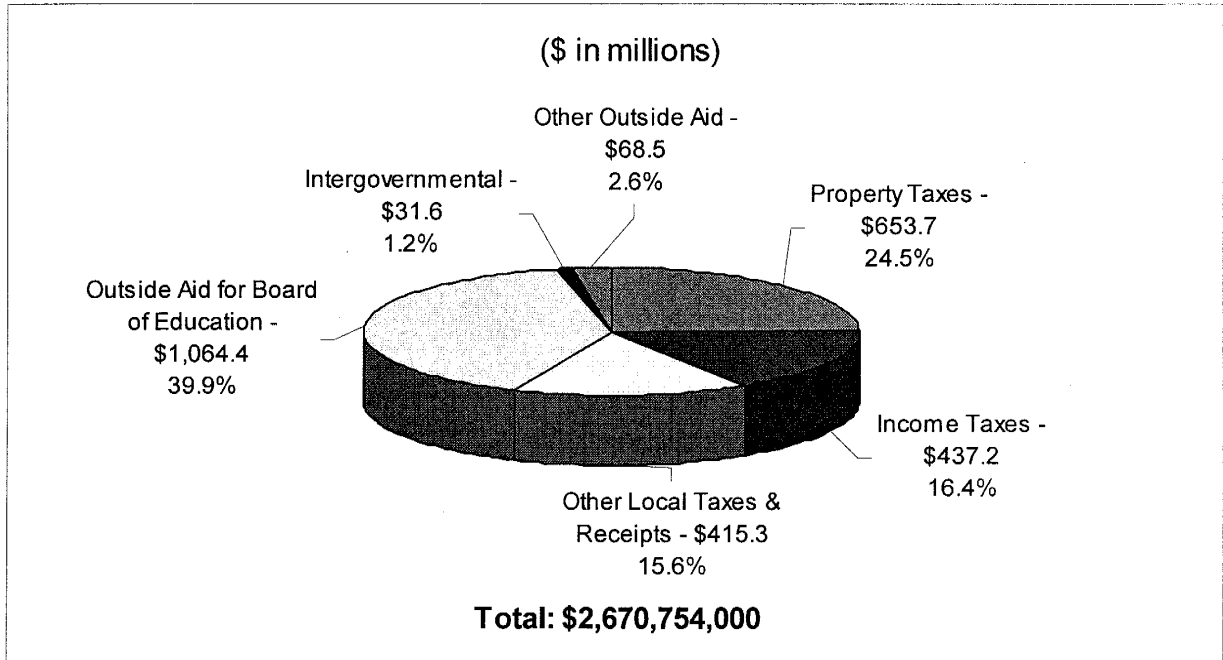


THE FY 2009 REVENUES AT A GLANCE

FY 2009 General Fund Revenues



REVENUE OVERVIEW

- The proposed FY 2009 General Fund budget is \$2,670,754,000, which represents a \$34.3 million or 1.3% increase over the FY 2008 approved budget.
- Outside aid for Board of Education, Community College, and Library increases by \$29.2 million or 2.6%. County source revenues are essentially flat from the FY 2008 approved budget.
- Compared with the over 10% annual growth over the past few years, the dramatic slowdown of revenue growth in FY 2009 is primarily attributable to the declining housing market. This has impacted major County revenues such as Transfer and Recordation Taxes, construction permit fees, and interest income. The State legislation passed in the 2007 Special Session to close the State's structural deficit also caused a reduction of over \$50 million in State aid to the County in FY 2009.

GENERAL FUND REVENUES

INTRODUCTION

The revenue table that accompanies each revenue source compares three years of data. In every instance, the \$ change and % change is from the prior year actual or approved amount. (Numbers may not add due to rounding.)

REAL PROPERTY TAXES are the taxes levied on both land and improvements of taxable real estate property. Taxes are levied annually and each quarter of the fiscal year as new properties are added to the base. Real Property Tax is the largest tax revenue of the County. The revenue yield is dependent on the following variables:

- The State's triennial assessment process
- Assessment growth caps (for owner-occupied property)
- The assessment percentage
- The housing market and the economy in general
- The tax rate - including changes in the Municipal Tax Differential rates
- Delinquencies and the required reserves
- Appeals and adjustments in assessments
- State funding of State credits

In FY 2009, the County's Real Property Tax revenues are projected to be \$60.3 million or 11.4% over the FY 2008 budget. The projection is based on the tax rate, tax base, and adjustments made to factor in losses due to the homestead tax credit, municipal tax differential, and delinquent tax payments.

The County's Real Property Tax rate will remain at \$0.96 per \$100 of assessable value in FY 2009. The County is subject to Tax Reform Initiative by Marylanders (TRIM). Based on this charter provision, the General Fund County Real Property Tax rate could not exceed \$2.40 per \$100 of assessable value before FY 2002, and cannot exceed \$0.96 per \$100 of assessable value since FY 2002, when the real property assessable value was adjusted from 40% to 100% of market value.

The State Department of Assessments and Taxation (SDAT) projected in November 2007 that the County's real property base will grow by 19.3% in FY 2008 and 18.1% in FY 2009 before the homestead tax credit cap and other deductions. Despite the continuously weakening housing market, the County's real property base still shows relatively strong growth in FY 2009 because of the three-year phase-in policy of assessment growth. Each year, one third of the County's real property base is reassessed by the SDAT and the assessment growth from three years ago is phased in over the next three years.

The County's commercial real property base continues to grow with new construction. According to the SDAT, the County's commercial property values in the area reassessed in January 2008 grew by 64%, or 21.3% annually, in the past three years. However, looking forward, the County's total real property base is expected to experience weaker growth because the upcoming reassessments will eventually capture the declines in home values and residential new construction.

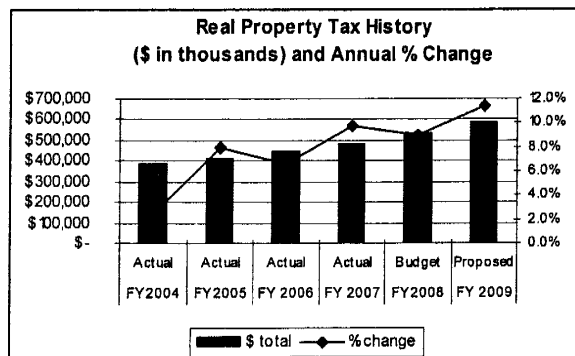
The County's real property tax revenue capacity is not fully realized due to the structure of the County's Homestead Tax Credit. The credit, tied to the Consumer Price Index growth for the 12 months ending in June, caps the growth of owner-occupied property assessment for tax purposes at 3% in FY 2009. According to the SDAT, this tax credit is estimated to cause a County revenue loss of approximately \$195.4 million in FY 2009.

The municipal tax differential also reduces the County's property tax revenues. Each year, the County reduces its property tax rates (both real and personal) to recognize governmental services and programs that municipal governments perform in lieu of similar

REAL PROPERTY TAXES

(\$ in thousands)

	FY 2007 ACTUAL	FY 2008 APPROVED	FY 2008 ESTIMATED	FY 2009 PROPOSED
YIELD	\$485,524	\$529,550	\$536,479	\$589,892
\$ CHG	43,108	44,026	50,954	60,342
% CHG	9.7%	9.1%	10.5%	11.4%



County services, to the extent that such services are funded through property tax revenues. In FY 2009, County revenue is reduced by \$18.8 million real property tax revenues for the municipal tax differential program, compared with \$13.8 million in FY 2008. The cost of the program has been increasing in recent years due to the significant property base increases and higher costs associated with municipal services.

PERSONAL PROPERTY TAXES are the taxes levied on tangible personal property and commercial and manufacturing inventory of businesses. The assessment is made annually at fair market value and determined from annual reports filed with the SDAT. Starting in FY 2001, power-generating personal property has been subject to a phased-in partial assessment due to the State's electricity deregulation, which has resulted in a loss of potential revenues from Personal Property Taxes. To help partially offset the negative impact, the State provided the County an Electricity Deregulation Grant (under Intergovernmental Revenues) annually. However, the General Assembly passed House Bill 1 (HB1) during the 2007 Special Session to eliminate the grant starting in FY 2009 as an effort to close the State's projected \$1.5 billion structural deficit.

