

RESOLUTION NO. 1977

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND PETITIONING THE ADMINISTRATION AND THE MARYLAND GENERAL ASSEMBLY TO REINSTATE STATE SHARED REVENUES DIVERTED FROM MUNICIPAL GOVERNMENTS TO FUND OPERATIONS OF THE STATE AND TO PROVIDE MORE DIVERSE REVENUE RAISING AUTHORITY TO MUNICIPALITIES.

WHEREAS, The State of Maryland has slashed vital State-shared revenues historically provided to Municipal governments, on average, by more than 75% for this current fiscal year and by more than 90% for many municipalities; and

WHEREAS, Future budgets approved by the Administration and the Maryland General assembly continues these significant and untenable cuts to cities and towns; and

WHEREAS, Municipal governments more than any other government form of Maryland rely on the property tax as their primary general fund revenue source; and

WHEREAS, Increases in property tax rates, cutbacks in local service provision, elimination of local road projects, and reductions in workforce are the sole options left to municipalities to offset this devastating loss of general fund revenues; and

WHEREAS, Incorporated municipalities' extremely narrow taxing authority prevents them from raising alternative funds to lost highway user revenues and police aid that have been diverted to balance the state's general fund; and

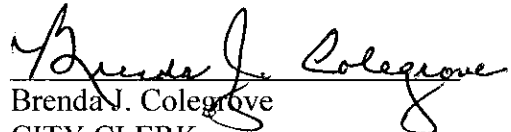
WHEREAS, This issue is of significant importance to the City of Salisbury and it is critical that the Administration and Maryland General Assembly take actions needed to rectify this serious problem; and

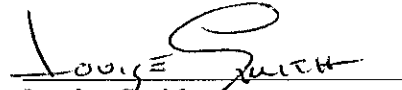
WHEREAS, The City of Salisbury supports the efforts of the Maryland Municipal League to reinstate lost state funding for municipal governments and to create alternative municipal funding mechanisms;

NOW THEREFORE, BE IT RESOLVED, That the Council of the City of Salisbury hereby urges the Administration, for this coming and future fiscal years, to submit a budget document to the General Assembly reinstating to municipal governments full funding for highway user revenues and state aid for police protection; and that the Maryland General Assembly enact and the Governor sign into law enabling legislation to significantly broaden the authority of incorporated municipalities to raise own-source revenues to reduce the reliance of cities and towns on the property tax to fund municipal government services.


THE ABOVE RESOLUTION was introduced, read and passed at the regular meeting of the Council of the City of Salisbury held on the 27th day of September, 2010.

ATTEST:


Brenda J. Colegrove
CITY CLERK


Louise Smith
COUNCIL PRESIDENT

APPROVED BY ME THIS
28th day of September, 2010


James Preton, Jr.
MAYOR



MARYLAND MUNICIPAL LEAGUE
The Association of Cities and Towns

An Open Letter from MML President Gary A. Comegys to Maryland Mayors/Chief Elected Officers

The membership of the Maryland Municipal League, at its business meeting on June 29 in Ocean City, unanimously approved a resolution calling for the State of Maryland to reinstate Highway User Revenues (HUR) and State Aid for Police Protection diverted from municipal governments to the State general fund and to provide additional local discretionary revenue raising authority for municipalities.

I am writing to urge all MML member municipalities to **support the League's efforts toward this end by approving similar resolutions locally and sharing copies of your local resolutions with the Senators and Delegates who represent you in the Maryland General Assembly.** A copy of the MML resolution adopted by the membership in Ocean City last month along with a sample resolution for individual city/town adoption can be found in your action packet.

Also included in your packet are (1) a handout entitled "Municipal Funding Facts," which better illustrates the history of state aid to municipalities, (2) a sample poster from MML's convention noting how municipalities are "running on empty" as a result of lost State shared revenues, and (3) a photo of the "pledge board" from MML's convention signed by scores of municipal officials showing their strong support of the League's efforts regarding reinstatement of lost State shared revenues and authorization of broader municipal revenue raising authority.

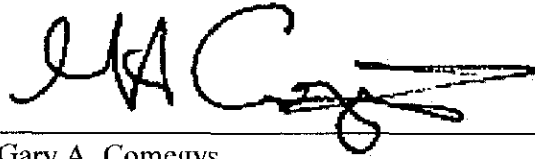
You need to **act quickly to approve your local resolution** and make the citizens, media, and General Assembly candidates in your community know that your municipality feels strongly about this issue. **Once your council/commission has approved the local resolution, please forward a copy to me at the League's Annapolis office.**

Thank you in advance for taking action on this matter. It is through the active engagement of MML's membership that we can best make our case on this important issue.

