

In Maryland, the state government plays a dominant role in transportation finance, even at the local level. Like other mid-Atlantic states, even its major transit agencies are directly financed and administered by the state. There has been some discussion in the state legislature about authorizing additional local option taxes in order to reduce local governments' reliance on state financial assistance, but these have not yet resulted in any major changes. Nonetheless, there is some local financing activity at the local level. However, as the state Department of Transportation does not monitor these efforts, there is no central source of information on them.

1. Fuel and Vehicle Taxes

There is no local option fuel tax in Maryland.

2. Property Taxes and assessments

Maryland has numerous special taxing districts authorized to impose property taxes and special assessments. The U.S. Census Bureau has identified five of these as highway districts.¹ We were not able to get data on their activities or revenues. Maryland also has a variety of other property-related taxes, including a local option real estate transfer tax, and a recordation tax.² However, these tax revenues go into each county's general fund and are not earmarked for transportation projects.

Because of the dearth of statewide information, we investigated the use of property taxes in the state's largest county, Montgomery. We found that dedicated property taxes do play a significant role in transportation finance in the county. Ride On, a public transit district serving Montgomery and Prince George's counties, receives revenues from a dedicated property tax in the two counties.³ In Montgomery County, this tax generated \$32.3 million in 1999 (about \$38 per capita).⁴ Montgomery County also has four special parking districts (collectively raising \$6.1 million from property tax levies), and a dedicated property tax for streets and highways.⁵

3. Sales and other taxes

State legislation requires all counties and the City of Baltimore to levy income taxes which must not exceed 60% of the state income tax rate.⁶ The rates that have been adopted range from 1.01% to 3.04% of income.⁷ These tax revenues are not earmarked for transportation related projects.

In addition, Montgomery County has a development impact tax that funds new highway construction in growing areas. In 1999, this tax raised \$1.4 million (about \$1.60 per capita).⁸

¹ U.S. Bureau of the Census, "1997 Census of Governments - Governments Integrated Directory"

² Maryland Tax-Property Code §§ 12, 13-3 and 13-5.

³ Montgomery County Code of Ordinances, § 87-14.

⁴ Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Statistical Section, Table 6a.

⁵ Montgomery County Code of Ordinances, § 68-44; Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Statistical Section, Table 6c.

⁶ Maryland Tax-General Code § 10-103.

⁷ Comptroller of Maryland, "A quick guide to taxes collected in Maryland."

⁸ Montgomery County Code of Ordinances, § 52-49; Montgomery County Maryland Department of Finance, *Comprehensive Annual Financial Report (Fiscal Year 1999)*, Exhibit E-2.

MARYLAND
Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Income	Tax-General Code/10-103	County Income Tax	Any county, Baltimore City	1957	<60% of state income tax	-	Any	B
Property	Md. Ann. Code/25A-5 (O)	Special Taxing Areas	Counties		Any	-	Any	B

A = State Law
 B = County/Local Law
 C = Popular Vote