The Personal Property Tax base is influenced by:

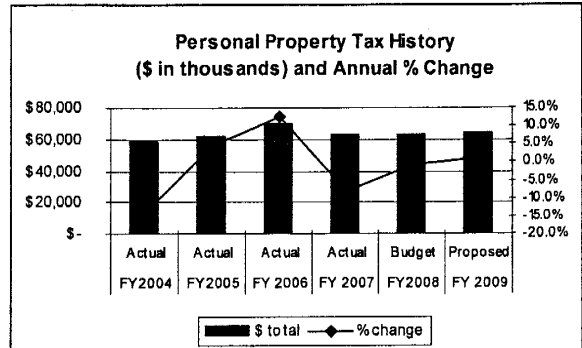
- Business cycle
- Availability of commercial credit
- Public utilities' income performance
- Replacement of equipment
- The State law on personal property assessment and depreciation
- Tax rate - including changes in the Municipal Tax Differential rates

The FY 2009 Personal Property Tax revenue is expected to grow slightly by 1.0% from FY 2008. The tax rate will stay at \$2.40 per \$100 of assessed value. The tax base has remained essentially flat in recent years. The FY 2009 projection has factored in a slight base growth of 1.2% according to the November 2007 report of the SDAT. The projection has also included losses due to the municipal tax differential, delinquent payments, and attorney fees. Similar to real property revenue, the loss of Personal Property Tax revenues due to the municipal tax differential program has increased in recent years due to higher municipal service costs (such as costs related to public safety and public works). On the other hand, this has resulted in more tax relief for County residents.

PERSONAL PROPERTY TAXES

(\$ in thousands)

	FY 2007 ACTUAL	FY 2008 APPROVED	FY 2008 ESTIMATED	FY 2009 PROPOSED
YIELD	\$63,645	\$63,188	\$63,188	\$63,820
\$ CHG	-5,782	-456	-456	632
% CHG	-8.3%	-0.7%	-0.7%	1.0%



INDIVIDUAL INCOME TAXES are distributions made by the Maryland Comptroller's Office for the local tax on individual income. The State distributes the taxes to the County on a quarterly basis based on withholdings, declarations and estimated returns filed by employers and taxpayers. The State distributions are net of reserves for refunds, administrative costs, unallocated taxes (taxes for which no return has been filed), and municipal corporation shares. Municipalities receive a share of their residents' local income tax liability based on the greatest of 8.5% of the State income tax liability, 17% of the county income tax liability, or .37% of the Maryland taxable income of municipal residents. Tax tables are usually adjusted at the beginning of the calendar year when any tax law changes take effect.

The following variables influence the tax yield:

- County Income Tax rate
- Economy
- Federal and State tax changes
- Employment growth
- The share to municipal governments
- Taxpayer behavior
- Capital gains realization rates
- Disparity Grant

INCOME TAXES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
TAX RECEIPTS	\$388,008	\$413,133	\$402,120	\$415,512
\$ CHG	-11,158	25,125	14,112	2,379
% CHG	-2.8%	6.5%	3.6%	0.6%
DISPARITY GRANT	\$15,963	\$19,110	\$19,110	\$21,714
TOTAL YIELD	\$403,971	\$432,243	\$421,230	\$437,226
\$ CHG	-4,957	28,272	17,259	4,983
% CHG	-1.2%	7.0%	4.3%	1.2%

The County's income tax revenue currently includes both income tax receipts and a State Income Disparity Grant. The estimated FY 2008 income tax receipts were reduced from the budget due to lower-than-expected income and job growth during the housing market slump. Although the FY 2009 projection represents a 3.3% growth from the FY 2008 estimate, it is only 0.6% higher than the FY 2008 budget.

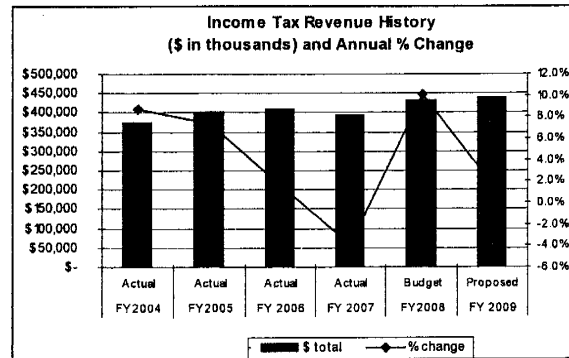
Based on employment data from Maryland Department of Labor, Licensing and Regulation and personal income projections by Economy.com, the County's job and personal income growth is expected to be relatively low in FY 2009 due to the continuously declining housing market and the associated economic downturn. The FY 2009 projection assumes 3.5% growth in net taxable income, which is lower than the 4.0%-4.5% assumption used in previous years.

The projection factors in a proposed rate increase from 3.1% to 3.2% effective on January 1, 2009 (pending Council approval), which is projected to bring \$6.5 million additional income tax revenues to the County in FY 2009. On average, each household in the County is expected to pay approximately \$40 more in income tax each year with the higher rate. (During the housing market boom, the County cut the income tax rate from 3.2% to 3.1% effective on January 1, 2007.)

The Maryland 2007 Special Session passed Senate Bill 2 (SB2) to increase the regular personal income tax exemption from \$2,400 to \$3,200 for individuals with federally adjusted gross income of up to \$100,000 (\$150,000 for joint filers) effective January 1, 2008. According to the Maryland Department of Legislative Services (DLS), this will reduce the County's income tax receipts by \$7.6 million in FY 2008 and \$15.3 million in FY 2009. The projection has factored in these losses.

In FY 2007, income tax receipts dropped significantly primarily due to a State distribution policy change in line with the Federal extension of the filing deadline of

personal income tax returns. The majority of the under-distributed amounts in FY 2007 are expected to be recouped in FY 2008 and FY 2009 through reconciliation distributions. The drop in FY 2007 is also attributed to the rate cut from 3.2% to 3.1% effective on January 1, 2007, which was estimated to have an annualized cost of about \$13.0 million.



In addition, the County will receive \$21.7 million of State Income Disparity Grant in FY 2009, compared to \$19.1 million in FY 2008. This grant is provided to counties where per capita local income tax revenue falls below 75% of the state average. The FY 2009 disparity grant is calculated by the State Department of Budget and Management based on calendar year 2006 data. Despite an improved performance, the overall growth in the County's income tax receipts still fell below the state average. This is because the County benefited less from capital gains than some other jurisdictions. This caused an increase in the disparity grant.

TRANSFER TAXES are taxes imposed upon recordation of instruments conveying title to real property, or any other interest in real property. All transfer tax revenue is dedicated to the Board of Education. The tax rate is unchanged at 1.4% for FY 2009.

RECORDATION TAXES are taxes on the recordation of written instruments conveying title to real or personal property, conveying leasehold interests in real property or creating liens and encumbrances on real or personal property. The tax rate is proposed to be raised in FY 2009 from \$2.20 to \$2.50 for each \$500 on all instruments of writing subject to the tax, or from 0.44% to 0.50% (pending Council approval). The proposed legislation for the rate increase sunsets after three years. The rate increase is estimated to bring \$5.4 million additional tax revenues to the County in FY 2009. A typical home transaction or refinancing in the County (with an instrument of writing value of \$300,000) is projected to cost approximately \$180 more in recordation tax with the rate increase.

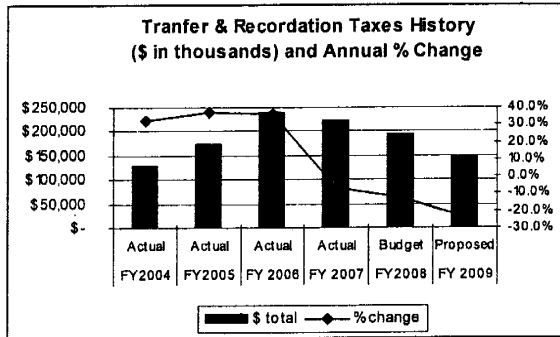
Transfer and recordation taxes are usually the most volatile major revenue source of the County due to the strong correlation between the revenue collection and the activity of the local housing market. The variables influencing Transfer and Recordation Taxes include:

- Tax rate
- Business cycle
- Interest rates
- Availability of credit
- Real estate market

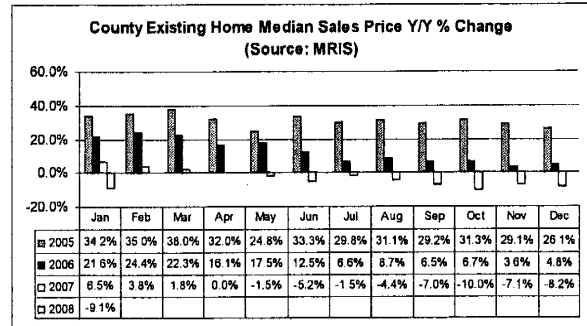
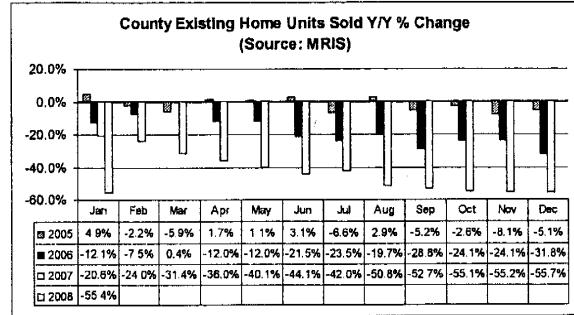
TRANSFER AND RECORDATION TAXES