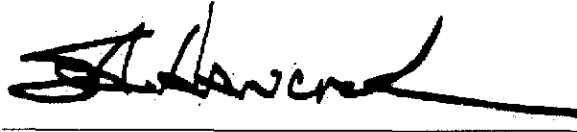
Should you have any questions, please contact MML executive director Scott Hancock at 410-268-5514.

Sincerely,

Gary A. Comegys
2010-2011 MML President
Council Vice President, City of Salisbury



Gary A. Comegys
Salisbury Council Vice President
2010-2011 President, Maryland Municipal League



Attest:
Scott A. Hancock
Maryland Municipal League Executive Director

Municipal Funding Facts

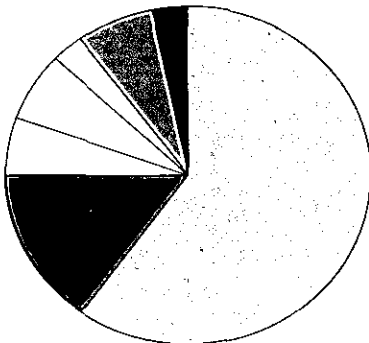
✦ Maryland cities and towns provide essential, quality-of-life services such as water and sewer, police protection, trash removal, recycling, snow removal, road maintenance, streetlights and parks and recreation.

✦ Municipalities, more than any other form of government in Maryland, rely most heavily on the property tax. On average, **MUNICIPALITIES DEPEND ON THE LOCAL PROPERTY TAX TO FUND NEARLY 60% OF MUNICIPAL GENERAL FUND BUDGETS.**

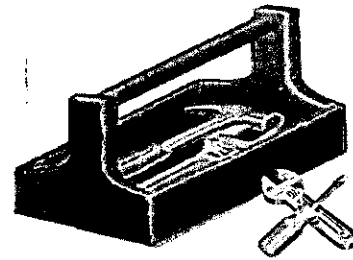
✦ Maryland cities and towns receive only two major sources of State aid: **Highway User Revenues** and **Police Aid**. These two State funding sources comprise less than 1% of total State aid to county and municipal governments. However, it is a significant source of revenue at the municipal level.

✦ Unlike Maryland counties, municipalities **DO NOT HAVE THE AUTHORITY TO LEVY TRANSFER TAXES, RECORDATION TAXES, ENERGY TAXES OR TELECOMMUNICATION TAXES.**

Municipal General Fund Revenue Sources













- Property Taxes:59.9%
- Income Taxes:15.1%
- Licenses & Permits:5.6%
- Highway User Revenues (State):5.7%
- Police Aid (State):2.6%
- Misc. State Aid (incl. Program Open Space, Community Legacy, business license fees, etc.):7.2%
- Other Municipal Taxes (incl. A&A, cable TV):2.9%



When local aid is slashed by the State, municipalities need new revenue tools in the municipal revenue toolbox to make up for lost revenues.

Revenue tool options could include:

-  Restrictions on Local Mandates 
- More Control over State Aid to Local Government Monies
-  Local Option Tax
- Municipal Recordation Fee 
- Municipal Transfer Tax
-  Share of Motor Vehicle Moving Violation Fines 
- Building Excise Tax
-  Hotel/Motel Tax 
- Admissions and Amusement Tax Cap Increase
-  Energy Consumption Tax 
- Local Restaurant Tax

Flexibility must be a key consideration!
Not all revenue tools are equally effective in all jurisdictions.

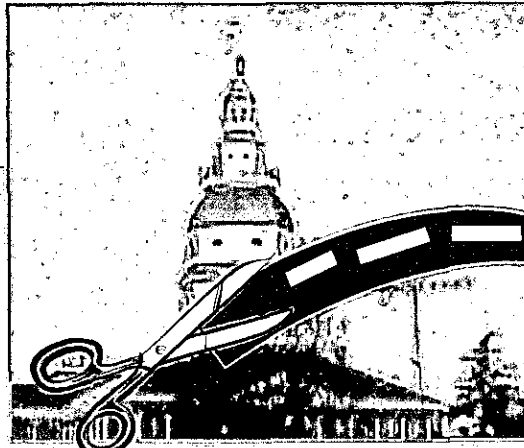


Maryland Municipal League
 1212 West Street, Annapolis, MD 21401
www.mdmunicipal.org

