

Municipality survey (please respond)

At the September PRA meeting residents discussed the pros and cons of living in a municipality. Residents indicated interest in this option for a variety of reasons including ability to address mansionization, more control over services (by hiring our own security watch), more autonomy from the county government. A speaker from the Maryland Municipal League provided some general information. Additional information on municipalities can be found at: <http://www.mdmunicipal.org/mmlhome/index.cfm>

Why incorporate? - What are the advantages of incorporation?

- To have direct local control over finances—city elected officials determine local revenue and expenditure needs and set the local tax rate and service charge levels.
- To exercise direct control of level and types of growth in and around the community through the exercise of planning and zoning authority (except in Prince George's County and Montgomery County) and by annexation.
- To locally determine the variety and levels of services provided to the community.
- To exercise broad police powers and code enforcement authority by enacting and enforcing local laws to meet locally determined needs.
- To make local government more accessible, accountable and responsive to citizen needs and desires.
- To return a portion of income taxes paid to directly benefit community taxpayers as municipal governments receive a portion of the local piggyback income tax receipts generated from their taxpayers.
- To create direct access for the local community to various state shared revenues and state and federal grants.
- To foster a sense of community.

Why not incorporate? - What are the possible drawbacks of incorporation?

- There are costs in both time and money to incorporate—a University of Maryland Institute for Governmental Service study in 1992 estimated one community's incorporation costs to be as much as \$11,000.
- A higher level of taxation would ensue in most cases to pay for the costs of new public services.
- An added level of government is sometimes seen as unnecessary or duplicative.
- Responsibility to provide desired levels and types of services.
- Local service provision gives rise to liability exposure and the risk of litigation for a municipal government and its public officials.
- Committed volunteers are needed to serve as public officials on various municipal boards and commissions.
- Economies of scale which county governments enjoy may in some cases reduce the costs of local services.
- There are difficulties set forth in law in achieving a successful incorporation, including receiving county government approval to incorporate and attaining necessary voter approval through an incorporation referendum.

Municipal Government Finances Statewide, the largest portion of municipal revenues is derived from property taxes; property taxes make up about a third of all revenues for incorporated cities and towns. Service user fees and charges is the second leading municipal revenue source. Together these two revenues make up about 60% of the monies municipal governments take in. Other significant sources include income taxes, state shared revenues, state and federal grants and, frequently, county aid. However, a great deal of diversity exists in the revenue makeup of the various 156 municipal governments in the state. By way of example, property taxes as a percentage of municipal budget vary from as little as 3.0% to more than 80%. Municipal service charges as a percent of budget may range from 0.0% to over 70%. Detailed information is provided on the [Maryland Municipal League web site](#).

The nature and level of expenditures also varies widely from one municipal government to the next. Decisions relating to what services a newly incorporated community intends to provide will determine what amount and how a municipality will spend money. Ability to pay for desired services along with the results of negotiations with the county as to who will provide what services will also determine the make-up of the expenditure picture for a newly incorporated municipal government. Each year Maryland's cities and towns share over \$60 million in revenues raised or administered by the State and returned to municipal governments. State administered local revenues and state shared revenues available to newly incorporated cities and towns.

For instance in the Town of Kensington, they pay 0.147 per \$100 of assessed value in property taxes, however they get a homestead credit depending on the assessment. For a property assessed at \$335,290, the Town of Kensington annual tax would be \$492.88. With a homestead credit of \$62.81 the bill would go down to \$430.07. However, town residents are charged \$287.75 less in county taxes for solid waste. (County is 337.30, Town is 49.55). So \$430.07 less \$287.75 = \$142.32 additional tax for living in the town

Possible options

1. Setting up Parkwood as a municipality, which would require a Petition

Petitions must be signed by at least 20% of the persons residing within the area to be incorporated who are registered to vote in county elections and by the owners of at least 25% of the assessed valuation of the real property within the area. Alternatively a petition may be signed by 25% of the registered voters within the area to be incorporated without any involvement of property owners. From the time that a community receives the standard petition form, from the respective county election board, it has 18 months to obtain sufficient signatures to incorporate.

Once a petition is filed, the law requires that a committee be formed to work with the county on the proposed incorporation. With regard to the proposed incorporation, the committee must seek input from the county; report to the county on related issues; and keep the county apprised of meetings, required public hearings and other deliberations. The committee must submit to the county a proposed municipal charter along with information on services the municipality plans to provide and on the likely impact of the incorporation on the citizenry of the county and property tax rates.

Further details of the process are available at <http://www.mdmunicipal.org/mmlhome/index.cfm>

2. Working with Kensington Estates, West Howard Ave to create a municipality

This option would require the same steps stated above however the pool of volunteers and funds available would be larger.

3. Having Parkwood annexed by a current municipality (we are surrounded by them – Town of Kensington, Chevy Chase View and Garrett Park). This would require an interest by one of the existing towns. This topic has not been explored by any PRA official.

4. Setting up a home owners association.

After a lengthy discussion it was decided to further investigate interest by surveying the entire neighborhood. Based on the information provided above please rate your preference with 5 being your first choice and 1 the least desirable option.

___ Setting up Parkwood as a municipality

___ Working with Kensington Estates, West Howard Ave to create a municipality

___ Having Parkwood annexed by a current municipality

___ Setting up a home owners association

___ Doing none of the above

Please return the survey to Kira Lueders at 10112 Wildwood Road. Also, please provide your contact information if you are interested in further contributing to the municipality issue.