Government of the
District of Columbia

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Tax Rates and Tax Burdens
Washington Metropolitan Area

Including: Washington, D.C.

Maryland
Charles Co.
Montgomery Co.
Prince George's Co.

Virginia
Alexandria
Arlington Co.
Fairfax City
Fairfax Co.
Falls Church

2016

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Overview

This publication contains two studies: (I) the Washington, D.C. Metropolitan Area tax burden comparison, and (II) the Washington, D.C. Metropolitan Area comparison of tax rates.

Hypothetical state and local tax burdens for a family of three, at five income levels, are presented in Part I of this publication. These burdens reflect individual income, real property, sales, and automotive taxes in the District of Columbia and selected jurisdictions in the Washington metropolitan area. The District's tax structure employs taxes typically used by local governments, such as real and personal property taxes, deed taxes, and others. At the same time, the District has taxes usually associated with the state level of government, such as the income tax, estate tax, sales and use taxes, excise taxes, gross receipts taxes, and motor vehicle taxes. About two-thirds of the District's generated revenues come from taxes usually administered by the states.

Taxation of individuals is an important factor in considering the competitiveness of a given jurisdiction within a major metropolitan area. Simply comparing nominal tax rates, however, does not provide an accurate picture of how one location compares to other jurisdictions, and can be misleading given that statutory rates do not reflect the wide array of adjustments and provisions made to the tax base, such as tax deductions, credits, and other preferences. Further, the District's tax rates are often compared to either state rates, or other city rates, and not usually a combination of both rates that would be applicable to residents living in those locales. As such, this study calculates the combined state and local tax burdens a hypothetical family [at five different income levels] would face living in D.C. as compared to neighboring jurisdictions.

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In order to compare different locations within the major metropolitan Washington area, this study estimates hypothetical state and local tax burdens for a family of three in eight Washington-area jurisdictions: the District of Columbia, the Maryland counties of Montgomery and Prince George's; the Virginia counties of Arlington and Fairfax; and the Virginia cities of Alexandria, Fairfax, and Falls Church. Part II of the report also includes rates for Loudon and Prince William Counties in Virginia. The hypothetical family comparison accounts for differences in tax base as well as tax rates across jurisdictions, and can be conducted at a variety of income levels.

In this study, the hypothetical family consists of two wage-earning spouses and one school-age child. The gross family income levels used are $25,000, $50,000, $75,000, $100,000 and $150,000. The wage and salary split is assumed to be 70-30 between the two spouses. All other income is assumed to be split evenly. The family at each income level is assumed to own a single family home, with the exception of families at the $25,000 income level, who are assumed to occupy rental housing. All families are assumed to reside within the confines of the jurisdiction, and all wage and salary income is assumed to have been earned in the jurisdiction.

The four taxes used in the comparison are the individual income tax; the real property tax on residential property; the general sales and use tax; and automobile taxes, including the gasoline tax, registration fees, and personal property tax for tax year 2016.

This study is not intended to measure the overall level of taxation in a jurisdiction; rather, it attempts to measure a hypothetical tax burden for a family given assumptions identified for each tax. There is no single "best" way of measuring tax burdens. To estimate tax payments, the study makes critical assumptions about typical households, their sources of income, and consumption patterns. Property tax liabilities are particularly difficult to measure accurately because of varying assessment practices, property characteristics, and relief mechanisms. The methodology used to derive the estimated tax burden for each tax is presented in the section pertaining to that tax.

Findings

The main results of the study are presented in Tables 5 and 6, pages 17-18, and are also illustrated in Charts 4 and 5 on pages 19-21. When combining the four different tax burdens studied together, the District of Columbia taxes its residents lower relative to neighboring jurisdictions at each income level. At the $25,000/year income level, the five Virginia jurisdictions rank highest in the combined tax burdens, with Fairfax City's burden being the highest. At the $50,000 income level, Falls Church, Virginia, ranks first, with Prince George's County, Maryland's tax burden ranking second. At the $75,000 income level, Falls Church again has the highest combined burden, and Fairfax City, Virginia, has the second highest burden. At the $100,000 level, Prince George's County, Maryland, holds the highest rank, with Falls Church in the second spot, while at the $150,000 income level, Falls Church is highest and Prince George's County is the second highest.

Main Finding:
When combining the four different tax burdens together, the District of Columbia taxes its residents lower relative to neighboring jurisdictions at each income level.