(\$ in thousands)

	FY 2007 ACTUAL	FY 2008 APPROVED	FY 2008 ESTIMATED	FY 2009 PROPOSED
YIELD	\$221,761	\$193,129	\$151,306	\$145,921
\$ CHG	-16,325	-28,632	-70,456	-47,208
% CHG	-6.9%	-12.9%	-31.8%	-24.4%



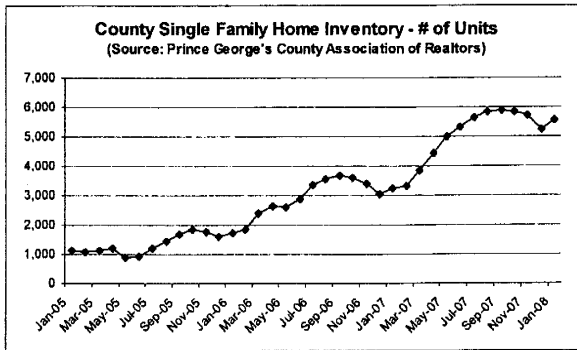
In FY 2009, Transfer and Recordation Taxes are projected to decrease by 24.4% from the FY 2008 budget. The FY 2008 estimate is adjusted significantly lower than the budget to reflect the larger-than-expected decline in the local housing market and tax revenues. The FY 2009 projection assumes continuous declines in housing sales price and volume, as well as the proposed increase in recordation tax rate effective on July 1, 2008. The projection does not factor in the potential impact of SB2 of the 2007 Special Session, which imposes transfer and recordation taxes on the transfer of real property through the sale of 80% or more "controlling interest" in specified corporations beginning in FY 2009, due to the fluctuating and uncertain nature of such revenues.



After six years of strong growth, the County's housing market has been weakening since late 2005. As is shown in the charts above, the downward trend has been continuing throughout FY 2006, FY 2007, and the first seven months of FY 2008 in terms of both sales volume and sales price. According to Metropolitan Regional Information Systems, Inc. (MRIS), the year-to-year existing home sales volume declined over 50% in the first seven months of FY 2008. The year-to-year growth of existing home sales prices dropped by as much as 10% in the same period.

In January 2008, the median price for home resale in the County was \$299,900, 9.1% lower than the same period of 2006, according to MRIS. The median price for a new single-family home in the fourth quarter of 2007 was \$549,990, a decline of 13.5%, according to Hanley-wood Market Intelligence.

Based on the current sales as well as other associated factors such as accumulating inventory, increased number of foreclosures, and tightening credit, the local housing market is not expected to recover or bottom out soon. Further decreases in sales price and volume are projected for the rest of FY 2008 and FY 2009.



According to the Prince George's County Association of Realtors, the number of single family active listings in the County by January 2008 was 5,560, compared with 3,226 a year ago. (See the chart above.) If the inventory is consumed at the current level, it is expected to take at least another year for the market to absorb the extra supply. According to RealtyTrac Inc., foreclosures in the County increased 190% in the first half of 2007 from a year ago. One out of 148 houses went to foreclosure during that period, compared with a State average of one out of 323. The foreclosure rate for the second half of 2007 (data not available yet) is expected to be higher.

OTHER LOCAL TAXES include Energy Taxes, Telecommunications Taxes, Hotel/Motel Taxes, Admissions and Amusement Taxes, Penalties and Interest on Delinquent Taxes, and Trailer Camp Taxes.

OTHER LOCAL TAXES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$123,813	\$133,608	\$125,896	\$126,996
\$ CHG	8,177	9,795	2,083	-6,612
% CHG	7.1%	7.9%	1.7%	-4.9%

In FY 2009, the total revenue from other local taxes is projected to decrease by 4.9% from the FY 2008 approved budget. The proposed rate increase from 8% to 11% for the Telecommunications Tax, which was incorporated in the FY 2008 approved budget, is pending voters' approval in the General Election in November 2008. Therefore, the FY 2009 proposed budget does not factor in the rate increase. All revenues collected from the Telecommunications Tax will be spent on school operations and construction.

The Energy Tax comprises approximately 47% of the total FY 2009 revenue in this category. Among the

different energy tax components, two thirds of the tax receipts are from the sale of electricity and approximately one third of the receipts are from the sale of natural gas. The Energy Tax unit rates for a certain fiscal year are determined by the total consumption and sales of the calendar year two years prior to that fiscal year. For example, the FY 2009 rates are based upon the calendar year 2007 data. The formula divides total calendar year 2007 sales (by type of energy used) by total 2007 consumption, which is then multiplied by 7.5%, the current effective tax rate, to arrive at the FY 2009 unit charge per kilowatt hour, therm, gallon or other unit. The FY 2009 rates compared to FY 2008 are shown below:

ENERGY TAX COMPONENTS			
	FY 2008	FY 2009	%
	Rates	Rates	Change
Electricity (KWH)	0.006714	0.007286	9%
Natural Gas (Therm)	0.085487	0.079058	-8%
Fuel Oil (Gal.)	0.150968	0.164698	9%
Propane (Gal)	0.185493	0.210486	13%

ENERGY TAXES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$54,374	\$51,247	\$59,607	\$59,607
\$ CHG	6,093	-3,127	5,233	8,360
% CHG	12.6%	-5.8%	9.6%	16.3%

Fluctuations in energy usage due to weather conditions and price instability of fuels such as natural gas and oil can cause major deviations in rates between fiscal years. Rate changes granted to the major utilities by the Public Service Commission also influence the yield from this revenue source. Oil prices have stayed relatively high since calendar year 2006 with the impact of Hurricane Katrina in late 2005 and the continuously increasing global energy demand.

According to a report released by the Energy Information Administration (EIA) on February 12, 2008, residential electricity prices increased by 4.5% from 2006 to 2007 in the Mid-Atlantic Region. Residential natural gas prices decreased by 3.6% as a result of ample supply. However, natural gas consumption is expected to be slightly higher in FY 2009. Overall, the FY 2009 energy tax revenue is

projected to be flat from the FY 2008 estimated level, assuming offsets between the rates and consumption. The FY 2008 estimate is adjusted higher than the FY 2008 budget due to the higher than expected year-to-date collection.

The law exempts energy tax payment for Federal, State and local governments and provides refund for certain qualifying residents based on income, age, etc. The entire Energy Tax is earmarked for the Board of Education.

Another major revenue item is the **Telecommunications Tax**, which represents about 37% of the FY 2009 revenues generated by "Other Local Taxes". This tax was introduced in FY 2003 based on House Bill 949 during the 2002 Session of the Maryland General Assembly. The tax revenue has been steady since its introduction due to a relatively stable landline market and a gradually expanding wireless market. The FY 2009 projection reflects a normal growth of about 2% from the FY 2008 estimate.

TELECOMMUNICATIONS TAXES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$50,069	\$62,481	\$46,360	\$47,287
\$ CHG	5,454	12,412	-3,709	-15,193
% CHG	12.2%	24.8%	-7.4%	-24.3%

The State mandated that the net proceeds of this tax be used only for expenditures of the County's school system. An administrative fee of one percent of collections remitted to the County is shared equally between vendors and the County to cover the cost of collecting, remitting, and administering the collection of the tax. The current rate is 8% on the gross receipts for telecommunications service in the County. The FY 2008 approved budget assumed a rate increase to 11%, which is subject to voter approval in the 2008 General Election. The FY 2008 estimate and FY 2009 proposed budget, however, assume no rate increase. The FY 2008 revenue is expected to drop by 7.4% from the FY 2007 actual because of a \$3.1 million one-time revenue gain in FY 2007 from prior year adjustments.

Starting in FY 2005, the County has been implementing the provisions of Chapter 187 of the 2004 Laws of Maryland (HB 589) that authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax for school renovation and systemic replacement projects. This revenue will be

dedicated toward financing various renovation and replacement projects. As a result, the Telecommunications Tax revenue in the General Fund does not include the up to 10% of receipts dedicated for capital budget expenditures.

Hotel/Motel Taxes and Admissions and Amusement Taxes are expected to experience normal growth in FY 2009. The Admissions and Amusement Tax revenue experienced a one-time gain in FY 2006 and dropped back to the normal level in FY 2007. The tax rate remains unchanged at 10%. The Hotel/Motel tax rate will be maintained at 5%, with municipalities receiving 50% of the revenue received from hotels located within their corporate limits. Occupancy and average room rates are expected to experience some growth. (The revenue impact of the National Harbor project is not factored in primarily due to the dedication of hotel/motel taxes in the Special Taxing District to funding bonds issued for infrastructure and the Convention Center.)

STATE SHARED TAXES consist of highway user and corporate transfer taxes that are shared between the State and the County.

