

FACTS MYTHS AND URBAN LEGENDS
ABOUT THE COUNTY BUDGET AND OUR TAXES

By David R. Craig

Harford County Executive

A recent debate has been sparked over property taxes, government spending and the constant yield. I am writing this article to set the record straight on a few misconceptions about the county budget and property taxes.

It is important to point out that **Harford County has not raised the property tax rate in almost 30 years.** The tax rate is not going up and the issue of the constant yield is a chimera that the state has created to divert the attention of Maryland residents from the actions of the state. I could have reached the constant yield but the state shifted over \$14,000,000 in responsibilities to Harford County so that we cannot reach it--and that is their aim. **No county has ever attained the constant yield and none ever will** because the state will continue to push costs down to the counties--it is easier for people to be mad at their local government than at the state officials who they rarely see. On top of that the state continues to keep tax money that is paid by Harford County citizens for their local services. In October the County made an announcement that the State was not going to distribute \$13,000,000 in local income tax. This year they are going keep over \$6,000,000 in Harford County's share of Highway User Revenue. The State is also shifting the cost of housing state criminals to the County. With these State cuts for this year, it is important not to forget that the General Assembly raised state taxes by \$1.4 billion last year - a pretty good game on their part, I think.

I have no control over assessments - that is a state function. County Treasurer John Scotten will provide more detail and define and explain the constant yield issue in another article in this special edition of the *County Line*.

Last month we all witnessed the frustration of many American taxpayers as they participated in TEA events throughout the country. It is important to note that the genesis of this movement was sparked by Washington's and Wall Street's inability to manage its financial matters. At the Local government level, I believe both the services we provide and the financial management we have undertaken shows a stark difference in what has occurred at the federal and state levels of our government.

Since October of 2008 when signs of a falling economy were showing in our local revenue projections, I knew then that action must be taken to reduce the county's expenses. I have taken significant steps as your County Executive to **reduce the overall budget for FY10 by \$74 million dollars.** Many of the decisions that needed to be made to achieve this reduction were not easy. Here are just a few examples of what has been done.

County Employees have shouldered part of this burden:

- No pay increases for any employees
- No step increases for any employees
- No cost of living adjustment for any employees
- Reduced the county's contribution to employee health care coverage so that employees pay a higher share of their health care cost

- Altered retiree healthcare program to require more years of service
- Eliminated training programs unless it is required for license or certification renewal
- Eliminated most overtime
- Reduced uniform allowance to employees
- Instituted 5 furlough days (1 week's loss in pay) for all but public safety employees

Overall Government:

- Eliminated county take home cars for many employees
- Eliminated purchase of new vehicles
- Eliminated purchase of any new computers or computer systems
- Established an expenditure oversight committee to monitor all government expenditures
- Eliminated temporary employees
- Established a hiring freeze and elimination of positions that become vacant
- Eliminated travel outside the state
- Cut Grants to Cultural Arts organizations such as The Aquarium, BSO, Walter's Art Gallery, Baltimore Museum of Art, and the Science Center. *(Grants originally established to allow Harford school students to attend at no charge or reduced rates).*
- Moved all new capital projects to out-years unless they are funded by a dedicated revenue stream unrelated to the property tax (such as POS funding).
- Limited after hours use of County Office building
- Reduced cleaning of buildings
- Reduced grass cutting and other outside maintenance.

Every department in the County's budget is smaller than the present budget – the Office of the County Executive is 16% smaller. I will be taking a pay cut like all other county employees.

Many people have made mention of the funding the Harford County Public Schools receives from the county government. This is an issue of the state mandated "maintenance of effort" for the school system. The County is not allowed by state law to reduce the budget for the Board of Education (51% of the budget). Three Maryland counties asked for waiver from state but they were all turned down by the State Department of Education. I was able to flat-line the HCPS budget, meaning it will be exactly the same amount as the FY09 budget and this has never been done before in Harford County.

In reducing this budget by \$74 million dollars, I have also held the line on taxes. In fact, over the last several years, the County Council and I have passed measures to reduce the tax burden on some of Harford's most vulnerable citizens.

- Expanded the Homeowner Property Tax Credit program to allow for more people to qualify
- Reduced the property tax cap from 10% to 9%

- Expanded property tax credit programs for residents who install renewable energy devices on their property
- Both the County Council and I support reducing the tax cap to 8% for the next year and continue a 1% reduction until it reaches 5%

Another consideration that needed to be made as we were making cuts, was that the county had to be prepared to absorb \$14 million dollars in additional costs that were passed down to us by the state. This time the state's inability to manage its financial house has caused additional responsibilities to be passed on to local government. I fully expect that next year the state will continue in this tradition of passing on expenses to local governments and there continues to be the ever present threat of passing on the cost of funding teachers' pensions to the counties. This action will have an even larger detrimental impact on our budget in FY2011.

With significant reductions in revenues due to the economy, the assumption of additional costs from the state, and the growing demand to improve infrastructure and meet other public needs, Harford County is faced with some very critical decisions. Many of which, will have lasting impacts far beyond my term in office. Among some of these impacts is the preservation of the county's AA+ bond rating.

Unlike our Federal or State government counterparts, Local Government is tasked with providing the most basic of services associated with our American quality of life and standard of living. It is important that we all think about the responsibilities we have to ensure that these basic services (Schools, Police, Fire, Ambulance, Water, Waste Water, Trash, Roads, Bridges, Parks, Trails, recreation programs, etc.) continue to be provided.