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SELECTED PROBLEMS OF PROPERTY TAXATION
IN LOCAL GOVERNMENT FINANCE
IN THE U.S.A.

by
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Local property tax is the major representative of wealth taxation in U.S. tax system. Property taxation is the oldest major form of taxation in the U.S.A. and it is still the third most important tax in the U. S. Property tax jurisdiction and assessment procedures are very comprehensive and generally rest with local governments.

The considerable U.S. experience with the property tax and its role in local government finance should be very useful for property tax improvement in the Czech Republic.

The problem is that there are not only fifty states in the United States but fifty systems of local governments too. There are differences among states on the jurisdiction on one hand and the composition of state-local general revenue structures on the other hand: the share derived from property taxes ranges from 43 percent in the highest state to 6 percent in the lowest.

That is reason to use for research on property tax problems not only general information about property taxation in the U.S. It seems that will be useful to view property taxation on one state and on one municipality.

In this paper we have chosen State of Maryland and City of Baltimore.

Maryland is relatively comparable with the Czech Republic as to his area and number of his inhabitants. In comparing Maryland to other states it must also be remembered that local government

structure is simpler in Maryland than in most states. Maryland have no independent local units like "townships" and "school districts". So, his administrative structure [counties, municipalities] comes near to the Czech situation with corresponding implication to the property tax. And last but not least Maryland is in the middle range of property tax utilization by a variety of measures in the U.S.A.

The independent **City of Baltimore** has broad constitutional and statutory powers to raise revenues and greater statutory authority to impose taxes than other municipalities in Maryland. His position is not complicated by relationship to county. On the other hand City provides and finances on a large scale public goods and services. So, it is maybe a good example for the Czech Republic to give the local governments more responsibilities for property tax.

1. THE ROLE OF PROPERTY TAXATION IN LOCAL GOVERNMENT FINANCE

1.1 Property tax as the major source for local governments

Property taxation has been a major source of government revenue at the state or local level in the **United States** since colonial times. Into the early years of the twentieth century, property taxation was the major tax source for state governments. At the turn of the century over 50 percent of state governments' tax revenues came from property taxation. But it was the Great Depression of the 1930s that brought actual state property-tax reduction and serious state tax diversification. By 1940, less than 8 percent of state revenue came from property taxes. The figure now is roughly 1 percent [Table 1]. The share of property taxes in the state taxes is 2 percent [Table 2].

Thus, the property tax is also wholly - over 96 percent - a local tax [Table 3]. Not only do most property taxes go to local governments, but local governments are also very reliant on that tax. In 1991 property taxes provided 75 percent of the local taxes, over 47 percent of the general revenues from own-sources and almost 30 percent of the general revenue of local governments, second only to state aid in importance [Table 4 and Table 5].

Local government reliance on the property tax generally declined over the past thirty years, however. Despite continued

long-term relative decline, absolute property-tax amounts have grown substantially, averaging 7.8 percent growth per year between 1957 and 1988, 8.3 percent between 1982 and 1991 [Table 4].

This decrease in property tax reliance resulted from larger increases in state and federal aid than property taxes over period and from increase use of local government sales and income taxes and user charges. The greater deterioration in the property-tax role in own/source revenue reflects a trend toward greater local reliance on nontax revenue. The importance of charges and miscellaneous revenues increases rapidly. These revenues have soared from less than 10 percent of local own general revenues in the mid-1930s to almost 37 percent in 1991 [Table 6]. Sales and personal income taxes have also grown in importance to local governments.

The degree of property-tax reliance varies substantially by type of government [Table 1 and 2]. There are differences as regards percent distribution of property tax revenue among corresponding type of local government too [Table 7]. Counties and municipalities account for almost exactly the same percentage of total local property taxes, a bit less than one-fourth. Counties, however, rely more heavily upon property taxation; county revenue systems, on average, are less diversified than those of municipalities. Townships account only 6.5 percent of local property taxes, but are more reliant than counties on property taxes. Clearly, township revenue structures are less diversified than those of other sorts of local governments, and their property taxes are less. The most intensive users of property taxation are

the [independent] school districts. They raised almost as much as counties and municipalities combined. Moreover, property taxation accounts for almost all local school-tax revenue and the vast majority of all own-source general revenue of school districts. Special districts account for a very small portion of local property-tax levies. This small amount, however was enough to represent three-fourths of special district's total taxes, but only small part of their own-source general revenue. These figures reflect the high reliance of such units on nontax revenue, especially charges and fees.

Basically, **Maryland** follows this general pattern, although the exact numbers are somewhat different [Table 8]. Compared to the national average, property taxation is less important in the overall state-local tax structure in Maryland [27 percent versus 32 percent nationwide], but somewhat more important at the state level [2.8 percent versus 2.0 percent nationwide].

State property tax revenue in the FY 1990-91 was \$ 180 million [but state returns one-half that amount to local governments]. State law commits the state property tax to the service of general obligation debt in Maryland. State property tax is the main source from debt service [55 - 65 % in the last years]. For the fiscal years 1982 through 1994, the state property tax rate has been maintained at 21 cents. All personal property is exempt from state taxation after June 30, 1984.

Nevertheless property tax in Maryland is primarily a local tax; in the FY 1990-91 local governments property tax collection

was \$ 2,816 million [for counties \$ 2,205 million, for municipalities \$ 609 million and for special districts \$ 2 million]. On the other hand reliance on income taxes at the local level in Maryland is well above the national average.

To compare Maryland to other states Maryland has not only less property tax share on general revenue [17.2%] than U. S. average [18.6%] but also absolutely and relatively less property tax burden [Table 9].

Like in the U.S. generally different types of local governments have different degrees of reliance upon property taxation which is the case in Maryland too [Table 10]. Most reliant upon property taxation in FY 1991 were special districts, for which property taxation accounted almost 100 percent of tax revenue, while municipalities [towns] derived over two-thirds and counties over one-half of their tax revenue from property taxation. The order of local government types is reversed, however, for their shares of total local property taxes accounted for by each [Table 10]. The Maryland property tax is chiefly a county [including Baltimore City] tax [almost four-fifths of local property tax collection].

Foregoing figures deal only with taxes. In FY 1991, taxes accounted for only 52.3 percent of total local general revenue in Maryland - 60.1 percent for counties, 38.4 percent for municipalities, and 0.4 percent for special districts.

In comparing Maryland to other states, it must also be remembered that public schools in Maryland are operated by counties, rather than by independent school districts.

In absolute terms, the property tax in Maryland has grown substantially. Relative significance of the tax is another matter.

Property tax share of total state-local taxes [%]

	1942	1957	1967	1977	1987	1988	1991
U.S. average	53.2	44.6	42.7	35.6	29.9	30.4	32.0
Maryland	57.7	42.5	41.2	29.8	24.4	24.2	27.0

Thus, the long-term relative decline of the property tax has been much greater in Maryland than for nation as a whole, falling from well above the nationwide average in 1942 to well below the average in 1991.

The diversification of tax systems reflected by these figures, however, has been particularly pronounced at the state level.

Property tax share of local taxes [%]

	1942	1957	1967	1977	1987	1988	1991
U.S. average	92.4	86.7	86.6	80.6	73.7	74.1	75.3
Maryland	94.7	88.8	87.0	65.6	57.6	57.2	60.0

Thus, role of property taxation in local taxes has declined greater in Maryland than for nation as a whole.

We can summarize: In Maryland the property tax makes about 33 percent of the county total revenue and over 25 percent of the average municipal budget. About 6 percent of the property tax goes to the state.

1.2 Property tax revenue stability

The decline in the share of general local government's revenues raised from the property tax is the significant trend in the United States. This decline reflects the rising level of other taxes and use charges and increased importance of the federal sector rather than a fall in the level of property taxation. The question is whether property tax revenue is stable source of own local governments revenues.

Despite certain determination done by state, local governments have authority "to manage" their property tax revenue. Thus the property-tax rate has been set at the level needed to balance local budgets.

Problems of composition of tax base, methods and procedures for assessing property value for tax purposes and property-relief measures that narrow the base are the focus of Chapter 2 and Chapter 3. This part summarizes general connections.

The absolute dollar amount produced by the property tax in any single year is calculated as the product of the property-tax rate and the property-tax base. The nominal property-tax rate is determined by the legislative process. The property-tax base - the assessed value - changes as a result of a change in the level of assessment. This, in turn, is largely a function of the frequency of assessment and the degree to which assessed values capture changes in market values resulting from real and nominal economic growth. Thus, given a constant assessment ratio, the base would increase in direct proportion to the growth in market

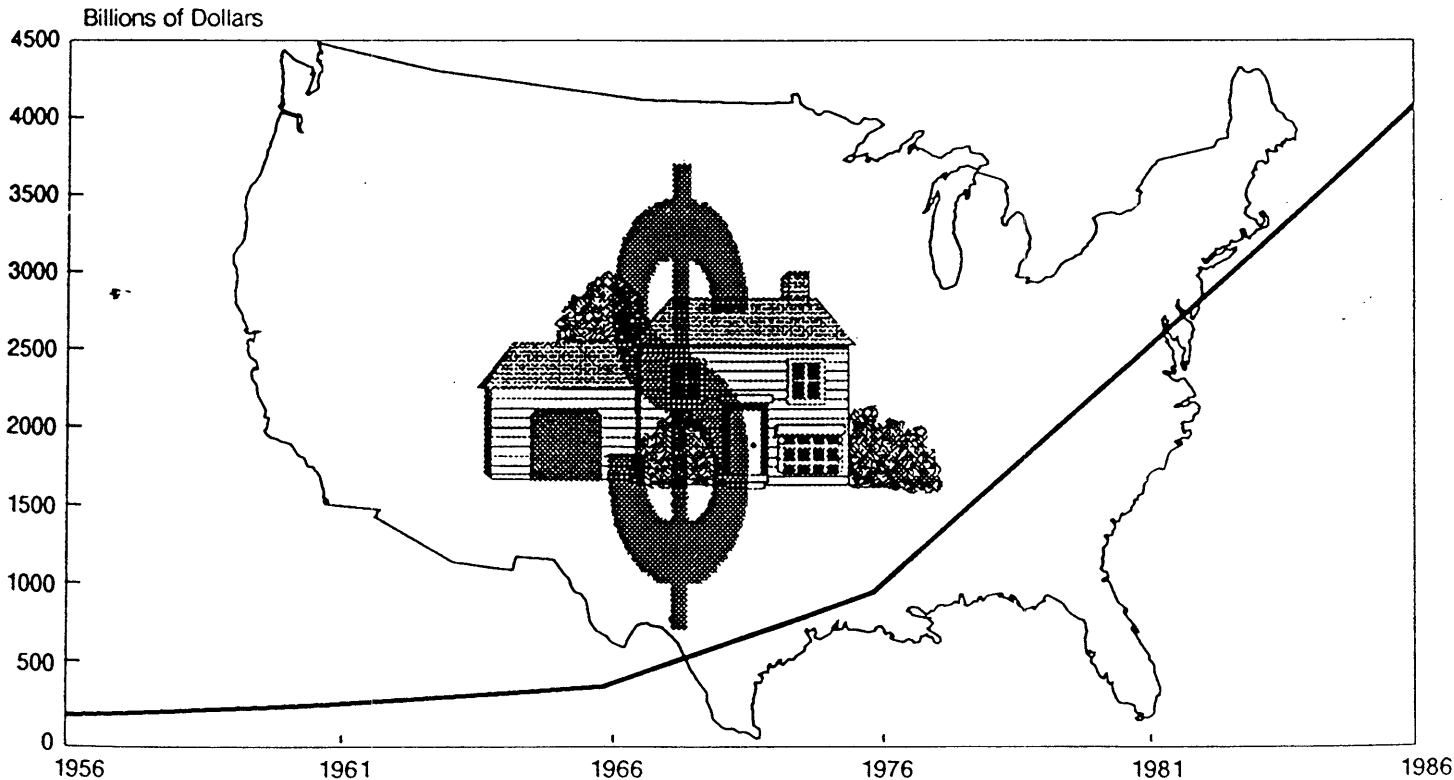
values.

Nation's base of taxable property [incl. every components of this base] has climbed substantially. In 1986 [last data nationwide] this base climbed to almost \$ 5 trillion, more than 17 times that total base 1956 [the year covered by the first census of governments' property value survey. Nearly 80 percent of this nationwide increase since 1956 came during the last ten years: the combination of inflation, rising statutory assessment levels and reassessment [see source 8].

FIGURE 1

Gross Assessed Value of Locally Assessed Taxable Real Property:

1956-1986



Source: U.S. Bureau of the Census, Taxable Property Values [1989]

Gross assessed value of locally assessed realty in 1986 accounted for \$ 4.1 trillion of the property tax base, almost 20 times the total three decades earlier.

In such a circumstance, assuming a constant property-tax rate, the property tax will generate a known and stable revenue stream. The responsiveness of property tax revenue to economic growth, when such growth is measured by income growth [the income elasticity of property-tax revenues], depends upon [1] the responsiveness of market values to economic growth and [2] the ability of the local assessing jurisdiction to capture changing market values through the assessment process.

A stable tax typically will generate revenues that change relatively more slowly than income - i.e., the revenue is income inelastic.

In general, depending on assessment procedures and the extent to which increased market values are reflected in the property-tax base, the property tax is characterized as being a unitary elastic revenue source. Thus, if a jurisdiction relied totally on the property tax as a source of revenue, it would continually face a fiscal gap as the economy grew, since the demand for services is income elastic, but property-tax revenue are not. The resulting fiscal gap would create constant pressure on local officials to increase the property-tax rate.

Alternatively, to the extent a jurisdiction diversifies its revenue structure by de-emphasizing the property tax in favor of more income-responsive revenue sources - e. g., the income tax and sales tax - this problem becomes less critical.

Dependence on the property tax has both good and bad implications. The property tax is considered to be the foundation of local tax and revenues structures due to its reliability. Credit analysts generally regard a certain degree of dependence on the property tax as a good thing because it indicates that a government has a steady source of revenues to meet its debt service obligations and fund government operations.

Advantage of property tax revenue is its predictability. Typically, the assessed values for a community are determined and known before the local governments adopt their budgets for coming fiscal year. Given those tax bases, the governing bodies can adjust the amount of property revenue by adjusting tax rates. A decision to keep tax rates constant when it is known that assessed values have increased is a decision to increase property tax revenue.

On the other hand, diversification of the tax and revenue structure, primarily through the introduction of income and general sales taxes, can increase the elasticity of the tax and revenue structure and reduce taxpayer pressure on the property tax.

Property revenue stability is as a matter of course only one criterion or reason why this tax should be an integral part of any local revenue system. Further criteria will be discuss in the last part of Chapter 1.

In Maryland property tax is mainly county tax. Maryland

counties impose different rates on taxable property. These property-tax rates have mostly changed during last years [Table 11]. In addition municipalities and special districts impose own property tax rates [Table 12 and Table 13] but far smaller.

Baltimore City aside, differences across the state are relatively small. But to compare for example Baltimore County`s property tax rate to Talbot County`s it is necessary to mention that Baltimore County provides all local services from its levy in contrast to Talbot County where a high proportion of local services is paid from municipal taxes. Therefore to compare property tax rates between counties some equalizing adjustments must be made [one way of doing this is shown in Table 14].

One of the approaches how to judge stability of property tax revenue yield is comparision nominal property-tax rate to "constant yield tax rate" [Table 11]. This will represent a rate sufficient to provide the same property tax revenue as generated the previous taxable year. Thus in almost all counties in Maryland property-tax rates have made possible to get bigger revenue although level of these rates has been stable or fallen.

The reason is that total assessable base for property tax has inscreased more than rate was declined [Table 15]. It means that in Maryland market value of property has increased and the assessmement process has reflected this fact. General rise in property values has allowed counties to increase property tax collection without increasing tax rates. In the 1990s property-tax rates of two-thirds of counties have been stable or going down. This rate fall has been less than constant yield: thus that

is a relative rate increase. The property tax revenue in context of other counties` revenues in the majority of counties in Maryland has been sufficient. Local governments have not had to solve problem of fiscal gap by nonpopular way - nominal property-tax rate increasing.

The other approach is observing local property tax revenues trends:

	[\$ in million]			
	1980	1985	1989	1992
Counties and Baltimore City	1,088	1,597	2,283	2,887
Municipalities	54	87	128	165
Total	1,142	1,684	2,411	3,052

The annual percentage increase in property tax revenues has remained relatively stable since FY 1980. But the property tax constituted a significantly smaller share of local governments` revenue these days than it did in 1980.

This relative decline of property tax revenue has not only connected with increase of other local governments` revenues. As we now see the trend among most counties has been to lower property tax rates. In addition some state credit programs have reduced property tax revenue too.

1.3 Property tax process and local government`s responsibilities

Property tax is more complicated and is different from other taxes in at least two important ways.

First both the tax base and the tax rate are determined by

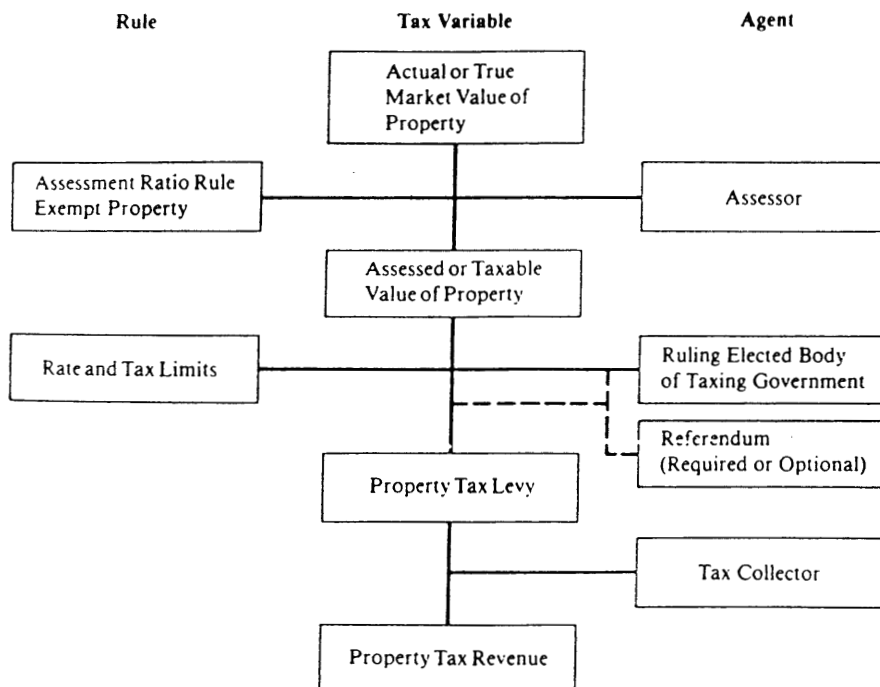
government. The property tax base, which is property value, often must be estimated when market transactions are unavailable. This arise because the property tax is based on wealth, a stock, rather than an annual economic flow. Therefore, methods and procedures for assessing property value for tax purposes must be part of the property tax structure.

Second, different government agencies, and sometimes even different levels of subnational government, are responsible for different aspects of the property tax process.

The typical procedure for assessing, levying, and collecting property taxes in the **United States** is outlined in figure below:

FIGURE 2

Property Tax Process



Source: Ronald C. Fisher: State and Local Public Finance [1987]

First, the assessed value [taxable value] of each piece of property is computed by an assessor from an estimate of the market value of the property made according to a specific set of procedures, usually established by state law. Given that estimate of market value, the assessed value is specified by law or common practice as some specific percentage of market value, called the assessment ratio rule. It at least must be within some specified range of percentage of market value. Tax assessors are now most often professional employees. In most states, local assessors are constrained by state laws and procedures, and their assessments may be reviewed by county and/or state officials.

If different types or classes of property are assessed according to different assessment ratio rules, the tax is called a classified property tax. Classification provides a way to alter the distribution of property tax burden among different types of property. In addition, some types of property may be exempt from property tax. The assessed value of these properties is implicitly set equal to zero. In fact exempt properties are often not considered or evaluated by assessors.

The revenue from any tax is computed by multiplying the tax base by a tax rate. Given the total assessed value of all properties in a taxing jurisdiction, therefore, the governing body of each local government - such as the city council, town commission, or school district board - sets a tax rate sufficient to generate the desired property tax revenue. In many states, the local governments are constrained in setting the property tax

rate by state laws limiting the tax rate, property tax revenue, or both.

There is great diversity among the states in both the types and magnitudes of these limits. [Table 16]. The oldest and most common form of local limit is a maximum property tax rate, either for overall property taxes or only those for specific purposes. States impose either an overall or specific property tax rate limit or both on local governments. Such a maximum rate obviously has no restricting effect when tax rates are well below the maximum. And if tax rates are at the maximum, property tax revenue can increase only to the extent that the property tax base increases. Thus, rate limits do not prevent increases in revenue but may restrict increases in revenue to the rate of growth of the tax base.

The property tax levy or bill, for each property is determined from the tax rate and the assessed value for each property. The property taxes are then collected by a tax collector, often the municipal or county treasurer. It is common for the total property tax bill on a given piece of property to be collected by a single local government, even though that tax liability reflects rates imposed by several overlapping local governments. The property tax collections are then divided among the taxing jurisdictions proportional to their rates. In most states property taxes are collected annually or semiannually.

The effective rate of tax, the ratio of property taxes paid to market value, is a useful way to characterize property tax levels on different properties or in different jurisdictions.

Because the tax is compared to market value, the effective rate corrects for any difference in assessment ratio.

Although property taxes are primarily local government taxes, the state government also plays role in the property tax process to a varying degree in different states. The state government plays a leading role in two states - Maryland and Montana, where all property assessment is done by a state agency. The more common model is for initial property assessment to be done locally, although subject to procedures specified by the state, with subsequent state review to ensure that each local government applies the assessment ratio rule in aggregate for all property in the jurisdiction, if not for each property. The approach is to equalize the aggregate assessment ratio for all local governments at the state standard. To accomplish this, the state specifies a proportion by which all property values in a community are multiplied, which increases the assessment ratio to the standard.

State governments have adopted uniform assessment ratio standards primarily for two reasons. First, taxable property value per capita or per student may be used to allocate state aid, with more aid going to less wealthy communities, that is, those with lower per-capita assessed values. This creates an obvious incentive for local governments to underassess to be eligible for more state aid. Assessment equalization is an attempt to avoid this problem by ensuring that assessed values are consistent measures across different localities. Second, uniform assessment ratio rules may also serve to improve the equity of assessment within localities, thus moving toward the objective

that all taxpayers in a given community with property of equal market value pay the same tax. For these purposes, it does not matter what assessment ratio is selected, just that it be consistent across properties and communities.

There is one interesting thing in the U.S. Taxpayers often have the opportunity to directly select, or at least influence, the tax rate through a referendum. In some cases, such a referendum is mandatory; in others, referendum is optional or required only under certain circumstances. These fiscal referenda are most common among independent school districts but are sometimes used by general purpose local governments.

The possibility for the political responsibility for property tax increases to be borne by assessors rather than the elected local government officials has induced thirteen states to adopt what have come to be called "truth-in taxation" procedures. Typically, these procedures require local governments to establish the property tax rate that will generate the same amount of revenue in the next fiscal year as was collected in the previous year, given the known change in assessed values. If the local government wishes to set a tax rate greater than this "equal revenue" rate, special procedures are required, usually including advertising of the proposed tax increase, public hearings, and a specific vote of the local governing body on the property tax rate.

In **Maryland** - as in other states - local governments authority for property taxation is predetermined by the legal status

of local governments. Maryland is considered to be a "home rule" state as opposed to a "Dillon`s rule" state. In home rule states, local governments are granted constitutional and statutory powers to provide services to their residents, raise taxes and other revenues to fund them, and issue debt for various public purposes, subject only to specific state constitutional or statutory prohibitions. In Dillon`s rule states, local governments are granted authority to operate through statute; no authority is granted through the state constitution. There is a distinction between the powers granted to city and county governments in Maryland since greater authority to counties than cities is provided.

In Maryland the state government plays a leading role in the property tax process. State law provides that real property is subject to the property tax. All property assessment is done by a state agency - Department of Assessment and Taxation. Article 15 of the Declaration of Rights of Maryland`s Constitution requires that all property must be assessed and taxed uniformly. State law specifically requires that all taxable property shall be based on its fair market value.

Despite this fact local governments in Maryland have significant authority as regards property taxation.

State government does not impose overall or specific property tax limits on local governments in Maryland. [The one exemption is the General Assembly`s authority to set maximum limits on the rate of property taxes in municipal corporations under the provisions of respective Articles of the Constitution.] Thus the

local property tax rate is established by each county, Baltimore City, municipal corporation or special taxing district. Local flexibility in setting property tax rates has resulted in a variety of approaches among the subdivisions. If the proposed tax rate increases the total tax revenue, due to the increase in assessment in the jurisdiction, the governing body must advertise that fact and hold a public hearing on the new tax rate. This is called the Constant Yield Tax Rate process.

Maryland is one of states which limit property assessment increases. The assessed value of individual residential property cannot increase more than 10 percent per year [15 percent up to 1991], with state law providing for a tax credit for increases above that level a tax credit. This tax credit is paid for by county and municipal governments through a reduction in their property tax revenues. In addition to the limitations on assessment increases, the state also grants exemptions and credits to the real and personal property tax in a number of areas.

It should be noted, however, that although the size of the tax base has been affected by these limitations, local governments still have the ability to raise tax rates to generate additional property tax revenues. On the other hand counties and municipalities may limit assessment increases for local tax purposes to less than 10 percent annually.

Sheme of the state government`s role in Maryland is outlined below:

FIGURE 3

State Government's role in Maryland

PROPERTY TAX	
BASE	RATE
- defines	-don't impose any limitations
- determinates	on local governments
mandates	options
- growth of residential base limit	- less growth of residential base limit
- exemptions	- exemptions

State in Maryland adjusts property owner's rights too. The Property Owner's Bill of Rights, passed by the 1990 Session of the Maryland General Assembly, summarizes many section of the Tax Property Article which deal with appeals, assessment notification and public information.

1.4 Reason for the property tax in local revenue system

As previously noted property tax is still the third most important tax in the United States and continues to dominate local taxation. On the other hand local property tax has been changed into target for criticism. The taxpayer revolt of the last decade had the explicit objective of reducing local reliance on the property tax generally and residential property tax burdens specifically. The question is: What general arguments are

for the property tax in a local revenue system? Why is property tax for local finances so important in the United States? The appropriate role of the property tax in a local revenue system is discussed briefly below.*

The property tax is an appropriate, and important, element of a local revenue system for two basic reasons:

(1) the tax scores well against commonly accepted criteria for evaluating any revenue source; and

(2) more specifically, the property tax serves, to some extent, as a benefit tax that enhances the efficiency of local government. Maintaining a link between taxes paid and benefits received promotes efficiency in the provision of local goods and is considered to be a desirable characteristic of a local revenue source.

1. The property tax as an element of a good revenue system

Generally, public finance economists agree that a good revenue system would generate a revenue stream that is relatively productive and stable over the business cycle, that revenue sources should be relatively neutral with regard to their impact on economic decision, that the system be simple and predictable, and that it be equitable. Relative to other potential sources of local tax revenues, a local property tax scores well on all of these criteria.

* This section is based upon *The Case for the Property Tax in a Local Revenue System*

Revenue productivity

The property tax is the largest source of state and local general revenue [see Chapter 1.1]. Since the tax applies to the value of assets, a relatively low rate can raise a substantial amount of revenue. It is clear, that the tax is a productive source of local revenue.

As we can see in Chapter 1.2 property tax has generated stable revenue stream. Generally, real estate markets reflect longterm asset values, which tend to respond more slowly to annual changes in the level of economic activity than economic flows like sales and income. Also, fluctuations in the property tax base are mostly moderated by assessment practices that capture changes in real estate values. Therefore, the property tax is generally regarded as a relatively stable tax source - especially when compared with other potential sources of revenue for local governments, such as sales and income taxes.

Neutrality

Neutrality in taxation requires that taxes have minimal unintended influence on private economic decisions. Taxes that are easy to avoid have the most immediate impact on private economic decisions. This is case of local sales tax [individual can avoid the tax by either reducing consumption of the good, or going to a jurisdiction without this tax] and local personal income tax [individuals can avoid the tax by locating in jurisdictions that do not have the tax].

Taxes that are difficult to avoid have less of an impact on

economic decisions. The real property tax is assessed against the value of real estate. In the short run, such property is immobile and there is little the owners of such capital can do to avoid the tax. The property tax tends to distort private economic decisions less than other local taxes.

Simplicity

Taxes may cause distortions in the allocation of economic resources if they are complex and difficult to administer. In such a situation, the taxpayer may have to spend substantial resources to comply with the law, and the local jurisdiction may expend substantial resources administering it. For example, for many taxpayers, the personal income tax is a complicated tax and the taxing jurisdiction allocates significant resources too administer, enforce, and audit taxpayer compliance.

The property tax is primarily a tax on real estate, because tangible and intangible property have been systematically removed from the property tax base [in part because of administrative difficulties]. Local governments have well established bureaucracies to administer the property tax. Thus, relative to other potential local tax sources with tax bases that are annual flows that must be monitored and verified, the property tax easy to administer and involves low compliance costs for the taxpayer.

Equity

The equity concern with the property tax has two dimensions: equity among jurisdictions and equity among individuals.

In the first case, from the perspective of horizontal equity, there is a concern that property tax bases vary across juris-

dictions putting some at a disadvantage: jurisdictions with limited property tax bases require higher rates to raise sufficient revenue to provide a minimal level and quality of public goods and services. In fact, traditional sales and income tax bases tend to have larger disparities across jurisdictions than property taxes.

The second concern is with the distribution of the tax burden among income classes. Economists generally believe that a significant portion of the property tax rests on individuals receiving income from capital, which is typically concentrated in higher income groups. Thus, this portion of the property tax is generally thought to be progressive. To the extent that the property tax is a tax on housing consumption, it is generally considered to be relatively proportional among income classes. The property tax on housing consumption would be proportional.

Sales taxes are generally considered to be relatively regressive. Local income taxes generally tend to be proportional rather than progressive. Again, the property tax scores relatively well on this criterion compared with other potential local tax sources.

2. Property taxes as benefit charges

The local property tax has many advantages from the perspective of the benefit principle of taxation.

First, a majority of public goods and services provided by municipal governments tend to benefit local properties. For example, in 1987 60 percent of total general direct expenditures

by cities went for transportation; public safety; sewer and other sanitation; parks, housing and community development; and general administration. Since these expenditures generally benefit the owners of real property, the benefit principle of taxation supports financing such expenditures by a local property tax. According to this logic, the property tax should not be the primary source of funding for goods and services that benefit residents and non-residents in a manner not related to property ownership in a locality. For example, the direct benefits of elementary education are not distributed across all properties in proportion to property values, but rather according to the number of children in public schools.