Individual Income Tax: The District's individual income tax burden is lower than the metropolitan average at all levels except at the $50,000 and $150,000 income levels. The District's income tax burden ranges from less than 0 percent (negative $813, or a refund), at the $25,000 income level to 4.83 percent ($7,247) at the $150,000 income level, (see Table 5, page 17). Montgomery County and Prince George's County rank highest for all of the income levels except at $25,000/year. At that lowest income level, the two Maryland counties have an Earned Income Tax Credit, as does D.C. At the four higher income levels, the hypothetical families in these Maryland jurisdictions have a higher income tax burden than D.C. and Northern Virginia because these two counties levy their own local income tax, in addition to the income tax levied by the state of Maryland.

Property Tax: The real property tax burden for District of Columbia homeowners falls below the area-wide averages for homeowners at all income levels, a result of its lower property tax rate and homestead deduction. For D.C. homeowners (those families earning $50,000 or more) the tax burden ranges from 1.47 percent ($736) of income at the $50,000 income level to 2.29 percent ($3,428) at the $150,000 income level. In the District, the 2016 effective rate of $0.85/$100 of assessed value is applied to the assessed market value of a home, minus a $71,700 homestead deduction for eligible homeowners. For homeowners at all income levels, Falls

Church, Virginia, has the highest property tax burden. In this study, the families earning \$25,000/year are assumed to rent instead of own, and based on the way that the property tax equivalent of rent is calculated for the study, the property tax burden at this income level is assumed to be the same for all of the metro jurisdictions. The high property tax equivalent of rent reflects the high cost of rental housing in the metro region.

Sales and Use Tax: The District's sales tax burden is higher than the metropolitan area average at the top four income levels, and below the average at the lowest income level. The general sales tax rate in the District of Columbia is 5.75 percent (lower than Maryland and Northern Virginia's 6 percent general rates). However, because of a multiple rate system in D.C. in which the District's sales tax rates on restaurant meals, alcohol, hotels, car rentals, and commercial parking services are higher than the general rate, the total tax burden calculated for this study is more than 5.75 percent of total taxable sales. In reality it is likely, however, that in D.C., as in the other jurisdictions, many of these higher taxed purchases are made by non-residents.

Automotive Taxes: The District of Columbia automotive tax burden is lower than the metropolitan area average at all income levels. Unlike Virginia localities, the District and Maryland jurisdictions do not levy a personal property tax on automobiles. The combined state and local registration fees in Virginia are comparable to the state rate in Maryland. The District imposes the highest registration fee in the metropolitan area, ranging from \$72 for a vehicle weight under 3,500 pounds to \$155 for vehicles of 5,000 pounds or more.

The District of Columbia gasoline tax rate of 23.5 cents per gallon at the end of 2016 is lower than Maryland's recently increased rate of 33.5 cents per gallon, and higher than Virginia's 16.8 cents per gallon (even taking into account a 2% additional gas tax in Northern Virginia).

See Map 1 (page 22) for an illustration of selected metro area jurisdiction's combined tax burdens (income, property, auto, and sales) as a percentage of income, for a family earning \$75,000/year. At all income levels, D.C. has the lowest combined tax burden of the surrounding jurisdictions. For maps illustrating combined metro area burdens for the other income levels, see the Appendix on page 68.

This report is organized in two sections. Part I presents the Washington, D.C. Metropolitan Area tax burden comparisons; and Part II contains a comparison of tax rates across the Washington, D.C. Metropolitan Area.

Acknowledgments

Each year the Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis publishes *Tax Rates and Tax Burdens: Washington Metropolitan Area* as required by D.C. Code 47-817. Taxpayers and government officials in the District of Columbia have a significant interest in the relative tax position of the District compared to the surrounding jurisdictions.

The Office of Revenue Analysis acknowledges and sincerely appreciates the time, effort, and courtesy of officials in the Washington metropolitan area who cooperated in providing information for this report. In order to properly compare tax rates and tax burdens, uniform and reliable data must be used. Officials from the area jurisdictions provide the data included in this report. Part I of this volume compares tax burdens for the 2016 tax year and Part II compares tax rates effective as of January 1, 2017.

I would also like to thank Lori Metcalf, who prepared this document, and Bob Zuraski and Farhad Niami, who offered editing assistance.