STATE SHARED TAXES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$30,128	\$30,402	\$30,331	\$29,534
\$ CHG	1,694	274	203	-868
% CHG	6.0%	0.9%	0.7%	-2.9%

Highway User Revenues will drop to \$29.5 million in FY 2009 according to the Governor's FY 2009 proposed budget, compared with \$30.4 million for FY 2008. House Bill 5 (HB5) of the 2007 Special Session increases the vehicle excise tax rate from 5% to 6%, allows for a reduction in the amount subject to the tax by 100% of the value of a trade-in, and increases the one-time certificate of title fee from \$23 to \$50. According to the DLS, this is expected to impact the County's Highway User Revenues by a positive \$0.5 million in FY 2008 and a negative \$1.0 million in FY 2009. The contrasting impact on the two years is due to the different effective dates of the legislative changes mentioned above. In FY 2004, the revenue also suffered reductions as part of the State's strategy to deal with fiscal constraints. It has been gradually restored since FY 2005 with the improvement of the State's fiscal conditions.

The highway user revenues are restricted State monies and can only be used to construct or maintain roads, including payment of road debt. The State receives 70% of the revenues derived from certain fuel taxes, titling taxes, licenses, and corporate income taxes. The remaining 30% is allocated to local jurisdictions. The County's allocation is based on local road mileage and vehicle registrations. Municipalities in the County receive a share on the same basis. Approximately 25% of the County share goes to the municipal governments.

LICENSES AND PERMITS include revenue derived from a number of licenses and permits issued for regulatory purposes. They include Building Permits, Street Use Permits, Business Licenses (regulatory, not income-related), Liquor Licenses and Permits (authorized by the State), Animal Licenses, Health Permits, and various other permits.

LICENSES AND PERMITS				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$27,493	\$25,525	\$23,848	\$23,532
\$ CHG	-1,518	-1,968	-3,645	-1,993
% CHG	-5.2%	-7.2%	-13.3%	-7.8%

The largest portion of these revenues is related to the building sector of the economy, and as such is subject to significant year-to-year changes as the amount of construction in the County varies.

Building permits experienced strong growth in FY 2005 and FY 2006 in terms of the number of permits issued and the revenue amounts collected during the housing market boom. In late 2006, the growth in residential building permits began to moderate. Starting from FY 2007, with a continuously weakening housing market, the number of residential permits issued declined significantly from the previous year, especially for single family units. More recently, as the housing market declined and the recession odds increase, builders' confidence hit a historical low nationwide. According to the Permit Division of the County's Department of Environment Resources, the number of residential permits issued for single-family units has dropped over 30% from the prior year. The revenues collected have also been showing a downward pattern. Further declines are expected since there is no sign of immediate recovery of the market.

Comparatively, the County's commercial market is stronger. Revenues collected from commercial building

permits also declined, but not as severe as in the residential sector. Permit revenues from the National Harbor project, which fueled the growth in the past few years, are expected to diminish in FY 2008. However, permit applications filed by new economic development projects in the County are expected to help keep the revenue stable. Overall, a mild decline is expected for commercial building permit revenues in FY 2009.

USE OF MONEY AND PROPERTY includes revenue derived from the investment of idle County cash and the lease of certain County owned or leased properties. Most of the County's idle cash is invested in short-term vehicles in the money market. A smaller portion is for intermediate term investments.

USE OF MONEY AND PROPERTY				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$42,508	\$33,370	\$33,574	\$22,942
\$ CHG	15,122	-9,138	-8,935	-10,429
% CHG	55.2%	-21.5%	-21.0%	-31.3%

Interest income is the largest component of this category. It is projected to drop from \$40.3 million in FY 2007 to \$32.3 million in FY 2008 and \$21.7 million in FY 2009. This assumes an average Federal Fund Rate (FFR) of 4% in FY 2008 and 2.75% in FY 2009 based on Bloomberg projections and Wall Street futures market trends. The Federal Reserve raised the FFR 17 consecutive times from 3.25% in mid 2005 to 5.25% in June 2006. With the subprime mortgage crisis, the related turmoil on Wall Street, and various concerns about a potential recession, the Fed started to cut the rate aggressively in September 2007. During the February 2008 meeting, the Fed reduced the rate to 3.0%. Further rate cuts are widely expected based on the current sluggish economy and slumping housing market.

CHARGES FOR SERVICES are typically known as user fees. These fees include Corrections Service Charges for housing State and Federal prisoners, fees from tax collection services provided to various agencies for whom the County levies taxes, Animal Control Charges such as fines and user fees related to the County shelter and animal control services, fees and charges levied by the Health Department for health-related services, Cable Franchise Charges from Comcast Cable Communications, the 911 Fee allocated to the 911 emergency system costs, contractual police

service fees for additional police services for events and entities, and so on.

CHARGES FOR SERVICES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$24,500	\$26,185	\$24,354	\$29,719
\$ CHG	-944	1,685	-145	3,534
% CHG	-3.7%	6.9%	-0.6%	13.5%

Corrections Charges are expected to increase slightly in FY 2008 and FY 2009 from FY 2007 but will still be below the levels in FY 2006 and previous years. Starting from FY 2007, the capacity of the County's correctional facilities to hold federal prisoners has declined significantly due to overcrowding. This resulted in an 18.5% revenue drop in FY 2007. New facilities are under construction but not expected to be completed and put into use in FY 2009.

In recent years, the number of cable subscribers has decreased slightly while the Cable Franchise Fees have grown modestly due to higher rates and new services provided. With Verizon being awarded a cable franchise in FY 2007, the number of cable subscriptions is anticipated to rise gradually. However, service rates could be lower due to the introduction of competition. Therefore, minor growth in Cable Franchise Fees is projected for FY 2009.

The FY 2009 projection of 911 fees assumes normal growth from FY 2007 and FY 2008. Health Fees increased modestly in FY 2006 due to slightly higher service demand by County residents. In FY 2007, revenues decreased because of a partial transfer of medical assistance fees from General Fund to a Special Revenue Fund as a grant. In FY 2009, minor growth is expected for health fees from the FY 2008 estimated level. Police contract revenues are expected to drop significantly starting in FY 2008 due to the end of the police patrolling contracts with major municipalities. Miscellaneous service charges also experienced a one-time gain in FY 2007, which is not expected to be realized in FY 2008 and thereafter. Emergency transportation fees, however, are projected to increase significantly by \$0.7 million in FY 2008 and an additional \$4.6 million in FY 2009 due to fee increases.

Overall, charges for services are expected to experience a 22.0% growth (versus the FY 2008 estimate) in FY 2009 after a drop of 3.7% and 0.6% in FY 2007 and FY 2008, respectively.

INTERGOVERNMENTAL REVENUES include State restricted grants, along with a small portion of Federal monies related to emergency preparedness. In FY 2006, three State grants – anti-violence, drug, and public safety – were converted from revenues to non-competitive grants by the State. Also, some previous recoveries were reclassified as revenues, such as the miscellaneous Maryland-National Capital Park and Planning Commission (MNCPPC) revenues.

INTERGOVERNMENTAL REVENUES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$29,893	\$32,424	\$33,168	\$31,570
\$ CHG	-6,102	2,531	3,275	-854
% CHG	-17.0%	8.5%	11.0%	-2.6%

FY 2009 projections assume \$0 for the Electricity Deregulation Grant. In order to close the \$1.5 billion State deficit in FY 2009, the General Assembly passed laws (HB1) in the 2007 Special Session to eliminate the \$7.7 million Electricity Deregulation Grant starting in FY 2009. The grant was created in FY 2001 for counties to offset the revenue loss due to the State mandated local property tax restructuring as a part of the utility deregulation. The local health grant decreased significantly in FY 2007 due to overpayment in FY 2006. In FY 2008 and FY 2009, the grant is expected to return to about \$9 million based on the Governor's Proposed Budget. Also, in FY 2009 the County is expected to receive an additional \$6.0 million from the Maryland-National Capital Park and Planning Commission (M-NCPPC) and an additional \$1.0 million from the Revenue Authority based on the County's agreements with both for reimbursement of County services. Total intergovernmental revenues are projected to decrease by 2.6% in FY 2009.

MISCELLANEOUS RECEIPTS encompass a number of relatively minor County revenues. The principal sources are Fines and Forfeitures (mostly from red light cameras) and sales of surplus County properties. The FY 2007 collection of red light fines declined. However, total miscellaneous receipts still experienced a 3.7% increase due to one-time gains in other receipts. In FY 2009, the red light camera revenues are expected to increase significantly by \$2.0 million with the installation of additional cameras and the introduction of a new vendor and new technology.

which is expected to improve the revenue collection rate.

MISCELLANEOUS RECEIPTS				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$3,376	\$2,972	\$3,206	\$5,319
\$ CHG	121	-403	-170	2,346
% CHG	3.7%	-11.9%	-5.0%	78.9%

OTHER FINANCING SOURCES include use of Fund Balance and transfers-in of monies from other County funds. The \$32.4 million proposed in FY 2009 includes \$4.2 million transfer from Fleet Management Fund and \$27.2 million use of fund balance.

