



MARYLAND MUNICIPAL LEAGUE
The Association of Cities and Towns

FOR IMMEDIATE RELEASE

Contact:

David E. Carey (410) 937-4942
Sidney A. Katz (240) 372-0919
Barrie P. Tilghman (410) 548-3141
Scott A. Hancock (443) 822-0610

Maryland Cities and Towns Seek Alternatives to Property Tax Dependence

Municipal Leaders Applaud Governor for "Bold Leadership"

ANNAPOLIS, Maryland (October 31, 2007)- The 159 cities, towns and special taxing districts that comprise the membership of the Maryland Municipal League have selected protecting and enhancing municipal revenues as their top priority for the 2008 legislative session. The League's vote took place at its annual fall legislative conference in Greenbelt earlier this month. MML finds the timing of this initiative to be propitious as Governor Martin O'Malley calls a special legislative session to address the state's \$1.7 billion structural deficit.

The Maryland Municipal League shares the Governor's concern about the lasting financial viability of government to provide vital services to Marylanders and views the special session as an opportunity to not only craft a comprehensive, long term solution to the state's structural deficit, but that of Maryland's "government closest to the people" as well. "Cities are dependent on the municipal property tax to fund approximately 50% of the basic services people expect from their local government including road and bridge construction and maintenance, public safety and refuse collection and disposal. When funding cuts are generated at the state or county level, where both forms of government can turn to other diverse revenue sources, municipalities must rely on increased property taxes to fill the funding gap." said David Carey, MML Immediate Past President and Commissioner from Bel Air. Salisbury Mayor Barrie Tilghman added that municipal governments need to have the same revenue source options as their counterparts in county government. "Cities and counties are equal forms of local government under Maryland's Constitution but counties have a far more diverse base from which to raise operational revenue," said Tilghman. "Cities and towns must stop placing the burden on the backs of city taxpayers. But we have nowhere else to turn; no other approved comprehensive revenue source."

Maryland municipalities have never been granted the authority by the General Assembly to pass local option taxes although many attempts have been made over the years. "Give us the tools and we can get the job done without unduly burdening one sector of our population," said Tilghman.

The Maryland Municipal League is expressing a particular interest in the Governor's proposals generating additional revenues investing in the continuing viability of the state's Transportation Trust Fund – a portion of which goes to maintaining local streets and transportation projects – as well as the closing of corporate tax loopholes through his proposed controlling interest legislation. The latter proposal, especially, may present an opportunity for municipalities to rectify a fundamental fairness issue in which all transfer and recordation taxes generated within municipal boundaries currently go directly to counties and are not shared with city and town governments. The Maryland Municipal League would like to see a portion of any new controlling interest revenues shared equitably between counties and municipalities. "We are not looking to reduce the revenue stream from transfer or recordation taxes currently going to the counties, but to the extent that Governor O'Malley's laudable plan to close the corporate tax loopholes is enacted, we feel that cities and towns should share in the proceeds if those taxes are generated within a Maryland municipality," said Gaithersburg Mayor Sidney Katz, MML's First Vice President. "Our hat is off to Governor O'Malley for his bold leadership on the budget issues facing all levels of government in Maryland," he added. "The future quality of life for all Marylanders is at stake."

* * *