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Part I

A Comparison of Tax Burdens in Selected Washington Metropolitan Area Jurisdictions

2016

Overview

There is a wide diversity in state and local tax systems in the United States. The fifty states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees used by a particular jurisdiction is dependent upon many factors, including its revenue needs, the local government tax base, the fiscal relationships between the state and the local government, constitutional and legal limitations on the powers of taxation, and the jurisdiction's philosophy of government taxation.

The District's tax structure includes taxes typically imposed by local governments, such as real and personal property taxes, deed taxes, and others. At the same time, the District also levies taxes usually associated with the state level of government, such as individual and corporate income taxes, excise taxes, and motor vehicle related taxes. About two-thirds of the District's locally generated revenues come from taxes usually administered by a state.

The District is often compared to other cities, or states, independently, without taking into account its unique situation of having to charge taxes that both a city and a state normally levy. Therefore, the Office of Revenue Analysis produces a report comparing District tax burdens on a hypothetical family to the combined state and local tax burdens the family would face if it lived in the largest city in each state. As a companion to that nationwide study, the present study compares the state and local tax burdens of a hypothetical family of three in the eight major Washington metropolitan area jurisdictions: the District of Columbia; the Maryland counties of Montgomery and Prince George's; the Virginia counties of Arlington and Fairfax; and the Virginia cities of Alexandria, Fairfax, and Falls Church. Each jurisdiction provides its own level of services and imposes various taxes to raise funds to pay for those services. The study does not attempt to compare the level of services provided by each jurisdiction.

Further, this study defines the term 'tax burden' as the dollar amount of taxes owed if the final incidence of each major tax examined (income, property, sales, and auto) is on the individual.[1] Similar to the assumptions in the nationwide study, the hypothetical family in this study consists of two wage-earning spouses and one school-age child. Families with annual gross income levels of $25,000, $50,000, $75,000, $100,000, and $150,000 for each jurisdiction are analyzed. The wage and salary split is assumed to be 70-30 between the two spouses.

The family at each income level over $25,000 is assumed to own a single family home and to reside within the confines of the city or county. However, at the $25,000 income level, the study assumes that the household renter-occupies and not owner-occupies its housing unit, and owns one automobile. Families with annual income of $50,000 are presumed to own their home and one automobile; and families with annual incomes of $75,000, $100,000 and $150,000 are assumed to own their own home and two automobiles. This study compares the tax burden in each jurisdiction for the hypothetical family for four major tax categories: individual income tax, real property tax, sales tax, and automobile-related taxes.

[1] This approach differs from the use of the phrase 'tax burden' that may be more common in the field of economics, which includes an economic analysis of which group bears the 'burden' of a tax by ultimately having to pay it, also known as the 'incidence' of a tax.

This study does not intend to measure the overall level of taxation in a jurisdiction; rather, it attempts to measure a hypothetical tax burden for a family given the assumptions noted. There is no single "best" way of measuring tax burdens. To estimate tax payments, the study makes critical assumptions about typical households, their sources of income, and consumption patterns. Property tax liabilities are particularly difficult to compare accurately because of varying assessment practices, property characteristics, and relief mechanisms.

The methodology used to derive the estimated tax burden for each tax is presented in the section pertaining to that tax. The methodology used in this report is best suited to provide a relative comparison of tax burdens, within a single tax type and within a single year, across each of the jurisdictions studied. Comparisons across the different types of taxes or across years should be made with caution. As in past years, readers are advised not to compare the hypothetical tax burdens across years; any number of small changes in the assumptions of the study can result in misleading information under such comparisons. The purpose of the study remains to compare tax burdens on a hypothetical household in different jurisdictions in a specific year, and not over time.

The individual income tax rates, exemptions, and deductions in effect for calendar year 2016 in the District of Columbia, Maryland, and Virginia are shown in Table 1, on page 7. Factors used in the housing value assumptions are detailed in the property tax section, and the assumed housing values by income level for each jurisdiction are shown in Table 2, page 10. The assumptions used to derive the automobile tax burdens are contained in Table 4, page 16.

Table 5, page 17, presents detailed data on state and local tax burdens for each type of tax by income level for each selected metropolitan area jurisdiction. The District's tax burden is compared with the average for the metropolitan area at each income level for the four tax categories, separately and combined, in Table 6, page 18. Chart 4 on page 19 presents the DC combined tax burdens compared to the metro area averages at each income level.