Second, the property tax is generally a visible tax. Property owners receive tax bills annually and these bills provide a clear indication of the cost to the owner of local services provided by the government. Thus, each jurisdiction will offer an identifiable bundle of public goods and services with identifiable costs to the property owner. This argument implicitly assumes that benefits are distributed among properties in proportion to their property tax liabilities. Under the usual standard of tax uniformity, this implies that benefits are distributed in proportion to market value. This is a strong argument for the uniform assessment of all real property.

As a household or firm evaluates alternative locations within a metropolitan area, these bundles of public goods and associated property tax liabilities are weighed. In essence, the property tax serves as the "tax price" associated with a specific

bundle of public goods and services. The household and firm "shop" for the community that provides the most desirable "package" of goods and services at an acceptable price. This "voting with feet" tends to bring the demand for public services by individuals into balance with the supply provided by local governments.

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2. PROPERTY ASSESSMENT

2.1 Types of taxable property

The property tax can be either general or selective in its application. A general tax applies to all types of property and treats the various types uniformly. Nonuniformity can be introduced by total exclusion of some property types from the base, by differential tax treatment for various property types, or by a combination of these two.

In the United States in broad form, though not in detail, property taxation has been much the same since about the mid-nineteenth century. By then it had evolved from a collection of taxes levied at specific, or *in rem*, rates [i.e., at so many cents per unit] on selective classes of wealth easily identifiable in an agrarian economy into a general tax levied at *ad valorem* [percentage of value] rates applied uniformly to most varieties of property. Included were proliferating forms of tangible and intangible personal property.

Broadly speaking property is of two types: real and personal. Real property consists of land [residential, commercial, agricultural, and vacant] and permanent improvements to land [buildings, structures, and other capital improvements]. Tangible personal property [inventories, machinery and equipment, furniture and fixtures, animals, motor vehicles etc. and such other

tangible items as clothing, jewelry, and works of art] generally is divided into business and household categories. That which is held for personal consumption or other non-business use is not considered business personal property. Intangible personal property includes corporate stocks and bonds, bank deposits, money, mortgages and other evidences of wealth.

The main component of the property tax always has been real property [Table 17]. Over the last several decades the personal property share of the tax base has declined significantly. Every five years, the Census Bureau develops estimates, comparable across states, of property tax base composition. The personal property percentage of the net assessed value subject to local property taxation is given below:

year	1956	1961	1966	1971	1976	1981	1986
%	25.5	23.9	21.7	20.4	19.3	15.2	15.4

Over that period, it declined from approximately 25 percent to about 15 percent. Motivated by both practical and philosophical considerations, state constitutions and statutes have been changed to exclude all or part of many types of personal property.

Real property represent 85 percent of total assessed value. As shown in Table 18 over 60 percent was in the form of residential structures and almost 25 percent in the form of commercial and industrial structures. Thus over three of every five dollars of such assessed value in 1986 represented residential realty. Of the total of 107.9 million taxable parcels in 1986, 60% or 64.8 million are improved residential properties, primarily in the

single-family use category.

In most states, all real property is subject to property taxation with the exception of real property owned by governments and religious and charitable organizations. The degree of taxation may vary by type of real property.

There are substantial differences among the states as regards the distribution of locally assessed values for different types of real property. For example in 1986 the residential share of locally assessed real property varied from 75 percent in Massachusetts to 32 percent in North Dakota. But it is important to remember that these interstate comparisons reflect both differences in the state economies and differences in state rules regarding what types of property are subject to tax and how they are assessed.

In Maryland state law provides for the following property to be taxed to the owner:

1. Real property;
2. Tangible personal property;
3. Operating property of railroads, contract carriers, and others engaged in interstate commerce subject to federal jurisdiction;
4. Operating property of public utilities and certain transportation property;
5. Stock in trade of manufacturing or commercial businesses;
6. Certain leaseholds.

Personal property's role in the property tax base in Mary-

land is relatively small. For example in 1986 personal property accounted for 16.7 percent of the tax base, somewhat above the national average. Actually, there are two ways of grouping Maryland value data. The difference is in the treatment of operating properties of railroads and other public utilities. Maryland tax law considers public utility property to be a part of personal property - even property otherwise considered real estate [except land], such as structures. When all such property is included with personal property, the 1988-89 personal property share is 16.1 percent, but when structures and other "real" parts of railroad and public utility operating property are counted with other real property, the personal property share of the total is only 11.6 percent.

There are differences across localities in the taxation of personal property. The share of personal property tax base in the total base varied among counties [Table 19]. The amounts of real and personal property county tax bases in 1993-1994 are given in Table 20.

Of the total real property tax base of \$ 100.2 billion in FY 1994 over 72 percent is in the form of residential structures and 26 percent in the form of commercial structure [Table 21]. Thus Maryland ranks among states with the biggest residential share of assessed real property.

2.2 Assessment methods

The base of the property tax is not observable from current transactions and so must be estimated. Valuing property is inherently subjective. Written procedures, establishing the parameters or rules governing subjective judgments that an individual assessor must make, can help reduce the variation in estimated market value between different assessors.

Property assessors use **three basic methods** to estimate market values of properties from which assessed values can be determined. The three approaches, which differ in the data used to estimate value, are:

a) the comparative sales approach, which uses data from actual sales and property characteristics to estimate the values for properties which are not sold;

b) the cost approach, which bases the value on historic cost adjusted for depreciation; and

c) the income approach, which measures value by the present value [sometimes called capitalized value] of the future net income expected to be generated by the property.

In most instances, the comparative sales approach is used for assessing single-family homes and land for which there are often numerous sales, while the cost and income approaches are usually used for commercial and industrial properties, which may be unique and for which comparative sales data are not available.

To implement the comparative sales approach, it is necessary to prepare a listing of all properties including their location

and physical characteristics, what is often called a tax roll. Sale prices for some of those properties can be used to statistically estimate implicit values [shadow prices] for property characteristics. Using standard appraisal techniques, the value of each characteristic combined with the quantity of those characteristics in a property lead to an estimate of the total value of the whole property.

While it is theoretically possible to reassess properties each year, in most cases assessment of properties based on their specific characteristics is done at selected intervals, for instance, every five years. This may be because the characteristics of properties are not updated each year or because the statistical analysis is not done each year. In that case, some method for estimating changes in values into the intervening period is required.

One common method is to subdivide an assessing jurisdiction into areas or neighborhoods, measure the percentage change in values each year in that neighborhood based on sales data, and apply that percentage to all properties in the neighborhood. This method will be more accurate the greater the homogeneity of the properties and the less the characteristics of the properties are altered. Some states do reassess annually, however, with the help of computers. If the assessment roll is computerized, changes in characteristics can be entered as they occur [using data from building permits, for instance] and used with annual estimates of shadow prices to estimate annual values.

This method is used generally for valuing residential and

small apartment or commercial properties.

The cost approach to assessment is based on the principle that the market value of a property cannot be greater than the cost of constructing that property. The assessor first determines the value of the land by examining sales of comparable land. Next, the assessor estimates the cost of replacing a building at the time of the reassessment based on available cost data. Thus, as construction prices increase or decrease, so will the estimated cost of replacing a building. When applied to existing buildings, the replacement cost is depreciated according to the building's age and functional or economic obsolescence. To implement the cost approach, assessor requires up-to-date adjustment factors and detailed data on historic cost for different components of all properties to be assessed.

The cost approach is used frequently in the appraisal of new construction and special-purpose properties.

The income approach to assessment is based on the notion that the value of an asset depends on the demand for that asset, and that demand depends on the net income or profit that that asset will generate.

A fundamental relationship involved in the income method is $\text{value} \times \text{interest rate} = \text{income}$. Maximum amount a buyer would be willing to pay now for that stream of future profit is the present value of the stream, which depends on the buyer's discount rate [the rate that could be earned on alternative investments]. Therefore, the value of the building is the present value of the net income the building will generate.

The application of the income approach requires information on income and operating expenses for the property being valued. In some instances, this information is readily available from schedules filed by the property owner. In other cases, general income and expense information may be obtained from standardized tables available to assessors. Subjective factors pose problems for the income approach; different applications of the income method can lead to substantially different value assessment.

Generally, the income approach is used to value investment properties, i.e. commercial and industrial properties and apartments.

2.3 Assessing

Assessing the value of individual properties in the **United States** is the responsibility of an appointed or elected county or other designated official for determining the value of property subject to local general taxation, as of the specified valuation date. Because its essentials are discovery, listing, and valuation of each taxable property in the jurisdiction, assessing also carries with it the responsibility for maintaining property records accurate and comprehensive enough to accomplish essential valuation work uniformity and on time. Two ultimate assessed value characteristics condition and reflect assessment performance: conformance with the value levels, at market or other specified value level prescribed in the particular State's con-

stitution and statutes, and uniformity with the assessed value of each of the other taxable properties subject to the prescribed legal level.

Assessing thus needs the best property records possible because assessed values need to be uniform at the applicable legal level. For personal property, this means a comprehensive inventory of accounts.

For real property, it means parcel-oriented tax maps and associated appraisal files, in effect a cadastre containing a unique identification number for each parcel plus data on its uses, attributes, and structures. Tax maps and parcel identification numbers often reflect any geocoding made possible by subdivision block and lot numbers, cartographic survey coordinates, and the hierarchies of the public land survey system that exists in 30 states comprising 80 percent of nationwide land.

The importance of such individual property records systems to professional assessing has come to mean widespread reliance, by the public and by officials and others from many disciplines, on the assessor's office for the most complete, most accurate data available on property in the particular jurisdiction. This reliance has increased in recent times as assessors have turned wherever possible to computerization for more effective administration.

Each state, in its constitution or statutes or both, prescribes one legal standard for all assessed values, or a group of standards each specified for a particular type of property. The legal standard may be the same for realty and personalty, or

there may be specified differences. All of the standards have a basis in or a relationship to market value. However, compliance with the standard, market value or something else, does not necessarily indicate anything definite about the amount of property tax billed against a given property. What taxpayers actually will owe has in recent times become a function not only of the interaction between assessed value and tax rate, but also of special social elements such as income level, age, or other benefited status of the taxpayer, or benefited use of the property.

There is a profusion of legal standards for assessed values prevailing throughout the country. A growing number of standards affecting specified use categories of property in States opting for classified property taxation now exist. Currently, there are about 100 such prescribed value levels throughout the country.

There are three groups of assessing jurisdictions: county [CO], township-municipal-county [TMC] and township-municipal [TM]. County assessor system means, that county assessing official has initial responsibility for determining the assessed value of taxable property. This type includes certain area not specifically counties but nevertheless having county type functions. There are differences between states of course.

Type TMC makes possible, sometimes mandatory, for township or municipal assessors to accomplish initially the official function, within guidelines, supervisory direction, and/or equalization action from officials at county or state levels. In TM type the individual township or municipal assessors, elected or ap-

pointed, perform the initial assessing function. There may be consultative or other assistance from the state.

The fundamental assessing entity in all three of the alternative systems is the primary assessing jurisdiction. This is simply one of the contiguous territories [counties, municipalities, or townships] which together occupy the entire geographic area of the state. The assessing official in each of the primary assessing jurisdictions has initial responsibility for determining the base for local general property taxes levied by local governments and, where applicable, by the state government. In States there were 13,588 primary assessing jurisdictions in 1986.

But not only legal standards influence assessed value. The second factor is economic. The real estate market in recent times has been subject to inflation, recession, lofty interest rates, and variable "creative" financing arrangements. Each of these factors influence how assessed values may realistically relate to values at market levels.

In Maryland overall responsibility of the assessment function, including the provision of a statewide uniform system of account has resided in the State Department of Assessments and Taxation.

Maryland's legislation made assessment administration wholly a state function. All assessing personnel are state employees. Organization still is by county, however, and a supervisor of assessment is appointed for each county by the director of the

State Department of Assessment and Taxation from a list of five candidates submitted by the county. There are about 800 employees of the Department, most of them for the real property tax [about 300 professionals and 300 clerks]. Cost of real property division are about \$ 30 million annually, personal property division about \$ 4 million annually and other divisions about \$ 3 million.

Under Maryland law, real property values for tax purposes are to be at a uniform percentage of value, by constitutional provision. The measure of value to be used is full cash value, which Maryland courts have ruled means market value - i.e., the exchange value agreed to between a willing buyer and a willing seller in an arm's-length transaction. The assessment sale/price ratio in Maryland should be 40% of market value.

Assessors consider various pieces of information in trying to establish the values of individual properties.

Assessments are based upon estimates of the market value of property. Assessors working locally within the counties and the City are trained in the techniques of property valuation and are responsible for making these valuations.

Property is physically reviewed by an assessor once in a three year cycle. An inspection of the exterior premises is made to confirm the information on record with the actual physical condition of the property and to verify property characteristics that are pertinent to the evaluation of the property. This includes: type, size, grade of construction, condition of structure and lot size.

The Department values over 600,000 properties each year [for

example the Department's most recent program resulted in approximately 618,603 reassessment notices being issued in late December of 1992]. These reassessments had an effective date [officially called the date of finality] of January 1 [1993 for example]. Assessment gives the tax base for the fiscal year [1993-94], which runs from July 1 [1993]. The work was performed by the assessors during calendar year [1992] and the base for their reappraisals were sales adjusted for time to January 1 [1992]. To provide an objective quality measure of that work, Assessment Ratios Survey Report tests those reappraisal results against actual market conditions for the 12 month period [of July 1, 1992, to June 30, 1993].

In valuing residential property, the assessor usually uses both the cost and market approaches to determine the full cash value.

In the market approach to value, the assessor examines recent sales of similar properties. In Maryland, all sales must be recorded with the local assessment office before the deed transferring the property can be recorded with the clerk of the court. The results of this examination are used to value similar properties. In the assessor's review and analysis of the sales, the assessor will develop land rates, depreciation tables and sales analysis reports. Adjustments are made for size, condition, and other improvements.

For the cost approach, the assessor uses a cost manual to price the cost of constructing the improvements on the property. Allowances are made for condition and age [depreciation]. To the

improvement value, the assessor adds the value of the land.

After the market approach and the cost approach have been calculated, the assessor correlates any differences in the indicated values given by the two approaches. The blend between the sales and cost approaches represents market value index [MVI]. The correlated value is the assessor's estimate of the full cash value of the property. We stress that after completing the analysis, the assessor applies the factors uniformly throughout the neighborhood to value all properties in a uniform manner.

The Maryland Assessment Manual provides separate cost data for different types of improvements [seven grades of residences are defined] and for seven geographic areas of the state.

The estimate of full cash value, or market value, sometimes is referred to as appraised value. Assessed value, by contrast, is the legal base against which tax rates are applied to determine tax liabilities, and in Maryland it is to be a uniform percentage of market value.

The Department's work is audited by legislative auditors and is often scrutinized by individual property owners. The method of assessing real property for taxation includes an appeal process that is intended to protect the property owner from an incorrect assessment. Those who feel the valuation on their property is erroneous can seek to have it corrected through this procedure. Maryland law provides for a three level administrative appeal process: the Department Level Hearing, the Property Tax Assessment Appeal Board, and the Maryland Tax Court. Generally speaking about 10 percent of the property owners in Maryland appeal their

assessments [Table 22]. For example in 1991 number of Department appeals was about 66 thousand, Board appeals about 16 thousand and Court appeals about 1.6 thousand.

The Department is continually searching for higher quality in assessment uniformity. Its quality control program begins with the individual assessor and the assessor's supervisor reviews the analysis, making recommendations and approving the work. When the assessor completes the revaluation, the supervisor makes a random check using procedural and data editing checks. Following the completion of the revaluation, various computer edits are made to assure good valuation quality. The Department has expanded the pilot computer assisted mass appraisal [CAMA] system. This system is currently in place in nineteen counties. CAMA is a system by which appraisals can be improved and expedited via electronic data processing.

The Department of Assessment and Taxation is responsible for the assesment of all personal property throughout Maryland too.

In contrast to real property, which is valued once every three years, personal property is valued every year for tax purposes. At the beginning of each year, the Department mails a personal property return to all personal property taxpayers on record. The taxpayers must file the return by April 15 reporting personal property located in Maryland used to determine ownership, value and liability for taxes.

Personal property, except inventory, is assessed based on the original cost less an annual depreciation allowance. Property will not be depreciated below 25% of the original cost. The

depreciation rates vary according to the category of the property, however 10 % is the rate applied to most property. There are seven rate categories [A through G] with each pertaining to different types of personal property. Thus, the formula generally used for valuing personal property [except inventory] is: original cost x depreciation factor = assessed value. Inventory is valued at its fair average value using the cost or market value, whichever is lower.

The Department of Assessments and Taxation don't impose property tax. Assessment values are furnished to each county and municipality for tax billing purposes.

2.4 Evaluating assessment results

Given that property assessment is a difficult task, there is the basic question how can assessment quality be measured. This question is important in the **United States** because one of the primary objectives in property-tax administration is the assessment of property in a uniform manner. That uniformity be attained not only among local property owners but also between taxing districts, since property valuation serve as a basis for

- tax levies by overlapping governmental units,
- determination of net bonded indebtedness, which often is restricted by statute to a percentage of either the local assessed value or market value,
- determination of authorized levies restricted by statutory tax-rate limits,

- apportionment of state assistance to local governmental units. An equitable distribution of the tax burden is achieved only if built upon uniform assessment.

Assessment quality has traditionally been measured by the variation in assessment ratios for different properties within the same assessing jurisdiction, assuming that good assessment involves uniform assessment ratios rather than achieving any specific assessment ratio. In order to evaluate the degree of uniformity across properties and jurisdictions, reasonably accurate and acceptable statistical measures are needed.

The technique most commonly used to measure the degree of assessment inequality is that of determining assessment/sales ratio, or the relationship of the assessor's estimated market value to the sales price of a particular property that sold. The assessment/sales ratio for an individual property sold is simply the relationship, expressed as a percentage, between the assessor's estimated market value and the actual sales price. If perfect assessment uniformity existed in an area, the assessor's estimated market value for a property that sold would be 100 percent of the actual sales price, and no ratio would deviate from that level. In practice, however, individual assessment/sales ratios may vary substantially.

One important way of describing a group of individual assessment/sales ratios for an area or class of property is by the use of averages. Example is shown in Table 23. Usually three measures of average are considered: the mean, median and the aggregate average ratio.

The mean, or arithmetic average is one measure of central tendency and provides a simple numerical description of a group of individual assessment/sales ratios. The mean is the most commonly used, easily understood measure of central tendency, but extreme individual assessment/sales ratios affect the mean even without undue distortion in assessment practices.

The median, as the mean, is a measure of central tendency used to describe a group of individual assessment/sales ratios. Unlike the mean, however, it is not affected by extreme ratios.

The aggregate, or weighted, average is an alternative measure of central tendency. Higher-priced properties sold, of course, play a more important role than lower-priced properties in such an average. This effect is justified if the sale of higher-priced properties bears the same relationship to all properties in the sample as those properties in the taxing district. Because of its statistical properties, the aggregate ratio generally is accepted as the most appropriate measure to be used in the equalization of aids.

The second dimension of the quality of assessment that needs monitoring is the degree to which actual assessment ratios are dispersed around the measure of central tendency. The coefficient of dispersion is perhaps the most commonly used measure. It measures the deviation of parcel ratios from the average ratio as a percentage of the average ratio [Table 23]. The higher the coefficient, the less uniform are the assessment.

In the United States failure to apply a uniform assessment

ratio across jurisdictions becomes exceedingly important when assessed values are used as a measure of fiscal capacity and considered in allocating state aid among local jurisdictions. To avoid this difficulty, an increasing number of states have introduced measures to secure uniform statement assesment practices. Short of transferring the assessment function to the state level, full uniformity is difficult to bring about.

Assessment ratios may differ by type of property too. For example, in 1981, the last year for which comparable numbers have been generated across all states, the following assessment ratios emerged for the U. S. as a whole [for Maryland in bracket]:

All real property 40.0 [32.2] percent, residential real estate 44.2 [34.0] percent, commercial and industrial real estate 34.0 percent, vacant lots 29.0 [25.7] percent, and for acreage 24.1 [15.1] percent.

In some jurisdictions, these differentials are substantially larger. There is a tendency, in large cities in particular, for business property to be assessed at a higher rate than residential housing, and for multiunit houses to be assessed a higher rate than single-unit residences. Under most state constitutions such a practice is not permitted, but in six states the constitution permits classification, with different assessment ratios applied to different groups of property. Actual practice also results in substantial and unjustifiable differentiation between specific properties within the same general category.

For illustration of these diferences we present coefficients of intra-area dispersion of assessment ratios for single family

houses based on sales data and prior assessed values [Table 24]. For all states in 1981, the median coefficient of dispersion was 21.3 percent variation of assessment ratios within assessing jurisdictions. State coefficients of dispersion varied from a low of 11.4 percent to a high of 52.0 percent, with only eight states showing a median coefficient of 15 or lower. In national publications, 20 percent has been mentioned as an acceptable coefficient of dispersion. Generally dispersion above 20 is thought not to be very good, while one below 10 percent is considered quite good.

In Maryland assessment is more uniform than the average around the country. For example in 1981 Maryland's coefficient of dispersion was 17.9, while the range was from 8.3 for Howard County to 56.2 for Baltimore City [these number predate implementation of the current triennial system in Maryland].

The quality of assessment in the 24 subdivisions of Maryland is reflected by the Department of Assessments and Taxation's Assessment Ratio Survey Report. Maryland has made annual assessment ratio studies since 1970, but since the advent of the current triennial assessment system a decade ago, the published assessment ratios have considered only the current triennial group. Restricting each ratio study to just the current triennial group [for example group 2 for residential ratio study FY 1993/94] reflects the desire of the Department to use the studies to evaluate assessor performance. It reasons that the accuracy of assessment is best gauged when they are first made.

The two most important statistical quality measures reflect-

ed in the report are the assessment ratio and the coefficient of dispersion. While the ratio measures the level of assessment, the coefficient of dispersion measures the uniformity of assessments.

The assessment/sale price ratio in Maryland should be 40 percent of market value, therefore, an average assessment sale/price ratio of near 40 percent is desirable. The real property tax base and ratio by subdivision in FY 1993-94 is summarized in Table 21. The results indicate that the Department's on-going efforts to improve assessment quality have been successful. However, in a dynamic real estate market, perfect ratios are impossible to attain. Because there is a built-in time lag between the data used by the assessor to appraise the properties in question and the actual sales used as the quality measure, it must be expected that changing market conditions will result in less than perfect assessment ratios. In other words, even if all assessment were exactly at 100 percent of market value on the date they were made, subsequent sales would cause the ratios to be more or less than the 100% target.

Table 25 is a history of assessment ratios converted to full value [100% levels] that allows for comparison between years by adjusting for statutory changes in the assessment level. Statewide, the assessor's estimates of market value have averaged about 88.6 [1990] to 97.6 [1991] percent in last five years. The assessment level has varied somewhat across the counties, of course. In 1989, the range was from 80.0 percent in Kent to 94.0 percent in Worcester, while the state average was 89.8 percent.

The Department calculates what it terms a uniformity factor,

which is the coefficient of dispersion for the county ratios from the state ratio. For 1993, the value was 1.6 percent, indicating a high degree of uniformity across counties. Over the past five years, this uniformity factor has ranged from 1.6 to 2.8 percent.

Thus, on average the overall level of assessment for the current triennial assessment group does not vary greatly across counties. If all three assessment groups were considered in a single assessment ratio study, the degree of assessment variability [and thus the coefficients of dispersion] would be significantly higher.

Another statistical measure used to gauge assessment uniformity in Maryland is the price related differential [PRD]. The PRD tests to see if higher and lower valued properties are assessed at the same level. It is easily calculated by dividing the average ratio by the weighted ratio. Typically, PRDs have an upward bias. PRDs should range between 0.98 and 1.03, except for very small samples.

The frequency distribution in Table 26 present a statewide ratio analysis of improved and vacant residential property sales with a selling price in excess of \$ 10,000 from July 1, 1992 to June 30, 1993. The measures of central tendency indicate that properties are valued at approximately 95 percent of sale price and that on average all other properties have very similar ratios as indicated by the 9 percent coefficient of dispersion. Uniformity is also indicated by the numbers for ratios in the frequency that are close to the 95 percent level. Additionally, higher valued properties are assessed at a similar level to lower valued

properties as indicated by a price related differential statistic of 1.01 percent.

Thus, analysis from Table 26 indicates that values determined by assessors for the most recent triennial group 2 valuation attained a uniform and appropriate level of value. In summary, the data shows that properties consistently sell at a price close to the Department's values.

It is necessary to point out that the estimate of value used in the official Maryland assessment ratios studies is not the actual tax base underlying property tax bills. The actual tax base differs from current market value dues to several state policies. These include the triennial assessment, three-year phase in of assessed value changes, and the 110 percent credit for owner-occupied residences. These programs limit assessed value growth in Maryland. Simultaneously these programs affect assessment uniformity across counties and all owners of similar property within a single jurisdiction. It is reason for recommendations to terminate these programs [see source 4].

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3. PROPERTY TAX EXEMPTIONS AND TAX RELIEFS

The property tax is the product of the tax base [assessed value] and the tax rate. It is clear, that every provision reducing either one or the other side have an influence on property tax revenues.

Property tax exemptions and direct property tax reliefs remove properties from tax rolls of local governments, depriving them of tax revenue and causing an increase in the tax burden of other property owners.

Local governments in some areas of the U.S. are facing increasing pressures to lower their property tax bills. This poses a problem to those local governments which are strongly dependent on revenues from the property taxes. This situation is complicated by fact, that local governments have little authority to protect from impacts of tax exemptions a tax reliefs because the most of them are federal and state mandates.

Another approach how to relieve pressure on the property tax is diversification of revenue sources of local governments. These indirect property tax reliefs using alternative revenue sources permit property tax levies to be lower than they otherwise would be.

3.1 Property tax exemptions

In the United States some types of property may be exempt from property tax. The assessed value of these properties is implicitly set equal zero, although in practice exempt properties are often not considered or evaluated by assessors. Generally, properties that are owned and used by religious, charitable, or educational organizations or property owned by the Federal, State or local government are exempt from property taxation.

Excluded or totally exempt property is familiar enough, even though many of the values involved are difficult to identify since the properties commonly do not sell and are not rented. Major classifications follow:

1. Property used for purposes acknowledged to be publicly beneficial. Examples are governmental structures, churches, synagogues, mosques, and other religious properties, hospitals, and educational institutions. It should be noted that use and ownership together usually constitute prerequisites for total exemption.

2. Some states specifically exempt particular classes of property [e.g. public utilities, intangibles] from general taxation, subjecting them instead to a form of special tax [property or other].

3. Some states exempt qualifying property of new industrial plants, over a specified period [usually not more than 10 years]. The purpose is to attract industry to locate within the state.

4. Specific legislative action exempts particular property

in individual jurisdictions. The group is similar to the institution class above, except that exemption action is specific for the property rather than for an entire category.

5. Many states now provide incentives for activities such as pollution control and abatement, energy conservation, and property rehabilitation, by using property tax exemptions. This group is a hybrid of two to exclusion from the roll and sometimes to value components removed from gross assessed values.

Table 27 reflects 1986 values assigned to exluded property by 18 states and the District of Columbia as \$ 322.2 billion.

It is paradoxical that the country`s largest owner of real property - the Federal government - claims a tax exemption on its lands and buildings. For example, property tax foregone on federal real property in 1982 was \$ 4 billion while local property tax revenue was \$ 79 billion. There is property tax foregone on state real property too. But on the other hand there are the federal and state grants for local government`s budgets, of course.

As regards personal property there are differences among states in the U.S. [Table 28]. Most states exempt intangible property. In the mid-1980s eight states exempted all tangible personal property too. And in this time less than half the states included certain tangible personal property categories in their property tax bases and the number of taxing states was smaller than it had been ten years ago:

	1976	1981	1986
Business Inventories	43	28	20
Other Commercial & Industrial	47	43	42
Agricultural	41	34	32
Household Property	26	16	17
Motor Vehicles	21	19	19

Generally speaking, the property tax exemptions in the United States narrow assessed base for local property taxes substantially.

In Maryland General Assembly has mandated that local governments provide a number of tax exemptions to property owners in their jurisdictions. The major exemptions from the local property tax are:

Real Property:

1. Local, state and federal government property; 2. Property of religious organizations; 3. Cemeteries; 4. Nonprofit hospitals, continuing care facilities for the aged, and property of charitable, fraternal and educational institutions; 5. Property of national veterans' organizations; 6. Homes of disabled veterans and the blind; 7. Property of historical societies and museums; 8. Realty of certain taxpayers engaged in building, operating and managing nonprofit multi-family units, subject to local government approval.

Maryland General Assembly has limited these exemptions because all other property owners are indirectly subsidizing any exemptions granted by reducing the base of persons obligated to

pay taxes. No organization is automatically exempt without first having to apply and demonstrate that the actual use of the property is within the limited purposes prescribed in the particular exemption statute. The fact that a property is being used for non-profit purposes will not merit an exemption unless the use is one specifically exempted by law.

Personal Property:

1. Property of financial institutions, generally; 2. Manufacturing equipment, subject to county tax at various percentages of assessment; 3. Manufacturing inventory, subject to county tax at varying percentages of assessment; 4. Commercial inventory, subject to county taxation at varying percentages of assessment; 5. Motor vehicles, small vessels, and registered aircraft; 6. Certain agricultural products and commodities; 7. Farming implements subject to county taxation at varying percentages of assessment; 8. Livestock subject to county taxation at varying percentages of assessment; 9. Residential property; 10. Intangible property generally.

As in other states the amount of assessable base in exempt real property in Maryland is big and has increased: in FY 1993 \$ 15,127 million, in FY 1994 \$ 15,721 million. As one can see [Table 29] the property of federal, state and local governments accounts for the vast majority of exempt property statewide.

As regards personal property Maryland no longer taxes intangible, and some categories of tangible property also are excluded under state law while the status of others is determined by local option [Table 30]. Household property and motor vehicle have been

exempt for many years. Thus, Maryland has been part of the national trend away from the taxation of personal property.

3.2 Direct property tax relief measures

Direct property tax relief programs relate directly to the property tax and cause the tax liabilities for individual properties to be reduced, whether or not total property tax levies of taxing units are affected. Included in this category are homestead exemptions and credits, use-value assessment, assessment freezes, circuit breakers, tax deferrals, and classification.

In the **United States** they use a variety of measures in an attempt to reduce property taxes for specific classes of property or specific types of taxpayers. Survey how individual states use the main property tax relief methods outlines Table 31. It is necessary to stress that despite the similar principles of these methods approaches applying by states are different.

Some tax relief aspects or some tax relief measures respectively were already mentioned before. There are strong similarities among most of the direct property tax relief approaches, including the usual result of nonuniformity. These make some programs hard to categorize precisely, with differences being more a matter of degree than of kind. But there also are distinctions that can be drawn, and these are highlighted in the brief descriptions of the several approaches that follow.