OTHER FINANCING SOURCES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$43,328	\$30,150	\$30,150	\$31,376
\$ CHG	31,784	-13,178	-13,178	1,226
% CHG	275.3%	-30.4%	-30.4%	4.1%

Normally, these sources are one-time in nature. The \$27.2 million use of fund balance proposed for FY 2009 includes \$8.0 million for CIP pay-go \$12.0 million for Dimensions Health Corporation, and \$7.2 million for other one time operating costs.

BOARD OF EDUCATION SOURCES are projected to grow by 2.4% in FY 2009 from the FY 2008 budget, compared with 16.6% a year ago. FY 2008 is the last year of the five-year phase-in of the Thornton legislation, which increased the amount of State Aid to public schools. According to the Maryland State Department of Education, enrollment is expected to decline by 2.3% for the upcoming school year. HB1 of the 2007 Special Session froze inflation in the per pupil amount used in the education aid formulas for FY 2009 and FY 2010. It also establishes supplemental grants that ensure a 1% annual increase in State aid for school systems during the two years of the freeze. Beginning in FY 2011, the inflation figure used in the education aid formulas will be the lesser of the change in the Implicit Price Deflator for State and Local Government Purchases (IPD), the Consumer Price

Index for All Urban Consumers for the Washington-Baltimore Metropolitan Area (CPI), or 5%.

BOARD OF EDUCATION SOURCES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$880,463	\$1,039,368	\$1,056,368	\$1,064,448
\$ CHG	70,234	158,906	175,906	25,079
% CHG	8.7%	18.0%	20.0%	2.4%

According to DLS, the County is expected to receive \$29.3 million less in Board of Education (BOE) aid than what the current Thornton law would have provided. This assumes no change in full-time student enrollment. The FY 2008 approved budget includes \$25.6 million use of the Board's fund balance, including \$18.6 million for one-time use. For FY 2009, \$28.9 million is proposed for use of BOE fund balance. According to the Board, in FY 2009 Federal sources are expected to increase by 4% and the Board's own sources (excluding use of fund balance) are expected to increase by 16.5% from the FY 2008 budget. The projection also assumes 60% (or \$23.6 million) funding of the Geographic Cost of Education Index (GCEI) as proposed by the Governor.

COMMUNITY COLLEGE SOURCES in FY 2009 grow by 8.2% from FY 2008. This revenue mostly comes from tuition, fees, charges and formula-driven State aid. The increase in FY 2009 is mostly due to the assumed State funding of \$24.6 million (versus \$21.9 million in FY 2008) based on the Governor's Proposed Budget. This assumes the continuous increase of the percentage of the four-year institution State funding in the Cade formula. There could be some risk associated with this assumption since the state may make additional cuts in the budget to close the FY 2009 gap. This may result in a 0% change in the Cade formula and hence a lower State contribution to the Community College. Tuition and fees will increase by 6.0% over the FY 2008 budget due to a slight full-time enrollment increase and a \$2.00 per credit hour tuition increase in fall 2008.

COMMUNITY COLLEGE SOURCES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$51,654	\$55,805	\$55,805	\$60,377
\$ CHG	616	4,151	4,151	4,572
% CHG	1.2%	8.0%	8.0%	8.2%

LIBRARY SOURCES are projected to decrease by 5.0% to \$8.1 million in FY 2009. Fines, fees and other revenue generated by the Library system account for approximately \$1.6 million, which does not include a \$0.6 million one-time use of library reserve in the FY 2008 budget. The remaining \$6.5 million is provided by the State. This amount is based on a formula that measures estimated County population and the relative wealth of counties.

LIBRARY SOURCES				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
YIELD	\$7,545	\$8,506	\$8,506	\$8,084
\$ CHG	515	962	962	-422
% CHG	7.3%	12.7%	12.7%	-5.0%

SUMMARY: The County's total General Fund revenues are projected to grow by 1.3% in FY 2009 from the FY 2008 budget. Excluding outside aid and use of fund balance, County source revenues are expected to be \$3.9 million (or 0.3%) higher than the FY 2008 budget. The dramatic slowdown of revenue growth is mainly attributed to the declines in the housing market, the local aid cuts made by the State, and the weakening economy and labor market. Among County source revenues, transfer and recordation taxes, construction permit fees, interest income, and intergovernmental revenues (especially State aid) are expected to see major decreases. In outside aid, the Board of Education is expected to see a significant slowdown of revenue growth due to State aid cuts approved by the General Assembly in the Special Session.

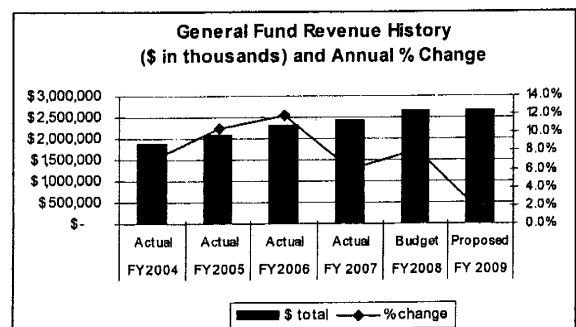
The following chart summarizes the impact of the 2007 Special Session on County revenues according to DLS, which assumes no change in the full-time student enrollment number:

2007 MARYLAND SPECIAL SESSION IMPACT ON COUNTY REVENUES		
(\$ in millions)	FY 2008	FY 2009
Income Tax Receipts	-\$7.6	-\$15.3
Electricity Deregulation Grant	0.0	-7.7
Highway User Revenue	0.5	-1.0
Outside Aid to BOE	0.0	-29.3
TOTAL	-\$7.1	-\$53.3

The FY 2009 projection involves several new budgetary initiatives to enhance revenues, including the proposed tax and fee increases, the additional reimbursements from bi-county and semi-autonomous agencies, and the improved efficiency of revenue collection through new technology. Without these new initiatives, County source revenues are expected to experience a slight decrease from the FY 2008 budget.

The projection does not account for some potential risks that could pose additional fiscal challenges to the County. The risks include additional State cuts to local aid, a potential economic recession, more aggressive cuts to FFR, and a worse-than-expected housing market.

TOTAL GENERAL FUND				
(\$ in thousands)				
	FY 2007	FY 2008	FY 2008	FY 2009
	ACTUAL	APPROVED	ESTIMATED	PROPOSED
COUNTY SOURCE	\$1,499,939	\$1,532,747	\$1,476,730	\$1,537,846
\$ CHG	64,380	32,807	-23,209	5,099
% CHG	4.5%	2.2%	-1.5%	0.3%
OUTSIDE AID	\$939,661	\$1,103,680	\$1,120,680	\$1,132,908
\$ CHG	71,366	164,019	181,019	29,229
% CHG	8.2%	17.5%	19.3%	2.6%
TOTAL YIELD	\$2,439,600	\$2,636,426	\$2,597,410	\$2,670,754
\$ CHG	135,745	196,826	157,809	34,328
% CHG	5.9%	8.1%	6.5%	1.3%



In conclusion, the County is expected to experience significant fiscal challenges in FY 2009 due to revenue constraints.

**ASSESSABLE BASE
REAL AND PERSONAL PROPERTY**
(in millions)

Location	REAL PROPERTY 2008	PERSONAL PROPERTY 2008	TOTAL BASE 2008	REAL PROPERTY 2009	PERSONAL PROPERTY 2009	TOTAL BASE 2009
Berwyn Heights	\$ 209.50	\$ 22.47	\$ 231.97	\$ 232.56	\$ 19.87	\$ 252.43
Bladensburg	306.26	20.36	326.62	338.37	20.61	358.98
Bowie	4,611.45	97.80	4,709.25	5,086.35	112.78	5,199.13
Brentwood	139.12	4.34	143.46	157.45	3.75	161.20
Capitol Heights	210.78	6.29	217.07	227.80	6.79	234.59
Cheverly	386.11	16.14	402.25	418.17	16.35	434.52
College Park	1,409.58	70.99	1,480.57	1,629.98	69.77	1,699.75
Colmar Manor	65.05	2.60	67.65	71.22	2.14	73.36
Cottage City	68.93	3.03	71.96	75.24	4.01	79.25
District Heights	269.35	4.23	273.58	289.21	4.21	293.42
Eagle Harbor	4.83	0.04	4.87	6.31	0.03	6.34
Edmonston	104.95	5.39	110.34	117.76	5.06	122.82
Fairmount Heights	76.80	1.12	77.92	85.49	1.24	86.73
Forest Heights	128.93	2.55	131.48	141.91	2.62	144.53
Glenarden	279.39	4.34	283.73	305.40	4.78	310.18
Greenbelt	1,520.67	88.06	1,608.73	1,709.59	77.40	1,786.99
Hyattsville	1,091.94	70.23	1,162.17	1,326.30	78.58	1,404.88
Landover Hills	70.26	3.00	73.26	77.59	2.59	80.18
Laurel	1,716.17	84.38	1,800.55	2,072.71	90.51	2,163.22
Morningside	72.00	1.78	73.78	77.91	1.28	79.19
Mount Rainier	277.45	3.65	281.10	307.57	4.40	311.97
New Carrollton	546.94	11.26	558.20	609.20	11.93	621.13
North Brentwood	32.17	0.90	33.07	36.71	0.86	37.57
Riverdale Park	377.02	13.89	390.91	450.24	13.29	463.53
Seat Pleasant	207.32	5.47	212.79	223.76	5.75	229.51
University Park	226.85	1.82	228.67	246.02	1.77	247.79
Upper Marlboro	69.54	14.53	84.07	76.16	21.29	97.45
SubTotal	\$ 14,479.36	\$ 560.66	\$ 15,040.02	\$ 16,396.99	\$ 583.67	\$ 16,980.66
Unincorporated Area	\$ 42,178.41	\$ 2,287.34	\$ 44,465.75	\$ 47,445.72	\$ 2,319.17	\$ 49,764.89
TOTAL COUNTY WIDE	\$ 56,657.77	\$ 2,848.00	\$ 59,505.77	\$ 63,842.71	\$ 2,902.84	\$ 66,745.55

Note:

1) Numbers may not add due to rounding.

