
	Total Board of License Commissioners	\$ 1,044,500	\$ 1,065,400	\$ 1,241,000
Board of Elections	Sale of Voter Material	\$ 8,000	\$ 8,000	\$ 8,000
	Total Board of Elections	\$ 8,000	\$ 8,000	\$ 8,000
Office of Central Services	Property Rental	\$ 800,000	\$ 800,000	\$ 1,000,000
	Sale of Surplus Property	115,900	138,000	207,800
	Green Programs	-	50,000	50,000
	Leased Space to M-NCPPC	-	150,000	588,000
	Total Central Services	\$ 915,900	\$ 1,138,000	\$ 1,845,800
Circuit Court	Bail Bondsman	\$ 616,800	\$ 680,000	\$ 750,000
	Circuit Court Marriage Certificate	42,000	50,000	40,000
	Domestic Relations-Master Salaries	385,500	385,500	200,000
	Jury Fees Reimbursement	653,100	765,000	700,000
	Court Appearance Fees	150,000	180,000	180,000
	Miscellaneous	5,800	7,100	7,100
	Total Circuit Court	\$ 1,853,200	\$ 2,067,600	\$ 1,877,100
	Office of the Sheriff	Circuit Court & District Court	\$ 385,000	\$ 365,000
Evictions Revenue		1,670,200	1,583,000	2,300,000
Miscellaneous Fees		403,000	402,000	270,000
Total Sheriff		\$ 2,458,200	\$ 2,350,000	\$ 3,000,000
Department of Corrections	Corrections Charges	\$ 3,673,000	\$ 3,388,700	\$ 3,005,000
	Total Corrections	\$ 3,673,000	\$ 3,388,700	\$ 3,005,000
Department of Environmental Resources	Building and Grading Permits	\$ 11,552,300	\$ 10,370,400	\$ 5,668,800
	Business Licenses (Apt. & SF Rental)	2,270,000	1,938,800	2,333,600
	Animal Licenses	159,600	184,400	171,200
	Business Licenses (Other)	452,900	477,400	470,300
	Zoning Enforcement	-	1,100,000	1,924,100
	Permits/Inspection	-	2,300,000	3,695,000
	Misc. M-NCPPC Revenue	750,000	750,000	750,000
	Total Environmental Resources	\$ 15,184,800	\$ 17,101,000	\$ 15,013,000
Department of Public Works and Transportation	Highway User Revenues	\$ 971,700	\$ -	\$ -
	Street Use Permits	6,130,800	5,493,400	2,010,400
	Engineering	-	1,600,000	1,620,000
	Total Public Works	\$ 7,102,500	\$ 7,093,400	\$ 3,630,400