Partial Exemption

A partial exemption reduces the base by subtracting some

amount from assessed or market value. The exemption reduces the tax by the amount of the exemption times the tax rate. Homestead exemptions are the most common and oldest form of relief for residential property. Some states' programs are available only to narrowly defined groups [for example veterans, blind, disable] while others' apply to all homeowners or to all senior citizens. The homestead exemption exists in most states shown in Table 32 [a few may involve homestead tax credit].

Credit

A credit is subtracted from the tax bill after the liability has been calculated. Despite the apparent difference between a credit and an exemption, a credit can be designed to have exactly the same effect as an exemption. In practice, however, the property-tax credit often is different from the exemption approach because property-tax credits are calculated as a specified percentage of the gross tax. The fact with a credit program a gross tax amount is calculated before the tax relief is subtracted may make decision makers more aware of the costs of their decisions and, therefore, more likely to bear them.

Refund or Rebate

The refund or rebate mechanism [hereafter, simply refund] works much the same as a credit, except that with a refund, receipt of property-tax relief is not simultaneous with payment of the gross property tax. With a credit, the taxpayer pays only the net property tax after relief; with a refund, however, the full tax is paid and a separate refund is provided.

Because most property-tax refund programs are circuit break-

ers, this relief form is targeted to lower-income groups more than property-tax credits. The refund can be made through a separate administrative arrangement, or this function can be piggybacked on the state income tax [or some other nonproperty tax].

Freeze

Some part of the tax equation [the base, the rate, or the tax amount itself] can be frozen to effect direct property tax relief. Freezing the tax amount obviously is the most effective way to keep the tax from rising; if only the base or the rate were frozen, changes in the other still could serve to increase the tax. A freeze can apply either to the level of the individual property or at the level of the taxing unit. Freezing the total tax levy of the taxing unit, for example, would permit individual tax bills to change - any increases would have to be matched by decreases.

Use-Value Assessment / Special assessment of farmland

The valuation norm for *ad valorem* property taxation has been market value in the highest and best probable use, rather than value in actual use. In many cases, current use and highest and best use will be the same. As property values escalate in transitional areas, properties used in pursuits whose value in the market is relatively low tend to experience rising property taxes compared to the income generated by those uses. One result can be pressure to provide relief by ignoring highest and best [market] value and to look only at actual-use value. The divergence between use value and market value apparently is greatest for agri-

cultural land in rural-urban fringe areas.

Deferral

A deferral program simply delays the time by which the property tax, or a portion of it, has to be paid. Property taxes may impose hardships on those with property wealth that is large relative to current income, even though their property holdings raise them on the economic ladder beyond the point at which it might seem desirable to stop any subsidy. But the hardship posed by cash-flow fluctuations may be aggravated by an inability to borrow [at least on reasonable terms] against the asset value. A state [or local] tax deferral may be viewed as a means of overcoming adverse cash-flow problems or imperfections in capital markets. The deferred portion of the tax would be a loan that creates a lien against the property. The loan would come due when the property changes hands, or when other possible conditions [e.g., income level] change. If the full amount of deferred tax, plus interest at a market rate, ultimately must be paid, deferral - unlike the other relief forms discussed - does not provide a subsidy. Probably because a loan is less attractive than a subsidy, the programs attract only a small fraction of the eligible group.

Classification

The hallmark of classification is different effective tax rates for different property classes. Because effective rate differences result from anything that affects the actual tax amount, the line between what generally is called classification and other relief programs is difficult to draw. The broadest

definition would consider all the foregoing direct-relief mechanisms to be classification [if nonuniform effective rates result].

The most common approach to establishing effective tax-rate differentials is the application of uniform nominal rates to differential assessment levels. Usually a lower assessment ratio to residential property than commercial and industrial property is applied. Other approach is applying differential nominal rates to supposedly uniform assessed values. Either approach can be effective, but some argue, that the practice of establishing assessment level differences is inferior because it [1] makes it harder for taxpayers to evaluate the appropriateness of their assessed value, [2] increases the potential for abuse of the assessment system and appears to make the assessor part of the tax-setting proces, and [3] affects debt limits and other policies tied into assessed value figures.

Circuit Breaker

Circuit breaker relief programs, like other property-tax relief mechanisms, also provide favorable effective rates for claimants` property taxes, but circuit breakers are more narrowly targeted. Because circuit breakers take many forms, generalization about them is difficult. What they have in common is that relief is inversely related to income. When property taxes rise to levels that are thought to constitute an "overload" relative to income, the relief program "breaks" the load. This analogy to electrical circuit breakers and power overloads gives the relief form its name. Circuit breakers accept both property ownership and income as indicators of econommic well-being [ability to pay

taxes], but the decision to provide relief is based on income when income is relatively low. Thus, benefits can be targeted to those considered to be most in need of tax relief. Targeting provides a given level of relief to those for whom the property-tax amount is truly onerous in relation to income - presumably the group of most concern to tax-relief advocates - with a lower total outlay.

The trend in direct property tax relief in the U.S. appears to be toward broader, less personalized relief mechanisms. Two programs that have become quite popular in the last two decades, classification and circuit breakers, tend to exert opposing influences with regard to targeting. Circuit breakers inherently are targeted by income, and the majority of them are further targeted to the elderly.

Maryland use a series of direct relief measures.

Partial Exemption

Maryland exempts \$ 6,000 of assessed value for the blind and for disabled veterans or surviving spouse.

Freeze

Maryland's 110 percent homestead credit which limits effective assessed value growth for homeowners to 10 percent annually is example of partial tax base freezes.

Use-value Assessment

Maryland pioneered this approach in 1956 and uses it for agricultural land. Agricultural land is assessed at 50 % of agricultural use value. The following assessment/sale ratio is

based upon assessment [40 %] to sale/price ratio.

Classification

Maryland had a classification program for the few years in the late 1970s when different "inflation allowance" figures caused owner-occupied residences to be assessed at 45 % of market value while other real property was to be assessed at 50 %. And the current 110 percent homestead credit also classifies, but on a somewhat different basis, and certainly with less uniformity among homeowners.

Property Tax Credits

Certain local tax credits are mandatory under the Tax-Property Article of the Annotated Code, and certain credits are optional. Credits apply to local tax rates only, and benefit specific types of property. Authority to grant local tax credits must be provided in the Tax-Property Article. The statewide mandatory tax credit programs are following:

Homeowners [Circuit Breaker] Tax Credit Program;

Renters [Circuit Breaker] Tax Credit Program;

Homestead Tax Credit Program;

Enterprise Zone Tax Credits.

Tax credits which may be authorized by local governing bodies, against local taxation only, are specified by law for the following types of property: cemetery property; structures utilizing solar or geothermal energy saving devices; historic property undergoing restoration or preservation; manufacturing, fabricating, and assembling facilities; agricultural land subject to Maryland agricultural land preservation easements; newly constructed dwellings that are unsold or unrented; open space;

operating properties of railroad companies; research and testing facilities; flood damaged residential real property; and tobacco barns.

Maryland has two distinct property tax circuit breaker programs. One program, the Homeowners` Circuit Breaker Tax Credit Program, provides property relief to all qualifying homeowners in the state. The second program, the Renters` Circuit Breaker Program, provides property tax relief to qualifying elderly renters. Each program is described briefly below. More information [criteria adopted, application procedures established, income definition, special limitations on applications, definition of dwelling, method of credit calculation etc.] contain COMAR and Maryland Assessment Procedures [see separate appendix].
Homeowners` Circuit Breaker Tax Credit Program

This plan has been in existence since 1975 when it was known as the "circuit breaker" plan for elderly homeowners. The Maryland General Assembly has improved the plan through the years so that now this program is available to all homeowners regardless of their age, and the credits are given where needed based upon the person`s income.

Like most other states, Maryland uses a broad definition of income to determine eligibility for the homeowners` [and renters`] circuit breaker program; however, unlike most states, Maryland`s circuit breaker program does not have a formal income ceiling. For purposes of this tax credit program total income means the combined gross income [from all sources] before any deduction are taken. Income information must be reported for the

homeowner and spouse and all other occupants of the household unless they are dependents or they are paying rent or room and board.

To qualify for property tax relief the applicant must be

- owner or have a legal interest in the property;
- use the dwelling as the primary residence, residing in the dwelling on July 1 of the tax year for which credit is allowed and occupy the dwelling for more than 6 month of the year;
- have a combined net worth of \$ 200,000 or less [not including the value of the property on which the credit is sought].

The tax credit is based upon the amount by which the property taxes exceed a percentage of income according to the following formula: 0% of the first \$ 4,000 of the combined household income; 2.5% of the next \$ 4,000 of income; 5.5% of the next \$ 4,000 of income; 7.5% of the next \$ 4,000 of income; and 9% of all income above \$ 16,000.

Using this formula the specific tax limit for household income \$ 20,000 is \$ 980 for example. If actual property tax bill of this household was \$ 1,200, it would receive a tax credit in the amount of \$ 220 - this being the difference between the actual tax bill and the tax limit.

The Homeowners Tax Credit is not automatically granted but each person must apply and disclose his or her income. There is about 90 percent acceptance rate in Maryland.

The Homeowners` Tax Credit Program exceeded its fiscal year 1994 appropriation because of a significant new increase in the total number of recipients. The increase is the first growth of

this magnitude within the last thirteen years of the program's history. The program has had a relatively stable recipient population even though there have been significant increases in the average amount of credit received.

The program will be issuing credits to over 79,000 recipients and expending approximately \$ 53.1 million in credits during fiscal year 1994. Table 33 provides an itemization of the credits issued by each subdivision.

The profile of the typical Homeowners' Tax Credit recipient statewide for the 1993/94 tax year is as follows. The average gross household income of a recipient is \$ 12,989. The average tax bill received is \$ 1,064. The recipient has an average assessment of \$ 36,340, which equates to a dwelling house with a market value of \$ 90,850.

Seventy-eight percent of the total 79,304 recipients are age 60 or over. Seventy-three percent of the total recipients or 57,893 persons receive Social Security benefits. Approximately three percent of the total recipients are widows under age 60 with dependent children or are 100% disabled persons also receiving Social Security benefits. Less than four percent of the recipients are applicants with business income.

Thus given the policy objective of targeting property tax relief to low income households, Maryland's homeowners' circuit breaker program is an unqualified success. On the other hand same data confirm what both proponents and opponents of the circuit breaker approach to property tax relief argue - that more relief tends to go to households with greater net worth [higher assessed

value] and to jurisdictions with higher property tax rates.

Renters` Circuit Breaker Tax Credit Program

This program, enacted in 1979 is a plan that provides property tax credits for renters who meet certain requirements. The plan was modeled after and designed to be similar in principle to the Homeowners` Tax Credit Program. It is based on the premise that, like a homeowner, a renter should only pay a certain percentage of income for property taxes.

The plan is based upon the relationship between rent and income. The state provides a credit for property taxes paid over that limit. The formula for computing the renters` credit is the same as computing the homeowners`.

Using the same broad definition of combined household income used for determining eligibility for the homeowners` credit, the renters` circuit breaker program has the following characteristics:

- the credit is available only to renters who are over age 59 or disabled;
- only rent paid on a dwelling occupied as the principal residence of the taxpayer for six months or more qualifies for the credit;
- it is assumed that property taxes represent 15 percent of rent paid, excluding utilities;
- the maximum credit \$ 600;
- renters with net worth exceeding \$ 200,000 are not eligible for the program;;
- individuals residing in dwellings being rented from public

housing authorities or exempt organizations do not qualify for the credit.

Renters` Tax Credit Program has shown again this year the same level of incremental steady growth that it has experienced since its inception in 1979. In fiscal year 1993, there were 13,603 recipients and the total amount of credits paid out equalled \$ 3,644,474. The average credit received statewide was \$ 267.92. In 1994, the program will be available for the first time to under age 60 person who have at least one dependent child and who meet certain income ceiling requirements.

The profile of a Renters` recipient in FY 1993 is as follows. There were 11,439 recipients age 60 and over and 2,164 recipients who were 100% disabled persons. The average income reported by recipients was \$ 9,019 and the average statewide yearly rent paid was \$ 3,202. Table 34 provides the profile comparison and the amount of funds disbursed for these credits on a county by county basis.

Homestead Credit

The Homestead Property Tax Credit has been established to help homeowners deal with large assessment increses. The Homestead Credit limits the increase in taxable assessments each year to a fixed percentage. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each yeach.

The Homestead Credit applies only to owner-occupied dwellings and is based on the total assessment for the dwelling and land associated with the dwelling. An assessment is 40 % of the

market value of that property.

Technically, the Homestead Credit does not limit the market value of the property. It is actually a credit applied against the tax due on the position of the reassessment exceeding 10% [or the lower local limit] from one year to the next. The credit is calculated based on the 10% limit for purposes of the state property tax, and 10% or less [as determined by local governments] for purposes of local taxation. In other words, the homeowner pays no property tax on the assessment increase which is above the limit.

The tax credit will be granted if the following conditions are met during the previous tax year:

- the property was not transferred to new ownership;
- there was no change in the zoning classification requested by the homeowner resulting in an increase value of the property;
- a substantial change did not occur in the use of the property;
- the previous assessment was not clearly erroneous.

A further condition is that the dwelling must be the owner's principal residence and the owner must have lived in it for at least six months of the year, including July 1 of the year for which the credit is applicable. An owner can receive a credit only on one property - the primary residence.

Enterprise Zone Tax Credits

These credits are offered by the state to businesses which locate or expand in certain designated geographic zone areas. Presently there are eleven designated Enterprise Zones in Mary-

land.

The property tax credit is equal to the local taxes levied on 80% of the increased value of the real property during the first five years and a declining percentage of value from 70% to 30% over the next five years. The state reimburses local governments for one-half of the lost taxes collected during this ten year period.

The Enterprise Zone law itself establishes two minimum alternative requirements and also provides that local Zones may establish additional or special requirements. In order for a business to qualify for the property tax credit, it must satisfy one of the two specific statutory requirements as well as any further requirements established by the local Zone. The two specific requirements are that business must either make an investment in capital improvements, or hire new employees. Of course, it should be noted here that if the business qualifies for the credit in only the second way by hiring new employees, the amount of the property tax credit will be small since the increase in assessment will not be large due to a lack of capital investment.

For the 1993/94 taxable year, the state's one-half share of the credits granted statewide will be \$ 1.5 million. A total of 270 businesses received these credits.

Enterprise zone programs are probably the most familiar public sector initiatives targeted to distressed areas. Although a working federal program is just getting off the ground, states began enacting such programs in 1981, and 36 states now have

enterprise zone programs in operation. Tax credits [and, less commonly, financial assistance] to stimulate investment are considerably more numerous than credits targeted to labor, although most states provide some incentive of each type.

Using fiscal provisions to support business and employment in the specific regions is a contraversial issue. This state interference inovades the competition, of course. The same impact has difference of the local property tax rates. Thus to discuss problems of regional development it is necessary to remind that question of authority`s distribution between central and local level of government is a political question.

3.3 Indirect property tax relief

In addition to direct property-tax relief, there are many indirect-relief programs. Direct relief, as discussed, [1] is keyed to the property tax, [2] reduces individual property-tax bills in ways that generally redistribute the property-tax load across classes, or even within classes, but [3] may or may not affect the total property-tax levy. Indirect property-tax relief, on the other hand, [1] works outside the property-tax system, but [2] also may or may not affect the total property-tax levy.

Indirect relief includes greater reliance on local nonproperty taxes [income and sales, whether general or selective], local nontax revenues [user charges, interest income, etc.], and intergovernmental assistance. These revenue instruments may simply displace property-tax revenue, thereby providing property-

tax relief, or they may to some degree augment property-tax revenue, permitting an increase in the overall level of services. Leaving aside the question of the effect of nonproperty-tax sources on the overall level of local public services, these sources can be viewed as property-tax relief mechanisms in the sense that, for a given level of services financed with some contribution from these sources, the amount of revenue to be raised from the property tax is less than it otherwise would be.

The diminished reliance on property taxation made possible by these indirect-relief mechanisms, taken alone, will result in proportionate property-tax relief for all property-tax payers. Thus, indirect relief is inherently broad, rather than targeted.

Decline of the property tax importance in the local government finances during last decades in the **United States** has generally been consequence of putting into practice indirect property tax relief.

[i] From colonial times until the Great Depression, the property tax was the mainstay of local government finance. When property values and property tax revenues fell while demands on local governments rose in the Depression era of the early 1930s, a search intensified for alternatives to the property tax - other revenue sources that could complement the property tax, offset some of its less desirable features, and provide a cushion of stability and growth for local governmental revenues. Although there were scattered uses of other local taxes prior to the 1930s, that decade marked a sharp increase in the use of the two principal alternatives to the property tax, the local general

sales tax and the local personal income tax.

A second wave of growth in adoption of local nonproperty taxes took place in the 1960s and 1970s, first in response to the fiscal crises of large cities and later as a way to address the property tax revolt. Today, local general sales taxes are authorized in 31 states, and local income or payroll taxes are used in one form or another in 16 states. Other local taxes - primarily selective sales and business income taxes - are also in place in a number of states. There is still some potential for expanded use of local nonproperty taxes through new authorizations for local taxes in the remaining states, but much of the potential for further growth in nonproperty tax revenues lies in expanded use of nonproperty taxes in those states where they have already been authorized.

[ii] Trend toward greater local reliance on nontax revenue reflects rapid increase of charges and miscellaneous revenues. Share of these revenues became to grow after the World War II. The rate of growth suggest that this source may soon be the most important source of local revenues. This process is obviously connected with fact, that the benefit of charges and fees is clear, it is the price if it really reflects costs. Thus it is for local governments more popular way how to increase their revenue than to raise taxes and especially property tax rate.

User charge refers, generally, to prices charged by local governments for specific services or privileges, used to pay for all or part of the cost of providing those services. They are to be distinguished from financing services through general taxes,

with no direct relationship between tax payment and service received. In practice some financing methods other than direct charges, such as license fees and some earmarked taxes, can serve the purpose of user charges.

The types of financing methods than can be considered as user charges include direct charges for use of a public facility or consumption of a service, license taxes or fees paid for the privilege of undertaking some activity [such as fishing license and driver license fees], and special assessments, a type of property tax levied for a specific service and based on some physical characteristic of the property, such as front footage [for example, assessment for sidewalk construction]. Education and hospitals are the two budget categories from which most local user charge arise.

[iii] Growth of intergovernmental grants are other important factor making possible relative decline of property tax revenues and decrease of property tax burden. The particularly high reliance on state aid by school districts reflects a growing role for state governments in financing local education. These state aid programs not only indirectly decrease pressure on local property tax rates but also partly correct huge differences among individual jurisdictions as regards level of public education services.

Growth of intergovernmental grants reflects the significant trend in the U.S. Federal, State and local finances since the turn of the century. It is the upward drift in fiscal responsibilities from the local to the State and Federal levels of gov-

ernment. At the turn of the century, localities delivered and financed nearly all public services and the Federal and State roles were relatively minor. However, two world wars and the Great Depression dramatically shifted the relative responsibilities for financing public services among the three levels of government. Today, financing responsibility is concentrated in Washington and in State capitals, though local governments continue to deliver the bulk of domestic public services.

A key factor in these trends has been the changing composition of the tax structure. At the turn of the century, the predominant source of government revenues was the property tax, levied primarily by local governments. Today, income taxes - both individual and corporate - have supplanted the property tax as the predominant source of revenues.

The rapid growth of intergovernmental payments has been one of the most dramatic trends in fiscal federalism in the 20th Century. At the turn of the century, very little aid flowed from higher to lower levels of government. Today local governments substantially depend on intergovernmental payments both Federal and State grants.

The revenue structure of local governments in the U.S. today is outlined in table below:

	Local gvts.	County Muni-	Town- cipal	School ship	Spec. distr.	
General Revenue	100.0	100.0	100.0	100.0	100.0	100.0
Intergovernment. revenue	37.2	36.3	28.2	23.9	53.8	28.7
Gen.rev.from own sources	62.8	63.7	71.8	76.1	46.2	71.3
Taxes	39.6	38.0	43.9	60.1	38.1	16.2
Property taxes	29.8	28.1	22.9	55.9	37.2	11.2
Nonproperty taxes	9.8	9.9	21.0	4.2	0.9	5.0
Charges & miscellaneous r.	23.1	25.7	27.9	16.0	8.0	55.1
Current charges	14.4	16.0	16.6	8.5	4.3	40.3
Miscellaneous revenues	8.7	9.7	11.3	7.4	3.7	15.0

Source: Table 5 Summary of Government Revenue by Source, Level
and Type of Government 1990-91

As this table suggests, property tax revenues still play important role as a revenue source for local governments. However substantial diversification of local revenue sources shows success of indirect property tax relief programs` realization.

Basically, Maryland follows this general pattern as regards indirect property tax relief. Today revenue structure of local governments in Maryland shows table below:

	Local gvt.	County	Municip.	Spec. distr.
<hr/>				
General revenue	100.0	100.0	100.0	100.0
Intergovernment.revenue	28.9	22.0	45.4	40.0
Gen.rev.from own sources	71.1	78.0	54.6	60.0
Taxes	52.2	60.9	36.4	0.0
Property taxes	31.1	34.4	27.3	0.0
Nonproperty taxes	21.1	26.5	9.1	0.0
Charges & miscellaneous r.	18.9	17.1	13.6	60.0
Current charges	11.1	10.9	4.5	40.0
Miscellaneous revenues	7.8	6.2	9.1	20.0

Source: Appendix 2 Maryland: State and Local Government Revenue
and Expenditure by Level and Type of Government, 1990-91

Property tax relief programs in Maryland are based more than nationwide on nonproperty taxes revenues, intergovernmental grants play relatively less role. Relatively high share of local income taxes [really elastic] in Maryland reduces dependence on property tax revenue and indirectly makes possible local government do not increase property tax too.

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4. PROPERTY TAX AND MUNICIPAL FINANCE: CASE OF THE CITY OF BALTIMORE

4.1 City of Baltimore and its specific position in the Maryland local government finances

Baltimore City is the economic center of the Baltimore Metropolitan area, the 15th largest in the country, and the northern anchor of the Baltimore-Washington Common Market - the fourth largest consolidated metropolitan statistical area in the country. The City has a large and diverse economy dominated by service and trade industries. The City receives substantial State support for development activities and maintains an extensive development program supported by capital and operating program appropriations.

Baltimore retains its national standing as a model for urban revitalization typified by the new Oriole Park at Camden Yards which has become the standard for design considerations for stadia development around the nation. More recently, funding for the joint City-State \$ 150 million expansion of the Baltimore Convention Center was approved. In fiscal year 1993, the City purchased a real estate complex, the Brokerage, and developed utilization plans calling for a major children`s advocacy center and museum to compliment Inner Harbor attractions. In a related development, the Annie E. Casey Foundation joined a number of

major philanthropic and non-profit agencies choosing Baltimore as their base of operations. The Foundation, with assets of \$ 900 million, is the nation`s largest philanthropy devoted exclusively to programs for disadvantaged children. Through these endeavors, Baltimore maintains its standing as a leader in urban development.

The Baltimore-Washington area has the nation`s fourth largest concentration of biotech-medical businesses. The operations of the University of Maryland at Baltimore professional schools, and its nationally recognized medical research program, and the nation`s number one ranked hospital at Johns Hopkins are centered in Baltimore. The Johns Hopkins medical complex is the nation`s leader in National Institute of Health grant awards having received over \$ 200 million in grants in 1992. With a concentration of medical and related scientific talents, Baltimore is at the center of a diversified economic region.

Progress in public and private investment in the City is measured by numerous projects to enhance the downtown and Inner Harbor, neighborhoods and community business centers, tourist and convention attractions, and public services.

On the transportation and trade front in 1993, Baltimore was selected by World Trade Magazine as one of the ten best U.S. cities for global trade. Baltimore jumped three places to become the nation`s ninth largest port.

On the other hand City of Baltimore is a representative example of an American central city with people living outside of the city. Overall 68 percent of the population is suburbanite:

Year	Baltimore City	Suburbs	Metropolitan Area
1960	939,024	864,721	1,803,745
1970	905,787	1,165,229	2,071,016
1980	786,775	1,387,248	2,174,023
1990	736,714	1,645,458	2,382,172

This process has important economic impacts:

- businesses also go to the suburbs [they look for low taxes, for better environment, for the proximity of the labor face etc.]

- middle and upper class predominate in the suburb population providing within their own jurisdictions the public infrastructure and goods they need and simultaneously consuming the public goods/services the central city

- lower strata of the working class, with a great percentage living under the federal standard of poverty, lives in the central city:

Household Income	City	Harford	Balt.c.	A.Arundel	Total*
\$ 0-10,000	64,363	4,426	20,410	9,100	39,266
\$ 10,000-20,000	53,162	6,630	33,300	14,113	62,543
\$ 20,000-25,000	24,656	4,288	20,487	9,342	39,632
\$ 25,000-50,000	109,365	23,599	101,381	51,859	213,259
more \$ 50,000	46,631	24,151	93,050	64,502	236,259

* total suburbs = counties - Harford, Baltimore, Carroll, Howard,

Anne Arundel

Per capita income in Baltimore City is under nation average.

In 1990 Baltimore City ranked fifth place among twenty largest

central cities in the U.S. in order of percentage in poverty [21.9%].

This negative tendence has been multiplied by the U.S. [and Maryland] economic recession. The Baltimore metropolitan area is suffering from all the factors that are adversely impacting the national and State economies. The City, the center of the region, is particularly hard hit:

[i] Employment - Baltimore metropolitan area lost more jobs in 1991 than all but four other metropolitan areas in the nation. The City lost the biggest share of these jobs. The City lost over 43,000 jobs between 1990 and 1992. These lost jobs were 45% of the 96,000 jobs estimated to have been lost in the State during the same period of time. The City is the location of about 20% of the jobs located in Maryland. The effects of structural change in employment, a major impact of the current recession, is disproportionately located in the City.

[ii] Income - For the first time in its history, the City experienced actual declines in net taxable income and income tax receipts, that are unrelated to changes in tax law. This historic decline in calendar year 1991 tax payments reflects the impact of the recession on the City.

[iii] Commercial real estate - The City`s office vacancy rate continues to increase, albeit at a slower rate, rising to 22.2% in calendar 1992 from 20.0% in calendar 1991.

These fundamental measures of economic performance - as a matter of course - have negatively affected major revenue sources of the City budget [especially local taxes including property,

income, recordation, transfer, energy, and container taxes] on one hand and they have limited of City budget expenditure on the other hand. Budget reflects not only economic realities of Baltimore following a long recession but ten years of declining of federal support for cities too. Thus, the City`s budget has been under permanent pressure.

To compare Baltimore with other municipalities in Maryland it is necessary to stress that although the City of Baltimore is a municipality, its legal status is more closely associated with that charter counties.

The independent City of Baltimore has broad constitutional and statutory powers to raise revenues and provide services to its residents. Generally speaking, Baltimore City has broader powers than other local governments in the state, including municipalities and charter counties. It is still subject to Article 14 of the Constitution`s Declaration of Rights, however, which constrains its ability to impose new taxes on its residents. Baltimore City has greater statutory authority to impose taxes than municipalities, however. [For example, Baltimore City and county governments in Maryland are entitled to receive revenues from property transfer, recordation, alcoholic beverage, and distilled spirits taxes which municipalities are restricted from imposing.]

The powers granted the City are firmly established in the Constitution of Maryland. For example, Article XI-A, Section 3 provides that upon adoption of a charter:

"subject to the Constitution and Public General Laws of this State, [the City of Baltimore or a charter county] shall have full power to enact local laws of said City [or charter county], including the power to repeal or amend local laws of said City [or charter county] enacted by the General Assembly, upon all matters covered by the express powers granted as above provided; ...in case of any conflict between said local law and any Public General Law now or hereafter enacted the Public General Law shall control."

In addition to this general grant of power, the City also is provided with specific constitutional powers in the following areas: land development and redevelopment, off-street parking, port development, residential rehabilitation and commercial financing, residential financing, industrial financing.

The powers of the City of Baltimore to provide services to its residents are much broader than that granted municipal governments. In addition to the powers listed above, the City has the authority to provide services in the following areas: corrections, health, social services, education, libraries, urban development and housing and economic development.

Article XI, Section 7 of the Constitution of Maryland provides the City with the power to issue debt for public purposes subject to a referendum of the voters, and compliance with certain other requirements.

The powers conferred upon the City of Baltimore by the Constitution of Maryland and state statutes provide a broad scope

of freedom to provide needed services and raise revenues to finance them. As noted, this grant of power is broader than that provided other municipal governments in Maryland, broader than that provided counties with charters, and considerably broader than counties that have chosen not to adopt a local charter [code\commissioner and county commissioner governments].

Particular position of the City of Baltimore has its reflection on the revenue and expenditure structure. This structure differs from counties on one hand and from municipalities on the other hand [Table 35].

City of Baltimore collects the most part of all total municipal revenue in Maryland [83% in FY 1987] and spends the most part of municipal expenditure [80% in FY 1987]. Per capita spending is higher too. Baltimore City spent in FY 1987 \$ 1,860 per capita while the rest of Maryland's municipalities only \$ 553. In the same time counties in Maryland [excluding Baltimore City] spent \$ 1,401 per capita.

It is not correct simply compare these figure because there are wide differences among counties and municipalities spending and revenue characteristics. But it is clear that City of Baltimore spends more that the statewide per capita average. On the other hand Baltimore City receives about one third of the counties` and municipalities` intergovernmental [federal and state] revenue in Maryland.

4.2 Role of property tax in the City of Baltimore budget

Baltimore City's budget is, as local governments nationwide and statewide, very reliant on property tax revenue. As Table 36 shows, this reliance has even increased in the 1980s; these revenues have soared from 14 percent local government revenue in 1980 to 20 percent in 1990. At present property tax revenue provides 22 percent or above one-fifth of total local government revenues in Baltimore.

This property tax share is less than nationwide and statewide, however. The reason is that the City of Baltimore has been receiver of big intergovernmental grants [as noted there are a lot of activities in Baltimore City with federal and state importance, medical research program, for example]. Increase in property tax reliance during last years has resulted from larger decrease in intergovernmental aid; especially federal support sharply declined not only relatively but in absolute amount too.

In absolute terms the property tax revenue of Baltimore City has grown substantially. Share of property tax in tax revenue has grown too [Table 37]. While at the beginning of the 1980s this share [above 52 %] was the same as on the municipal local governments level nationwide, at the beginning of the 1990s has been well above the U.S. average [about 60 %].

To compare Baltimore City to rest of Maryland it is necessary to say that there is absolutely and relatively bigger property tax burden in Baltimore City. City of Baltimore collected in

fiscal year 1990-91 about 16 percent of local property tax revenues in Maryland while the share of populations was 15 percent. Per capita property tax amounted \$ 622 in Baltimore City in this fiscal year while state average was \$ 616. Because per capita personal income in Baltimore City is below the Maryland's average, this property tax burden is crucial problem for Baltimore local government body and limits possibilities to increase property tax rate or property tax revenue.

