



THE MARYLAND MUNICIPAL LEAGUE
The Association of Cities and Towns

PRESS RELEASE

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Maryland Municipal League's Annual State of the Municipality Highlights Economic Benefit to the State

(December 5, 2024) Annapolis, Md. – The [Maryland Municipal League](https://www.mdmunicipal.org/) (MML), which represents 160 local governments in Maryland, held its second annual State of the Municipality event in Annapolis on Thursday with 110 members, legislators, sponsors in attendance. This year's event focused on the economic benefits of municipalities on the State budget, unveiling a report conducted by Sage Policy Group that shows \$5.7 billion in state generated revenue from sales tax, income tax, and state property taxes in municipalities alone.



MML Director of Public Policy and Research, Bill Jorch, broke down each piece of the puzzle contained in the report for the audience.

- The State received \$2.3 billion in sales and use tax from purchases in municipalities in FY 2023, 34% of Maryland's generated sales tax revenue. Sales per capita are roughly 50% higher in municipalities than non-incorporated areas;
- Municipalities provide an additional \$3.2 billion in income tax revenue from municipal residents;
- An additional \$207 million in state property taxes are derived solely from municipal properties, where the assessable municipal base is 12%-13% higher than non-incorporated areas.

The study also highlighted trends in the much-discussed Maryland population growth data. Currently, a quarter of the State's population resides in municipalities, which makes up less than 5% of total land mass. However, between 2020 and 2023, municipal population grew 1.2% percent compared to the remainder of the state with a 0.3% percent growth in the nonincorporated places.



MML CEO Theresa Kuhns shared remarks following the presentation. “Together, the compiled data of the last two years paints a crystal-clear picture: Maryland depends on its municipalities,” said Kuhns. “The Maryland Municipal League and its leadership believes in its partnership with the state, our sister organizations and working together to create stronger outcomes for all of our residents. The current revenue structure forces local government to consistently go back to the property tax pool. We risk making housing even more unaffordable in those very places the State needs to see population and business growth in order to fund a solution for the fiscal challenges ahead.”

Michael O’Connor, MML President and Mayor of Frederick, then led a panel discussion with Mayor Takisha James of Bladensburg, Mayor Mike Benton of North Beach, and Senator Cory McCray about the challenges in each of their jurisdictions and how new revenue streams could diversify revenue sources and help them meet resident expectations.



During the discussion, Senator McCray shared his support as lead sponsor for one of MML’s 2025 legislative initiatives – to add a new revenue stream for local governments via an optional food and beverage fee, stating that people who patronize municipalities benefit from fire, police, and trash municipal services but do not contribute when they visit. “We’re going to get it done this year,” stated McCray emphatically.

Department of Budget and Management Secretary Helene Grady then addressed the crowd over lunch. She spoke to the magnitude of the state's fiscal challenge and acknowledged the significant role municipalities play in the State's economy.

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About The Maryland Municipal League:

The Maryland Municipal League (MML) was founded in 1936 and serves as the collective voice of 160 municipal governments and the 2 million Marylanders it represents. A voluntary, non-profit, nonpartisan association controlled and maintained by city and town governments, MML works to strengthen and support municipal government through advocacy and the development of effective leadership. Through its membership in the National League of Cities MML offers legislative representation in Washington, urban research programs, and a national municipal government information exchange. MML is the only statewide organization in Maryland composed solely of municipal officials and devoted to the promotion of all branches of municipal administration.