2) Starting from FY 2002, real property in Maryland has been assessed at 100% of market value rather than 40% in most cases under prior law. This change was required by Maryland Senate Bill 626 in 2000. Assessed value of personal property remains unchanged at 100% of market value.

Source: State Department of Assessments and Taxation

PROPERTY TAX LIMITATION FISCAL YEAR 2009

At the 1978 general election, the voters of the County adopted an amendment to Section 817, Article VIII, of the Prince George's County Charter limiting future collections of real property taxes. The amendment, which became effective in December 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for "Tax Reform Initiative by Marylanders"). The amendment forbade the County Council to "levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in FY 1979," or \$143.9 million. Additionally, at the 1984 general election, an amendment to TRIM was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate of \$2.40 for each \$100 of assessed value. Moreover, the County passed legislation capping taxable assessment growth in FY94 and future years for owner occupied residences at the lesser of the change in the Consumer Price Index (CPI) or 5% of the prior year's taxable assessment. The cap, known as the Homestead Tax Credit, is set at 3% for FY 2009. This provision is a charter mandated computation passed by the voters in November 1994, and is permitted by the Tax Property Article, Section 9-105 of the Annotated Code of Maryland.

In 2000, Maryland Senate Bill 626 provided that property tax rates shall be applied to 100%, instead of 40%, of the value of real property beginning in tax year 2001. Additionally, the real property tax rate should be adjusted to make the impact revenue neutral. The bill also stipulated that any limit on a local real property tax rate in a local law or charter provision shall be constructed to mean a rate equal to 40% times the rate stated. As a result, the nominal real property rate of the County was adjusted to \$0.96/\$100 of assessed value in FY 2002.

Yield Calculation

	FY 2009 Tax Base	FY 2009 Tax Yield
REAL PROPERTY BASE JULY 1, 2008 ¹	\$63,842,710,575	
Add: New Construction Annualized for Cyclical Base Adjustments & Net of Assessment Cap	<u>200,000,000</u>	
TOTAL REAL PROPERTY BASE FY 2009	\$64,042,710,575	
Nominal Real Property Tax Rate/\$100	\$0.96	
REAL PROPERTY YIELD		\$614,810,022
TOTAL PERSONAL PROPERTY BASE FY 2009	\$2,902,841,978	
Nominal Personal Property Tax Rate/\$100	\$2.40	
PERSONAL PROPERTY TAX YIELD		<u>\$69,668,207</u>
TOTAL PROPERTY TAX YIELD (Unadjusted)		\$684,478,229
Less: Collection Allowance (1% of real & 4% of personal)		(8,934,829)
Municipal Tax Differential		(20,522,342)
Adjustments ²		<u>(1,309,258)</u>
TOTAL GENERAL FUND PROPERTY TAX YIELD		\$653,711,800
Total County Real Property Nominal Tax Rate/\$100	\$0.96	
Total County Personal Property Nominal Tax Rate/\$100	\$2.40	

¹ Estimates based on reports from the State Department of Assessments and Taxation (as of February, 2008). Adjustments include abatements/credits, reassessment growth at a 3% cap for owner-occupied properties and the incremental assessment value for the Tax Increment Financing (TIF) district in National Harbor.

² Adjustments include regular and one-time adjustments.

CONSTANT YIELD DATA

The County real property tax rates for municipalities and the unincorporated area of the County are detailed below, along with the constant yield tax rates as certified by the State Department of Assessments and Taxation. In accordance with Title 6, Subtitle 6-308 of the Tax-Property Article of the Annotated Code of Maryland, a rate which exceeds the constant yield rate is subject to certain advertising and public hearing requirements. Per Maryland Senate Bill 626, the real property tax rate was adjusted to reflect the conversion to full value assessments of real property, effective October 1, 2000. Starting from February, 2001, personal property has been excluded from the constant yield tax rate as reported by the State Department of Assessments and Taxation. The personal property tax rate is fixed at 2.5 times the rate on real property.

LOCATION	APPROVED 2008			PROPOSED 2009		
	TAX RATE	CONSTANT YIELD		TAX RATE	CONSTANT YIELD	
		TAX RATE	OVER (UNDER)		TAX RATE	OVER (UNDER)
Berwyn Heights	\$ 0.8050	\$ 0.7410	\$ 0.0640	\$ 0.7970	\$ 0.7420	\$ 0.0550
Bladensburg	0.7970	0.7260	0.0710	0.7880	0.7300	0.0580
Bowie	0.9460	0.8920	0.0540	0.9090	0.8790	0.0300
Brentwood	0.9380	0.8040	0.1340	0.9360	0.8280	0.1080
Capitol Heights	0.8200	0.7630	0.0570	0.8120	0.7700	0.0420
Cheverly	0.8130	0.7590	0.0540	0.8050	0.7610	0.0440
College Park	0.9440	0.8280	0.1160	0.9450	0.8300	0.1150
Colmar Manor	0.9320	0.8750	0.0570	0.9210	0.8730	0.0480
Cottage City	0.8180	0.7550	0.0630	0.8100	0.7540	0.0560
District Heights	0.8100	0.7630	0.0470	0.8020	0.7630	0.0390
Eagle Harbor	0.9550	0.8970	0.0580	0.9570	0.7270	0.2300
Edmonston	0.8110	0.7220	0.0890	0.8030	0.7290	0.0740
Fairmount Heights	0.8770	0.8090	0.0680	0.8720	0.8100	0.0620
Forest Heights	0.8490	0.7910	0.0580	0.8410	0.7830	0.0580
Glenarden	0.8310	0.7740	0.0570	0.8250	0.7780	0.0470
Greenbelt	0.7920	0.7170	0.0750	0.7840	0.7230	0.0610
Hyattsville	0.7970	0.6900	0.1070	0.7880	0.7130	0.0750
Landover Hills	0.8040	0.7460	0.0580	0.7970	0.7550	0.0420
Laurel	0.7640	0.7220	0.0420	0.7560	0.6760	0.0800
Morningside	0.8190	0.7640	0.0550	0.8110	0.7640	0.0470
Mount Rainier	0.7990	0.6860	0.1130	0.7900	0.7100	0.0800
New Carrollton	0.8970	0.8630	0.0340	0.8620	0.8300	0.0320
North Brentwood	0.9490	0.8320	0.1170	0.9500	0.8430	0.1070
Riverdale Park	0.7940	0.6840	0.1100	0.7860	0.6980	0.0880
Seat Pleasant	0.8100	0.7530	0.0570	0.8020	0.7580	0.0440
University Park	0.8090	0.7710	0.0380	0.8010	0.7650	0.0360
Upper Marlboro	0.8540	0.8320	0.0220	0.8340	0.7840	0.0500
Unincorporated Area	\$ 0.9600	\$ 0.8940	\$ 0.0660	\$ 0.9600	\$ 0.8880	\$ 0.0720

FY 2009 Allocated General Fund Revenues

Some County revenues are allocated to cover some or all costs of specific services. Listed below are the allocated General Fund revenues.