Trends of property tax revenue and its role in budget of Baltimore City reflect both general revenue by source evolution and factors influenced property tax revenue yield.

Despite permanent growth of the property tax revenue, averaging 8.6 percent growth per year between 1985 and 1990 went sharply down at the beginning of the 1990s:

fiscal year	1985	1986	1987	1988	1989	1990	1991	1992	1993
annual rate*	12.6	10.1	6.2	9.5	7.4	5.7	3.9	1.9	2.3

* total prop. tax collection growth [current + delinquent coll.]

The forecast for fiscal 1994 budget reflects continued slowdown in the rates of growth for the property tax [the fiscal 1993 forecast underestimated the magnitude of the downturn as it affected property tax current year revenues] - 1.6 percent:

	1993 Budget	1993 Projection	1994 Estimated
Property tax	\$ 475.9 M	\$ 468.4 M	\$ 475.8 M

Trends in property tax revenues have been affected by the recession. Factors contributing to limited property tax base growth include:

- Market values of nearly all classes of property continue to be

adversely affected by the recession;

- Commercial and industrial vacancy rates continue to grow, reducing income streams and providing the basis for new annual appeals for reduced valuation. Residential property value growth is minimal. The condominium market continues flat. The commercial real estate market is still in bad shape;

- The result is record reductions in valuations due to appeals. Fiscal 1993 reductions in assessable values from appeals may approach \$ 200 million, an amount in excess of the budget plan, and the major factor contributing to appeals arising from reassessments of the current section of the City being re-assessed are not anticipated to be as great as in fiscal 1993.

- The estimated growth in the real property tax base, before allowance for tax credits, is estimated to be 1.8% in fiscal 1994 only;

- New construction - estimates of new construction coming on the tax rolls in fiscal 1993 continue to decline and will be 37% below the fiscal 1993 budget estimate;

- Homestead Property Tax Credit Program - re-enactment of a 104% homestead tax credit program will protect about 70,000 homeowners from increases in assessments that are greater than 4%. These credits valued at \$ 8.1 million will reduce real property tax revenue \$ 1.0 million as compared with the fiscal 1993 budget;

- Personal property taxes have experienced unanticipated effects of the business recession. Public utility personal property tax receipts are anticipated to grow about 2% in fiscal 1994. Busi-

ness personal property tax receipts are expected to be about 12% or \$ 5.7 million below the fiscal 1993 budget. Fiscal year 1993 receipts are projected to be about 11% below the fiscal 1992 level as a result of business failures, relocations, and declining purchases of taxable equipment, fixtures and furnishings.

Thus, on budgetary basis, total current year property tax collections will remain level in fiscal 1994. The decline in business personal property, combined with the large number and value of real property appeals and valuation reductions, reflects the continuing effects of a lingering real estate business recession.

This fact has significant implication for City's budget. Property tax revenue is one of two major variables affecting the City's General Fund. Budget to budget revenue growth in the General Fund is estimated to be about 1.1 percent in fiscal 1994 only. It is necessary to remark that the recent loss of State to the General Fund is accompanied by the additional State imposed mandate to pick up employer's share of Social Security taxes for professional librarians and education related employees. Thus the general outlook for local taxes and revenues demonstrates that this revenue growth continues to be insufficient to support the City in its efforts to provide desired levels of service to its residents.

The General Fund is the City's principal fund, contains revenues which finance appropriations for both ongoing operating expenses and pay-as-you-go capital projects. For fiscal 1994 revenue amounts \$ 803.1 million. Local taxes are the major reve-

nue of this Fund, \$ 669.9 million or 83 percent. Property tax revenue is \$ 475.8 or 59 percent. Thus financing of governmental functions is tightly connected with property tax revenue. As tables 38 and 39 show apportionment of general tax rate has changed depending on property tax revenue and on priorities of City`s budget.

4.3 Property tax yield in the City of Baltimore and its limits

Estimation of the property tax yield isn`t [under consolidated circumstances in the U.S.] any serious problem for local government finance policy makers. Deviation from property tax revenue isn`t high. Procedure for estimation of this yield in the City of Baltimore is outlined in figure below:

FIGURE 4

Baltimore City: Estimated Property Tax Base and Yield

ESTIMATED ASSESSABLE BASE

	Fiscal 1993	Fiscal 1994	Change
Real Estate			
Real Property Assessed Locally	\$6,788,125,000	\$6,866,245,000	\$78,120,000
Appeals, Abatements and Deletion Reductions	(135,000,000)	(150,000,000)	(15,000,000)
Adjustments for Assessment Increases over 4%	(122,138,000)	(140,695,000)	(18,557,000)
New Improvements Assessed for Less Than a Full Year	26,250,000	16,500,000	(9,750,000)
Public Utilities	383,562,000	394,512,000	10,950,000
Sub-Total	\$6,940,799,000	\$6,986,562,000	\$45,763,000
Tangible Personal Property			
Individual and Firms	\$122,449,000	\$83,881,000	(\$38,568,000)
Ordinary Business Corporations	678,848,000	618,731,000	(60,117,000)
Public Utilities	488,118,000	539,173,000	51,055,000
Sub-Total	\$1,289,415,000	\$1,241,785,000	(\$47,630,000)
TOTAL	\$8,230,214,000	\$8,228,347,000	(\$1,867,000)

ESTIMATED PROPERTY TAX YIELD

Real Estate	\$0.01/\$100 =	\$698,656
Tangible Personal Property	\$0.01/\$100 =	\$124,179
Total Tax Yield Basis at Full Rate		\$822,835
Anticipated Rate of Collection	x	98%
Net Tax Yield from \$0.01 per \$100 of Fiscal 1994 Assessable Base		\$806,378
Property Tax Rate per \$100 of Fiscal 1994 Assessable Base		\$5.90
Estimated Fiscal 1994 Property Tax Yield		\$475,763,020

Source: City of Baltimore, Fiscal 1994 Summary of Adopted Budget

Generally speaking property tax yield is influenced by three main factors: assessable base, property tax rate and rate of collection.

Property tax collection rate has been relatively stable and high in Baltimore City during last years [Table 40]. Tax collection is provided automatically by computers. City collector has

not had serious problems with real property tax collection. There are certain problem to collect personal property tax because plenty businesses became extinct.

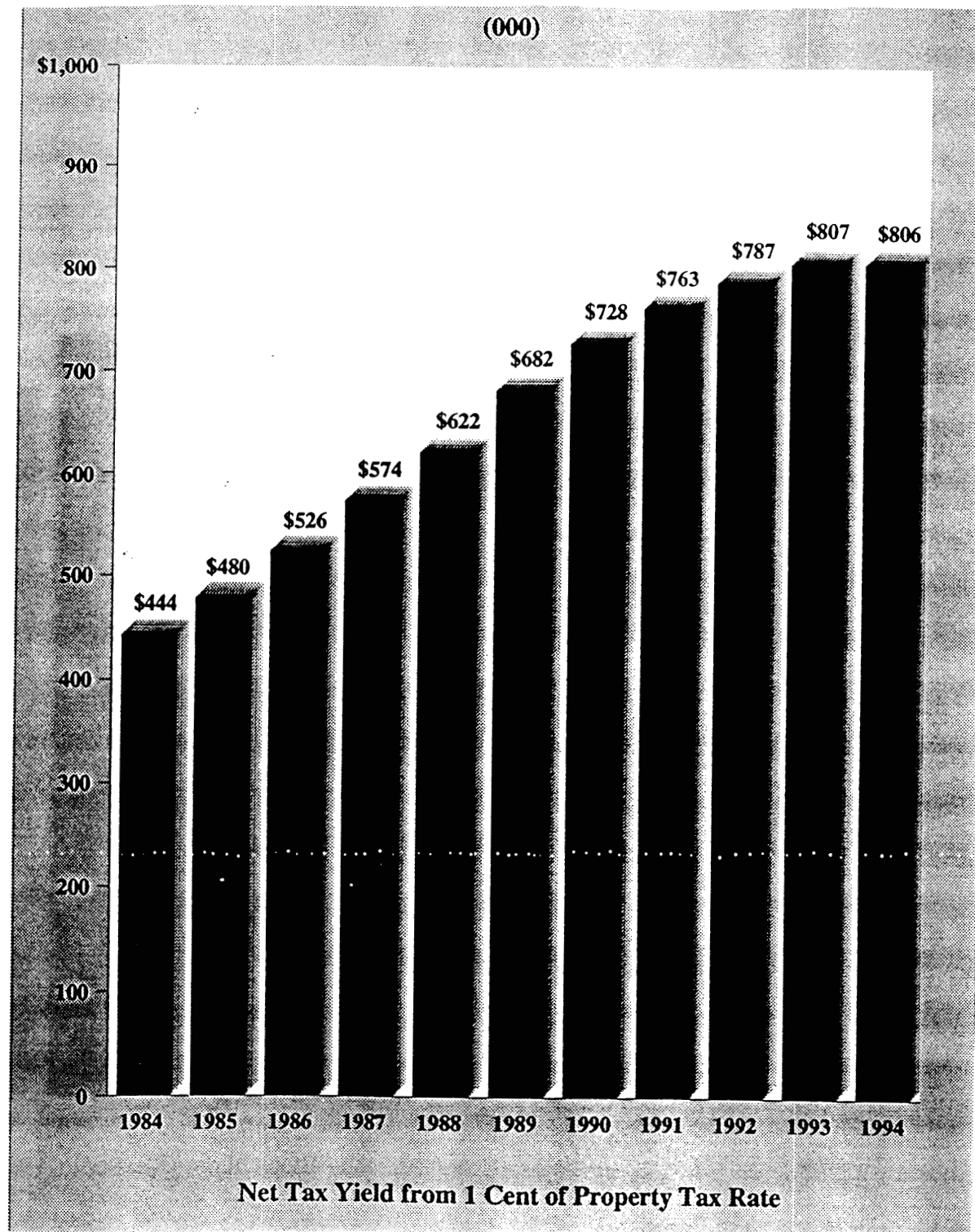
Baltimore City grants percentage discount for the property tax payment prior to particular date. Amount of this discount is 1 percent in July and 0.5 percent in August. Conversely City levies a percentage penalty and interest rate for late property tax payments. After October 1, taxpayers must pay 1 percent penalty and 1 percent monthly interest charge. For fiscal 1994 City`s budget expects revenue loss due to discounts \$ 2.85 million and revenue gain due to penalties/interest \$ 1.85 million.

Crucial problem for City`s property tax yield is evolution of assessable base in Baltimore City.

Even so Baltimore City ranks in fiscal 1994 fifth among Maryland`s subdivisions as regards total assessable base, is almost the "poorest" subdivision [23th] with regards to per capita assessable base [\$ 11,531]. As Table 15 shows, Baltimore City is this year only one subdivision in Maryland with going down total assessable base for property tax purposes and has one of the least property tax revenue yield growth. Property tax rate for fiscal 1994 - \$ 5.90 - is the same as the constant yield rate.

As Figure 5 shows, property tax base yield in Baltimore City [penny tax] has stagnated last years:

Baltimore City: Property Tax Base Yield



Source: City of Baltimore, Fiscal 1994 Summary of Adopted Budget

A noted above there are more reasons of this unfavourable evolution. The most important reason is moving of middle and upper class people out of City and this same process as regards some kind of business. There are a lot of old houses with bad equipment in Baltimore City. As Table 41 shows, market value of property in Baltimore City went up slightly with comparison to suburbs and whole Maryland.

Evolution of value of real and personal taxable property as well as structure of real property value during last ten fiscal years is comprised in Tables 42 and 43. As Table 44 shows ten percent of total assessed value in the City of Baltimore concern two biggest taxpayers.

Property tax rate in Baltimore City is biggest in Maryland [Table 11]. As Table 45 shows, City's rate has grown more quickly than in suburbs. But in consequence evolution of assessable base this growing property tax rate has been near to constant yield rate during last years. As we know property tax burden in Baltimore City is high. There is no question that a property tax rate reduction is extremely desirable and badly needed by the homeowners of Baltimore City. But it is necessary to remind that Baltimore City limits taxable residential assessment increase more than Maryland's law. It simply not possible to implement both the 4 % cap and a reduction in the property tax rate.

We can summarize: Despite City of Baltimore has powers to raise property tax revenue [changing property tax rate, assessment increase cap], this is a difficult task for local government

bodies. It is impossible to raise property tax levies regardless of income situation of the voters. Less visible way how to solve fiscal gap is to cut expenditure.

Main Sources

- [1] *City of Baltimore, Comprehensive Annual Financial Report, Year Ended June 30, 1993*
- [2] *City of Baltimore, Fiscal 1994 Summary of Adopted Budget*
- [3] *Fiscal Year 1994 Report of County Budgets [1993]*
- [4] *Municipal Finance Issues and the State and Local Tax Structure in Maryland [1990]*

CONCLUSIONS: POSSIBLE LESSONS FOR THE CZECH REPUBLIC

It seems that U.S. concept of property taxation and especially particular practical aspect of property tax can give an inspiration to Czech tax policy makers. It stands to reason that it is impossible simply "to copy" this system.

There are fundamental difference between both economies: stable market economy in the U.S. on one hand and economy in transition in the Czech Republic on the other hand. In addition to this general reason it is necessary take into account further factors:

- different historical evolution of local governments

System of local government in the U. S. has developed continually. Local governments have sizable independence, authority and responsibilities. There is high degree of decentralization in the U.S.A.

Strictly speaking, the term "local government" can only be applied to the Czech Republic after 1990, although it did exist between the two World Wars in Czechoslovakia. Despite the change of constitutional settings and the reform of local government financing after velvet revolution there is still high degree of centralization in the Czech state and local government system. Authority and responsibility of local government are not too broad.

- different system of administrative structure

There is tremendous diversity in the structure of subnational government in different states in the U.S.A. Administrative structure is relatively complicated.

In the Czech Republic system of local government is simple and uniform. Only two levels of government exist now: national level and the local [municipal] level.

- different size of municipalities

In the U.S.A. over two-fifth percent of municipal residents live in cities of at least 100,000 population and slightly less than one-half of all municipalities have fewer than 1,000 inhabitants [about 3 % of the total population served by municipal governments].

The number of municipalities in the Czech Republic has recently increased sharply and forth-fifth of municipalities have less than one thousand citizens. Many of these municipalities may be too small to provide efficiently all the public services demanded from them.

- different role of local budgets

The local government sector is a substantial part of the U. S. economy and share of local budgets in the general government budget is substantially higher than in the Czech Republic. This fact is connected with the magnitude of public goods covered by local governments and financed through local budget expenditure. Revenue side of the local budgets is more varied in U.S. too.

- different quality of local finances management and inter-

est of the public in the local finances

Quality of local government finances in the U.S. is positively influenced by professionalism of local government bodies and by sophisticated legal framework, independent control, audit etc. Americans are not only familiar with tax issues and local finance problems but they have possibility to influence directly some aspects of local government finance too ["public hearing" for example].

In the Czech Republic up to now some municipalities are not able to manage their finances in a proper way. Examples of this include frequent changes of municipal leadership, the results of audits, and the inability of many municipalities to cooperate in carrying out projects. There is minimum interest of public in local government finance in the Czech Republic without possibility to influence it.

- different concept of taxation and social and health contributions, per capita income and structure of households expenditure

There is possibility to mobilize absolutely and relatively higher property tax revenue in the U.S. than in the Czech Republic. Simultaneously property tax burden of households [using tax reliefs] is not unbearable.

Despite of differences noted above we can deduce certain conclusion or lesson for the Czech Republic:

[1] Effort to increase the fiscal autonomy of local govern-

ments in the Czech Republic should be connected with increasing role of property tax.

As evolution in the U.S. shows property tax - despite of all problems - is predetermined to be important source of local budgets. Diversification of these revenues is desirable simultaneously to prevent critical dependence on property tax revenue. This is problem for big cities especially where wealthy people go outside of the city. Stagnation of property base on one hand and necessary expenditure [educational services especially] on the other hand are crucial political problem.

Increasing role of property tax in the Czech local government revenue are expected by experts of the OECD too. They have suggested that [after implementation *ad valorem* based property tax] local governments in the Czech Republic be given revenue objective with an upper limit of about 2 percent of GDP. This represents in 1994 terms about Kc 20 billion in comparison with the projected property tax yield of Kc 3 billion in 1994. Under other stable circumstances share of property tax revenue should be about 50 percent of local government tax revenue. But it is necessary remind that second stage of local government finances will change structure of local government tax revenue too. Thus it seems, that role of property tax revenue in a local revenue system in the Czech Republic will be smaller than in the U.S.

[2] Advantage [after stabilizaton of market value of real estates] should be for local budgets in the Czech Republic stability and predictability of the property tax revenue.

Like U.S. experience shows the assessed values for a commun-

ity are known before local governments adopt their budget. This fact plus possibility to adjust tax rates will make management of local finances easier for local governments in the Czech Republic too.

Stability will have considerable importance especially as regards indebtedness of local governments. Process of gradual indebtedness of local governments has started in the Czech Republic and there are certain consideration about limits of local debt. Relationship between local bond issue and property tax revenue seems to be "natural" market limit.

Ratings in the U.S. are given to local governments based upon the history of growth of their taxable base, the taxing capacity of the issuing government and ability to repay the bonded indebtedness. Thus stability of property tax revenue is one of the most important factors in awarding a rating.

[3] To strengthen of property tax importance in local government revenue in the Czech Republic is necessary to increase responsibilities which should be the local government given.

Now in the Czech Republic both the current legal and administrative decisions regarding property taxes are in the central government`s jurisdiction except for small municipal decisions.

U.S. experience shows that if local governments are to be accountable they should be responsible to their electors for both the expenditures they incur and the levels of revenue with which they finance their operation, particularly for increases in both. There is a strong argument for giving the local government in the Czech Republic more discretion as regards property for tax pur-

pose within their jurisdictions and more control over delinquent taxpayers. It seems that higher degree of autonomy of local government in the U.S. is a good way to use tax revenue more effectively and to balance tax burden.

[4] Real property tax should be the most important property tax in the Czech Republic.

At present in the Czech Republic property taxation includes almost only real property tax [this revenue is assigned to the municipalities from where it was collected]. In addition, there are taxes on gifts, inheritences and transfers of real property [the central government receives the revenue from these taxes]. It seems that is no reason to establish personal property tax in the Czech tax system.

Trend of property tax evolution in the U.S. shows decline of personal property tax importance. A lot of states or local governments exemts personal property or its parts. The reason is both the support of business and some administrative difficulties.

[5] Real property tax collection in the Czech Republic is opening problem.

At present this collection is the responsibility of the district tax officer in the Czech Republic. This is different situation in comparison with the U.S. where local governments are able to collect property tax themselves and with reasonable costs.

In the Czech Republic has been some discussion about passing the responsibility for collecting real property tax over to

municipalities. It seems that the central tax collection will be more cost efficient. However, municipalities may have some responsibilities in the future of verifying returns and dealing with delinquent taxpayers.

[6] Transition toward ad valorem property taxation in the Czech Republic is critically dependent on data.

A successful introduction of a market value based tax on real property will depend on accurate data identifying taxpayers, describing key characteristics of all parcels of land and buildings located on the parcels and suggesting a market price relationship.

In contrast to the United States where database has been built long time in the Czech Republic the long tradition of the original cadastral records from the 1850s was broken in the 1950s; the new era began in 1964, with registration of land users in urban area, the land registration act instituted title registration effective from January 1, 1993.

Like in the U.S. Czech renewal cadastral filing contents maps and written records and have been partially computerized. The Czech cadastre contains sufficient information for identifying taxpayers and parcels.

But crucial problem is, that cadastre does not contain sufficient information for accurately estimating market values. The number of sales is relatively small. A price register therefore is possible and desirable, but no agency has been authorized to create one. Real estate data have changed dramatically. While such information used to be public, this information is currently

seen as private. At present, there is no mechanism in place to collect data on rental property income and sale prices. The actual costs of individual constructions projects are not monitored.

It is possible to use some U.S. experience in the Czech Republic for example Maryland's procedures in the Czech Republic. After all number of residential houses is almost the same [1.8 million in Maryland, about 2 million in the Czech Republic]. Some technical methods using by the Maryland Department of Assessment and Taxations like organization of data collection and record, CAMA system etc. are useful for the Czech Republic too. To build Czech price register should be introduce duty that all sales must be recorder with the local assessment office.

[7] The main change of property taxation in the Czech Republic should be the basing of property taxes on the current market value.

There are several strong restraints on the property tax reform process in the Czech Republic. Two such restrains are the capacity of the capital markets and the volatility of capital prices. Rent control on housing is a special case. Agricultural land rents have generally already been decontrolled, but could be controlled where land is used for gardering. The existence of rent controls has strong implications for property taxes based on market value and the ultimate tax burden. We expect the integration of land and building taxes [for the time being, separate land and building taxation seems likely], because the market prices reflect the value of the total property, not of the com-

ponents.

There is a profusion of legal standards for assessed values in the U.S. but always the assessed value is based on market value. Assessment for tax purposes is not easy matter. Therefore lot of sophisticated methods are used in the U. S. and it seems to not be problem insure some methods in the Czech Republic too. Like in the U.S.A. certain degree of assessment uniformity will be desirable.

Regarding area of the Czech Republic, lack of assessment experience and assessores, requirement of assessment uniformity as well as cost reduction it seems to be better use in the Czech Republic system of assessment provided by state agency than existence number of assessing jurisdictions.

[8] Increase of property tax burden will enthrone in the Czech Republic question of tax exemption and tax reliefs measures.

Several property tax exemptions remain in the Czech Republic. Some of them are customary [such as for governments and churches - provided the property is not rented or used for business purposes], same of them were inherited from the previous system and are just continued in the tax code and the others are connected with restituted houses.

Despite of certain historical differences system of tax exemptions in the Czech Republic will be analogous like in the U.S.

Different situation is as regards property tax reliefs. Household property tax burden is small in the Czech Republic and

there is not reason for tax relief. If property tax goes up it will be obviously necessary to apply tax relief measures for households with low income. Programs like homestead credit and circuit breakers could be inspiration.

Property tax is already burden for some businesses [especially new or small] in the Czech Republic. State and local governments have interest to support business development especially in regions with high rate of unemployment. It is difficult task if some fiscal methods like enterprise zone tax credits used in the U.S. are good example or not.

[9] Property tax role increase will provoke interest of the public in the property taxation and will become political problem for local government bodies in the Czech Republic.

U.S. experience shows that local taxes on real property are more visible [and more inpopular] than other taxes for several reasons.

First, unlike the income tax, the property tax is not deducted at source but generally has to be paid directly to the local treasury by taxpayers in periodic lump sum payments. Taxpayers who pay taxes directly to government tend to be more aware of the size of their bill than those whose take-home pay is reduced by mothly tax deduction. The need to make such periodic large payments increases the sensitivity of taxpayers to even nominal increase in taxes.

Secondly, the inelasticity of the property tax has a similar effect. Since the base of this tax does not as a rule increase automatically over time, the periodic nominal increases in prop-

erty tax bills needed to maintain real revenue when price levels rise require increased tax rates.

Thirdly, local property taxes of course finance such local services. The quantity and quality of these services is thus readily linked to the property tax. The very feature that makes the property tax a good source of local government revenue in principle makes it especially vulnerable to political resistance.

Thus the broad stream of information about property tax issue will be asked by the citizens in the Czech Republic in the future. But not only property tax bills and rights of taxpayers will be of interest to the public. We expect that it will be necessary to think about possibility for the voters to express their opinion as regards property tax rates.

We can summarize **three important provisions should take place in the Czech Republic** as regards the property tax role in local finance:

First, an adequate national framework and law should be established to prevent unwarranted local manipulation of the base and rate structure.

Second, local governments must be provided sufficient technical support to carry out their role in the administrative process.

Third, local governments must be permitted to vary their tax rate [e.g., annually], such rate flexibility is essential if the tax is to be adequately responsive to local needs and decisions.

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T A B L E S

TABLE 1
PROPERTY TAXES AS A PERCENTAGE OF GENERAL REVENUE, BY LEVEL OF GOVERNMENT, SELECTED YEARS

Year	States	L o c a l G o v e r n m e n t s					
		All	Counties	Municipalities	Townships	School Districts	Special Districts
1962	2.1	48.0	45.7	44.2	65.3	51.0	25.0
1967	1.7	43.2	42.1	38.1	61.8	46.9	21.5
1972	1.3	39.5	36.5	31.3	64.9	47.3	17.3
1977	1.3	33.7	31.0	25.8	56.8	42.1	14.0
1982	1.1	28.1	26.6	21.4	52.1	35.8	9.5
1986	1.1	28.2	27.3	20.5	52.1	36.2	10.4
1991	1.1	29.9	28.1	22.9	55.8	37.2	11.3

TABLE 2
PROPERTY TAXES AS A PERCENTAGE OF TAXES, BY LEVEL OF GOVERNMENT, SELECTED YEARS

Year	States	L o c a l G o v e r n m e n t s					
		All	Counties	Municipalities	Townships	School Districts	Special Districts
1962	3.1	87.7	93.5	93.5	93.3	98.6	100.0
1967	2.7	88.6	92.1	70.0	92.8	98.4	100.0
1972	2.1	83.7	85.6	64.3	93.5	98.1	94.9
1977	2.2	80.5	81.2	60.0	91.7	97.5	91.2
1982	1.9	76.1	77.2	52.6	93.7	96.8	79.6
1986	1.9	74.0	74.5	49.3	92.7	97.4	79.8
1991	2.0	75.3	74.0	52.1	92.8	97.5	69.5

Sources: U.S. Department of Commerce [1962, 1967, 1972, 1977, 1982; table entitled "General Revenue by Source, by Type of Government"]; U.S. Bureau of the Census, Governmental Finances in 1985-86 and 1990-1991

TABLE 3

LOCAL GOVERNMENT SHARE OF TAX REVENUES BY TYPE OF TAX, SELECTED YEARS

Year	T y p e o f T a x				
	Total	Property	Consumption	Income	Other
1957	14.5%	96.3%	5.0%	0.3%	12.0%
1967	16.5	96.7	5.4	0.9	10.0
1972	18.9	97.1	7.4	1.5	9.9
1975	17.8	96.4	9.9	1.5	10.9
1977	15.4	96.2	10.5	1.3	12.6
1981	14.6	96.1	9.8	1.4	12.0
1982	15.4	96.2	10.6	1.5	10.5
1983	17.0	96.3	11.0	1.6	12.0
1984	16.8	96.0	11.2	1.7	13.1
1985	16.7	96.2	11.9	1.7	13.4
1986	17.1	96.3	12.6	1.7	8.8
1987	16.8	96.2	12.7	1.7	15.7
1988	17.2	96.2	12.5	1.7	16.1
1991	18.4	96.3	13.1	1.7	15.6

Sources: Census Bureau data, as reported by the: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism 1987 Edition; U.S. Bureau of the Census, Governmental Finances in 1986-87, 1987-88 and 1990-91

TABLE 4

LOCAL PROPERTY TAX REVENUE, ABSOLUTE AMOUNTS IN CURRENT DOLLARS AND RELATIVE TO VARIOUS REVENUE MEASURES, SELECTED YEARS

Year	Property Tax Revenue (Millions)	Average Annual 5-Year Growth	PROPERTY TAX PERCENTAGE OF		
			Local Taxes	General Revenues Own-Source	Total
1957	\$ 12,385	8.4%	86.7%	69.3%	48.5%
1963	18,414	8.3	87.7	69.0	48.0
1967	25,186	6.5	86.6	66.2	43.2
1973	41,620	10.6	83.7	63.5	39.5
1977	60,267	7.7	80.5	59.1	33.7
1982	78.952	5.5	76.1	48.0	28.1
1988	127.191	8.3*	74.1	46.9	29.3
1991	161.772	8.3**	75.3	47.6	29.9

* Six-year period, 1982-1988

** Three-year period 1988-91

Sources: U.S. Bureau of the Census, 1982 Census of Governments, Volume 6, No 4, Historical Statistics on Governmental Finances and Employment;
U.S. Bureau of the Census, Governmental Finances in 1987-88 and 1990-91

TABLE 5

SUMMARY OF GOVERNMENT REVENUE BY SOURCE, LEVEL AND TYPE OF GOVERNMENT: 1990-91

[Million dollars. Detail may not add to total because of rounding. For meaning of abbreviations and symbols, see introductory text.]

