

POTENTIAL REVENUE

BRAINSTORMING WAYS TO ADDRESS A
\$5.7 MILLION LOSS IN REVENUE FROM
THE STATE OF MARYLAND FOR FY26

options

PROPERTY TAX EXAMPLE

Based on an assessed property value of \$100,000

	RATE	ANNUAL TAX	INCREASE OVER CURRENT ANNUAL AMOUNT OWED	PROJECTED COUNTY REVENUE
Current Rate	.975	\$975	\$0	\$0
+1 cents	.985	\$985	\$10	\$540,000
+2 cents	.995	\$995	\$20	\$1,080,000
+3 cents	1.005	\$1,005	\$30	\$1,620,000
+4 cents	1.015	\$1,015	\$40	\$2,160,000
+5 cents	1.025	\$1,025	\$50	\$2,700,000
+6 cents	1.035	\$1,035	\$60	\$3,240,000
+7 cents	1.045	\$1,045	\$70	\$3,780,000
+8 cents	1.055	\$1,055	\$80	\$4,320,000
+9 cents	1.065	\$1,065	\$90	\$4,860,000
+10 cents	1.075	\$1,075	\$100	\$5,400,000

THE PROPERTY TAX RATE HAS REMAINED THE SAME FOR THE LAST 7 YEARS. PRIOR TO THAT, THERE WERE 8 CONSECUTIVE YEARS OF RATE REDUCTIONS, TOTALING 15 YEARS WHERE THE TAX RATE WAS LOWERED OR UNCHANGED.

INCOME TAX EXAMPLE

Based on a taxable income of \$100,000

	RATE	ANNUAL TAX	INCREASE OVER CURRENT ANNUAL AMOUNT OWED	PROJECTED COUNTY REVENUE
Current Rate	.0303	\$3,030	\$0	\$0
+.02%	.0305	\$3,050	\$20	\$200,000
+.04%	.0307	\$3,070	\$40	\$400,000
+.06%	.0309	\$3,090	\$60	\$600,000
+.08%	.0311	\$3,110	\$80	\$800,000
+.10%	.0313	\$3,130	\$100	\$1,000,000
+.12%	.0315	\$3,150	\$120	\$1,200,000
+.14%	.0317	\$3,170	\$140	\$1,400,000
+.17% (MAX)	.0320	\$3,200	\$170	\$1,700,000

THE STATE OF MARYLAND LIMITS THE LOCAL INCOME TAX RATE TO 3.2%.

ALLEGANY COUNTY IS ONE OF 9 COUNTIES WHO ARE NOT CURRENTLY AT THE MAX RATE.

WE HAVE ADDED THE EMS DEPARTMENT, WHICH IS AROUND A \$7 MILLION OPERATION, WITHOUT A TAX INCREASE.

FUTURE PUBLIC SAFETY TAX

PROPOSED TAX	POTENTIAL REVENUE
\$50/property	\$2,000,000
\$75/property	\$3,000,000
\$100/property	\$4,000,000

THIS TAX WOULD LIKELY REQUIRE LEGISLATION, AND WOULD REQUIRE SOME ADDITIONAL RESEARCH BEFORE MOVING FORWARD. IT WOULD EFFECT FY27 BUDGET AND BEYOND, AT THE EARLIEST.

FOR DISCUSSION ONLY

ALLEGANY
COUNTY

EXPENSE CUTTING

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examples

STAFF REDUCTIONS

BASED ON AVERAGE SALARIES AND FRINGE BENEFITS, WE WOULD NEED TO **CUT APPROXIMATELY 80 EMPLOYEES** TO MAKE UP THE PREDICTED DEFICIT. HERE IS A SAMPLE OF HOW THOSE REDUCTIONS COULD IMPACT SOME OF OUR DEPARTMENTS, BASED ON PERCENTAGE OF CURRENT STAFFING NUMBERS:

- **General Government** - 16 employees
- **Public Safety** - 43 employees
- **Public Works** - 14 employees
- **Public Welfare** - 2 employees
- **Transit** - 4 employees
- **Other** - 1 employees

Other fees to consider here. We would have to pay unemployment for several months, potentially file a WARN notice, Savings would not begin until Jan 2026.

OUTSIDE AGENCY CUTS

30% decrease in current budget allocations

AIRPORT - \$62,000
ARTS COUNCIL - \$13,500
CUMBERLAND THEATRE - \$3,600
SCENIC RAILROAD - \$42,000
FIRE - \$369,999
UPRC - \$213,000
ORPHAN'S COURT - \$19,035
FAMILY CRISIS - \$27,000
SOCIAL SERVICES - \$36,633
LIBRARY - \$329,269
HRDC - \$229,000

TOTAL: \$1,372,036

There are some outside agencies, like BOE and the Health Department, that we are not able to cut.

THINGS TO REMEMBER

- **County Government expenditures run pretty lean already. To continue operating at the same level, there are very minimal cuts available.**
- **Several of our highest expenditures are not negotiable, such as the BOE Detention Center costs.**
- **Drastic changes ultimately lead to bigger problems, such as more crime, less road maintenance, no snow plows, longer wait times for government response, longer response times for police and EMS, and so on.**

DEPARTMENT CLOSURES

HERE ARE EXAMPLES OF WHAT SAVINGS WOULD LOOK LIKE BY CLOSING OR DRASTICALLY REDUCING ENTIRE DEPARTMENTS:

- **50% Reduction of Roads** - \$2M
- **Eliminate Engineering Dept** - \$990,000
- **Eliminate Transit** - \$2.1M
- **Eliminate Maintenance** - \$1.9M
- **Reduce 2 EMS Stations and Reduce 911 Employees** - \$1.4M
- **Reduce HR by 50%** - \$280,000
- **Reduce Sherriff's Deputies by 4** - \$600,000

In most cases, a reduction of employees comes with a new cost of overtime in over to meet minimum performance standards.