Finally, selected state and local tax rates in the Washington metropolitan area for fiscal year 2017 are outlined in Table 7, page 23. To provide context, selected demographic information for the metro area jurisdictions is presented in Table 8, page 24.

Individual Income Tax

Income Tax Calculations

The income tax burden of a hypothetical family is estimated using the actual income tax system in each jurisdiction and assumptions about the sources of income for families at different income levels. The features of the individual income tax systems used in the Washington, D.C. Metropolitan Area are presented in Table 1 (page 7).

The five income levels used in this study are divided between wage and salary income. In previous versions of this report, capital gains and interest income were included, as well as the assumptions of major itemized deductions on the following page. However, capital gains and interest income are *not* included in the current report in an effort to remove some of the variation that inconsistently changed the original income levels used, with little methodological benefit. (See the following page for more information on the itemized deductions that continue to be included in this report). The following income levels are used for the income tax starting point in each jurisdiction and the District of Columbia, where Spouse 1 is assumed to earn 70 percent of the total income and Spouse 2 is assumed to earn 30 percent.

Gross Income:	**$25,000**	**$50,000**	**$75,000**	**$100,000**	**$150,000**
Spouse 1:	$17,500	$35,000	$52,500	$70,000	$105,000
Spouse 2:	7,500	15,000	22,500	30,000	45,000

Total itemized deductions used for calculating state and local income taxes, which were also used in the federal tax computation, are shown below. These amounts are based on actual average deduction amounts at each income level for Washington, D.C. taxpayers who were married filing jointly and itemizing deductions in tax year 2015.

	Gross Income Level				
Deduction	**$ 25,000**	**$ 50,000**	**$ 75,000**	**$100,000**	**$150,000**
Medical (Gross)	3,993	6,101	7,982	10,276	15,225
Nondeductible Medical 1/	-2,500	-5,000	-7,500	-10,000	-15,000
Net Medical Deduction	1,493	1,101	482	276	225
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction 4/	2,154	2,828	3,566	3,198	2,804
Total Deductions-Without Taxes and Mortgage Interest 5/	**3,647**	**3,929**	**4,048**	**3,474**	**3,028**

1/ Medical deductions allowed when the total is more than 10 percent of federal A.G.I. All or part of medical deduction may be allowed in some states.
2/ The tax deduction varies from city to city and is based on real and personal property taxes computed in the 2016 study and individual income taxes computed in the 2015 study for tax year 2015.
3/ The mortgage interest assumption is the same for each jurisdiction and is based on 5th year interest paid on a home purchased in 2011 at an interest rate of 4.46%.
4/ Contribution Deduction represents charitable contributions claimed.
5/ Note: the current report does not include "miscellaneous deductions," which have been included in previous reports. If all itemized deductions do not exceed the amount of the standard deduction, the standard deduction amount will be automatically used.

Because the Federal Earned Income Tax credit (EITC) at the $25,000 income level in some states will determine the state's EITC, it is necessary to compute the 2016 federal individual income tax at each income level using the above assumptions. Many states in 2016 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (AGI) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

Further, depending on levels of deductions used in each state, the standard deduction may be more advantageous for certain taxpayers. In 2016, the federal standard deduction was $12,600; and the state level standard deduction varies by state.

The 2016 deductible real and personal property taxes computed in the current year's Metro Area study are used for the 2016 property tax deduction. For the 2016 state and local individual income tax deduction, 2015 tax burdens from the previous year's study were used. Each of these figures was used in computing the 2016 federal income tax burden, which is the starting point for the Metro-area income tax burden calculations.

Except at the $25,000 income level, the Maryland individual income tax tends to be less progressive because the local tax rates are added to the state tax liability. The highest rate in Maryland is 5.75 percent and is not reached until taxable income exceeds $300,000 for joint filers ($250,000 for single filers). In addition, Maryland local tax rates in the Washington Metropolitan Area range from 3.03 percent in Charles County, to 3.2 percent in Montgomery and

Prince George's Counties. At the $25,000 income level, one-half of the federal earned income credit is deducted from state tax liability in Maryland. In contrast, Virginia's maximum 5.75 percent tax rate is reached when taxable income exceeds $17,000 and 20 percent of the federal earned income credit is deducted from Virginia's tax liability; and the District's maximum rate of 8.75 percent in 2016 was not reached until the $1,000,000 taxable income level is exceeded. At the $25,000 income level, eligible taxpayers received 40 percent of the federal earned income credit as a deduction from their District tax liability.