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2008 Budget</u>	<u>FY 2009 Budget</u>	<u>FY 2010 Proposed</u>
Police Department	State Police Aid Grant	\$ 11,681,800	\$ 11,749,900	\$ 11,679,900
	Contractual Police Services	2,034,700	1,607,400	1,579,400
	Total Police	\$ 13,716,500	\$ 13,357,300	\$ 13,259,300
Fire/EMS Department	Contractual Fire Services	\$ 300,000	\$ 300,000	\$ 300,000
	Fees for Emergency Transportation & Related Services	1,950,400	6,028,000	3,139,000
	Miscellaneous Sales	5,800	4,000	9,200
	Total Fire	\$ 2,256,200	\$ 6,332,000	\$ 3,448,200
Volunteer Fire Department	State Fire Grant	\$ 1,111,000	\$ 1,120,000	\$ -
	Total Volunteers	\$ 1,111,000	\$ 1,120,000	\$ -
Health Department	State Health Grant	\$ 8,940,000	\$ 8,940,000	\$ 7,703,000
	Health Permits	1,673,100	1,641,900	1,656,800
	Health Fees	791,700	910,000	910,000
	Total Health	\$ 11,404,800	\$ 11,491,900	\$ 10,269,800
Department of Housing and Community Development	Redevelopment Division	\$ -	\$ 400,000	\$ 1,053,200
	Total Housing and Community Development	\$ -	\$ 400,000	\$ 1,053,200
Department of Social Services	State DHR DSS Grant	\$ 480,000	\$ 480,000	\$ 480,000
	Total Social Services	\$ 480,000	\$ 480,000	\$ 480,000
Office of Finance	Telecommunications Tax	\$ 348,600	\$ 263,900	\$ 250,200
	Tax Collection for M-NCPPC	-	400,000	436,700
	Total Finance	\$ 348,600	\$ 663,900	\$ 686,900
Board of Education	State & Federal Aid/Board Sources	\$ 1,039,368,300	\$ 1,064,447,800	\$ 1,031,532,800
	Energy Tax	51,246,800	60,306,800	61,747,200
	Transfer Tax	135,100,000	100,752,700	66,916,300
	Telecommunications Tax	62,132,100	47,023,400	44,593,600
	Total Board of Education	\$ 1,287,847,000	\$ 1,272,530,500	\$ 1,236,166,100
Community College	State Aid/Tuition	\$ 55,805,000	\$ 62,376,900	\$ 60,504,500
	Recreational Activities	-	2,000,000	2,000,000
	Total Community College	\$ 55,805,000	\$ 64,376,900	\$ 62,504,500
Memorial Library	State Aid/Fines	\$ 8,506,300	\$ 8,083,900	\$ 8,736,000
	Total Library	\$ 8,506,300	\$ 8,083,900	\$ 8,736,000
Sub-total		\$ 1,421,160,100	\$ 1,420,490,500	\$ 1,373,363,100
Debt	Highway User Revenues*	\$ 29,390,000	\$ 29,493,900	\$ 25,958,100
	Total Debt	\$ 29,390,000	\$ 29,493,900	\$ 25,958,100
Total		\$ 1,450,550,100	\$ 1,449,984,400	\$ 1,399,321,200

Note: Highway user revenue is used primarily on retiring debt for County General Obligation Bonds and State Participation Bonds. If funds are available after debt service payments, it is used to fund road maintenance.

Revenue items in Allocated Revenues do not match revenues in Revenue Summary which illustrates revenue groups instead of individual revenue accounts.

Starting in FY 2010, the State Fire Grant will be transferred from General Fund revenues to Grants.

CONSOLIDATED GRANT PROGRAM SUMMARY

PROGRAM NAME	FEDERAL CASH	STATE CASH	OTHER CASH	TOTAL OUTSIDE SOURCES	COUNTY CASH	TOTAL PROGRAM SPENDING*
<i>GENERAL GOVERNMENT</i>						
HUMAN RELATIONS FY 2010 TOTALS	\$ 73,400	\$ 0	\$ 0	\$ 73,400	\$ 0	\$ 73,400
OFFICE OF COMMUNITY RELATIONS FY 2010 TOTALS	\$ 0	\$ 70,000	\$ 0	\$ 70,000	\$ 0	\$ 70,000
<i>CRIMINAL/CIVIL JUSTICE</i>						
CIRCUIT COURT FY 2010 TOTALS	\$ 0	\$ 3,333,700	\$ 0	\$ 3,333,700	\$ 238,500	\$ 3,572,200
OFFICE OF THE STATE'S ATTORNEY FY 2010 TOTALS	\$ 0	\$ 860,000	\$ 0	\$ 860,000	\$ 0	\$ 860,000
OFFICE OF THE SHERIFF FY 2010 TOTALS	\$ 1,505,200	\$ 95,000	\$ 0	\$ 1,600,200	\$ 760,000	\$ 2,360,200
DEPARTMENT OF CORRECTIONS FY 2010 TOTALS	\$ 0	\$ 108,500	\$ 431,600	\$ 540,100	\$ 0	\$ 540,100
<i>PUBLIC WORKS & ENVIRONMENTAL RESOURCES</i>						
DEPARTMENT OF PUBLIC WORKS & TRANSPORTATION FY 2010 TOTALS	\$569,100	\$952,800	\$0	\$1,521,900	\$150,700	\$1,672,600
DEPARTMENT OF ENVIRONMENTAL RESOURCES FY 2010 TOTALS	\$1,480,200	\$0	\$0	\$1,480,200	\$204,800	\$1,685,000
<i>PUBLIC SAFETY</i>						
POLICE DEPARTMENT FY 2010 TOTALS	\$ 3,837,200	\$ 3,192,500	\$ 0	\$ 7,029,700	\$ 53,000	\$ 7,082,700
FIRE/EMS DEPARTMENT FY 2010 TOTALS	\$ 440,000	\$ 131,000	\$ 0	\$ 571,000	\$ 133,100	\$ 704,100
VOLUNTEER FIRE DEPARTMENT FY 2010 TOTALS	\$ 0	\$ 1,125,000	\$ 0	\$ 1,125,000	\$ 0	\$ 1,125,000
OFFICE OF HOMELAND SECURITY FY 2010 TOTALS	\$ 2,251,000	\$ 1,288,900	\$ 0	\$ 3,539,900	\$ 0	\$ 3,539,900
<i>HUMAN SERVICES</i>						
DEPARTMENT OF FAMILY SERVICES FY 2010 TOTALS	\$ 4,929,500	\$ 10,936,100	\$ 230,300	\$ 16,095,900	\$ 485,500	\$ 16,581,400
DEPARTMENT OF SOCIAL SERVICES FY 2010 TOTALS	\$ 13,363,100	\$ 3,143,900	\$ 879,400	\$ 17,386,400	\$ -	\$ 17,386,400
HEALTH DEPARTMENT FY 2010 TOTALS	\$ 23,991,600	\$ 20,653,700	\$ 1,910,100	\$ 46,555,400	\$ 520,700	\$ 47,076,100
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT FY 2010 TOTALS	\$ 73,272,700	\$ 134,600	\$ 0	\$ 73,407,300	\$ 0	\$ 73,407,300
NON-DEPARTMENTAL FY 2010 TOTALS	\$ 0	\$ 0	\$ 4,000,000	\$ 4,000,000	\$ 0	\$ 4,000,000
TOTAL FY 2010 GRANTS	\$ 125,713,000	\$ 46,025,700	\$ 7,451,400	\$ 179,190,100	\$ 2,546,300	\$ 181,736,400

