

Laura Hurley

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Subject: [EXTERNAL] Online Form Submittal: Charter Review Committee Submission Form

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Charter Review Committee Submission Form

First Name	Robert
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Comments, Questions or Concerns	<p>PROPERTY TAX REVENUE LIMIT ("CAP") – SECTION 706.B.</p> <p>No doubt an effort is being made to have the Commission recommend significant change in the revenue cap that was approved by the voters pursuant to an initiative (petition) in 2000. An initial aspect is whether the Commission will maintain its consensus position at an earlier meeting that it should not even consider changing such Charter provisions. This discussion is offered in the event that the Commission decides to disregard that position as it pertains to the revenue cap – in which event it should do likewise regarding the County executive form of government.</p> <p>The effort to eviscerate the revenue cap will probably be based upon (i) a study made for the Greater Salisbury Committee several years ago, which did not consider that the County could – by other currently available means – generate substantial revenue and (ii) changes recently made in the revenue cap in Talbot County, which was, until then, the same as Wicomico County's revenue. The significant changes in Talbot County's revenue cap are:</p> <ol style="list-style-type: none">1. Eliminate the consumer price index ("CPI-U") increase as a

limiting factor – so that the only limit is the 2% increase.
2. Allow override of tax rate limit under the revenue cap by up to one cent per \$100 assessed value for a period of five years.

These changes were proposed for the purpose of generating additional property tax revenue in Talbot County “to fund certain initiatives” including a new facility for the Sheriff and one for the Health Department. Surely, those who want to modify or eliminate the revenue cap here will say that Wicomico County is in the same situation as Talbot County. But that clearly is not the case.

Talbot County has a much different tax policy than here, including:

- A. Lower property tax rate – \$0.6565 (it’s \$0.9195 here, which is 29% greater than there).
- B Lower income tax (“piggyback”) rate – 2.4% (it’s 3.2% here, which is 33% more than there).

Talbot County has the lowest property tax rate in Maryland, and its income tax rate is one of the lowest. Thus, it’s not surprising that it is changing its revenue cap to allow for additional tax revenue, especially in light of its long-standing policy of having a low income tax. And raising the income tax rate affects more persons than raising the property tax rate.

Relative to both property value and one’s income, a resident of Wicomico County suffers a much bigger tax hit (load) than a resident of Talbot County – a double whammy. And it is especially significant for the residents of municipalities because of their property tax rates, for example

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Talbot - \$0.6565 Wicomico - \$0.9195
Easton - \$0.5200 Salisbury - \$0.9832
Total \$1.1765 Total \$1.9027 (62% greater)

Although the property tax rate is higher in some Maryland counties, the total city and county property tax rates in Salisbury (\$1.9027) and Fruitland (\$1.8395) are among the highest in the State – for comparison:

Annapolis (Anne Arundel County) – \$1.2997
Hagerstown (Washington County – \$1.7710
Frederick (Frederick County) – \$1.6810
Bel Air (Hartford County) – \$1.4314
Anywhere in Baltimore County* – \$1.1000
Anywhere in Howard County*– \$1.0140

Bethesda (Montgomery County) – \$0.7298
Hyattsville (Prince Georges County) – \$1.4730
Ocean City (Wester County) – \$1.3011
* There are no municipalities in this county

The high tax burden in Wicomico County is not reduced if the income tax rate is also considered. Wicomico is one of the 12 counties (including Baltimore City) with the highest “piggyback” income tax rate (3.2%) allowed under Maryland Law. As noted, Talbot’s rate is 2.4% and some others with lower rates are Anne Arundel (2.81%), Cecil (3.0%), Frederick (2.96%), Harford (3.06%) and Worcester (2.25%).

That Talbot County found it necessary to generate greater tax revenue by increasing its very low property tax rate, and for that purpose to alter its property tax revenue cap, is no basis for any such change in Wicomico County, where the tax burden is among the highest in Maryland. The study by the GSC simply complains about what it speculates as lost revenue because of the revenue cap, but it does not consider the revenue that has clearly (not speculatively) been lost because the County has had no property transfer tax during the period in which it has had the property tax revenue cap.

There are several available means by which the County can raise additional revenue. Wicomico is one of just five Maryland counties without a county transfer tax. In FY2021, Worcester County received about \$4.5 Million, and Washington County received about \$2.4 Million in such taxes. Another means is to raise the recordation tax rate. And the Maryland Code expressly authorizes the Council, in order to generate additional tax revenue to fund the school system, to set a tax rate above that required by the revenue cap.

Thus, it is not necessary to change or eliminate the property tax revenue. If there is a valid need for additional County revenue.

And it’s worth noting that the County’s general fund balance, as of the most recent financial statement, (June 30, 2020) was \$60.9 Million, including an “unassigned” balance of \$37.7 Million.

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