Source	All govern- ments ¹	Federal Government	State and local governments ¹	State govern- ments	Local governments					
					Total ¹	County ¹	Municipal ¹	Township ¹	School district ¹	Special district ¹
	1	2	3	4	5	6	7	8	9	10
Revenue, total¹	2 124 211	1 200 682	1 080 852	659 948	612 182	142 107	210 498	20 010	188 114	64 574
General revenue ¹	1 557 213	812 339	902 207	551 722	541 752	137 223	164 319	18 794	187 107	47 431
Intergovernmental revenue ¹	(¹)	3 234	154 099	143 534	201 833	49 863	46 260	4 494	100 752	13 586
From Federal Government	(¹)	-	154 099	134 926	19 173	3 058	7 615	212	1 344	6 944
Education	(¹)	-	25 197	23 337	1 860	187	294	35	1 344	-
Public welfare	(¹)	-	72 661	71 961	700	297	383	20	-	-
Health and hospitals	(¹)	-	6 504	6 071	433	201	150	-	-	81
Highways	(¹)	-	14 561	14 098	462	121	337	3	-	2
Housing and community development	(¹)	-	10 233	1 580	8 653	807	3 530	42	-	4 274
Other and unallocable	(¹)	-	24 943	17 878	7 065	1 444	2 921	112	-	2 587
From State government	(¹)	3 234	(¹)	-	182 660	44 535	34 901	3 862	96 252	3 110
Education	(¹)	-	(¹)	-	115 783	9 185	8 930	1 414	96 252	1
Public welfare	(¹)	3 234	(¹)	-	22 443	15 838	6 565	27	-	14
Health and hospitals	(¹)	-	(¹)	-	6 584	5 178	1 032	14	-	360
Highways	(¹)	-	(¹)	-	7 916	4 273	3 149	467	-	28
General local government support	(¹)	-	(¹)	-	15 703	4 991	9 236	1 476	-	-
Other and unallocable	(¹)	-	(¹)	-	14 231	5 071	5 989	465	-	2 707
From local governments ¹	(¹)	-	(¹)	8 607	(¹)	2 271	3 744	420	3 156	3 532
Education	(¹)	-	(¹)	715	(¹)	165	318	13	3 156	208
Public welfare	(¹)	-	(¹)	3 763	(¹)	38	3	1	-	-
Health and hospitals	(¹)	-	(¹)	512	(¹)	128	23	2	-	161
Highways	(¹)	-	(¹)	920	(¹)	289	152	58	-	29
Other and unallocable	(¹)	-	(¹)	2 696	(¹)	1 649	3 249	346	-	3 133
General revenue from own sources	1 557 213	809 105	748 108	408 188	339 920	87 360	118 059	14 301	86 355	33 845
Taxes	1 167 337	641 982	525 355	310 561	214 794	52 154	72 213	11 286	71 433	7 708
Property	167 999	-	167 999	6 228	161 772	38 610	37 654	10 479	69 669	5 359
Sales, gross receipts, and customs	244 065	58 495	185 570	153 535	32 036	9 700	19 604	36	618	2 078
Customs duties	16 034	16 034	-	-	-	-	-	-	-	-
General sales and gross receipts	125 449	-	125 449	103 165	22 283	7 950	11 738	-	532	2 063
Selective sales and gross receipts	102 582	42 461	60 121	50 369	9 752	1 750	7 866	36	86	15
Motor fuel	38 233	16 917	21 316	20 639	677	407	270	-	-	-
Alcoholic beverages	10 910	7 227	3 683	3 400	283	103	180	-	-	-
Tobacco products	10 952	4 782	6 170	5 980	190	60	130	-	-	-
Public utilities	19 246	7 253	11 993	6 752	5 241	518	4 615	15	86	6
Other and unallocable	23 241	6 282	16 959	13 597	3 362	662	2 671	21	-	9
Income	697 496	565 913	131 583	119 636	11 947	1 513	9 595	271	568	-
Individual	577 168	467 827	109 341	99 279	10 062	1 513	7 709	271	568	-
Corporation ²	120 328	98 086	22 242	20 357	1 886	-	1 886	-	-	-
Death and gift ³	15 449	11 138	4 311	4 284	27	-	27	-	-	-
Severance	5 367	-	5 367	5 367	-	-	-	-	-	-
License	20 226	-	20 226	19 419	807	451	348	8	-	-
Motor vehicle	10 915	-	10 915	10 131	784	451	325	8	-	-
Motor vehicle operators	865	-	865	865	-	-	-	-	-	-
Corporations in general	3 119	-	3 119	3 114	6	-	6	-	-	-
Other license	5 326	-	5 326	5 308	18	-	18	-	-	-
Other taxes	16 735	6 436	10 299	2 094	8 205	1 879	4 984	492	579	271
Charges and miscellaneous general revenue	389 876	167 123	222 753	97 627	125 126	35 206	45 846	3 015	14 922	26 137
Current charges	211 528	86 292	125 236	47 334	77 901	21 889	27 221	1 651	8 057	19 084
National defense	9 206	9 206	-	-	-	-	-	-	-	-
Postal service	42 592	42 592	-	-	-	-	-	-	-	-
Education ⁴	35 627	-	35 627	25 907	9 720	1 100	390	158	8 057	14
Institutions of higher education ⁵	28 851	-	28 851	25 473	3 378	596	129	-	2 653	-
School lunch sales (gross)	3 663	-	3 663	13	3 651	367	156	91	3 037	-
Hospitals	33 808	95	33 713	10 875	22 837	9 691	4 035	67	-	9 043
Highways	4 513	-	4 513	2 826	1 687	197	833	14	-	643
Airports	5 738	20	5 718	618	5 101	1 045	2 346	10	-	1 700
Parking facilities	924	-	924	-	924	57	730	17	-	121
Water transport and terminals	2 634	1 099	1 535	382	1 152	56	482	1	-	613
Natural resources	17 346	15 528	1 818	1 335	482	-	-	-	-	482
Parks and recreation	3 717	102	3 615	796	2 819	541	1 724	141	-	413
Housing and community development	5 674	2 742	2 932	191	2 741	67	1 172	11	-	1 492
Sewerage	14 031	-	14 031	16	14 015	1 256	9 308	606	-	2 845
Solid waste management	5 573	-	5 573	223	5 350	1 834	2 865	292	-	359
Other charges	30 146	14 908	15 238	4 165	11 073	6 046	3 335	334	-	1 358
Miscellaneous general revenue	178 348	80 831	97 517	50 293	47 225	13 318	18 625	1 364	6 865	7 053
Interest earnings	69 745	11 159	58 586	27 764	30 822	8 959	11 355	745	3 746	6 017
Special assessments	2 320	-	2 320	103	2 218	696	904	142	-	476
Sale of property	4 557	3 663	894	144	750	141	528	30	-	52
Other general revenue	101 726	66 009	35 717	22 282	13 435	3 523	5 838	447	3 119	508
Other than general revenue	566 999	388 343	178 656	108 226	70 429	4 884	46 179	1 215	1 007	17 143
Utility and liquor store revenue	60 736	-	60 736	6 474	54 263	1 901	34 486	1 059	-	16 817
Insurance trust revenue	506 262	388 343	117 919	101 752	16 167	2 984	11 693	156	1 007	326
Social Security and Medicare Insurances (OASDI)	378 510	378 510	-	-	-	-	-	-	-	-
Unemployment compensation	18 209	184	18 025	17 952	74	-	74	-	-	-
Employee retirement	91 652	4 446	87 206	71 113	16 093	2 984	11 620	156	1 007	326
Other insurance trust revenue	17 891	5 203	12 688	12 688	-	-	-	-	-	-

¹Duplicative intergovernmental transactions are excluded; see text.²Minor amounts included with "Individual income taxes" for local governments.³Minor amounts included with "Other taxes" for some local governments.⁴Includes amounts not shown in detail.⁵Charges for State institutions of higher education includes \$8,164,950,000 for auxiliary enterprises.

TABLE 6

PERCENTAGE DISTRIBUTION OF THE OWN GENERAL REVENUES OF FEDERAL, STATE AND LOCAL GOVERNMENTS, 1902-1991

	1902	1913	1927	1932	1936	1940	1950	1960	1970	1980	1983	1991
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Federal Government												
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100
Individual Income Tax	-	-	20.0	15.9	13.1	15.5	39.3	46.8	55.3	58.2	59.7	57
Corporate Income Tax	-	3.6	28.6	23.5	14.6	18.1	26.2	24.7	20.1	15.4	7.7	12
Sales, Gross Receipts, and Customs	74.6	63.6	24.7	28.8	37.5	34.3	19.6	14.5	11.2	7.6	7.4	7
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Charges & Miscellaneous	21.4	31.2	23.5	28.7	23.7	21.2	12.2	11.6	10.7	15.9	20.8	20
Other	4.0	1.6	22.9	18.8	24.1	26.1	41.7	48.8	57.5	2.9	4.4	2
State Governments												
Total General Revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
Individual Income Tax	-	-	3.8	3.4	5.3	5.6	8.2	10.7	16.0	21.9	22.9	24
Corporate Income Tax	-	-	5.0	3.7	3.9	4.2	6.6	5.7	6.5	7.9	6.0	5
Sales & Gross Receipts	15.5	15.3	24.0	33.7	47.8	50.6	52.8	51.0	47.4	40.1	38.5	37
Property taxes	45.3	38.9	19.9	15.2	7.8	7.1	3.5	2.9	1.9	1.7	1.5	1
Charges & Miscellaneous	13.8	31.2	13.4	12.3	10.2	9.4	10.3	12.5	16.6	19.0	21.3	23
Other	25.4	14.6	34.0	31.7	25.1	23.0	18.6	17.1	11.6	9.4	9.8	7
Local Governments												
Total General Revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
Individual Income Tax	-	-	-	-	-	.4	.7	1.1	3.2	3.8	3.6	2
Corporate Income Tax ^a	-	-	-	-	-	NA	NA	NA	NA	NA	NA	0
Sales & Gross Receipts	-	-	.2	.5	.5	2.0	2.6	5.0	5.8	6.0	9.3	9
Property taxes	78.2	77.4	82.3	85.2	85.3	83.3	73.5	69.0	64.1	50.5	48.0	47
Charges & Miscellaneous	11.8	15.1	15.5	12.4	9.9	10.2	16.7	21.1	24.4	33.6	36.8	36
Other	10.0	7.3	1.8	1.8	2.8	3.6	4.1	3.0	2.3	2.9	2.4	2

^aFor local governments, corporate income taxes are reported with personal income taxes by the Census.

Sources: U.S. Bureau of the Census, 1977 Census of Governments, Volume 6, No 4, Historical Statistics on Governmental Finances and Employment [1979]; U.S. Bureau of the Census, 1982 Census of Governments, Volume 6, No 4, Historical Statistics on Governmental Finances and Employment [1985], U.S. Bureau of the Census, Governmental Finances in 1982-83 and 1990-1991 [1985, 1993]

TABLE 7
PROPERTY TAX USE BY TYPE OF LOCAL GOVERNMENT, 1990-91

Type of Government	Tax Amount (Millions)	Percent Distribution	PERCENTAGE OF	
			Total Taxes	Own-Source General Revenue
All	\$ 161,772	100.0%	75.3%	47.6%
County	38.610	23.9	74.0	44.2
Municipal	37.654	23.3	52.1	31.9
Township	10.479	6.5	92.8	73.3
School District	69.669	43.0	97.5	80.7
Special District	5.359	3.3	69.5	15.8

Source: U.S. Bureau of the Census, Government Finances in 1990-91

TABLE 8
RELATIVE IMPORTANCE OF VARIOUS TAXES IN STATE-LOCAL TAX STRUCTURE,
NATIONWIDE AND MARYLAND: 1990-91

Tax	N a t i o n w i d e			M a r y l a n d		
	Total	State	Local	Total	State	Local
(Distribution of Total Taxes Within Each Level of Government)						
Property	32.0	2.0	75.3	27.0	2.8	60.0
General						
sales	23.9	33.2	10.4	13.9	24.1	0.0
Motor						
fuel	4.0	6.6	0.3	4.0	6.9	0.0
Motor vehi-						
cle licence	2.1	3.3	0.4	1.3	2.2	0.0
Income -						
Ind. & Corp.	25.0	38.6	5.6	41.2	49.8	29.6
Other	13.0	16.3	8.0	12.6	14.2	10.4
Total	100.0%	100.0	100.0	100.0	100.0	100.0
(Percentage Distribution of Each Tax Across Levels of Government)						
Property	100.0%	3.7	96.3	100.0%	6.0	94.0
General						
sales	100.0	82.2	17.8	100.0	100.0	0.0
Motor						
fuel	100.0	96.8	3.2	100.0	100.0	0.0
Motor vehi-						
cle licence	100.0	92.8	7.2	100.0	100.0	0.0
Income -						
Ind. & Corp.	100.0	90.9	9.1	100.0	69.6	30.4
Other	100.0	74.5	25.5	100.0	65.0	35.0
Total	100.0	59.1	40.9	100.0	57.7	42.3

Source: U.S. Bureau of the Census, Government Finances in 1990-91

TABLE 9

PROPERTY TAX RELATIVE TO STATE-LOCAL GENERAL REVENUE, POPULATION AND PERSONAL INCOME IN UNITED STATES AND MARYLAND, FY 1990-91

	Percent of State-Local General Revenue		Per capita tax		Percent of Personal Income	
	Level	Index	Amount	Index	Level	Index
Maryland	17.2	92	\$ 616.52	93	2.9	81
U.S. Maximum	43.2	232	1,474.71	221	6.4	178
U.S. Minimum	5.9	32	170.78	26	1.1	31
U.S. Average	18.6	100	666.20	100	3.6	100

* Index = state value as percentage of U.S. average

Source: U.S. Bureau of the Census, Government Finances 1990-91

TABLE 10

MARYLAND LOCAL GOVERNMENT TAX STRUCTURE BY TYPE OF LOCAL GOVERNMENT, FY 1990-91

Government Type	Role of Each Tax by Type of Government			Distribution of Each Tax Across Types of Government			
	Property	Income	Other	All	Property	Income	Other
County	57.1%	32.9%	10.0%	82.3%	78.3%	91.2%	79.4%
Municipal	73.2	14.7	12.1	17.7	21.6	8.8	20.6
Special District	97.5	0.0	2.5	*	0.1	0.0	0.0
Local Total	60.0	29.6	10.4	100.0	100.0	100.0	100.0

* Rounds to less than 0.1 percent

Source: U.S. Bureau of the Census, Government Finances 1990-91

TABLE 11

COUNTY PROPERTY TAX RATES AND CONSTANT YIELD TAX RATES IN NON-MUNICIPAL AREAS¹

SUBDIVISION (PER \$100 OF VALUE)	1991			1992			1993			1994		
	PTR	CYTR	%Diff.	PTR	CYTR	%Diff.	PTR	CYTR	%Diff.	PTR	CYTR	%Diff.
ALLEGANY	\$2.41	\$2.38	1.24%	\$2.45	\$2.35	4.08%	\$2.48	\$2.36	4.84%	2.50 ⁴	2.38	4.80%
ANNE ARUNDEL	\$2.46	\$2.35	4.47%	\$2.46	\$2.27	7.72%	\$2.46	\$2.27	7.72%	2.38 ³	2.39	-0.42%
BALTIMORE CITY	\$5.95	\$5.78	2.86%	\$5.90	\$5.76	2.37%	\$5.90	\$5.80	1.69%	5.90	5.90	0.00%
BALTIMORE COUNTY	\$2.895	\$2.794	3.49%	\$2.865	\$2.77	3.32%	\$2.865	\$2.749	4.05%	2.895	2.791	3.59%
CALVERT	\$2.23	\$2.13	4.48%	\$2.23	\$2.17	2.69%	\$2.23	\$2.12	4.93%	2.23 ⁴	2.09	6.28%
CAROLINE	\$2.49	\$2.41	3.21%	\$2.49	\$2.36	5.22%	\$2.49	\$2.31	7.23%	2.49	2.36	5.22%
CARROLL	\$2.35	\$2.14	8.94%	\$2.35	\$2.19	6.81%	\$2.35	\$2.17	7.66%	2.35	2.20	6.38%
CECIL	\$2.50	\$2.40	4.00%	\$2.50	\$2.30	8.00%	\$2.50	\$2.29	8.40%	2.45 ⁵	2.35	4.08%
CHARLES	\$2.23	\$2.14	4.04%	\$2.28	\$2.12	7.02%	\$2.28	\$2.14	6.14%	2.44 ⁶	2.16	11.48%
DORCHESTER	\$2.24	\$2.18	2.68%	\$2.24	\$2.13	4.91%	\$2.24	\$2.13	4.91%	2.24	2.17	3.13%
FREDERICK	\$2.19	\$2.06	5.94%	\$2.27	\$2.02	11.01%	\$2.27	\$2.08	8.37%	2.26 ⁷	2.14	5.31%
GARRETT	\$2.24	\$2.20	1.79%	\$2.24	\$2.14	4.46%	\$2.24	\$2.12	5.36%	2.24 ⁸	2.17	3.13%
HARFORD	\$2.73	\$2.63	3.66%	\$2.73	\$2.60	4.76%	\$2.73	\$2.58	5.49%	2.73 ⁹	2.62	4.03%
HOWARD	\$2.45	\$2.41	1.63%	\$2.59	\$2.32	10.42%	\$2.59	\$2.48	4.25%	2.59 ¹⁰	2.50	3.47%
KENT	\$2.33	\$2.17	6.87%	\$2.33	\$2.19	6.01%	\$2.33	\$2.20	5.58%	2.33	2.21	5.15%
MONTGOMERY	\$1.936	\$1.936	0.00%	\$2.013	\$1.788	11.18%	\$1.917	\$1.89	1.36%	1.917 ¹¹	1.875	2.19%
PRINCE GEORGE'S	\$2.40	\$2.28	5.00%	\$2.48	\$2.26	8.87%	\$2.465	\$2.32	5.88%	2.452 ¹²	2.373	3.22%
QUEEN ANNE'S	\$2.17	\$2.09	3.69%	\$2.17	\$2.03	6.45%	\$2.17	\$2.00	7.83%	2.17	2.03	6.45%
ST. MARY'S	\$2.33	\$2.21	5.15%	\$2.32	\$2.19	5.60%	\$2.32	\$2.15	7.33%	2.27 ¹³	2.19	3.61%
SOMERSET	\$2.00	\$1.98	1.00%	\$2.15	\$1.96	8.84%	\$2.15	\$2.07	3.72%	2.15	2.08	3.26%
TALBOT	\$0.75	\$0.75	0.00%	\$0.69	\$0.69	0.00%	\$0.66	\$0.66	0.00%	0.65	0.65	0.00%
WASHINGTON	\$2.13	\$2.08	2.35%	\$2.21	\$2.04	7.69%	\$2.21	\$2.08	5.88%	2.21	2.10	4.98%
WICOMICO	\$2.15	\$1.89	12.09%	\$2.15	\$2.12	1.40%	\$2.15	\$2.08	3.26%	2.15 ¹⁴	2.11	1.86%
WORCESTER	\$1.59	\$1.54	3.14%	\$1.59	\$1.56	1.89%	\$1.62	\$1.53	5.56%	1.68 ¹⁵	1.56	7.14%

¹ Tax rates listed above reflect the levies imposed on ALL properties in NON-MUNICIPAL areas of the subdivision.² Additional levies in special taxing districts for sewage facilities and fire services.³ Additional levies in special taxing districts for community benefits, erosion, and waterway improvement.⁴ Additional levies in special taxing districts for road improvements and waterway improvements.⁵ Additional county-wide levy of \$.06 for fire companies.⁶ Additional county-wide \$.16 for volunteer fire and rescue companies.⁷ Additional levies in special taxing districts for fire/rescue and other services.⁸ Additional county-wide levy of \$.05 "Fire Tax", and levies in special taxing districts for water & sewer.⁹ Additional county-wide levy of \$.39 for roads outside of municipalities.¹⁰ Additional levies in fire districts.¹¹ Additional county-wide levies of \$.099 transit tax, \$.211 MNCPPC tax, \$.243 fire district tax as well as recreation, storm drainage, urban district tax, parking lot district tax, noise abatement tax, and various other levies in special taxing districts.¹² Additional levies for MNCPPC (\$.585) and storm drains (\$.135) in specified areas. Additional county-wide levy of \$.12 for mass transit.¹³ Additional levies in special taxing districts for erosion control, drainage and fire service, roads and lighting.¹⁴ Additional levies in special taxing districts for sewer or water and agricultural land drainage.¹⁵ Additional levies in special taxing districts. Excludes \$.16 fire tax levy.

Source: Maryland Association of Counties, Budget and Tax Rate Survey, August 1993

Constant Yield Data provided by the Maryland State Department of Assessments and Taxation, July, 1993.

Source: Maryland Association of Counties, Fiscal Year 1994 Report of County Budgets, Tax Rates & Selected Statistics

TABLE 12
COUNTY AND MUNICIPAL TAX RATES FY 1991

Page 1 of 3

			ALL RATES PER \$100 OF ASSESSED VALUE		
<u>SUBDIVISION</u>	<u>County</u>	<u>Municipal</u>	<u>SUBDIVISION</u>	<u>County</u>	<u>Municipal</u>
**ALLEGANY	\$2.41		CARROLL	\$2.35	
Barton	\$2.39	\$0.58	Hampstead		\$0.58
Cumberiand	2.28	2.50	Manchester		0.42
Frostburg	2.31	1.25	Mount Airy		0.60
Lonaconing	2.36	0.85	(Also in Fred.Co.)		
Luke	2.33	0.52	New Windsor		0.45
Midland	2.39	0.70	Sykesville		0.68
Westernport	2.36	1.25	Taneytown		0.78
			Union Bridge		0.72
			Westminster		0.91
**ANNE ARUNDEL	\$2.46				
Annapolis	\$1.31	\$1.80	CECIL	\$2.50	
Highland Beach	2.46	1.32	Cecilton		\$0.44
BALTIMORE CITY	\$5.95		Charlestown		0.85
BALTIMORE	\$2.895		Chesapeake City		1.18
			Elkton		1.22
+CALVERT	\$2.23		North East		1.20
Chesapeake Beach	\$1.63	\$1.15	Perryville		0.94
North Beach	1.39	1.99	Port Deposit		1.50
			Personal Property		2.00
			Rising Sun		0.90
CAROLINE	\$2.49		+CHARLES	\$2.39	
Denton		\$1.25	Indian Head	\$2.33	\$0.80
Federalsburg		1.40	La Plata	2.22	0.65
Goldsboro		1.00	Port Tobacco	2.39	0.10
Greensboro		1.24	DORCHESTER	\$2.24	
Henderson		0.50	Brookview		\$0.40
Hillsboro		0.40	Cambridge		1.69
Marydel		1.00	Church Creek		0.30
Preston		0.90	East New Market		1.67
Personal Property		0.70	Eldorado		0.38
Ridgely		1.40			
Templeville		0.25			
(Also in Q.A. Co.)					

(continued)

- * Contains some additional miscellaneous taxes and/or special taxing areas
+ Different County rate for property within limits of incorporated towns
! Different Business Personal Property rate
- Special Taxing District

TABLE 12
COUNTY AND MUNICIPAL TAX RATES FY 1991

Page 2 of 3

			ALL RATES PER \$100 OF ASSESSED VALUE		
SUBDIVISION	County	Municipal	SUBDIVISION	County	Municipal
<u>DORCHESTER</u> (continued)			<u>+KENT</u> (continued)		
Galestown		\$0.25	Gaigena	\$2.28	\$0.45
Hurlock		1.50	Millington	2.28	0.66
Secretary		0.80	(Also Q.A. Co.)		
Vienna		1.00	Rock Hall	2.28	0.80
* <u>FREDERICK</u>	\$2.19		* <u>MONTGOMERY</u>	\$1.936	
Brunswick		\$1.50	Barnesville		\$0.29
Burkittsville		0.40	Battery Park		0.14
Emmitsburg		0.52	Brookeville		0.35
Frederick City		1.55	Chevy Chase, Sec. 3		0.22
Middletown		0.62	Chevy Chase, Sec. 5		0.15
Mount Airy		0.60	Chevy Chase, Town of		0.26
(Also Carroll Co.)			Chevy Chase View		0.08
Myersville		0.80	Chevy Chase Village		0.44
New Market		0.30	Drummond		0.20
Rosemont		0.16	Friendship Heights		0.28
Thurmont		0.64	Gaithersburg		0.53
Walkersville		0.47	Garrett Park		0.22
Woodsboro		0.28	Glen Echo		0.36
* <u>GARBETT</u>	\$2.24		Kensington		0.40
Accident		\$0.53	Laytonsville		0.35
Deer Park		0.75	Martin's Additions		0.25
Friendsville		0.61	North Chevy Chase		0.15
Grantsville		0.60	Oakmont		0.15
Kitzmillier		0.90	Poolesville		0.69
Loch Lynn Heights		0.52	Rockville - Primary rate		0.83
Mountain Lake Park		0.49	Secondary rate		0.2203
Oakland		1.20	Somerset		0.46
			Takoma Park (Also P.G. Co.)		1.773
			Washington Grove		0.69
*+ <u>HARFORD</u>	\$2.73		*+ <u>PRINCE GEORGE'S</u>	\$2.40	
Aberdeen	\$2.34	\$1.30	Berwyn Heights	\$2.08	\$0.74
Bel Air	2.34	1.08	Bladensburg	1.90	1.15
Havre de Grace	2.34	1.55	Bowie	2.21	0.77
* <u>HOWARD</u>	\$2.45		Brentwood	2.21	0.60
<u>+KENT</u>	\$2.33		Capitol Heights	2.14	1.10
Betterton	\$2.28	\$0.80	Cheverly	1.90	0.79
Chestertown	2.28	0.90	College Park	2.14	0.55
(continued)			Colmar Manor	2.22	1.00
			Personal Property	2.22	1.66
			Cottage City	1.92	0.80
			(continued)		

* Contains some additional miscellaneous taxes and/or special taxing areas
+ Different County rate for property within limits of incorporated towns
! Different Business Personal Property rate
~ Special Taxing District

TABLE 12
COUNTY AND MUNICIPAL TAX RATES FY 1991

Page 3 of 3

			ALL RATES PER \$100 OF ASSESSED VALUE		
<u>SUBDIVISION</u>	<u>County</u>	<u>Municipal</u>	<u>SUBDIVISION</u>	<u>County</u>	<u>Municipal</u>
*+PRINCE GEORGE'S (continued)			<u>TALBOT</u>	\$0.75	
District Heights	\$1.91	\$0.80	Easton		\$1.00
Eagle Harbor	2.16	0.75	Oxford		0.67
Edmonston	1.92	0.75	Queen Anne		0.55
Fairmont Heights	2.08	0.75	(Also Q.A.Co.)		
Forest Heights	1.91	0.45	St. Michaels		0.90
Glenarden	2.07	0.63	Pers.Prop.of Utilities		0.90
Greenbelt	1.86	1.30	Other Pers.Prop.		0.45
Hyattsville	1.85	1.25	Trappe		0.70
Landover Hills	2.02	1.00			
Laurel	1.82	1.42	* <u>WASHINGTON</u>	\$2.13	
Class 03	1.82	1.405	Boonsboro		\$0.60
Morningside	2.00	0.90	Clear Spring		0.50
Mt. Rainier	1.89	1.10	Funkstown		0.55
New Carrollton	2.13	0.84	Hagerstown		1.71
Personal Property	2.13	0.84	Hancock		0.76
North Brentwood	2.23	0.72	Keedysville		0.45
Riverdale	1.89	1.04	Sharpsburg		0.52
Seat Pleasant	2.24	0.75	Smithsburg		0.70
Takoma Park	2.15	1.773	Williamsport		1.00
(Also Mont. Co.)					
University Park	1.98	1.179	* <u>WICOMICO</u>	\$2.15	
Upper Marlboro	2.16	0.60	Delmar		\$1.65
<u>QUEEN ANNE'S</u>	\$2.17		Fruitland		1.21
Barclay		\$0.25	Personal Property		1.21
Centreville		0.68	Hebron		0.90
Church Hill		0.69	Mardela Springs		0.50
Millington		0.66	Pittsville		0.90
(Also Kent Co.)			Salisbury		1.60
Queen Anne		0.55	Sharptown		1.55
(Also Talbot Co.)			Willards		0.85
Queenstown		0.50			
Sudlersville		0.37	<u>WORCESTER</u>	\$1.59	
Templeville		0.25	Berlin		\$1.70
(Also Caroline Co.)			Ocean City		1.25
* <u>ST. MARY'S</u>	\$2.33		Pocomoke		1.80
Leonardtwn		\$0.56	Snow Hill		1.88
			Personal Property		1.83
<u>SOMERSET</u>	\$2.00				
Crisfield		\$1.50	<u>STATE</u>	Real Property	\$0.21
Princess Anne		1.69		Personal Property	\$0.00

* Contains some additional miscellaneous taxes and/or special taxing areas
+ Different County rate for property within limits of incorporated towns
! Different Business Personal Property rate
Special Taxing District

Source: Department of Assessment and Taxation

TABLE 13

SPECIAL TAXING DISTRICTS/AREAS (IN ADDITION TO LOCAL PROPERTY TAX RATE)

Page 1 of 2

SUBDIVISION	PURPOSE	RATE/RANGE ADDED TO PROPERTY TAX RATE
ALLEGANY	12 Sanitary Districts	\$0.08-\$0.50
	7 Fire/Rescue Services	\$0.05-\$0.10
	9 Miscellaneous	\$0.08-\$0.10
ANNE ARUNDEL	35 Community Benefit Districts	Various additional rates
	14 Erosion Control Districts	Various additional rates
	2 Waterway Improvement Districts	Various additional rates
CALVERT	Road Improvement Districts	\$27.40-\$409.23
	Waterway Improvement Districts	\$19.13-\$196.09
CAROLINE	Public Drainage Association	\$42,352/yr. based on expected expenditures
CECIL	Crystal Beach (roads)	\$0.0116723/sq.ft.
	Cherry Hill (Sewer)	\$0.55/sq.ft.
	North East (Sewer)	\$0.26/sq.ft.
	Octoraro Lakes (roads)	\$172.74/lot
	Fire Companies	\$0.06/100 - countywide
CHARLES	Fire and Rescue	\$0.16/100 of assessed value
	Municipal Tax Differential	\$0.23/100 assessed credit on property tax.
FREDERICK	City of Frederick Fire and Rescue	\$0.18/100
	13 other fire and ambulance service districts	\$0.06-0.10/100
GARRETT	Mt. Lake Park-Loch Lynn	\$0.79 (water)
		\$0.30 (sewer)
	Kitzmiller	\$0.64 (water)
	Bloomington	\$0.64(water)
HARFORD	Highway Property Tax	\$0.39/100
HOWARD	Fire and Rescue Districts	\$0.19-\$0.22/100
MONTGOMERY	Fire Districts:	
	Consolidated	\$0.243/\$100
	MNCPPC ¹	\$0.211
	Recreation	\$0.048

TABLE 13

SPECIAL TAXING DISTRICTS/AREAS (IN ADDITION TO LOCAL PROPERTY TAX RATE)

Page 2 of 2

	Storm Drain	\$0.010
	Transit Tax	\$0.99
	Parking Districts in 4 CBD on businesses only	\$0.03 to \$0.70
PRINCE GEORGE'S	MNCPPC ¹	0 - \$0.61/\$100
	Storm Drain	0 - \$0.135/\$100
	Mass Transit	\$0.065/\$100
	Pre-Trim Debt Rate	0.052
QUEEN ANNE'S	Narrows Improvement District	\$0.10
ST. MARY'S	7 Road Improvement Taxing Districts	per property owner charge
	5 Shore Erosion Districts	Various rates per foot and flat rates/yr.
	1 Street Lighting District	\$18.48/lot
TALBOT	Sewer Service Charge	\$185-\$310 per unit
	Sewer Benefit Charge	\$52 to \$170 per year
WICOMICO	14 Urban Service Districts	Various Rates
	13 Public Drainage Districts	Various Rates
WORCESTER	Public Drainage Districts	\$0.70 to \$7.00 per acre
	Sanitary District	\$159 to \$550/yr./customer
¹ Maryland National Capital Park and Planning Commission		
SOURCE: Maryland Association of Counties, Budget and Tax Rate Survey, August 1993		

Source: Maryland Association of Counties, Fiscal Year 1994 Report of County Budgets, Tax Rates & Selected Statistics