*Total Program Spending is the total of County Cash and Total Outside Sources.

EDUCATION REVENUE DETAIL

	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Proposed	Change FY09-FY10
BOARD OF EDUCATION					
Unrestricted Federal Aid	\$ 188,931	\$ 424,900	\$ 424,900	\$ 424,900	0.0%
Restricted Federal Aid	88,184,800	94,377,100	94,377,100	\$ 95,922,400	1.6%
Board Sources	19,919,480	19,000,000	17,420,100	\$ 18,814,900	-1.0%
Board of Education Fund Balance	69,030,599	28,900,000	28,900,000	-	-100.0%
State Aid					
Foundation Program	\$ 525,710,485	\$ 516,270,200	\$ 516,270,200	\$ 491,107,100	-4.9%
Geographic Cost of Education Index	-	23,618,600	23,618,600	39,060,800	65.4%
Special Education	43,354,056	40,387,000	40,387,000	40,828,700	1.1%
Nonpublic Placements	26,626,225	28,398,800	28,398,800	29,896,500	5.3%
Transportation Aid	33,443,356	34,237,000	34,237,000	36,659,100	7.1%
Compensatory Education	195,228,975	189,037,600	189,037,600	184,690,400	-2.3%
Limited English Proficiency	46,809,732	55,130,200	55,130,200	54,104,000	-1.9%
Guaranteed Tax Base	23,539,201	24,867,300	24,867,300	6,832,000	-72.5%
Supplemental Grant and Other State Aid	-	2,382,900	2,382,900	25,138,400	954.9%
Restricted Grants	12,028,785	7,416,000	7,416,000	8,053,800	8.6%
	\$ 906,740,815	\$ 921,745,600	\$ 921,745,600	\$ 916,370,600	-0.6%
Subtotal Outside Aid	\$ 1,084,064,625	\$ 1,064,447,600	\$ 1,062,867,700	\$ 1,031,532,800	-3.1%
General County Sources					
General County Sources	\$ 367,364,600	\$ 406,419,200	\$ 407,484,200	\$ 412,367,900	1.5%
Telecommunications Tax	45,226,900	47,023,400	47,023,400	44,843,800	-4.6%
Energy Tax	51,246,600	60,306,800	62,723,400	61,747,200	2.4%
Transfer Tax	135,100,000	100,752,700	83,271,100	66,916,300	-33.6%
Subtotal County Revenue	\$ 598,938,100	\$ 614,502,100	\$ 600,502,100	\$ 585,875,200	-4.7%
TOTAL	\$ 1,683,002,725	\$ 1,678,949,700	\$ 1,663,369,800	\$ 1,617,408,000	-3.7%
COMMUNITY COLLEGE					
County Contribution	\$ 27,789,900	\$ 30,484,600	\$ 30,484,600	\$ 30,484,600	0.0%
State Aid	21,682,169	23,683,900	22,763,900	23,904,500	0.9%
Tuition and Fees	31,762,048	33,604,100	33,604,100	32,400,000	-3.6%
Other Revenues	1,795,139	3,200,000	3,200,000	3,200,000	0.0%
Fund Balance	-	1,888,900	1,888,900	1,000,000	-47.1%
TOTAL	\$ 83,029,256	\$ 92,861,500	\$ 91,941,500	\$ 90,989,100	-2.0%
LIBRARY					
County Contribution	\$ 18,572,000	\$ 18,572,000	\$ 18,328,400	\$ 17,004,000	-8.4%
State Aid	6,566,298	6,522,200	6,522,200	5,845,000	-10.4%
Interest	224,013	196,000	196,000	196,000	0.0%
Fines	557,701	535,000	535,000	720,000	34.6%
Fees	93,677	275,700	275,700	90,000	-67.4%
Miscellaneous	547,653	555,000	555,000	555,000	0.0%
Fund Balance	600,000	-	-	1,330,000	
TOTAL	\$ 27,161,342	\$ 26,655,900	\$ 26,412,300	\$ 25,740,000	-3.4%

