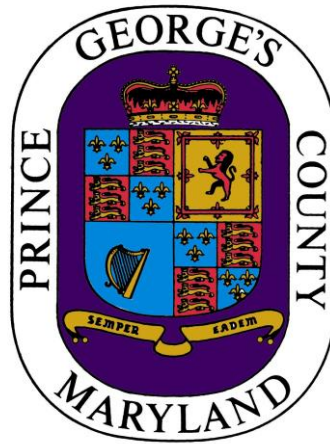


**PRINCE GEORGE'S COUNTY
MUNICIPAL TAX DIFFERENTIAL REPORT
FY 2020**



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Prepared by

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I. Overview

Under the Laws of Maryland, municipal and county governments have the authority to concurrently levy certain taxes and fees to fund the delivery of public services to their residents. Prince George's County established the Municipal Tax Differential program to avoid the double taxation of residents that pay real property and personal property taxes to both the municipality and county. The Municipal Tax Differential program lowers the County tax rate for residents in municipalities to ensure that residents are not taxed twice for services provided by both the County and their municipal government.

In accordance with Chapter 267 of the 2015 Laws of Maryland (House Bill 681), the municipal tax report includes a summary of the tax setoffs granted to municipalities, program guidelines, and a description of the methodology used to determine the amount of tax setoffs and the services that are eligible for the tax setoff.

The chart below details the FY 2020 Municipal Tax Differential rates and tax setoffs:

FY 2020 TAX DIFFERENTIAL RATES					
Municipality	FY 2020 TAX DIFFERENTIAL		FY 2020 VALUE		
	PERSONAL PROPERTY	REAL PROPERTY	PERSONAL PROPERTY	REAL PROPERTY	TOTAL
Berwyn Heights	0.311	0.128	\$ 59,040	\$ 382,008	\$ 441,048
Bladensburg	0.326	0.134	56,287	633,913	690,200
Bowie	0.367	0.152	498,514	10,189,049	10,687,563
Brentwood	0.187	0.077	8,159	195,144	203,303
Capitol Heights	0.277	0.114	38,581	331,570	370,150
Cheverly	0.326	0.135	54,224	802,652	856,875
College Park	0.083	0.034	81,823	978,885	1,060,708
Colmar Manor	0.253	0.104	6,140	99,231	105,371
Cottage City	0.226	0.094	9,029	94,656	103,685
District Heights	0.322	0.133	22,331	495,495	517,825
Eagle Harbor	0.008	0.003	14	246	260
Edmonston	0.234	0.096	16,766	152,366	169,132
Fairmount Heights	0.202	0.083	3,384	88,612	91,995
Forest Heights	0.176	0.072	6,635	129,444	136,080
Glenarden	0.284	0.117	26,770	630,434	657,203
Greenbelt	0.379	0.157	265,842	3,291,478	3,557,320
Hyattsville	0.361	0.149	293,749	2,887,250	3,180,999
Landover Hills	0.209	0.086	7,578	135,099	142,677
Laurel	0.443	0.183	412,929	5,562,137	5,975,066
Morningside	0.193	0.080	5,501	77,808	83,308
Mount Rainier	0.348	0.144	22,811	653,668	676,480
New Carrollton	0.296	0.122	44,536	935,303	979,839
North Brentwood	0.012	0.005	109	2,739	2,848
Riverdale	0.328	0.135	91,050	1,010,753	1,101,803
Seat Pleasant	0.288	0.119	25,842	359,816	385,659
University Park	0.325	0.134	9,051	443,236	452,287
Upper Marlboro	0.185	0.077	53,670	68,913	122,583
Total			\$ 2,120,365	\$ 30,631,901	\$ 32,752,266

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

II. Program Guidelines and Methodology

There are four basic criteria for municipalities receiving tax relief:

- The municipality must provide a service that replaces a service currently provided by the County;
- County wide services are not eligible for a tax differential;
- The service must be originally funded with County General Fund property tax revenues; and
- Typical eligible services are police services, fire services, public works, human services, etc. A complete listing of eligible services are detailed in appendix.

If the above listed criteria are met, there are two major steps required in calculating the municipal tax differential rate and setoffs. This includes calculating the County tax rate equivalent and the municipal tax differential rate.

Calculating the County Tax Rate Equivalent

- The County determines the net cost of an agency providing a service by adding together costs for compensation, fringe benefits, expenses, capital outlay and recoveries as well as any applicable indirect costs.
 - Agency budget costs are reduced by non-property tax revenues directly related to service.
 - Support costs (Budget, Finance, Law, etc.) are reflected in indirect costs.
 - Debt service is allocated to appropriate functional categories.
- For each eligible service or program, the County calculates the net County service or program cost by dividing the net cost of the service by both the countywide real and personal property tax assessable bases.
- This calculation determines the real and personal property tax rate equivalents for each eligible service or program. Additionally, it creates the base for the calculation of the tax differential for the individual municipalities.

Calculating the Municipal Tax Differential Rate

- The County calculates the unadjusted real and personal property tax differential rate by multiplying the County Tax Rate Equivalent by the municipal service level.
 - The municipal service level is based upon the degree of service provided by the municipality. The degree of service is determined based on an evaluation of the tax differential request form, questionnaire, budget documents and supporting documentation detailing the level of service provided by the municipal government.

- The unadjusted municipal tax rate for each municipality is averaged with the current year and immediate prior fiscal year rates (three year average) to determine the upcoming fiscal year tax differential rate for each municipality.
- The estimated tax relief for a municipality is calculated by multiplying the municipal tax differential rate by the estimated municipal tax base and then dividing by 100.
 - The estimated tax base assessment information is provided by the State Department of Assessments and Taxation.

III. APPENDIX

- A. FY 2020 Tax Differential Decisions by Municipality
- B. FY 2020 Municipal Tax Differential Program Manual