TABLE 14
PROPERTY TAX RATES - COMBINED COUNTY AND MUNICIPAL TAXES

	1988 County Property Tax Revenues	1988 Municipal Property Tax Revenues	Assessable Base	Nominal Rate	Rate As A Percent of Full Value
Baltimore City	\$386,358,283	\$0	\$6,582,149,864	5.87	2.55%
Prince George's	286,967,096	23,755,714	10,077,914,560	3.08	1.34
Montgomery	503,687,329	22,527,767	17,538,968,514	3.00	1.30
Cecil	19,635,593	1,759,968	740,429,922	2.89	1.26
Caroline	6,156,898	1,024,969	249,601,730	2.88	1.25
Harford	54,609,627	4,641,406	2,096,475,809	2.83	1.23
Allegany	16,526,932	6,383,916	821,570,403	2.79	1.21
Baltimore	288,127,893	0	10,579,213,548	2.72	1.18
Dorchester	8,535,267	2,276,061	399,681,338	2.70	1.18
Howard	92,772,008	0	3,577,348,940	2.59	1.13
Frederick	41,622,813	9,297,837	1,970,028,241	2.58	1.12
Anne Arundel	164,570,946	11,581,214	6,920,589,538	2.55	1.11
Washington	26,791,541	6,085,469	1,292,321,629	2.54	1.11
Wicomico	16,283,233	5,916,637	901,618,613	2.46	1.07
Garrett	9,041,459	533,247	394,965,721	2.42	1.05
Worcester	23,239,589	15,089,642	1,606,737,785	2.39	1.04
St. Mary's	19,704,978	141,771	874,111,342	2.27	0.99
Calvert	30,832,595	544,355	1,404,171,575	2.23	0.97
Kent	5,181,534	562,299	257,109,850	2.23	0.97
Carroll	31,738,541	2,222,855	1,561,510,530	2.17	0.95
Queen Anne's	11,060,807	216,002	525,322,061	2.15	0.93
Charles	31,938,404	718,696	1,528,065,385	2.14	0.93
Somerset	3,794,817	480,752	204,293,115	2.09	0.91
Talbot	6,162,077	2,476,788	681,929,249	1.27	0.55
Total	2,085,340,260	118,237,365	72,786,129,262	3.03	1.32

Source: Local Government Finances in Maryland, Thirty-Ninth Report, June 1988,
Department of Fiscal Services, Division of Fiscal Research

TABLE 15

TOTAL ASSESSABLE BASE FOR PROPERTY TAX PURPOSES & ESTIMATED REVENUE YIELDS,
FY 1993 and 1994

SUBDIVISION	ACTUAL FY1993 \$/YIELD	ESTIMATED FY1994 \$/YIELD	GROWTH FY1993-94	%GROWTH FY93-94
ALLEGANY	1,151,851,787	1,179,507,901	\$27,656,114	2.40%
	19,680,779	20,254,165	\$573,386	2.91%
ANNE ARUNDEL	11,461,348,993	12,249,660,000	\$788,311,007	6.88%
	258,055,493	262,933,600	\$4,878,107	1.89%
BALTIMORE CITY ¹	8,396,412,594	8,369,042,000	(\$27,370,594)	-0.33%
	470,384,135	475,763,000	\$5,378,865	1.14%
BALTIMORE COUNTY	15,291,084,816	15,779,614,248	\$488,529,432	3.19%
	407,242,097	421,339,717	\$14,097,620	3.46%
CALVERT	2,130,847,370	2,258,841,190	\$127,993,820	6.01%
	46,705,782	49,960,465	\$3,254,683	6.97%
CAROLINE	379,107,631	400,851,878	\$21,744,247	5.74%
	9,439,780	9,981,212	\$541,432	5.74%
CARROLL	2,620,442,500	2,862,314,728	\$241,872,228	9.23%
	60,352,639	67,013,072	\$6,660,433	11.04%
CECIL	1,358,373,897	1,452,040,816	\$93,666,919	6.90%
	34,237,591	35,575,000	\$1,337,409	3.91%
CHARLES	2,354,643,500	2,554,166,600	\$199,523,100	8.47%
	53,402,000	58,235,000	\$4,833,000	9.05%
DORCHESTER	570,904,280	592,407,290	\$21,503,010	3.77%
	12,229,872	12,931,677	\$701,805	5.74%
FREDERICK	3,418,959,793	3,670,000,000	\$251,040,207	7.34%
	77,114,346	82,942,000	\$5,827,654	7.56%
GARRETT	600,521,358	622,876,290	\$22,354,932	3.72%
	13,555,656	13,640,991	\$85,335	0.63%
HARFORD	3,541,625,055	3,695,265,000	\$153,639,945	4.34%
	91,498,687	97,390,893	\$5,892,206	6.44%
HOWARD	5,949,007,762	6,144,600,000	\$195,592,238	3.29%
	149,790,533	154,615,200	\$4,824,667	3.22%
KENT	435,255,620	448,231,829	\$12,976,209	2.98%
	9,783,648	10,385,552	\$601,904	6.15%
MONTGOMERY	27,837,198,498	28,925,000,000	\$1,087,801,502	3.91%
	692,205,012	729,147,000	\$36,941,988	5.34%
PRINCE GEORGE'S	13,987,342,690	15,788,850,447	\$1,801,507,757	12.88%
	347,220,457	361,113,023	\$13,892,566	4.00%
QUEEN ANNE'S	871,187,500	944,252,300	\$73,064,800	8.39%
	18,904,770	20,490,275	\$1,585,505	8.39%
ST. MARY'S	1,399,343,448	1,499,789,339	\$100,445,891	7.18%
	32,464,768	34,045,218	\$1,580,450	4.87%
SOMERSET	255,836,920	264,672,610	\$8,835,690	3.45%
	5,500,494	5,641,921	\$141,427	2.57%
TALBOT	1,081,496,797	1,122,207,390	\$40,710,593	3.76%
	7,094,235	7,179,650	\$85,415	1.20%
WASHINGTON	1,896,224,253	2,051,357,000	\$155,132,747	8.18%
	41,906,556	45,335,000	\$3,428,444	8.18%
WICOMICO	1,265,886,312	1,311,923,286	\$46,036,974	3.64%
	26,972,702	27,828,742	\$856,040	3.17%
WORCESTER	2,140,397,094	2,233,955,990	\$93,558,896	4.37%
	34,635,389	36,963,000	\$2,327,611	6.72%

¹ All amounts for base are gross before adjustments for credits. Yield figures are net after subtracting Homestead Tax Credits.
Population for July 1, 1993, from DHMH October 1992 Estimates.

Source: Maryland Association of Counties, Budget and Tax Rate Survey, August 1992

Source: Maryland Association of Counties, Fiscal Year 1994 Report of County
Budgets, Tax Rates & Selected Statistics

TABLE 16
STATE PROPERTY TAX CONTROLS AND SELECTED OTHER FISCAL CONTROLS ON LOCAL
GOVERNMENTS, 1985, BY PERIOD OF ADOPTION

Control Type	Total as of 1985	Period of Adoption		
		Post-1977	1970-1977	Pre-1970
Total, All Types*	96	35	24	37
Property Tax Controls				
Rate Limits				
Overall**	12	3	2	7
Specific**	31	2	4	25
Levy Limit	21	12	7	2
Valuation Increase	7	6	1	
Full Disclosure	13	6	5	2
Other Limits				
General Revenue	6	4	1	1
General Expenditure	6	2	4	

Source: Advisore Commission on Intergovernmental Relations, Significant
Features of Fiscal Federalism 1985-1986 Edition

TABLE 17

SUMMARY, GROSS, AND NET ASSESSED VALUES AND CHANGES THEREIN: 1956, 1961, 1966, 1971, 1976, 1981, and 1986

[Dollar amounts in billions]

Assessed value type	1956	1961	1966	1971	1976	1981	1986
Total gross assessed value	280.3	365.9	499.0	717.8	1 229.1	2 958.2	4 817.8
Total net assessed value (net locally taxable)	272.2	354.0	484.1	694.6	1 189.4	2 837.5	4 619.7
State assessed property	22.5	27.8	41.6	53.5	84.7	159.0	242.9
Locally assessed property	249.7	326.1	442.5	641.1	1 104.7	2 678.4	4 376.9
Real property	202.8	269.7	378.9	552.7	959.1	2 406.7	3 910.7
Personal property	46.9	56.5	63.6	88.3	145.6	271.7	466.3

Assessed value type	Percent change						
	1956 to 1961	1961 to 1966	1966 to 1971	1971 to 1976	1976 to 1981	1981 to 1986	1956 to 1986
Total gross assessed value	30.5	36.4	43.8	71.2	140.7	62.9	1 618.8
Total net assessed value (net locally taxable)	30.1	36.8	43.5	71.2	138.6	62.8	1 597.2
State assessed property	23.6	49.6	28.6	58.3	87.7	52.8	979.6
Locally assessed property	30.6	35.7	44.9	72.3	142.5	63.4	1 652.9
Real property	33.0	40.5	45.9	73.5	150.9	62.5	1 828.4
Personal property	20.5	12.6	38.8	64.9	86.6	71.6	894.2

Note: Detail may not add to total due to rounding.

TABLE 18

GROSS ASSESSED VALUES, LOCALLY ASSESSED REALTY, AND USE CATEGORIES: 1956, 1961, 1966, 1976, 1981, and 1986

[Dollar amounts in billions]

Use category	1956	1961	1966	1976	1981	1986
Total	209.8	280.5	393.2	992.5	2 514.9	4 104.5
Acreage and farms	29.1	32.7	43.4	117.6	247.8	309.3
Vacant platted lots	4.8	7.0	10.2	38.0	109.4	189.2
Residential (nonfarm)	113.5	162.5	236.3	587.3	1 520.0	2 511.6
Single-family houses only	95.1	135.5	196.7	495.3	1 328.7	2 180.3
Commercial and industrial	58.0	74.5	97.2	239.8	549.3	997.5
Commercial	34.8	44.2	60.0	166.0	353.5	710.5
Industrial	22.6	30.3	37.1	73.7	195.8	286.9
Other and unallocable	4.4	3.8	6.0	9.8	88.3	97.0

Use category	Percent distribution					
	1956	1961	1966	1976	1981	1986
Total	100.0	100.0	100.0	100.0	100.0	100.0
Acreage and farms	13.9	11.7	11.0	11.9	9.9	7.5
Vacant platted lots	2.3	2.5	2.6	3.8	4.4	4.6
Residential (nonfarm)	54.1	57.9	60.1	59.2	60.4	61.2
Single-family houses only	45.4	48.3	50.0	49.9	52.8	53.1
Commercial and industrial	27.7	26.6	24.7	24.2	21.8	24.3
Commercial	16.6	15.8	15.3	16.7	14.1	17.3
Industrial	10.8	10.8	9.4	7.4	7.8	7.0
Other and unallocable	2.1	1.4	1.5	1.0	3.5	2.4

Note: Detail may not add to total due to rounding.

Source: U.S. Bureau of the Census, 1987 Census of Governments, Volume 2, Taxable Property Values

TABLE 19
COMPOSITION AND 1988-89 MARYLAND COUNTY PROPERTY TAX BASE BY PROPERTY TYPE
AND DISTRIBUTION BY COUNTY (PERCENTAGES)

County or City	Base Composition			Distribution by County		
	Total	Real	Personal	Total	Real	Personal
Allegany	100.0%	70.0%	30.0%	1.1%	0.9%	2.8%
Anne Arundel	100.0	87.8	12.2	9.4	9.3	9.9
Baltimore City	100.0	85.1	14.9	8.9	8.5	11.4
Baltimore County	100.0	89.6	10.4	14.2	14.4	12.8
Calvert	100.0	62.9	37.1	1.9	1.4	6.1
Caroline	100.0	91.0	9.0	0.3	0.3	0.3
Carroll	100.0	92.4	7.6	2.2	2.3	1.4
Cecil	100.0	93.2	6.8	1.1	1.2	0.6
Charles	100.0	83.9	16.1	2.1	2.0	2.9
Dorchester	100.0	83.8	16.2	0.5	0.5	0.7
Frederick	100.0	97.4	2.6	2.7	3.0	0.6
Garrett	100.0	88.4	11.6	0.6	0.6	0.6
Harford	100.0	92.1	7.9	2.9	3.0	2.0
Howard	100.0	89.8	10.2	5.0	5.1	4.4
Kent	100.0	97.9	2.1	0.4	0.4	0.2
Montgomery	100.0	90.1	9.9	24.7	25.2	21.1
Prince George's	100.0	87.2	12.8	13.7	13.5	15.1
Queen Anne's	100.0	98.6	1.4	0.7	0.8	0.1
St. Mary's	100.0	93.6	6.4	1.2	1.3	0.7
Somerset	100.0	85.8	14.2	0.3	0.3	0.3
Talbot	100.0	99.0	1.0	1.0	1.1	0.1
Washington	100.0	88.5	11.5	1.7	1.7	1.7
Wicomico	100.0	77.8	22.2	1.3	1.1	2.5
Worcester	100.0	90.9	9.1	2.2	2.3	1.7
Exhibit:						
Total	100.0	88.4	11.6	100.0	100.0	100.0
Mean	100.0	88.2	11.8	4.2	4.2	4.2
Std. Deviation	0.0	8.3	8.3	5.8	5.9	5.6
Maximum	100.0	99.0	37.1	24.7	25.2	21.1
Minimum	100.0	62.9	1.0	0.3	0.3	0.1

Source: Maryland Department of Assessment and Taxation, Forty-fifth Report

TABLE 20

COUNTY ASSESSABLE BASE, FOR THE TAX YEAR BEGINNING JULY 1, 1993

(in thousands)

Counties	Real Property ¹	New Construction Real Property ²	Operating Real Property Railroads	Operating Personal Property Railroads	Operating Real Property Utilities	Operating Personal Property Utilities	Other Business Personal Property	Totals
Allegany	\$ 637,259	\$ 2,000	\$ 0	\$ 5,000	\$ 70,246	\$ 23,615	\$ 450,620	\$ 1,188,740
Anne Arundel	10,175,427	17,500	0	450	429,319	930,624	607,308	12,160,628
Baltimore City	6,776,224	4,689	3,550	9,650	388,379	475,082	798,106	8,455,680
Baltimore	13,521,196	73,956	3,175	9,431	488,142	486,244	1,134,474	15,716,618
Calvert	1,441,883	10,000	0	0	204,479	585,999	45,708	2,288,069
Caroline	340,886	1,800	0	0	37,789	8,997	28,461	417,933
Carroll	2,504,110	12,110	10	1,025	119,496	79,694	145,702	2,862,147
Cecil	1,343,650	3,000	450	1,375	77,259	26,325	68,322	1,520,381
Charles	2,050,980	7,500	88	1,116	145,301	239,746	104,111	2,548,842
Dorchester	437,862	1,500	0	0	49,207	28,537	80,441	597,547
Frederick	3,526,190	20,000	5	0	176,097	62,593	0	3,784,885
Garrett	477,040	2,000	0	2,500	110,999	12,172	61,483	666,194
Harford	3,198,953	20,000	5	690	201,939	146,392	216,742	3,784,721
Howard	5,427,957	51,691	0	1,600	193,751	111,345	483,887	6,270,231
Kent	430,458	1,500	0	0	28,971	6,500	0	467,429
Montgomery	26,020,000	66,444	0	1,625	689,900	640,920	2,064,781	29,483,670
Prince George's	13,404,636	93,750	450	2,700	529,474	777,395	957,890	15,766,295
Queen Anne's	900,367	2,150	0	0	48,325	11,232	0	962,074
St. Mary's	1,355,969	7,045	0	0	82,302	23,551	68,603	1,537,470
Somerset	210,351	500	10	1,200	27,346	6,644	21,825	267,876
Talbot	1,128,186	3,090	0	0	38,402	9,264	0	1,178,942
Washington	1,717,946	10,039	1,082	5,029	112,663	52,540	170,368	2,069,667
Wicomico	1,045,351	5,518	25	1,100	78,793	29,224	229,723	1,389,734
Worcester	2,025,409	5,000	137	145	66,448	20,790	129,826	2,247,755
TOTALS	\$100,098,290	\$422,782	\$8,987	\$44,636	\$4,395,027	\$4,795,425	\$7,868,381	\$117,633,528

¹ Assessable base before giving effect to any applicable tax credits. Includes new construction added for the full year levy (July 1) and land owned by railroads and utilities.² Includes new construction added for partial year levy.

Source: Maryland Department of Assessment and Taxation, Fiftieth Report

TABLE 21
FISCAL YEAR 1993-94 REAL PROPERTY TAX BASE/RATIO BY SUBDIVISION

	Number of Properties	RESIDENTIAL		COMMERCIAL		AGRICULTURAL ASSESSMENT		AGRICULTURAL USE ASSESSMENT		TOTAL	
		Base	Ratio	Base	Ratio	Base	Ratio	Base	Ratio	Base	Weighted Ratio
Allegany	37,502	\$ 444,428,310	38%	\$ 181,065,160	37%	\$ 11,776,380	38%	\$ 4,683,710	50%	\$ 641,953,560	38%
Anne Arundel	168,334	7,869,351,260	38%	2,213,112,845	40%	86,767,550	38%	6,196,200	50%	10,175,427,855	39%
Baltimore City	220,754	4,017,302,610	37%	2,738,868,580	44%	0	0	0	0	6,756,171,190	40%
Baltimore	250,901	9,654,237,110	37%	3,678,668,540	40%	189,898,450	37%	14,044,900	50%	13,536,849,000	38%
Calvert	34,355	1,260,580,010	38%	125,455,340	36%	51,605,030	38%	4,250,520	50%	1,441,890,900	38%
Caroline	13,738	222,033,430	36%	58,964,130	45%	44,938,000	36%	14,950,880	50%	340,886,440	38%
Carroll	50,262	1,980,427,930	39%	353,305,280	37%	150,311,560	39%	20,065,810	50%	2,504,110,580	38%
Cecil	36,932	1,021,076,030	38%	218,015,170	40%	88,209,920	38%	16,453,940	50%	1,343,755,060	39%
Charles	41,281	1,570,076,160	38%	408,141,170	41%	63,585,330	38%	8,894,500	50%	2,050,697,160	38%
Dorchester	17,778	289,872,990	37%	78,881,290	39%	47,290,560	37%	21,883,990	50%	437,928,830	38%
Frederick	65,934	2,548,875,180	39%	761,082,050	38%	183,798,120	39%	31,282,810	50%	3,525,038,160	39%
Garrett	23,521	375,804,170	36%	63,503,630	37%	27,853,140	36%	10,644,570	50%	477,805,510	37%
Harford	70,125	2,506,594,310	38%	560,322,100	38%	120,373,080	38%	14,463,940	50%	3,201,753,430	38%
Howard	71,677	3,979,317,470	38%	1,368,352,610	38%	71,910,040	38%	8,358,620	50%	5,427,938,740	38%
Kent	11,832	287,049,160	37%	74,575,780	36%	46,245,650	37%	17,689,210	50%	425,559,800	37%
Montgomery	266,310	19,154,887,922	37%	6,793,766,450	42%	95,884,354	37%	16,029,520	50%	26,060,568,246	38%
Prince George's	232,420	9,124,872,190	40%	4,301,388,680	41%	64,012,010	40%	9,561,060	50%	13,499,833,940	40%
Queen Anne's	19,754	702,788,940	38%	100,178,370	37%	77,292,485	38%	21,048,720	50%	901,308,515	38%
St. Mary's	34,135	1,053,935,010	39%	209,488,290	38%	82,831,560	39%	8,480,340	50%	1,354,735,200	39%
Somerset	15,130	139,789,780	38%	35,107,870	39%	25,731,010	38%	9,806,490	50%	210,435,150	39%
Talbot	16,126	821,170,200	37%	166,472,200	39%	123,643,980	37%	16,704,480	50%	1,127,991,160	37%
Washington	46,405	1,170,277,620	39%	448,025,960	38%	80,527,540	39%	19,115,690	50%	1,717,946,810	39%
Wicomico	37,662	686,638,980	37%	296,867,950	38%	46,388,630	37%	15,481,420	50%	1,045,376,980	37%
Worcester	50,686	1,480,482,390	38%	478,921,790	40%	46,219,550	38%	19,980,760	50%	2,025,604,490	39%
TOTALS	1,833,554	\$72,361,869,162	38%	\$25,712,531,235	41%	\$1,827,093,929	38%	\$330,072,380	50%	\$100,231,566,706	39%

NOTE: The assessment ratio is derived by comparing the assessed fair market value to the actual sale price.

Source: Maryland Department of Assessment and Taxation, Fiftieth Report

TABLE 22
DEPARTMENT LEVEL APPEALS, FY 1991-1993

	FISCAL YEAR 1991			FISCAL YEAR 1992			FISCAL YEAR 1993		
	Notices Sent	Department Appeals	Percentage	Notices Sent	Department Appeals	Percentage	Notices Sent	Department Appeals	Percentage
Allegany	13,175	962	7.3%	11,015	692	6.3%	13,230	692	5.2%
Anne Arundel	52,206	7,566	14.5%	54,773	5,317	9.7%	59,448	4,456	7.5%
Baltimore City	67,356	7,873	11.7%	67,798	9,041	13.3%	85,563	8,400	9.8%
Baltimore	89,504	14,557	16.3%	74,020	8,723	11.8%	83,312	8,095	9.7%
Calvert	16,199	2,089	12.9%	8,630	1,099	12.7%	8,897	895	10.1%
Caroline	4,040	218	5.4%	4,826	395	8.2%	4,763	92	1.9%
Carroll	15,152	1,456	9.6%	16,259	1,581	9.7%	17,508	1,071	6.1%
Cecil	10,672	1,566	14.7%	14,331	2,205	15.4%	11,423	1,052	9.2%
Charles	12,648	1,262	10.0%	18,836	1,427	7.6%	8,187	208	2.5%
Dorchester	5,214	572	11.0%	6,294	301	4.8%	6,094	347	5.7%
Frederick	16,103	1,538	9.6%	22,211	2,113	9.5%	26,106	1,211	4.6%
Garrett	7,342	610	8.3%	6,436	323	5.0%	9,386	603	6.4%
Harford	24,555	2,431	9.9%	20,066	1,782	8.9%	23,663	1,279	5.4%
Howard	24,729	1,977	8.0%	22,339	2,292	10.3%	23,064	1,323	5.7%
Kent	3,427	376	11.0%	3,828	389	10.2%	4,476	195	4.4%
Montgomery	96,454	10,423	10.8%	81,665	6,126	7.5%	81,838	3,722	4.5%
Prince George's	74,318	4,441	6.0%	68,805	7,264	10.6%	87,516	10,745	12.3%
Queen Anne's	8,324	1,739	20.9%	5,845	909	15.6%	5,327	416	7.8%
St. Mary's	10,434	1,391	13.3%	10,844	854	7.9%	11,978	853	7.1%
Somerset	5,869	622	10.6%	4,779	182	3.8%	4,384	268	6.1%
Talbot	4,813	498	10.3%	6,010	508	8.5%	5,069	312	6.2%
Washington	13,053	837	6.4%	15,577	929	6.0%	16,541	1,487	9.0%
Wicomico	13,160	837	6.4%	11,669	1,243	10.7%	12,513	486	3.9%
Worcester	24,908	1,001	4.0%	16,289	1,393	8.6%	8,803	694	7.9%
TOTALS	613,655	66,842	10.9%	573,145	57,088	10.0%	619,089	48,902	7.9%

*NOTE: The number of notices sent does not include exempt properties.

Source: Maryland Department of Assessment and Taxation, Fiftieth Report

TABLE 23
ILLUSTRATED RATIO STUDY STATISTICS

(1.) PROPERTY NUMBER	(2.) SALE PRICE	(3.) ASSESSMENT	(4.) RATIO A/S %	(5.) DEVIATION FROM AVERAGE
1	\$28,000	\$8,960	32%	-8
2	\$22,000	\$7,700	35%	-5
3	\$63,500	\$22,230	35%	-5
4	\$55,900	\$20,680	37%	-3
5	\$20,000	\$7,600	38%	-2
6	\$21,000	\$8,190	39%	-1
7	\$80,000	\$32,000	40%	0
8	\$33,300	\$13,320	40%	0
9	\$40,000	\$16,000	40%	0
10	\$45,000	\$18,450	41%	1
11	\$24,000	\$10,080	42%	2
12	\$39,000	\$16,770	43%	3
13	\$37,000	\$16,650	45%	5
14	\$40,000	\$18,000	45%	5
15	\$51,000	\$23,970	47%	7
TOTAL	\$599,700	240,600	40%	47

<u>AVERAGE RATIO =</u>	TOTAL OF RATIOS (4.)	+	NUMBER OF SALES (1.)	
	599	+	15	= 40%

<u>WEIGHTED RATIO =</u>	TOTAL OF ASSESSMENTS (3.)	+	TOTAL OF SALES PRICES (2.)	
	\$240,600	+	\$599,700	= 40%

<u>AVERAGE DEVIATION =</u>	TOTAL DEVIATIONS (5.)	+	NUMBER OF SALES (1.)	
	47	+	15	= 3%

<u>COEFFICIENT OF DISPERSION =</u>	AVERAGE DEVIATION	÷	AVERAGE RATIO	
	3%	+	40%	= 8%

<u>PRICE RELATED DIFFERENTIAL =</u>	AVERAGE RATIO	÷	WEIGHTED RATIO	
	40%	+	40%	= 1.00

Source: Maryland Department of Assessment and Taxation, 1993 Assessment Ratios
Survey Report

TABLE 24
PROPERTY ASSESSMENT RESULTS FOR SINGLE-FAMILY HOMES, SELECTED STATES, 1981

Jurisdiction	Median Assessment Sales Ratio (%)	Median Coefficient of Intra-area Dispersion (%)
All states	36.9	21.3
Alabama	7.1	52.0 H*
California	65.1	28.2
Florida	69.2	18.5
Idaho	86.8 H	16.4
Massachusetts	59.6	14.8
Michigan	44.3	15.3
Montana	3.7 L	35.4
New York	14.6	23.1
Pennsylvania	13.7	34.3
Ohio	30.2	22.3
Virginia	84.7	11.4 L

* H denotes highest value and L lowest value among the states

Source: Ronald C. Fisher: State and Local Public Finance, 1987

TABLE 25
ASSESSMENT LEVELS CONVERTED TO FULL VALUE*

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Allegany	75.7	81.1	93.9	98.6	97.1	100.4	99.0	99.0	97.3	96.9	89.3	92.8	98.0	94.2	94.2
Anne Arundel	86.3	87.5	91.8	96.4	97.1	91.5	92.0	93.3	87.4	82.9	87.3	90.5	96.3	94.5	96.3
Baltimore City	84.2	85.4	83.3	89.8	94.8	88.9	93.7	94.6	88.3	89.8	93.0	91.1	95.1	94.2	99.5
Baltimore County	86.3	92.0	91.8	98.6	94.8	94.7	96.0	95.6	91.1	94.0	92.3	94.5	97.5	94.6	95.3
Calvert	84.2	98.2	96.1	98.6	94.8	92.1	96.8	92.7	92.6	91.3	91.7	90.3	97.2	95.6	95.3
Caroline	73.7	85.4	85.4	96.4	99.4	97.7	100.4	96.4	94.3	92.5	82.5	91.1	99.4	92.0	94.9
Carroll	80.0	89.7	93.9	98.6	97.1	96.5	95.4	93.1	88.2	88.7	87.4	93.0	97.0	97.6	96.3
Cecil	77.9	85.4	91.8	94.2	92.6	96.3	94.6	92.6	88.5	83.6	85.0	90.3	92.9	94.2	97.0
Charles	90.5	91.8	91.8	96.4	97.1	92.1	94.9	96.3	92.2	87.2	90.4	88.4	93.5	95.8	95.3
Dorchester	80.0	91.8	91.8	89.8	97.1	94.9	93.8	94.6	92.1	83.4	87.2	87.7	93.4	86.8	94.0
Frederick	80.0	87.5	93.9	94.2	99.4	96.9	97.1	93.8	91.2	87.2	90.4	91.0	96.6	96.8	97.2
Garrett	77.9	85.4	93.9	96.4	92.6	89.2	94.2	95.9	92.5	90.5	90.2	88.5	98.6	88.7	91.3
Harford	82.1	93.9	93.9	96.4	94.8	93.5	95.7	92.6	89.2	92.0	87.9	94.3	95.6	92.8	95.7
Howard	82.1	93.9	93.9	96.4	94.8	95.4	96.7	94.0	91.4	93.8	90.1	92.0	94.4	96.3	95.3
Kent	80.0	89.7	87.6	89.8	94.8	92.6	94.7	94.3	92.4	87.0	80.0	85.3	92.6	83.7	92.7
Montgomery	82.1	83.3	93.9	94.2	97.1	93.5	96.6	93.9	88.0	89.8	87.7	89.9	98.2	94.6	96.2
Prince George's	94.7	93.9	96.1	98.6	97.1	94.2	95.3	96.6	91.3	94.9	88.0	91.3	98.4	98.3	100.0
Queen Anne's	84.2	93.9	93.9	98.6	97.1	95.4	99.9	95.3	89.1	86.4	82.4	89.4	97.2	96.5	95.3
St. Mary's	93.9	91.8	96.4	94.8	96.7	96.1	98.7	94.2	95.1	87.9	89.6	89.6	96.5	96.5	96.3
Somerset	86.3	87.5	96.1	101.0	101.6	94.9	99.4	94.4	95.3	94.6	86.3	91.4	94.0	86.4	96.3
Talbot	75.7	96.1	91.8	94.2	99.4	96.3	95.7	93.0	90.0	89.0	89.9	91.9	98.6	96.1	93.7
Washington	86.3	91.8	96.1	96.4	99.4	93.1	97.0	97.6	96.0	94.3	92.1	90.7	93.6	97.3	96.4
Wicomico	84.2	91.8	96.1	98.6	99.4	96.1	94.7	96.3	92.6	95.0	93.0	95.3	98.0	95.7	93.3
Worcester	84.2	87.5	91.8	89.8	94.8	97.7	89.2	90.6	85.5	91.6	94.0	87.7	99.1	93.7	96.4
State	86.3	89.6	94.0	95.7	96.6	94.2	95.4	94.7	89.8	90.5	89.8	88.6	97.6	95.3	96.0
Uniformity**															
Factor	4.5	3.9	2.2	2.5	1.9	2.2	1.8	1.6	2.7	3.3	2.8	1.7	1.9	2.7	1.6

* Table II converts the weighted ratio for each county to the full cash value if assessed at 100% of full cash value. Due to changes in the law properties were assessed at various levels.