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>	<u>FY 2009 Proposed</u>
County Council	Zoning Fees	\$ 62,000	\$ 62,000	\$ 80,000
	Total County Council	\$ 62,000	\$ 62,000	\$ 80,000
Office of Homeland Security	911 Fees	\$ 6,473,800	\$ 7,302,600	\$ 7,242,000
	Federal OEP Grant	90,000	80,000	120,000
	Total Office of Homeland Security	\$ 6,563,800	\$ 7,382,600	\$ 7,362,000
Board of License Commissioners	Liquor Licenses	\$ 1,051,600	\$ 1,044,500	\$ 1,065,400
	Total Board of License Commissioners	\$ 1,051,600	\$ 1,044,500	\$ 1,065,400
Board of Elections	Sale of Voter Material	\$ 10,000	\$ 8,000	\$ 8,000
	Total Board of Elections	\$ 10,000	\$ 8,000	\$ 8,000
Office of Central Services	Property Rental	\$ 800,000	\$ 800,000	\$ 800,000
	Sale of Surplus Property	120,000	115,900	138,000
	Green Programs	-	-	50,000
	Leased Space to M-NCPPC	-	-	150,000
	Total Central Services	\$ 920,000	\$ 915,900	\$ 1,138,000
Circuit Court	Bail Bondsman	\$ 592,500	\$ 616,800	\$ 680,000
	Circuit Court Marriage Certificate	50,000	42,000	50,000
	Domestic Relations-Master Salaries	405,000	385,500	385,500
	Jury Fees Reimbursement	635,000	653,100	765,000
	Court Appearance Fees	195,000	150,000	180,000
	Miscellaneous	5,700	5,800	7,100
	Total Circuit Court	\$ 1,883,200	\$ 1,853,200	\$ 2,067,600
	Office of the Sheriff	Circuit Court & District Court	\$ 405,000	\$ 385,000
Evictions Revenue		1,790,000	1,670,200	1,583,000
Miscellaneous Fees		263,200	403,000	402,000
Total Sheriff		\$ 2,458,200	\$ 2,458,200	\$ 2,350,000
Department of Corrections	Corrections Charges	\$ 3,884,400	\$ 3,673,000	\$ 3,388,700
	Total Corrections	\$ 3,884,400	\$ 3,673,000	\$ 3,388,700
Department of Environmental Resources	Building and Grading Permits	\$ 11,131,200	\$ 11,552,300	\$ 10,370,400
	Business Licenses (Apt. & SF Rental)	2,170,600	2,270,000	1,938,800
	Animal Licenses	146,700	159,600	164,400
	Business Licenses (Other)	448,600	452,900	477,400
	Zoning Enforcement	-	-	1,100,000
	Permits/Inspection	-	-	2,300,000
	Misc. M-NCPPC Revenue	750,000	750,000	750,000
	Total Environmental Resources	\$ 14,647,100	\$ 15,184,800	\$ 17,101,000
Department of Public Works and Transportation	Highway User Revenues	\$ 4,220,100	\$ 971,700	\$ -
	Street Use Permits	5,812,900	6,130,800	5,493,400
	Engineering	-	-	1,600,000
	Total Public Works	\$ 10,033,000	\$ 7,102,500	\$ 7,093,400

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>	<u>FY 2009 Proposed</u>
Police Department	State Police Aid Grant	\$ 11,522,200	\$ 11,681,800	\$ 11,749,900
	Contractual Police Services	2,830,000	2,034,700	1,607,400
	Total Police	\$ 14,352,200	\$ 13,716,500	\$ 13,357,300
Fire/EMS Department	Contractual Fire Services	\$ 300,000	\$ 300,000	\$ 300,000
	Fees for Emergency Transportation & Related Services	1,105,000	1,950,400	6,028,000
	Miscellaneous Sales	5,800	5,800	4,000
	Total Fire	\$ 1,410,800	\$ 2,256,200	\$ 6,332,000
Volunteer Fire Department	State Fire Grant	\$ 1,112,300	\$ 1,111,000	\$ 1,120,000
	Total Volunteers	\$ 1,112,300	\$ 1,111,000	\$ 1,120,000
Health Department	State Health Grant	\$ 9,047,900	\$ 8,940,000	\$ 8,940,000
	Health Permits	1,656,500	1,673,100	1,641,900
	Health Fees	832,500	791,700	910,000
	Total Health	\$ 11,536,900	\$ 11,404,800	\$ 11,491,900
Department of Social Services	State DHR DSS Grant	\$ 390,900	\$ 480,000	\$ 480,000
	Total Social Services	\$ 390,900	\$ 480,000	\$ 480,000
Office of Finance	Telecommunications Tax	\$ 263,600	\$ 348,600	\$ 263,900
	Tax Collection for M-NCPPC	-	-	400,000
	Total Finance	\$ 263,600	\$ 348,600	\$ 663,900
Board of Education	State & Federal Aid/Board Sources	\$ 891,158,300	\$ 1,039,368,300	\$ 1,064,447,600
	Energy Tax	52,043,000	51,246,600	59,606,800
	Transfer Tax	127,098,000	135,100,000	100,752,700
	Telecommunications Tax	46,958,700	62,132,100	47,023,400
	Total Board of Education	\$ 1,117,258,000	\$ 1,287,847,000	\$ 1,271,830,500
Community College	State Aid/Tuition	\$ 54,522,400	\$ 55,805,000	\$ 60,376,900
	Total Community College	\$ 54,522,400	\$ 55,805,000	\$ 60,376,900
Memorial Library	State Aid/Fines	\$ 7,354,900	\$ 8,506,300	\$ 8,083,900
	Total Library	\$ 7,354,900	\$ 8,506,300	\$ 8,083,900
Sub-total		\$ 1,249,715,300	\$ 1,421,160,100	\$ 1,415,390,500
Debt	Highway User Revenues*	\$ 27,043,400	\$ 29,390,000	\$ 29,493,900
	Total Debt	\$ 27,043,400	\$ 29,390,000	\$ 29,493,900
Total		\$ 1,276,758,700	\$ 1,450,550,100	\$ 1,444,884,400

Note: Highway user revenue is used primarily on retiring debt for County GOB Bonds and State Participation Bonds.
If there is any money left from this revenue after debt service payments, it is used to fund road maintenance.

Revenue items in Allocated Revenues do not match revenues in Revenue Summary, which shows revenue groups instead of individual revenue accounts.

In FY 2006, three State grants (Anti-Violence; Drug; and Public Safety) were converted from general fund revenues to grants; and some previous recoveries are reclassified as revenues, such as Misc. MNCPPC Revenue.

Based on agreement between the County and the Maryland-National Capital Park and Planning Commission (M-NCPPC), the County will start to get additional reimbursement from MNCPPC in FY 2009 for various services provided to the MNCPPC.

CONSOLIDATED GRANT PROGRAM SUMMARY

PROGRAM NAME	FEDERAL CASH	STATE CASH	OTHER CASH	TOTAL OUTSIDE SOURCES	COUNTY CASH	TOTAL PROGRAM SPENDING*
<u>GENERAL GOVERNMENT</u>						
HUMAN RELATIONS FY 2009 TOTALS	\$ 135,400	\$ -	\$ -	\$ 135,400	\$ -	\$ 135,400
OFFICE OF COMMUNITY RELATIONS FY 2009 TOTALS	\$ -	\$ 32,400	\$ -	\$ 32,400	\$ 6,000	\$ 38,400
<u>CRIMINAL/CIVIL JUSTICE</u>						
CIRCUIT COURT FY 2009 TOTALS	\$ -	\$ 3,483,200	\$ -	\$ 3,483,200	\$ -	\$ 3,483,200
OFFICE OF THE STATE'S ATTORNEY FY 2009 TOTALS	\$ -	\$ 655,800	\$ -	\$ 655,800	\$ 37,500	\$ 693,300
OFFICE OF THE SHERIFF FY 2009 TOTALS	\$ 1,568,600	\$ 163,700	\$ -	\$ 1,732,300	\$ 760,000	\$ 2,492,300
DEPARTMENT OF CORRECTIONS FY 2009 TOTALS	\$ -	\$ 108,500	\$ 426,400	\$ 534,900	\$ -	\$ 534,900
<u>PUBLIC WORKS & ENVIRONMENTAL RESOURCES</u>						
DEPARTMENT OF PUBLIC WORKS & TRANSPORTATION FY 2009 TOTALS	\$ 544,100	\$ 952,800	\$ -	\$ 1,496,900	\$ 150,700	\$ 1,647,600
DEPARTMENT OF ENVIRONMENTAL RESOURCES FY 2009 TOTALS	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
<u>PUBLIC SAFETY</u>						
POLICE DEPARTMENT FY 2009 TOTALS	\$ 3,864,900	\$ 3,207,500	\$ -	\$ 7,072,400	\$ 53,000	\$ 7,125,400
FIRE/EMS DEPARTMENT FY 2009 TOTALS	\$ 440,000	\$ 201,000	\$ -	\$ 641,000	\$ 133,100	\$ 774,100
OFFICE OF HOMELAND SECURITY FY 2009 TOTALS	\$ 2,444,300	\$ 2,285,200	\$ -	\$ 4,729,500	\$ -	\$ 4,729,500
<u>HUMAN SERVICES</u>						
DEPARTMENT OF FAMILY SERVICES FY 2009 TOTALS	\$ 5,344,300	\$ 11,684,700	\$ 319,000	\$ 17,348,000	\$ 485,500	\$ 17,833,500
DEPARTMENT OF SOCIAL SERVICES FY 2009 TOTALS	\$ 11,364,100	\$ 4,039,200	\$ 233,600	\$ 15,636,900	\$ -	\$ 15,636,900
HEALTH DEPARTMENT FY 2009 TOTALS	\$ 22,078,900	\$ 18,998,300	\$ 1,659,300	\$ 42,736,500	\$ 520,700	\$ 43,257,200
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT FY 2009 TOTALS	\$ 88,706,100	\$ -	\$ -	\$ 88,706,100	\$ -	\$ 88,706,100
NON-DEPARTMENTAL FY 2009 TOTALS	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
TOTAL FY 2009 GRANTS	\$ 136,565,700	\$ 45,812,300	\$ 4,638,300	\$ 187,016,300	\$ 2,146,500	\$ 189,162,800