Table 1: Washington Metropolitan Area Individual Income Tax Rates

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME 5/	RATES 5/
DISTRICT OF COLUMBIA			
Single	$1,775	$0 - $10,000	4.0%
Married Filing Separately	$3,550	$10,001-$40,000	$400 + 6.0% of excess > $10,000
Married Filing Jointly	$3,550	$40,001-$60,000	$2,200 + 6.5% of excess > $40,000
Head of Household	$1,775	$60,001-$350,000	$3,500 + 8.5% of excess > $60,000
Dependent (additional)	$1,775	$350,000-$1,000,000	$28,150 + 8.75% of excess > $350,000
Blind (additional)	$1,775	Over $1,000,000	$85,025, plus 8.95% of the excess above $1,000,000
Age 65 and over (additional)	$1,775		
Standard Deduction	1/		
MARYLAND 2/			
Single	$3,200	$0 - $1,000	2.0%
Married Filing Separately	$6,400	$1,001-$2,000	$20 + 3.00% of excess > $1,000
Married Filing Jointly	$6,400	$2,001-$3,000	$50 + 4.00% of excess > $2,000
Head of Household	$3,200	$3,001-$150,000	$90 + 4.75% of excess > $3,000
Dependent (additional)	$3,200	$150,001-$175,000	$7,072.50 + 5% of excess > $150,000
Blind (additional)	$1,000	$175,001-$225,000	$8,322.50 + 5.25% of excess > $175,000
Age 65 and over (additional)	$1,000	$225,001-300,000	$10,947.50 + 5.5% of excess > $225,000
Standard Deduction	3/	Over $300,000	$15,072.50 + 5.75% of excess> $300,000
VIRGINIA			
Single	$ 930	$0 - $3,000	2.0%
Married Filing Separately	$ 930	$3,001-$5,000	$60 + 3.00% of excess > $ 3,000
Married Filing Jointly	$1,860	$5,001-$17,000	$120 + 5.00% of excess > $ 5,000
Head of Household	$ 930	Over $17,000	$720 + 5.75% of excess > $17,000
Dependent (additional)	$ 930		
Blind (additional)	$ 800		
Age 65 and over (additional)	$ 800		
Standard Deduction	4/		

Source: Survey of State Revenue Department Officials; State Web Sites; and *2017 State Tax Handbook*, Wolters Kluwer/ CCH Group, 2016.

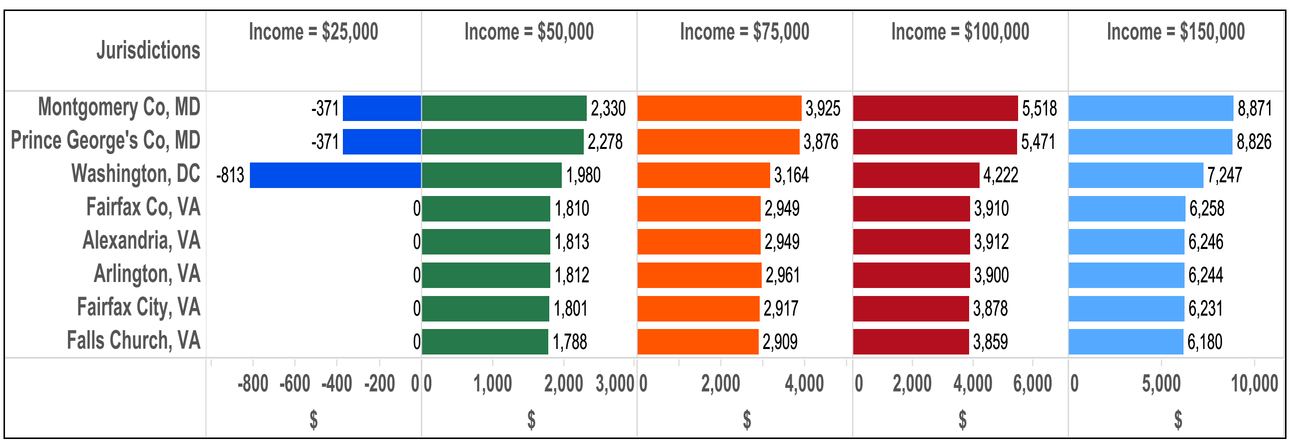
1/ Married persons filing separately - $5,650; Married filing jointly - $10,275; Head of household - $7,800.
2/ Maryland rates do not include local rates that may be as low as 1.75% in Worcester County and as much as 3.20% in Howard, Montgomery and Prince George's Counties, among others.
3/ The standard deduction for an individual is 15% of Maryland AGI not to exceed $2,000 ($4,000 for joint and head of household returns and those filing as qualifying widow(er) with dependent child). The minimum is $1,500 for single, married filing separately and dependent taxpayers. All others are allowed a minimum of $3,000.
4/ Single - $3,000; married persons filing separately - $3,000; and married persons filing jointly or combined separate - $6,000.
5/ Brackets and rates are for married filing jointly.