**The uniformity factor is a measure of the dispersion of ratios of each county to the average ratio of the state.

Source: Maryland Department of Assessments and Taxation, 1993 Assessment Ratios Survey Report

TABLE 26
DEPARTMENT'S VALUES COMPARED TO PROPERTY SALE PRICES

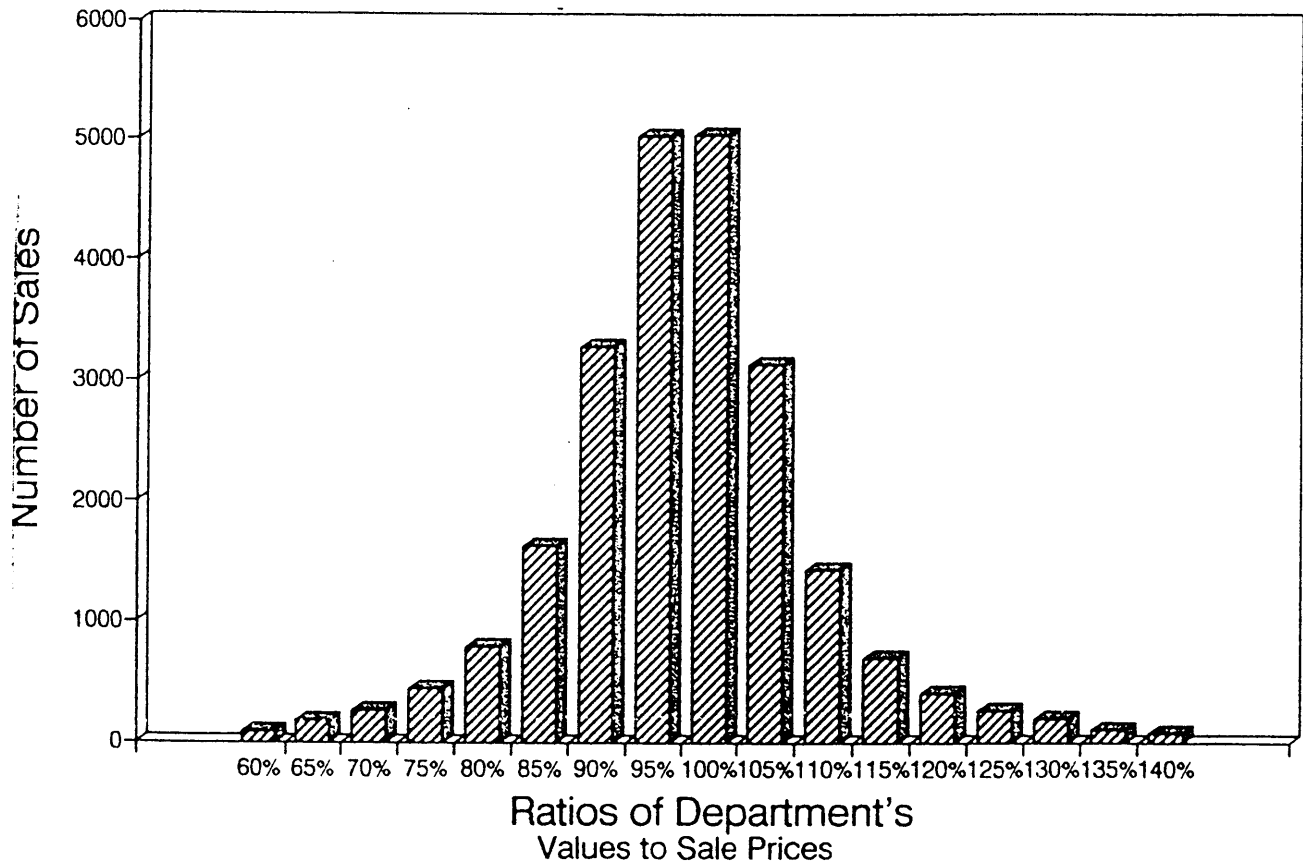


TABLE 26
DEPARTMENT'S VALUES COMPARED TO PROPERTY SALE PRICES

Page 2 of 2

Statewide Ratio Study Frequency Statistics From Table 26

Average Ratio = Total of Ratios/Number of Sales

95.0%	2,230,894	23,517
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Weighted Ratio = Total Full Values/Total Sale Prices

94%	\$3,307,464,375	\$3,528,684,486
-----	-----------------	-----------------

Average Deviation = Total Deviations/Number of Sales

9%	212,307	23,517
----	---------	--------

Coefficient of Dispersion = Average Deviation/Average Ratio

9%	9%	95%
----	----	-----

Price Related Differential = Average Deviation/Weighted Ratio

1.01	95%	94%
------	-----	-----

Source: Maryland Department of Assessment and Taxation, 1993 Assessment Ratios Survey Report

TABLE 27
 ASSESSED VALUE FOR EXCLUDED (TOTALLY EXEMPT) PROPERTY BY TYPE OF EXEMPTION
 FOR SELECTED STATES, 1986

[Million dollars. For meaning of symbols, see text]

State	Total	Governmental	Educational	Religious	Charitable	Other or Unallocable
Total	322 194	163 260	24 405	18 877	17 889	97 761
Arizona	2 354	(NA)	(NA)	(NA)	(NA)	2 354
California ¹	20 930	(NA)	4 352	4 492	12 079	8
Colorado	4 132	3 248	120	361	402	-
District of Columbia	23 115	18 740	1 078	881	185	2 230
Florida	51 858	40 476	(NA)	(NA)	(NA)	11 382
Georgia ²	7 159	3 428	1 722	938	549	522
Hawaii	12 769	10 523	314	562	347	1 023
Idaho ³	17 049	9 863	707	502	30	5 947
Indiana	1 840	(NA)	(NA)	(NA)	(NA)	1 840
Kansas ⁴	8 875	(NA)	(NA)	(NA)	(NA)	8 875
Maine	5 279	3 205	620	343	500*	611
Maryland	10 363	8 059	488	1 172	644	-
Minnesota ⁵	22 594	8 646	8 156	2 662	849	2 280
Nevada	2 024	1 504	297	82	(NA)	141
New Jersey	32 268	22 645	2 481	3 778	(NA)	3 364
New York ⁶	55 328	(NA)	(NA)	(NA)	(NA)	55 328
Ohio	12 661	5 344	3 410	1 610	1 433	864
Oregon ⁷	27 549	25 059	96	1,195	832	367
Rhode Island	4 047	2 520	564	299	39	625

Note: Detail may not add to total due to rounding.

¹California values are limited to those amounts required to be enrolled.

²Georgia values are as of January 1, 1986, except Clayton County as of January 1, 1984.

³Idaho values are estimated as of 1977. "Other and unallocable" category includes \$2,068 million in inventory and crops; \$2,354 million in household goods; and \$1,159 million in motor vehicles.

⁴Kansas values are market values rather than assessed values.

⁵Minnesota values are market values rather than assessed values.

⁶New York values do not reflect totally exempt property located in local assessing jurisdictions that did not report to the State.

⁷Oregon values are true cash values rather than assessed values.

Source: U.S. Bureau of the Census, 1987 Census of GOvernments, Volume 2,
 Taxable Property Values

TABLE 28

LEGAL STATUS OF MAJOR TYPES OF TANGIBLE PERSONAL PROPERTY WITH RESPECT TO
LOCAL GENERAL PROPERTY TAXATION, BY STATE: 1986 AND SUBSEQUENT PERIODS

State	Business inventories	Other com- mercial and industrial	Agricultural	Household personal property	Motor vehicles
Total taxing	20	42	32	17	19
Alabama	E	¹ T	¹ T	² T	¹ T
Alaska	L	L	L	¹ L	L
Arizona	E	¹ T	T	² T	E
Arkansas	T	T	T	T	T
California	E	¹ T	¹ T	² T	E
Colorado	E	T	¹ T	² T	³ E
Connecticut	E	¹ T	⁴ T	E	T
Delaware	E	E	E	E	E
District of Columbia	E	¹ T	E	E	E
Florida	E	¹ T	¹ T	E	E
Georgia	T	T	¹ T	¹ T	T
Hawaii	E	E	E	E	E
Idaho	E	¹ T	¹ T	² T	E
Illinois	E	E	E	E	E
Indiana	T	T	T	² T	E
Iowa	E	E	E	E	E
Kansas	⁵ T	T	¹ T	² T	⁶ T
Kentucky	⁷ T	⁷ T	¹ T	E	T
Louisiana	T	T	E	E	E
Maine	E	T	¹ T	E	E
Maryland	⁸ L	⁸ L	⁸ L	E	E
Massachusetts	¹ T	¹ T	T	E	E
Michigan	E	E	E	¹ T	E
Minnesota	E	⁹ T	E	E	E
Mississippi	¹ T	T	E	E	T
Missouri	E	T	T	E	¹ T
Montana	E	T	¹ T	E	T
Nebraska	E	T	¹⁰ T	E	T
Nevada	E	T	T	E	E
New Hampshire	E	E	E	E	E
New Jersey	E	¹¹ T	E	E	E
New Mexico	¹² T	¹ T	¹ T	E	E
New York	E	E	E	E	E
North Carolina	¹³ T	T	¹ T	¹ T	T
North Dakota ¹⁴	E	E	E	E	E
Ohio	T	T	E	¹ T	E
Oklahoma	T	T	E	¹ T	E
Oregon	E	¹ T	E	E	E
Pennsylvania	E	E	E	E	E
Rhode Island	¹⁵ T	¹⁵ T	¹ T	¹ T	T
South Carolina	¹⁶ T	¹ T	E	E	T
South Dakota	E	E	E	E	E
Tennessee	E	¹ T	¹ T	¹ T	T
Texas	E	T	¹⁷ T	E	¹⁸ T
Utah	E	¹ T	T	E	T
Vermont	¹⁹ L	¹ T	E	E	E
Virginia	T	T	L	E	E
Washington	E	T	T	²⁰ T	E
West Virginia	T	T	T	E	E
Wisconsin	²¹ T	²¹ T	²¹ T	E	E
Wyoming	E	T	T	E	E

Note: T-locally taxable; E-exemption; L-local option; option to exempt affected items is exercised in most jurisdictions.

¹Subject to legal provision for partial exemptions either as to specified types or specified value levels.²Taxable only if used in production of income.³Colorado vehicles are subject to ad valorem taxes until registered. Subsequent to that, they are subject to a specific ownership tax.⁴Connecticut farm machinery is exempt up to \$100,000 in value.⁵Kansas merchants' and manufacturers' inventories are exempt effective January 1, 1989.⁶Kansas motor vehicles are subject to special, rather than general, ad valorem taxation.⁷Kentucky machinery and products in the course of manufacture, and raw materials are exempt.⁸Maryland permits the exemption of personal property either in part or in full at the option of the localities; currently 13 counties and Baltimore City have exempted all commercial and manufacturing inventories, and manufacturing machinery from ad valorem taxation.⁹Minnesota subjects very little personal property to assessment or taxation.¹⁰Nebraska agricultural personalty is mostly exempt effective July 19, 1980.¹¹New Jersey business personal property subject to local taxation is limited to tangible personalty of telephone, telegraph, and messenger companies.¹²New Mexico inventories are exempt except for livestock and inventories of certain centrally assessed taxpayers.¹³North Carolina business inventories became exempt from taxation effective January 1, 1988.¹⁴North Dakota personal property is exempt except for centrally assessed property subject to an in lieu tax, and property owned by nonprofit organizations and not used exclusively for meeting purposes.¹⁵Rhode Island manufacturers' inventories and certain manufacturing machinery and equipment are exempt unless offered for retail sale.¹⁶South Carolina property tax on business inventories has been phased out. The 1986 percentage of taxation was 50 percent. The last year was 1987.¹⁷Texas excludes the following agricultural personalty from taxation: family supplies for farm and home use, farm products (including livestock and poultry), and farm implements.¹⁸Texas passenger automobiles and light trucks are exempt if not used for the production of income. Local taxing units may override this exemption with respect to automobiles.¹⁹Vermont municipalities may exempt inventories and in lieu thereof, tax business machinery and equipment.²⁰West Virginia household goods are exempt unless used for profit, in which case a \$200 exemption applies.²¹Wisconsin merchants' stock-in-trade, manufacturers' materials and finished products, and livestock became exempt effective January 1, 1981. Most agricultural personalty also is exempt.Source: U.S. Bureau of the Census, 1987 Census of Governments, Volume 2
Taxable Property Values

TABLE 29

EXEMPT PROPERTY: AMOUNT OF ASSESSABLE BASE BY SUBDIVISION FOR FY 1994

County	Federal	State	County and Municipal	Educational (Privately Owned and Church)	Religious	Charitable, Benevolent and Fraternal	Blind Veterans and Others
Allegany	\$ 4,545,040	\$ 51,243,590	\$ 83,735,170	\$ 3,183,580	\$ 44,772,820	\$ 16,107,960	\$ 1,639,630
Anne Arundel	279,565,980	277,015,690	466,425,080	30,358,640	92,410,360	64,220,575	12,094,590
Baltimore City	125,584,100	520,150,670	1,339,715,800	189,155,730	321,110,480	330,757,270	6,628,840
Baltimore	132,998,700	464,500,130	711,697,020	84,769,370	217,776,870	82,877,770	14,271,960
Calvert	23,127,960	11,952,030	67,872,090	727,130	13,392,760	13,848,210	1,886,910
Caroline	691,950	4,572,580	18,126,990	2,769,650	7,301,080	2,979,490	436,850
Carroll	1,458,710	37,461,520	138,136,520	20,717,700	41,874,330	21,597,020	1,922,300
Cecil	14,349,520	21,749,580	63,756,320	7,321,020	25,482,580	15,934,030	6,694,480
Charles	278,266,500	11,695,470	112,791,310	2,626,980	26,971,400	9,236,150	3,152,030
Dorchester	2,080,820	15,512,630	36,849,080	829,750	11,832,880	8,417,700	827,850
Frederick	104,744,960	30,987,870	218,177,150	38,626,200	75,706,320	38,334,300	2,988,920
Garrett	1,201,050	20,046,090	29,135,930	1,180,140	10,005,800	1,827,710	425,270
Harford	349,064,240	20,068,690	178,811,300	8,155,380	44,472,640	28,845,210	7,100,500
Howard	5,430,910	136,370,350	221,176,070	6,200,390	44,319,940	57,957,970	3,192,290
Kent	2,140,910	5,149,500	21,158,270	17,365,210	7,533,690	11,335,870	519,390
Montgomery	842,942,030	293,543,690	1,709,480,760	139,787,048	371,165,606	180,830,710	71,464,690
Prince George's	620,236,690	283,072,640	603,132,000	32,018,060	157,890,290	48,781,500	24,838,630
Queen Anne's	7,288,350	13,072,570	35,829,310	1,247,660	8,904,310	6,780,500	2,589,445
St. Mary's	479,262,660	34,162,000	62,001,020	17,624,710	15,080,050	7,262,690	1,445,880
Somerset	958,090	57,256,000	24,204,110	184,160	5,669,440	3,480,020	315,320
Talbot	1,484,800	3,625,330	40,851,180	6,227,140	13,686,530	30,783,730	1,070,560
Washington	18,196,780	56,424,660	139,797,030	8,913,470	62,106,610	33,691,470	3,013,760
Wicomico	730,000	44,662,750	91,668,200	1,026,550	19,775,830	31,710,610	1,635,650
Worcester	16,799,090	15,650,290	64,123,050	1,087,800	14,980,900	4,325,210	899,490
TOTAL	\$3,313,149,840	\$2,429,946,320	\$6,478,650,760	\$622,103,468	\$1,654,223,516	\$1,051,923,675	\$171,055,235

Source: Maryland Department of Assessment and Taxation, Fiftieth Report

TABLE 30

TAXATION OF PERSONAL PROPERTY (EXPRESSED AS THE PERCENTAGE EXEMPT FROM LOCAL TAXATION), FY 1994

SUBDIVISION	COMMERCIAL INVENTORY	MANUFACTURING		FARM IMPLEMENTS	LIVESTOCK
		INVENTORY	MACHINERY		
ALLEGANY	100	100	0	0	100
ANNE ARUNDEL	100	100	100	100	100
BALTIMORE CITY	100	100	100	100	100
BALTIMORE COUNTY	100	100	100	100	100
CALVERT	100	100	100	100	100
CAROLINE	100	100	100	100	100
CARROLL	100	100	100	100	100
CECIL	100	100	100	100	100
CHARLES	100	100	100	100	100
DORCHESTER	100	100	* ¹	100	100
FREDERICK ²	*	*	*	*	*
GARRETT	100	100	100	100	100
HARFORD	100	100	100	100	100
HOWARD	100	100	100	100	100
KENT ²	0	0	0	0	0
MONTGOMERY	100	100	100	100	100
PRINCE GEORGE'S	100	100	100	100	100
QUEEN ANNE'S	100	100	100	100	100
ST. MARY'S	90 ³	100	100	0	0
SOMERSET	100	100	0	100	100
TALBOT	100	100	100	100	100
WASHINGTON	100	100	100	100	100
WICOMICO	65	100	100	100	100
WORCESTER	100	100	0	100	100
¹ No blanket exemption. Provided on "case by case" basis.					
² Assesses no personal property tax					
³ Exempts the first \$200,000 of net tax bill due for county taxes.					
Source: Maryland Association of Counties, Budget and Tax Rate Survey, August 1993					

TABLE 31
STATE PROPERTY TAX-RELIEF METHODS, 1985

Page 1 of 2

<i>State</i>	<i>Property Tax Credit</i>	<i>Homestead Exemption</i>	<i>Deduction from State Income Tax</i>	<i>Special Farmland Assessment</i>	<i>Classified System</i>
<i>New England</i>					
Connecticut	S ^a	L	Limited tax	R	
Maine	S	L	X	R	
Massachusetts		A		R	X
New Hampshire		S ^b	Limited tax	R	
Rhode Island	S	L	X	R	
Vermont	A	L	X	R, contract	
<i>Mideast</i>					
Delaware		S ^b	X	R	
Maryland	A	L		R	
New Jersey		A		R	
New York	A		X	R	
Pennsylvania	S	L		R	
<i>Great Lakes</i>					
Illinois	S	A	X	R	Cook County
Indiana		A	X	U	
Michigan	A	L		Contract	
Ohio	S			R	
Wisconsin	A		X	Credit	
<i>Plains</i>					
Iowa	S	A	X	U	X
Kansas	S		X	R	
Minnesota	A	A	X	U	X
Missouri	S		X	U	
Nebraska		A	X	R	
N. Dakota	S	S ^b	X	U	X
S. Dakota	S		No tax	U	
<i>Southeast</i>					
Alabama		A	X	R	X
Arkansas	S	L	No tax	U	
Florida		A	No tax	U	
Georgia		A	X	Contract	
Kentucky		S	X	R	
Louisiana		A	X	U	X
Mississippi		A	X	U	X
N. Carolina		S ^b	X	R	
S. Carolina		S	X	R	X
Tennessee	S		Limited tax	R	X
Virginia		S ^b	X	R	
W. Virginia	S	S	X	U	X
<i>Southwest</i>					
Arizona	S		X	U	X
New Mexico	S	A		U	
Oklahoma	S	A	X	U	
Texas		A	No tax	R	

TABLE 31
STATE PROPERTY TAX-RELIEF METHODS, 1985

Page 2 of 2

<i>State</i>	<i>Property Tax Credit</i>	<i>Homestead Exemption</i>	<i>Deduction from State Income Tax</i>	<i>Special Farmland Assessment</i>	<i>Classified System</i>
<i>Rocky Mountain</i>					
Colorado	S	S ^b	X	U	X
Idaho	S	A	X	U	
Montana	S	L ^b	X	U	X
Utah	S	L	X	R	X
Wyoming	S	A ^b	No tax	U	
<i>Far West</i>					
Alaska		A	X	R	
California	S	A	X	Contract	
Hawaii	A ^c	A	X	R, contract	
Nevada	S		No tax	R	
Oregon	A	L	X	R	X
Washington		S ^b	No tax	R, contract	
<i>Total number</i>	8A 24S	20A 10S 11L	33X	18U 28R 4 other	15X

^a Legend: A = all ages, S = seniors only, L = other specific group only,
X = has deduction, U = use value, R = use value with recapture.

^b Low income only.

^c Renters only

Source: Ronald C. Fisher: State and Local Public Finance, 1987

TABLE 32

ASSESSED VALUE REMOVED FROM TAX BASE FOR SELECTED STATES, 1986

State	Exemptions (million dollars)				Total as percent of gross assessed value
	Total	Homestead	Veterans	Other and unallocable	
Total	198 059	(NA)	(NA)	(NA)	4.1
Alabama	3 053	2 693	-	360	21.3
*California	31 126	30 691	435	-	2.9
*Connecticut	563	(NA)	342	221	0.7
Delaware	678	-	-	678	5.2
*District of Columbia	784	784	-	-	2.6
Florida	63 580	61 121	-	2 458	16.4
Georgia	4 716	4 716	-	-	6.2
*Hawaii	4 773	4 359	-	414	9.4
*Idaho	4 391	4 151	-	1 240	14.9
*Illinois	8 481	7 381	7	1 093	9.4
Indiana	1 488	(NA)	157	1 301	5.1
Kentucky	2 968	2 968	-	-	3.7
Louisiana	4 040	4 040	-	-	26.8
*Maine	143	-	141	2	0.5
*Maryland	136	-	136	-	0.2
Nebraska	1 169	1 169	-	-	2.6
*Nevada	22	(NA)	14	8	0.2
New Hampshire	496	(NA)	(NA)	496	1.8
New Jersey	154	-	-	154	0.1
*New Mexico	172	(NA)	130	41	1.5
*New York	12 781	(NA)	(NA)	12 781	7.8
North Carolina ²	2 073	1 577	-	496	1.1
*North Dakota	6	6	-	-	0.6
*Oklahoma	821	724	(NA)	97	7.4
*Oregon	257	232	-	26	0.3
*Rhode Island	488	-	217	271	2.3
*South Dakota	128	-	-	128	1.9
Texas	45 930	(NA)	(NA)	45 930	6.8
Washington	1 445	(NA)	(NA)	1 445	0.9
*West Virginia	1 160	1 160	-	-	5.9
*Wyoming	67	62	4	-	0.8

Note: Detail may not add to total due to rounding.

*Has circuit breaker; see text.

¹Idaho data include \$84 million of exempted State-assessed value.²North Carolina data shown are for 98 out of 100 counties reporting realty partial exemptions and 83 out of 100 counties reporting personalty partial exemptions.Source: U.S. Bureau of the Census, 1987 Census of Governments, Volume 2,
Taxable Property Values

TABLE 33

FY 1994 HOMEOWNERS' TAX CREDIT PROGRAM STATISTICS

	Number of Applications Received	Number of Credits Issued	Dollar Amount of Credits Issued	Average Credit
Allegany	2,069	1,809	\$ 595,976	\$329.45
Anne Arundel	7,688	5,528	3,771,916	682.33
Baltimore City	30,596	27,092	18,821,799	694.74
Baltimore	17,074	15,056	8,635,621	573.57
Calvert	917	757	457,941	604.94
Caroline	512	481	190,834	396.74
Carroll	2,170	1,926	1,247,318	647.62
Cecil	1,291	1,240	679,019	547.60
Charles	994	918	543,892	592.47
Dorchester	807	699	271,258	388.07
Frederick	2,621	2,259	1,615,170	714.99
Garrett	822	685	201,726	294.49
Harford	2,848	2,432	1,562,656	642.54
Howard	1,572	1,396	1,108,769	794.25
Kent	341	308	132,389	429.83
Montgomery	5,839	4,970	4,180,170	841.08
Prince George's	7,501	6,524	5,950,779	912.14
Queen Anne's	724	633	311,676	492.38
St. Mary's	1,030	892	511,719	573.68
Somerset	487	409	109,730	268.29
Talbot	249	199	48,861	245.53
Washington	3,025	2,801	1,550,959	553.72
Wicomico	1,057	1,037	372,870	359.57
Worcester	594	509	233,764	459.26
TOTAL	92,828	80,560	\$53,106,812	\$659.22

*NOTE: The dollar amount of credits issued will be adjusted based upon the actual amount of credits granted on applications still in process at the time of the preparation of this report.

TABLE 34

COMPARISON OF THE FY 1992 AND 1993 RENTERS' TAX CREDIT APPLICATION YEARS

	Number of Credits Issued		Average Income of Recipients		Average Rent Paid		Average Credit Received		Total Credit Disbursements	
	'92	'93	'92	'93	'92	'93	'92	'93	'92	'93
Allegany	184	202	\$ 7,294	\$ 7,423	\$1,713	\$1,753	\$151.86	\$152.92	\$ 27,942	\$ 30,889
Anne Arundel	498	545	10,500	10,833	4,166	4,548	317.59	333.70	158,161	181,864
Baltimore City	5,688	5,745	7,515	7,698	2,461	2,559	242.92	250.22	1,381,750	1,437,498
Baltimore	2,925	3,018	10,318	10,403	3,747	3,857	284.38	296.06	831,821	893,522
Calvert	12	17	11,564	11,582	5,303	4,743	427.17	346.87	5,126	5,897
Caroline	57	62	6,603	7,172	1,444	1,651	140.74	145.65	8,022	9,030
Carroll	333	309	9,008	9,055	2,813	2,786	225.96	221.28	75,244	68,377
Cecil	69	82	8,058	8,456	2,794	2,263	213.19	179.80	14,710	14,744
Charles	45	74	10,998	9,721	4,228	3,307	300.53	235.32	13,524	17,414
Dorchester	99	110	6,400	6,675	1,344	1,422	131.38	132.43	13,007	14,567
Frederick	233	246	9,016	9,341	2,915	3,066	229.99	238.93	53,588	58,776
Garrett	7	4	8,602	8,114	2,983	3,182	287.29	338.11	2,011	1,352
Harford	201	248	10,691	10,260	4,017	3,985	313.14	327.23	62,941	81,154
Howard	218	233	10,724	10,599	3,970	4,079	273.16	295.55	59,549	68,862
Kent	89	88	7,380	7,080	1,830	1,765	152.49	162.02	13,572	14,258
Montgomery	838	865	12,050	11,536	5,133	4,940	341.25	339.90	285,971	294,013
Prince George's	1,159	1,093	9,908	9,909	3,584	3,588	267.73	268.44	310,304	293,407
Queen Anne's	64	67	7,521	7,540	1,896	1,965	171.13	180.39	10,952	12,086
St. Mary's	27	33	8,965	9,367	3,804	4,010	350.81	351.76	9,472	11,608
Somerset	54	53	7,186	6,984	1,710	1,726	147.98	163.43	7,991	8,662
Talbot	15	34	11,472	9,758	4,336	3,549	285.04	277.53	4,281	9,436
Washington	256	290	7,387	7,837	2,252	2,395	224.54	226.02	57,483	65,547
Wicomico	146	153	8,496	8,047	2,922	2,820	266.59	276.35	38,922	42,281
Worcester	26	32	9,247	8,203	3,672	2,958	327.88	288.42	8,525	9,230
Total	13,243	13,603	\$ 8,927	\$ 9,019	\$3,119	\$3,202	\$260.88	\$267.92	\$3,454,869	\$3,644,474

Source: Maryland Department of Assessment and Taxation, Fiftieth Report

TABLE 35
COMPARISON OF COUNTY, MUNICIPAL AND BALTIMORE GOVERNMENT FINANCES:1986-87

Item	M a r y l a n d			
	All counties	All municipalities	All municipal. excl. Baltimore	Baltimore City
Number of counties or municipalities	23	155	154	1
Population, 1986 (thousand)	3,710.5	1,374.7	621.9	752.8
Revenue (million dollars)	5,159.1	2,123.9	352.0	1,771.9
General revenue	4,933.1	1,828.2	290.5	1,537.7
Intergovernmental revenue	1,422.6	856.9	85.3	771.6
Federal government	115.9	125.8	19.3	106.5
State government	1,302.5	668.8	34.4	634.4
From own sources	3,510.6	971.2	205.1	766.1
Taxes	2,756.7	649.5	121.2	528.3
Property	1,500.4	460.7	107.6	353.1
Other	1,256.3	188.7	13.4	175.3
Charges and miscellaneous	753.8	321.8	84.0	237.8
Utility and liquor store revenue	120.0	102.5	61.5	41.0
Employee retirement revenue	106.0	193.2	-	193.2
Expenditure (million dollars)	5,199.7	1,744.4	344.1	1,400.3
General expenditure	5,002.7	1,570.5	279.5	1,291.0
Current expenditure	4,354.1	1,270.6	224.6	1,046.0
Capital outlay	648.6	300.0	55.1	244.9
Education services	2,722.8	406.8	0.3	406.5
Social services and income maint.	152.2	42.4	0.3	42.1
Transportation	481.6	293.8	57.8	236.0
Public safety	481.8	285.5	56.9	228.6
Environment and housing	498.6	311.5	84.7	226.8
Governmental administration	237.3	102.1	31.0	71.1
Interest on general debt	267.6	79.4	-	79.4
Other and unallocable	288.2	84.6	-	84.6
Utility and liquor store expenditure	155.2	117.2	64.7	52.5
Employee retirement expenditure	41.8	56.8	-	56.8

Source: U.S. Bureau of the Census, 1987 Census of Governments, Volume 4, Government Finances, No 3 Finances of County's Governments and No 4 Finances of Municipal and Township Governments

TABLE 36
BALTIMORE CITY: LOCAL GOVERNMENT REVENUES BY SOURCE

Millions of current dollars

	TOTAL	LOCAL	Property	Income	Other	INTER-	Federal	State	OTHER
	REVENUES	REVENUES	Taxes	Taxes	Taxes	GOV'T			REVENUES*
FY80	1,493	403	212	75	116	864	493	371	225
FY81	1,682	417	225	73	119	915	540	376	350
FY82	1,627	439	238	79	123	932	509	421	255
FY83	1,636	475	257	81	137	874	470	404	287
FY84	1,553	524	272	84	168	744	322	422	285
FY85	1,551	567	301	92	174	774	345	429	210
FY86	1,827	611	333	98	180	782	326	456	434
FY87	1,795	652	353	102	197	831	339	492	312
FY88	1,852	731	386	125	219	851	340	511	270
FY89	2,008	761	416	112	234	852	280	566	396
FY90	2,140	793	437	120	236	929	271	649	418

Millions of 1989 dollars

	TOTAL	LOCAL	Property	Income	Other	INTER-	Federal	State	OTHER
	REVENUES	REVENUES	Taxes	Taxes	Taxes	GOV'T			REVENUES*
FY80	2,373	641	337	119	185	1,374	784	590	358
FY81	2,438	605	326	106	172	1,326	782	544	507
FY82	2,198	594	321	107	166	1,260	688	569	345
FY83	2,108	612	331	104	177	1,126	606	520	370
FY84	1,922	648	336	104	208	920	398	522	353
FY85	1,848	676	359	110	207	923	411	511	250
FY86	2,112	707	385	113	208	904	377	527	502
FY87	2,004	728	394	114	220	928	379	549	348
FY88	1,981	782	413	134	234	910	364	546	289
FY89	2,055	779	425	114	239	872	286	579	405
FY90	2,086	773	426	117	230	906	264	632	407

* Service charges, fines and forfeitures, miscellaneous and debt proceeds.