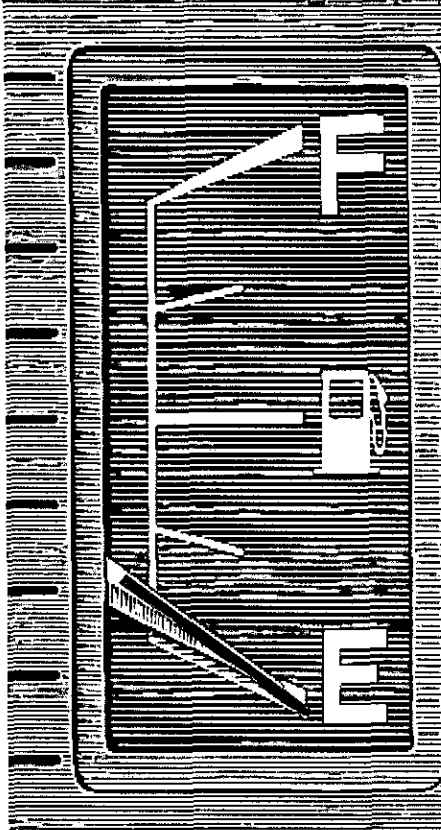
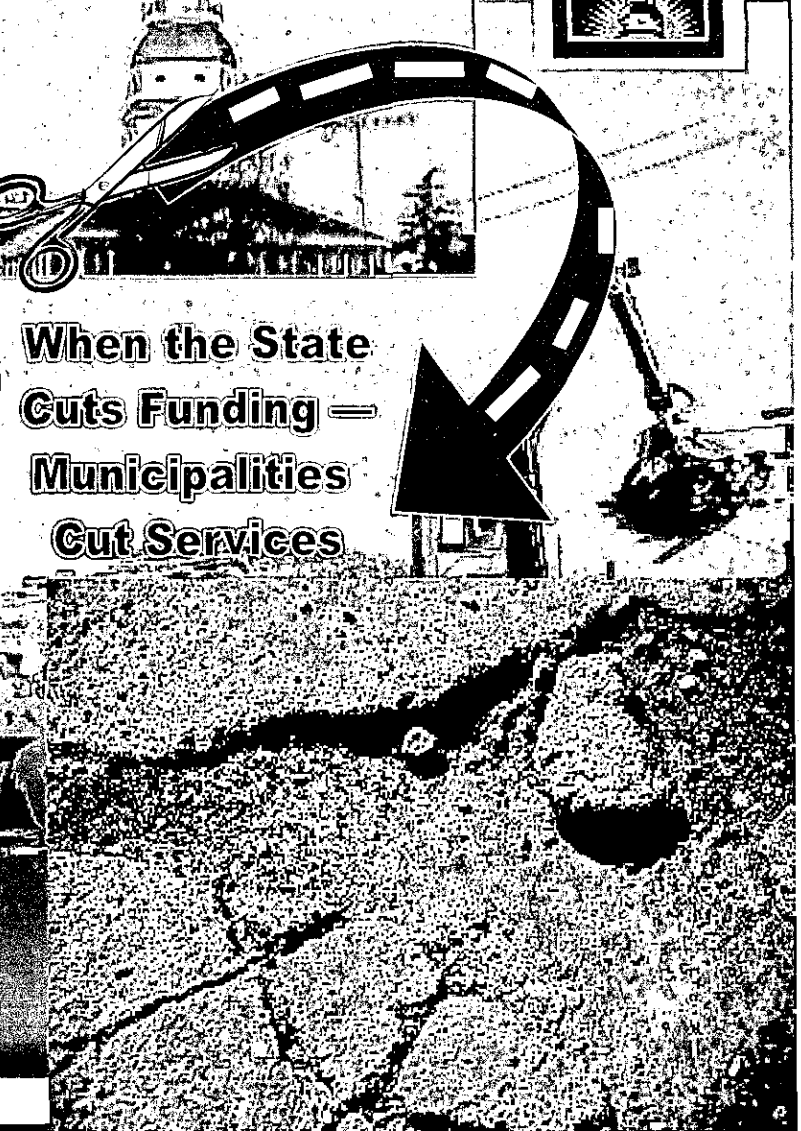
Municipalities

are

**Running on
EMPTY**



**When the State
Cuts Funding —
Municipalities
Cut Services**



**90%
CUT**

**in
Municipal
Road
Funding**