Note: Numbers may not add due to rounding.

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 either 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 FY 1999, County legislation set a five-year rolling average for changes in the municipal differential rates. Beginning in FY 2004 and each year thereafter, this changed 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 FY 2001, 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 FY 2002, 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).

FY 2010 TAX DIFFERENTIAL RATES

Municipality	FY 2010 TAX DIFFERENTIAL		FY 2010 VALUE		TOTAL
	PERSONAL PROPERTY	REAL PROPERTY	PERSONAL PROPERTY	REAL PROPERTY	
Berwyn Heights	0.310	0.163	\$ 60,662	\$ 419,371	\$ 480,033
Bladensburg	0.395	0.170	77,812	595,162	672,974
Bowie	0.219	0.094	243,071	5,365,978	5,609,049
Brentwood	0.061	0.026	2,354	49,053	51,407
Capitol Heights	0.349	0.150	22,763	356,679	379,441
Cheverly	0.364	0.156	58,349	665,764	724,113
College Park	0.033	0.014	21,438	271,593	293,031
Colmar Manor	0.170	0.073	3,474	52,338	55,812
Cottage City	0.341	0.146	12,450	115,210	127,659
District Heights	0.369	0.158	15,825	467,048	482,873
Eagle Harbor	0.003	0.001	3	83	86
Edmonston	0.352	0.151	18,736	198,096	216,831
Fairmount Heights	0.211	0.091	2,697	80,157	82,854
Forest Heights	0.276	0.119	6,916	186,855	193,771
Glenarden	0.315	0.135	15,578	443,419	458,997
Greenbelt	0.410	0.176	309,689	3,262,833	3,572,522
Hyattsville	0.401	0.172	323,244	2,693,122	3,016,366
Landover Hills	0.380	0.163	9,924	126,578	136,503
Laurel	0.476	0.205	434,613	5,108,005	5,542,617
Morningside	0.332	0.143	4,409	112,664	117,073
Mount Rainier	0.397	0.171	16,235	589,663	605,898
New Carrollton	0.266	0.114	31,054	713,184	744,237
North Brentwood	0.022	0.009	229	3,847	4,076
Riverdale	0.407	0.175	57,071	895,841	952,913
Seat Pleasant	0.371	0.159	21,113	371,797	392,910
University Park	0.373	0.160	7,422	426,184	433,606
Upper Marlboro	0.328	0.141	71,693	119,275	190,968
Total			\$ 1,848,823	\$ 23,689,798	\$ 25,538,621