Source: Baltimore Regional Council of Governments, January 1992

TABLE 37

BALTIMORE CITY: GENERAL GOVERNMENTAL REVENUES BY SOURCE (GAAP BASIS)* AND PROPERTY TAX COLLECTIONS

dollars expressed in thousands

Fiscal Year	Taxes	Licenses and Permits	Grants	Charges for Services	Fines and Forfeitures	Interest, Rental and Other Investment Income	Miscellaneous	Total	Property Total Tax Collections
1984	\$518,401	\$ 9,633	\$523,446	\$15,675	\$ 7,825	\$18,495	\$11,711	\$1,105,186	\$267,893
1985	556,415	10,295	545,090	16,806	1,179	30,245	11,586	1,171,616	301,738
1986	600,991	10,215	539,386	22,852	2,623	30,721	32,449	1,239,237	332,230
1987	642,133	10,262	578,123	23,971	3,211	34,560	24,773	1,317,033	353,017
1988	720,225	10,765	580,509	26,836	3,627	37,907	22,032	1,401,901	386,621
1989	738,667	10,955	570,922	30,099	4,330	55,590	9,526	1,420,089	415,194
1990	770,480	12,786	602,593	30,410	3,758	45,509	25,177	1,490,713	438,810
1991	783,628	14,010	662,819	31,580	5,046	47,415	5,561	1,550,059	455,908
1992	778,647	14,844	625,477	33,704	4,795	46,867	3,517	1,507,851	464,512
1993	806,534	15,149	653,700	39,170	5,463	42,527	5,177	1,567,720	475,126

* Note: Includes General, Special Revenue, Debt Service and Capital Projects Funds

Source: City of Baltimore, Comprehensive Annual Financial Report, Year Ended June 30, 1993

TABLE 38

BALTIMORE CITY: APPORTIONMENT OF FISCAL 1994 GENERAL PROPERTY TAX RATE
BY GOVERNMENTAL FUNCTION

	TOTAL GENERAL FUND BUDGET	PERCENTAGE OF TOTAL GENERAL FUND BUDGET	APPORTIONMENT OF PROPERTY TAX REVENUE	APPORTIONMENT OF PROPERTY TAX RATE
Public Safety	\$272,463,472	33.93%	\$161,402,598	\$2.00
Education	\$202,904,446	25.26%	\$120,196,764	\$1.49
General Government	\$115,955,341	14.44%	\$68,690,662	\$0.85
Debt Service	\$61,934,569	7.71%	\$36,690,843	\$0.46
Sanitation	\$37,089,080	4.62%	\$21,970,735	\$0.27
Recreation	\$29,592,760	3.69%	\$17,531,867	\$0.22
Adjudication & Corrections	\$23,010,280	2.87%	\$13,630,610	\$0.17
Health	\$19,450,349	2.42%	\$11,522,980	\$0.14
Economic Development	\$17,176,319	2.14%	\$10,176,571	\$0.13
Culture	\$8,372,316	1.04%	\$4,957,450	\$0.06
Capital Projects	\$7,704,000	0.96%	\$4,562,567	\$0.06
Social Services	\$3,640,260	0.45%	\$2,155,206	\$0.03
Legislative	\$3,557,913	0.44%	\$2,107,630	\$0.03
Transportation	\$283,895	0.04%	\$166,517	\$0.00
Total Appropriations	\$803,135,000	100.00%	\$475,763,000	\$5.90

Please Note:
Property Tax Dollars are not , in practice,
earmarked for any particular function or
budgeted program.

Source: City of Baltimore, Fiscal 1994 Summary of Adopted Budget

TABLE 39

BALTIMORE CITY: APPORTIONMENT OF FISCAL 1988 GENERAL PROPERTY TAX RATE
BY GOVERNMENTAL FUNCTION

<u>Governmental Function</u>	<u>Percentage of each \$1.00 of Property Tax</u>	<u>Apportionment of Property Tax Rate</u>
General Government	22.17	\$ 1.33
Public Safety	30.05	1.80
Adjudication & Corrections	6.47	.39
Health	1.28	.08
Social Services	.95	.06
Education	22.92	1.38
Recreation	5.55	.33
Culture	2.39	.14
Transportation	1.35	.08
Sanitation	4.81	.29
Economic Development	2.06	.12
TOTAL	100.00	\$ 6.00

Fiscal 1988 Baltimore City General Property Tax is \$6.00 per \$100 of Assessed Valuation.

Source: City of Baltimore, Fiscal 1988 Summary of Adopted Budget

TABLE 40

BALTIMORE CITY: PROPERTY TAX LEVIES AND COLLECTIONS

dollars expressed in thousand

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Current and Prior Years' Adjustments	Outstanding Delinquent Taxes (a)	Percent of Delinquent Taxes to Tax Levy
1984	\$273,835	\$265,487	96.9%	\$ 2,406	\$267,893	97.8%	\$(4,176)	\$ 8,253	3.0%
1985	301,691	295,943	98.1	5,795	301,738	100.0	4,494	12,700	4.2
1986	329,606	321,564	97.6	10,666	332,230	100.8	(2,395)	7,681	2.3
1987	357,604	350,954	98.1	2,063	353,017	98.7	(3,477)	8,791	2.5
1988	390,401	382,071	97.9	4,550	386,621	99.0	(2,366)	10,205	2.6
1989	422,419	411,735	97.5	3,459	415,194	98.3	(4,380)	13,050	3.1
1990	448,426	433,163	96.6	5,647	438,810	97.9	(5,788)	16,878	3.8
1991	458,041	448,749	98.0	7,159	455,908	99.5	(3,310)	15,701	3.4
1992	477,796	461,228	96.5	3,284	464,512	97.2	(11,636)	17,349	3.6
1993	486,949	469,004	96.3	6,122	475,126	97.6	(10,105)	19,067	3.9

Note:

(a) Excludes State portion of delinquent property taxes, which at June 30, 1993 totaled \$265,000. This column is net of additions, abatements and provision for doubtful accounts.

Source: City of Baltimore, Comprehensive Annual Financial Report,
Year Ended June 30, 1993

TABLE 41
WEALTH: MARKET VALUE OF PROPERTY

millions of 1989 dollars

	Regional Total	Anne Arundel	Balt. City	Balt. County	Carroll	Harford	Howard	Maryland	United States
1965	37,366	4,085	16,568	12,605	1,131	1,754	1,224	72,593	
1966	38,140	4,329	16,507	12,958	1,195	1,866	1,286	76,485	
1967	39,456	4,694	16,472	13,628	1,294	1,983	1,383	80,706	
1968	39,610	4,963	16,127	13,531	1,362	2,094	1,533	79,829	
1969	39,441	5,210	15,477	13,426	1,415	2,200	1,713	81,508	
1970	39,632	5,343	15,000	13,637	1,466	2,260	1,926	84,186	5,791,176
1971	40,363	5,551	14,369	14,195	1,549	2,373	2,326	86,822	
1972	41,535	5,985	13,965	14,600	1,662	2,525	2,797	90,813	
1973	43,668	6,963	13,174	15,799	1,774	2,809	3,149	95,039	
1974	49,651	8,226	14,462	17,698	2,108	3,292	3,863	108,160	
1975	51,239	8,880	13,676	18,713	2,306	3,540	4,123	113,505	
1976	52,915	9,114	14,261	19,164	2,443	3,623	4,311	118,534	
1977	55,328	10,210	13,181	20,339	2,745	3,907	4,945	127,588	
1978	54,967	10,151	13,168	20,063	2,815	3,858	4,912	121,875	
1979	57,703	11,355	12,931	21,042	3,022	4,080	5,272	131,669	
1980	55,399	11,005	12,218	20,110	2,951	3,915	5,200	127,110	9,983,333
1981	54,620	10,987	11,964	19,749	2,869	3,829	5,222	126,208	10,189,152
1982	57,027	11,585	12,410	20,509	2,976	3,956	5,591	132,299	9,801,316
1983	61,001	12,520	13,419	21,583	3,266	4,148	6,065	142,150	10,001,263
1984	64,775	13,625	14,253	22,549	3,382	4,372	6,594	151,575	10,209,951
1985	68,786	15,286	14,866	23,421	3,523	4,539	7,151	160,764	10,338,804
1986	73,280	16,269	15,668	24,929	3,663	4,842	7,909	171,925	10,553,653
1987	77,375	17,241	16,375	26,183	3,907	5,163	8,505	181,324	10,939,956
1988	81,834	18,046	17,066	27,347	4,143	5,580	9,653	192,221	10,986,373
1989	87,198	19,344	17,840	28,920	4,518	6,031	10,546	204,689	11,211,500
1990	93,034	21,031	18,358	30,672	4,941	6,564	11,468	219,580	

Sources: Maryland Department of Assessments and Taxation, Annual Report
U.S. Bureau of Economic Analysis, Fixed Tangible Wealth in the U.S., 1925-85,
and Survey of Current Business, August issues (for structures).

Source: Baltimore Regional Council of Governments, January 1992

TABLE 42

BALTIMORE CITY: ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

dollars expressed in thousand

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1984	\$3,929,583	\$ 8,670,581	\$ 701,563	\$ 701,563	\$4,631,146	\$ 9,372,144	49.4%
1985	4,263,778	9,392,010	816,714	816,714	5,080,492	10,208,724	49.8
1986	4,680,339	10,348,014	868,826	868,826	5,549,165	11,216,840	49.5
1987	5,080,649	11,267,915	947,205	947,205	6,027,854	12,215,120	49.3
1988	5,540,528	12,289,383	1,041,621	1,041,621	6,582,149	13,331,004	49.4
1989	5,984,005	13,368,483	1,098,313	1,098,313	7,082,318	14,466,796	49.0
1990	6,394,618	14,529,856	1,186,538	1,186,538	7,581,156	15,716,394	48.2
1991	6,540,390	15,476,647	1,172,207	1,172,207	7,712,597	16,648,854	46.3
1992	6,743,056	16,304,564	1,375,767	1,375,767	8,118,823	17,680,331	45.9
1993	6,909,633	16,688,960	1,375,816	1,375,816	8,285,449	18,064,776	45.9

Note:

Assessed values are established by the Maryland State Department of Assessments on July 1 of each year. Each real property's assessment is reevaluated every three years.

Source: City of Baltimore, Comprehensive Annual Financial Report,
Year Ended June 30, 1993

TABLE 43

BALTIMORE CITY: REAL PROPERTY VALUE AND CONSTRUCTION PERMITS

dollars expressed in thousand

Fiscal Year	Commercial Construction (3)		Residential Construction (3)		Real Property Value (2)			Commercial Bank Deposits (5)
	Number of Permits	Value (1)	Number of Units	Value	Commercial	Residential	Exempt	
1984	19,053	\$226,606	788	\$49,330	\$3,157,880	\$5,512,701	\$3,940,624	\$ 3,048,997
1985 (6)	17,359	331,755	935	38,398	3,648,137	5,743,873	4,270,510	3,747,545
1986	3,017 (4)	444,020	809	32,627	4,077,218	6,270,796	4,249,596	4,251,455
1987	3,189	368,043	272	17,515	4,539,892	6,728,023	4,908,428	4,716,645
1988	2,713	329,529	375	26,529	5,033,494	7,255,889	5,268,319	9,848,893
1989	2,610	475,096	824	60,818	5,609,220	7,759,263	5,248,270	10,572,518
1990	2,524	290,708	304	23,289	6,114,452	8,415,404	5,937,985	11,592,752
1991	2,820	281,856	604	40,594	6,547,311	8,929,336	6,378,703	11,524,141
1992	2,419	215,277	208	10,086	6,698,397	9,606,167	6,662,506	9,663,868
1993	966 (4)	211,162	156	6,704	6,959,775	9,729,185	6,984,155	

Notes:

- (1) Includes additions, conversions and razings.
- (2) Source: State of Maryland Department of Assessments and Taxation.
- (3) Source: Regional Planning Council of Maryland.
- (4) Beginning July 1, 1985, permits with value under \$1,000 were no longer reported. Effective July 1, 1992, only permits with a value of \$10,000 or more are reported.
- (5) Source: FDIC Data Book for respective years, figure for fiscal year 1993 unavailable.
- (6) Beginning July 1, 1984, real property values have been recalculated to reflect the State's classification of apartments as commercial property.

Source: City of Baltimore, Comprehensive Annual Financial Report,
Year Ended June 30, 1993

TABLE 44

BALTIMORE CITY: PRINCIPAL TAXPAYERS JUNE 30, 1993

dollars expressed in thousands

Taxpayer	Type of Business	1993 Assessed Value	Percentage of Total Assessed Value
Baltimore Gas & Electric Company	Power Utility	\$ 541,309	6.5%
Chesapeake & Potomac Telephone Co.	Telephone & Communications	285,768	3.4
Baltimore Center Associates, Ltd. Partnership	Real Estate	55,026	.7
A.T. & T. Communications of Maryland	Telephone & Communications	54,613	.7
International Business Machines Corp.	Business Machines	43,193	.5
C S X Transportation, Inc.	Railroad	40,560	.5
U.S.F. & G. Company	Insurance	38,613	.5
The Baltimore Sun Company	Newspaper Publishing	30,976	.4
Consolidation Coal Sales Company	Coal Exporters	28,758	.3
Marbax Associates, Ltd. Partnership	Real Estate	27,615	.3
		<u>\$1,146,431</u>	<u>13.8%</u>

Source: City of Baltimore, Comprehensive Annual Financial Report,
Year Ended June 30, 1993

TABLE 45
NOMINAL PROPERTY TAX RATES

	Assessment Rate on Market Value	Anne Arundel*	Balt. City	Balt. County	Carroll **	Harford *	Howard	Maryland
1965	60.0%	2.05	4.14	2.92	2.00	1.83	2.25	0.18
1966	60.0%	2.83	4.45	3.17	2.00	2.00	2.35	0.15
1967	60.0%	2.86	4.73	3.52	2.00	2.15	2.55	0.17
1968	60.0%	2.89	4.42	3.49	2.10	2.05	2.55	0.17
1969	60.0%	2.89	4.74	3.47	2.30	2.16	2.60	0.20
1970	60.0%	3.00	4.94	3.47	2.30	2.65	2.75	0.18
1971	60.0%	3.00	5.34	3.56	2.30	2.77	2.85	0.18
1972	60.0%	3.25	5.65	3.75	2.52	2.77	2.75	0.21
1973	60.0%	3.12	5.86	3.85	2.65	2.82	2.75	0.21
1974	50.0%	2.59	5.83	3.29	2.56	2.66	2.50	0.21
1975	50.0%	1.81	6.09	3.29	2.50	2.54	2.25	0.21
1976	50.0%	2.30	6.02	3.21	2.50	2.90	2.44	0.23
1977	47.5% *	2.60	5.88	3.11	2.50	2.97	2.49	0.23
1978	47.5% *	2.42	5.99	3.11	2.40	2.75	2.63	0.20
1979	47.5% *	2.15	5.97	3.05	2.15	2.44	2.43	0.20
1980	46.8%	2.15	5.95	2.93	1.93	2.41	2.28	0.20
1981	46.8%	2.23	5.93	2.93	2.12	2.43	2.23	0.21
1982	45.6%	2.46	5.97	2.98	2.12	2.55	2.45	0.21
1983	44.3%	2.31	5.96	2.95	2.04	2.55	2.39	0.21
1984	43.5%	2.68	5.99	2.99	2.04	2.73	2.57	0.21
1985	43.5%	2.68	6.00	3.13	2.08	2.73	2.54	0.21
1986	43.5%	2.57	6.00	3.00	2.06	2.73	2.49	0.21
1987	43.5%	2.51	6.00	2.89	2.03	2.73	2.27	0.21
1988	43.2%	2.51	6.00	2.86	2.08	2.73	2.49	0.21
1989	42.5%	2.51	6.00	2.90	2.23	2.73	2.49	0.21
1990	40.9%	2.46	5.95	2.90	2.35	2.73	2.45	0.21

* Average rate; residential owner-occupied 45%; all other property 50%.

** Municipal rates may be different in these counties

Source: Baltimore Regional Council of Governments, January 1992

A P P E N D I C E S

U.S.A.

LOCAL GOVERNMENTS IN THE UNITED STATES

The U.S. Census Bureau reports data for five types of local governments. In 1987 there were in the United States:

3,042 counties, including what are known as boroughs or parishes
in some states

19,200 municipalities - cities, towns, and villages

16,691 townships, multifunction units that generally lie outside
incorporated municipalities

14,721 school districts that provide only educational services
and are independent of county or municipal units

29,532 special districts that usually perform one function [but
not education], such as fire protection,
sewer service, mosquito control, toll
roads, or parks

Local governments in the U.S. are responsible for the provision of a wide range of services to their residents. At the same time, each funds the costs of these services through a unique system of taxes, fees and charges. Local governments receive significant revenue from other governments [grants] too.

At the turn of the century, the total revenues of all governments amounted to less than 8 percent of the GNP and local governments comprised the largest government sector. In the 1980s total revenues of local governments were roughly 10 percent of the GNP and their share were almost the same as state government. The U.S. system was dominated by the Federal government that got above 20 percent of GNP.

APPENDIX 1

U.S.A.: CONSOLIDATED GENERAL BUDGET FY 1990-91

	bill. \$	as % of gen.budget	as % of GDP
<hr/>			
<u>Federal Gvt.</u>			
Revenue	1 197.4	56.4	21.8
Expenditure	1 319.4	55.5	24.1
Balance	- 122.0	.	.
<u>State Gvt.</u>			
Revenue	516.4	24.3	9.4
Expenditure	442.3	18.6	8.1
Balance	74.1	.	.
<u>Local Gvt.</u>			
Revenue	410.4	19.3	7.5
Expenditure	617.5	25.9	11.3
Balance	- 207.1	.	.
<u>General Budget</u>			
Revenue	2 124.2	100.0	38.7
Expenditure	2 379.2	100.0	43.4
Balance	- 255.0	.	.
<u>Exhibit</u>			
Per Capita Revenue	\$ 8 424.49		
Per Capita Expenditure	\$ 9 434.52		

Source: U.S. Bureau of the Census, Government Finances in 1990-91

APPENDIX 1

U.S.A.: LOCAL GOVERNMENTS BUDGET FY 1990-91*

	bill. \$	as % of total revenue/expend.
Revenue total	612.2	100.0
General Revenue	541.7	88.5
Intergovernmental revenue	201.8	33.0
General revenue from own sources	339.9	55.5
Taxes	214.8	35.1
Property	161.7	26.4
Sales, gross receipts and customs	32.0	5.2
Individual income	10.1	1.6
Corporation and income	1.9	0.3
Other taxes	9.0	1.5
Charges and miscellaneous gen.rev.	125.1	20.4
Utility and liquor store revenue	54.3	8.9
Insurance trust revenue	16.2	2.6
Expenditure total	622.9	100.0
General Expenditure	541.7	87.0
Education services	233.4	37.5
Social services and income maintenance	72.5	11.6
Transportation	35.8	5.7
Public safety	53.6	8.6
Environment and housing	60.1	9.6
Government administration	29.6	4.8
Interest on general debt	28.8	4.6
General expenditure, n.e.c.	27.8	4.5
Utility and liquor store expenditure	71.3	11.4
Insurance trust expenditure	9.9	1.6
Balance	-10.7	.
Indebtedness - total debt outstanding	570.1	.

* total Local Governments = County, Municipal, Township,
. School district, Special district

Source: U.S. Bureau of the Census, Government Finances in 1990-91

MARYLAND

BASIC INFORMATION

MD in the U.S.A. ranks

Area:	27.4 thousand sq km [10 577 sq miles]	42nd
Population:	4.8 million [1990]	18th
Per capita income:	\$ 21 789 [FY 1990-91]	6th

LOCAL GOVERNMENTS

Maryland has a relatively simple two-tiered local government structure. The first tier consists of 23 counties, plus the City of Baltimore. These governments encompass the entire geographic area of the state.

Underlying the 24 major subdivisions is a second tier of 154 municipalities [not including Baltimore City] that provides services and exercises discretion over local affair, such as planning and zoning. Approximately 14 percent of the state's population reside in these municipalities. Two counties and Baltimore City contain no municipalities.

County populations range from Kent County with its population of 18 thousand [1990] equal to less than one-half percent of total state population to Baltimore City with 736 thousand, or about 15 percent of the state total. The five largest subdivision contain 3.3 million residents, or over two-thirds of the state total. The five smallest have about 127 thousand residents, less than 3 percent of the total.

There is only one municipality with a population of 50 thousand or more in Maryland. More than 80 percent of municipalities have populations of 5 thousand or less, with 66 jurisdictions containing populations of less than 1 thousand individuals.

There are special taxing districts in Maryland too, with functions and purposes similar to municipalities. The powers of these entities are obviously narrower than the other forms of local government in Maryland. Special districts are units of government responsible for an area situated within a single county. They have an independently elected governing body.

APPENDIX 2

**MARYLAND: STATE AND LOCAL GOVERNMENT REVENUE AND EXPENDITURE BY
LEVEL AND TYPE OF GOVERNMENT, FY 1990-91**

bill. \$

	State & LG	State gvt.	Local gvts.	County	Muni- cipal	Spec. distr.
Revenue total	19.9	12.5	9.7	6.7	2.4	0.7
General Revenue	17.4	10.6	9.0	6.4	2.2	0.5
Intergvt. revenue	2.6	2.3	2.6	1.5	1.0	0.2
Gen.rev.from own sources	14.7	8.3	6.4	5.0	1.2	0.3
Taxes	11.1	6.4	4.7	3.9	0.8	0.0
Property	3.0	0.2	2.8	2.2	0.6	0.0
General sales	1.5	1.5	-	-	-	-
Motor fuel	0.4	0.4	-	-	-	-
Motor vehicle license	0.1	0.1	-	-	-	-
Income - ind. & corp.	4.6	3.2	1.4	1.3	0.1	-
Other taxes	1.4	0.9	0.5	0.4	0.1	0.0
Current charges total	1.9	0.8	1.0	0.7	0.1	0.2
Miscellaneous rev. total	1.8	1.1	0.7	0.4	0.2	0.1
Utility revenue	0.3	0.1	0.2	0.0	0.1	0.1
Liquor store revenue	0.1	-	0.1	0.1	-	-
Insurance trust revenue	2.1	1.8	0.3	0.2	0.1	0.0
Expenditure total	20.5	12.6	10.7	7.9	2.2	0.8
Direct expend. by function	20.5	9.9	10.6	7.6	2.2	0.7
General Expenditure	18.1	8.1	10.0	7.4	2.0	0.6
Education services	6.6	1.7	4.8	4.3	0.5	-
Social serv.& inc.maint.	3.1	2.8	0.3	0.2	0.1	-
Transportation	2.5	1.6	0.9	0.5	0.4	0.0
Public safety	1.9	0.7	1.2	0.8	0.4	-
Environment and housing	1.7	0.3	1.4	0.7	0.4	0.4
Gvt. administration	1.0	0.5	0.5	0.4	0.1	-
Interest on general debt	1.0	0.5	0.5	0.3	0.1	0.1
General exp., n.e.c.	1.1	0.5	0.6	0.4	0.2	0.1
Utility expenditure	0.7	0.4	0.3	0.1	0.1	0.1
Liquor store exp.	0.1	-	0.1	0.1	-	-
Insurance total exp.	1.6	1.4	0.2	0.1	0.1	0.0

Source: U.S. Bureau of the Census, Government Finances in 1990-91

CITY OF BALTIMORE

BASIC INFORMATION

Date of incorporation: 1797

City charter revised: November, 1964

Form of government: Council-Mayor

Fiscal year begins: July 1st

Population: Official U.S. Census

1900	508,957
1910	558,485
1920	733,826
1930	804,784
1940	859,100
1950	949,708
1960	939,024
1970	905,709
1980	786,775
1990	736,014

Land area of City: 80.34 square miles

Miles of paved streets 1,601.7

Miles of sewers:

Storm	7,899.6
Sanitary	1,812.9

Municipal employees (other than fire, police and teachers):

Salaried	10,603
Hourly	3,851
Pensioned	6,894

Number of street lights 72,664

Fire Protection:

Maintenance building	1
Training tower	1
Fire stations	48
Employees:	
Fire fighting	1,714
Civilian	44
Pensioned (including widows)	1,828
Fire hydrants	10,483

Police protection:

Police stations (including hdqtrs.)	19
Employees:	
Law enforcement	2,908
Civilian	554
Pensioned (including widows)	2,926
Cadets	33

Elections:

Registered voters	330,906
Number of votes cast last general election	247,310
Percentage of registered voters voting	75%

Municipal cemetery 1

Recreation:

Parks and public squares, etc.—Acres	6,414
Playgrounds	257
Municipal golf courses (18 holes)	3
Municipal tennis courts	112
Municipal swimming pools:	
Outdoor	5
Indoor	3
Walk-to	15
Wading pools	13
Bathing beaches	2
Municipal stadiums	2

Municipal indoor arena	1
Recreation centers	69
Zoo and natural history museum	1
Aquarium	1
Convention Center	1
Ice skating rinks	2
Ball diamonds:	
Baseball	148
Softball	85
Outdoor basketball courts	114
Football fields	17
Soccer fields	27
Rugby fields	2
Bridle paths	1
Wildflower preserve and nature trail	7
Picnic areas	38
Picnic groves	25
Fishing lakes	1
Boat lakes	1
Volleyball courts	11
Running tracks	4
Quoit range	9
Archery areas	1
Garden plots	10
Model car track	1
Indoor soccer fields	2
Library:	
Main building	1
Branches	21
Volumes	2,204,333
Employees	465
Book mobiles	1
Fine arts center (Peabody)	1
Reading centers	7

Education:

	Number	Teachers	Students
Senior High Schools	18	1,196	19,274
Elementary Schools	117	3,150	61,742
Elementary/Junior High/			
Middle Schools	5	229	4,436
Middle Schools	25	1,140	20,562
Special Educational Schools	10	243	1,310
Alternative Schools	5	149	1,368
Total	180	6,107	108,692

Population and Unemployment:

Fiscal Year Ended June 30,	Population(1)	Average Annual Unemployment Rate(2)
1981	776,100	9.4%
1982	769,800	11.6
1983	764,460	10.8
1984	759,170	8.2
1985	755,470	7.8
1986	752,060	8.1
1987	754,000	7.7
1988	750,900	7.5
1989	747,500	6.8
1990—US Census	736,014	6.6
1991	732,800	9.4
1992	730,300	10.3
1993	727,400	10.4

(1) Maryland Department of Health and Mental Hygiene—Estimated 1981–1989, 1991, 1992.

(2) Maryland Department of Economic and Employment Development.

BALTIMORE CITY: FISCAL 1994 BUDGET - ALL FUNDS

WHERE THE MONEY COMES FROM

Property Taxes	22.0%
State Grants	19.9%
Federal Grants	13.3%
Service Charges	8.9%
Interfund Contributions	8.7%
State Shared Taxes	6.5%
Income Taxes	5.7%
Loans & Bonds	5.2%
Other	4.4%
Other Local Taxes	3.5%
Use of Money & Property	1.9%
TOTAL	\$2,165,076,706

WHERE THE MONEY GOES

Public Schools	37.1%
Public Safety	13.5%
Capital	10.7%
General Government	6.3%
Health	6.3%
Public Service Enterprise	6.1%
Debt Service	5.2%
Transportation	3.1%
Economic Development	3.0%
Sanitation	2.6%
Social Services	1.7%
Recreation	1.6%
Adjudication & Corrections	1.2%
Library & Other	1.0%
Culture	0.4%
Legislative	0.2%
TOTAL	\$2,165,076,706

Source: City of Baltimore, Fiscal 1994 Summary of Adopted Budget

CZECH REPUBLIC

BASIC INFORMATION

Area: 78.9 thousand sq km
Population: 10.3 million [1990]
Official Currency: Czech Crown [Kc]
Exchange Rate: = Kc 30 per \$

LOCAL GOVERNMENTS

[a] District level: There are currently 75 districts. They include 10 municipalities in Prague whose position is equivalent to that of the districts elsewhere. The average population for districts is 123 000. The sizes range from about 40 000 to about 400 000 inhabitants.

[b] Municipal level: these exist throughout the country. The number of municipalities are now more than 6 000. They handle some important functions, notably primary public schools [but not the wages of teachers], nurseries and some health functions; and they also tend to be responsible for local culture, local social services, local administration, local transport, housing, water supply, sewerage and garbage collection.

On the district level, a special body exists, called the district assembly. They consist of representatives, designated by municipalities of the district with a voting power, derived from the number of inhabitants in the local community they represent. This assembly is not elected directly, does not raise taxes, and cannot carry policy of its own. Nevertheless, it has an important feature of government - it reallocates subsidies received from the central budget among local budgets.

APPENDIX 4

CR: CONSOLIDATED GENERAL BUDGET FY 1994 [PLANNED BUDGET]
including Health Insurance

	bill. Kc	as % of gen.budget	as % of GDP
<u>Central Budget</u>			
Revenue	381.8	80.2%	38.6
Expenditure	353.6	74.3%	35.8
Balance	28.2	.	.
<u>Local Budget</u>			
Revenue	52.0	10.9	5.3
Expenditure	67.3	14.1	6.8
Balance	-15.3	.	.
<u>Health Insurance</u>			
Revenue	46.7	9.8	4.7
Expenditure	59.6	12.5	6.0
Balance*	-12.9	.	.
Consolidation**	-4.7	-1.0	.
<u>General Budget</u>			
Revenue	475.8	100.0	48.2
Expenditure	475.8	100.0	48.2
Balance	0.0	.	.
<u>Exhibit</u>			
Per Capita Revenue	Kc 46 194.17	[= \$ 1540]	
Per Capita Expenditure	Kc 46 194.17		

* state contributions for non-productive groups of citizens

** insurance contributions for public sector employees paid from
central and local budgets

Source: Czech Ministry of Finance, State Budget for 1994

APPENDIX 4

CR: LOCAL GOVERNMENTS BUDGET FY 1994*

	bill. Kc	as % of total revenue/exp.
Revenue total	67.3	100.0
Subsidies from Central Budget	15.3	22.7
Revenue from own sources	52.0	77.3
Taxes	39.0	57.9
Personal income tax	36.1	53.6
Property tax	2.9	4.3
Non-tax revenue	13.0	19.3
Revenue of budgetary organizations	6.6	9.8
Others [local & admin. fees, rent, etc]	6.4	9.5
Expenditure total	67.3	100.0
Current Expenditure	59.3	88.1
Non-investment subsidies	5.7	8.5
Household transfers	3.4	5.0
Public consumption	48.7	72.4
Education	9.2	13.7
Health	3.0	4.4
Culture	4.3	6.4
Others [social care, nurseries, water supply, garbage coll.]	32.2	47.8
Housing policy	1.5	2.2
Capital transfers	8.0	11.9
to enterprises	1.0	1.5
to public sector	7.0	10.4
Balance	0.0	.

* total local budgets = budgets of municipalities and district
 offices

Source: Czech Ministry of Finance, State Budget for 1994

MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION: DOCUMENTS

1. Fiftieth Report of the State Department of Assessment and Taxation
2. Assessment Ratios Survey Report 1993
3. Code of Maryland Regulations - Title 18 Department of Assessments and Taxation
4. Maryland Assessment Procedures Manual
5. Explanation of the Computer Assisted Mass Appraisal Assessment Property Worksheet
6. Specimen of cadastral map
7. Specimens of different forms:
 - Assessment Notice
 - Real Property Tax Bill
 - Personal Property Return
 - Homeowners` Property Tax Credit Instruction and Application Form
 - Renters` Tax Credit Instruction and Application Form
8. Set of pamphlets for the public