EDUCATION REVENUE DETAIL

	FY 2007 Actual	FY 2008 Budget	FY 2008 Estimate	FY 2009 Proposed	Change FY08-FY09
BOARD OF EDUCATION					
Unrestricted Federal Aid	\$ 74,927	\$ 424,900	\$ 424,900	\$ 424,900	0.0%
Restricted Federal Aid	76,502,102	90,730,900	90,730,900	94,377,100	4.0%
Board Sources	26,040,810	16,308,500	16,308,500	19,000,000	16.5%
Board of Education Fund Balance	-	25,604,300	42,604,300	28,900,000	
State Aid					
Foundation Program	\$ 474,879,420	\$ 525,710,500	\$ 525,710,500	\$ 516,270,200	-1.8%
Geographic Cost of Education Index	-	-	-	23,618,600	
Special Education	33,917,721	43,310,600	\$ 43,310,600	40,387,000	-6.8%
Nonpublic Placements	25,360,548	27,517,100	\$ 27,517,100	28,398,800	
Transportation Aid	48,728,142	33,443,400	\$ 33,443,400	34,237,000	2.4%
Compensatory Education	154,105,171	195,229,000	\$ 195,229,000	189,037,600	-3.2%
Limited English Proficiency	30,078,840	46,809,700	\$ 46,809,700	55,130,200	17.8%
Guaranteed Tax Base	-	23,539,200	\$ 23,539,200	24,867,300	5.6%
Other State Aid	10,774,923	10,740,200	10,740,200	9,798,900	-8.8%
	<u>\$ 777,844,765</u>	<u>\$ 906,299,700</u>	<u>\$ 906,299,700</u>	<u>\$ 921,745,600</u>	<u>1.7%</u>
Subtotal Outside Aid	\$ 880,462,604	\$ 1,039,368,300	\$ 1,056,368,300	\$ 1,064,447,600	2.4%
General County Sources	\$ 376,143,600	\$ 367,364,600	\$ 367,364,600	\$ 407,119,200	10.8%
Telecommunications Tax	46,958,700	62,132,100	45,132,100	47,023,400	-24.3%
Energy Tax	52,043,000	51,246,600	51,246,600	59,606,800	16.3%
Transfer Tax	127,098,000	135,100,000	135,100,000	100,752,700	-25.4%
Subtotal County Revenue	\$ 602,243,300	\$ 615,843,300	\$ 598,843,300	\$ 614,502,100	-0.2%
TOTAL	\$ 1,482,705,904	\$ 1,655,211,600	\$ 1,655,211,600	\$ 1,678,949,700	1.4%
Note: State Aid categories are changed from previous years to reflect the Maryland State Department of Education (MSDE) programs.					
COMMUNITY COLLEGE					
County Contribution	\$ 19,874,200	\$ 27,789,900	\$ 27,789,900	\$ 28,484,600	2.5%
State Aid	18,821,057	21,905,000	21,905,000	24,572,800	12.2%
Tuition and Fees	31,479,312	31,700,000	31,700,000	33,604,100	6.0%
Other Revenues	1,353,233	1,200,000	1,200,000	1,200,000	0.0%
Fund Balance	-	1,000,000	1,000,000	1,000,000	0.0%
TOTAL	\$ 71,527,802	\$ 83,594,900	\$ 83,594,900	\$ 88,861,500	6.3%
LIBRARY					
County Contribution	\$ 17,786,100	\$ 18,572,000	\$ 18,572,000	\$ 18,572,000	0.0%
State Aid	6,048,914	6,566,300	6,566,300	6,522,200	-0.7%
Interest	209,717	150,000	150,000	196,000	30.7%
Fines	528,212	515,000	515,000	535,000	3.9%
Fees	224,406	245,000	245,000	275,700	12.5%
Miscellaneous	533,506	1,030,000	1,030,000	555,000	-46.1%
TOTAL	\$ 25,330,855	\$ 27,078,300	\$ 27,078,300	\$ 26,655,900	-1.6%

MUNICIPAL TAX DIFFERENTIAL

PROGRAM INFORMATION

The Tax Property Article of the Annotated Code of Maryland (Title 6, Subtitle 6-305) mandates that the County recognize, through either a reduced County tax rate or direct grant payment, those governmental services and programs that municipal governments perform in lieu of similar County services, to the extent that these similar services are funded through the property tax rate.

FINANCIAL SUMMARY

Under the provisions of Title 17, Subtitle 10, Division 6 of the Public Local Laws of Prince George's County, each town's cost of each service identified in the prior-year County budget is assigned a tax rate equivalent value after adjustments are made to offset revenue directly allocable to a specific service. The aggregate town requests for "in lieu of" service credit, as certified by the County, are translated into a dollar value, which is the sum of the products of the tax rate equivalent cost of the service multiplied by each town's tax base. Each of these net service values is then reduced to reflect the portion of each County service paid for by the property tax levy. The sum of the tax rate values of the services constitutes the tax rate differential accruing to each town, i.e., the amount by which the County unincorporated area property tax rate will be reduced in each respective town.

Beginning with FY 1999, County legislation set a five-year rolling average for changes in the municipal differential rates. Beginning in FY 2004 and each year thereafter, this was changed to a three year rolling average. The purpose of this modification is to provide stability to municipal residents' County tax rates, smoothing what could otherwise be large rate changes that could be triggered by a reorganization of County services, economic fluctuations, changes in municipal service levels, or other factors.

In 2000, Maryland Senate Bill 626 provided that, beginning in FY 2001, property tax rates shall be applied to 100% of the market value of real property, rather than the 40% for most real property under previous law, and that county real property tax rates and municipal tax differentials be adjusted to make the impact revenue neutral. As a result, starting from FY 2002, a separate real property tax rate and a separate personal property rate have been applied. Also, a separate real property tax differential and a separate personal property tax differential have been applied, in accordance with State law and County code (CB-1-2001).

FY 2009 TAX DIFFERENTIAL RATES

Municipality	FY 2009 TAX DIFFERENTIAL		FY 2009 VALUE		
	PERSONAL PROPERTY	REAL PROPERTY	PERSONAL PROPERTY	REAL PROPERTY	TOTAL
Berwyn Heights	0.382	0.163	\$ 75,887	\$ 379,071	\$ 454,958
Bladensburg	0.404	0.172	83,281	581,998	665,280
Bowie	0.118	0.051	133,083	2,594,037	2,727,119
Brentwood	0.055	0.024	2,064	37,788	39,852
Capitol Heights	0.348	0.148	23,622	337,151	360,773
Cheverly	0.365	0.155	59,663	648,156	707,820
College Park	0.034	0.015	23,722	244,497	268,219
Colmar Manor	0.092	0.039	1,970	27,778	29,747
Cottage City	0.352	0.150	14,128	112,860	126,988
District Heights	0.370	0.158	15,582	456,959	472,541
Eagle Harbor	0.007	0.003	2	189	192
Edmonston	0.368	0.157	18,638	184,885	203,524
Fairmount Heights	0.207	0.088	2,560	75,231	77,790
Forest Heights	0.279	0.119	7,312	168,869	176,181
Glenarden	0.317	0.135	15,165	412,286	427,452
Greenbelt	0.413	0.176	319,676	3,008,886	3,328,562
Hyattsville	0.404	0.172	317,457	2,281,229	2,598,685
Landover Hills	0.384	0.163	9,961	126,477	136,439
Laurel	0.479	0.204	433,520	4,228,322	4,661,842
Morningside	0.349	0.149	4,459	116,087	120,546
Mount Rainier	0.398	0.170	17,510	522,862	540,373
New Carrollton	0.229	0.098	27,330	597,020	624,350
North Brentwood	0.023	0.010	198	3,671	3,869
Riverdale	0.409	0.174	54,357	783,420	837,777
Seat Pleasant	0.372	0.158	21,386	353,544	374,930
University Park	0.374	0.159	6,603	391,177	397,780
Upper Marlboro	0.295	0.126	62,793	95,962	158,754
Total			\$ 1,751,928	\$ 18,770,414	\$ 20,522,342