Income Tax Burdens

At the $25,000 income level, the metropolitan area average individual income tax burden represents a *negative* 0.78 percent of family income (meaning the average family under these assumptions will receive a refund due to the EITC); the burden is 3.90 percent at $50,000; and increases to 4.28 percent at $75,000; 4.33 percent at $100,000; and 4.68 percent at $150,000 (see Table 6, page 18).

The District's individual income tax burden is lower than the metropolitan average at every level except at the $50,000 and $150,000 income levels. The District's individual income tax burden ranges from a *negative* $813, or *negative* 3.25 percent at the $25,000 income level to $7,247, or 4.83 percent at the $150,000 income level. The Maryland counties of Montgomery and Prince George's have individual income tax burdens that exceed the metropolitan average at every income level except at $25,000. In those two Maryland counties, the average burden is a *negative* 1.48 percent at the $25,000 income level, and 5.90 percent at the $150,000 income level. For the Virginia area jurisdictions (Arlington Co., Alexandria, Fairfax City, Fairfax County, and Falls Church), the average individual income tax burden is 0 percent at the $25,000 level, and 4.15 percent at the $150,000 income level. (Chart 1 below presents income tax burdens in dollars, ranked by highest to lowest burdens at the $150,000 income level.)

Chart 1: 2016 Washington Metropolitan Area Individual Income Tax Burdens



Source: ORA Analysis.
Note: Negative income tax burdens are a result of refundable tax credits.

Real Property Tax

Property Tax Calculations

Real property tax burdens in the metropolitan area are a function of residential real estate values, the ratio of assessed value to market value, applicable tax deductions or credits, and the tax rate. The District allows a homestead deduction from the value of residential property before the tax is calculated on owner-occupied properties ($71,700 in 2016), while the Virginia jurisdictions do not allow any deductions for the typical homeowner. Montgomery County, Maryland offered an income tax offset credit for owner-occupied properties which is applied to County property taxes. The amount set by the County Council for tax year 2016 was $692 and was applied to each family in the study. The state of Maryland has a supplemental homeowners' tax credit for incomes up to $60,000 per year, but is only applicable if property taxes exceed a certain amount. None of the study's families in Montgomery or Prince George's County would have qualified because calculated taxes did not meet the limit required. Both the District of Columbia and the state of Maryland have limits on the amount a property's assessment can increase from one year to the next (both are capped at 10 percent), however neither of these are included in the study because it is a point in time calculation.

The property tax rates for each of the metropolitan jurisdictions, presented in Chart 2, page 12, indicate a variety of ranges in these rates. This information is based upon data received from the various local government research agencies. In addition to tax rate differences, data presented in Table 2, page 10, show assumed market value differences of a residence for purposes of this study at the different income levels. The $25,000 income level families are assumed to reside in a rental unit and the $50,000, $75,000, $100,000 and $150,000 income families are assumed to live in an owner-occupied house. A series of assumptions and calculations were made in order to estimate the median house value for the Washington, D.C. metropolitan area for each income level used in the report.

Data for the area's median house value and median income were retrieved from the Census Bureau's 2016 American Community Survey. A linear multiplier was calculated by dividing the area's median house value by its median household income of mortgage holders. This multiplier was used to scale the house values to the various income levels in the report (multiplying it by each income level). This assumption serves as an input for both the property tax burden calculations and the mortgage interest deduction for the income tax burden. This method, which has been used since 2012, makes the assumption that house values increase in a linear fashion with income. Since 2014, the use of median household income of *mortgage holders*, rather than the median income of all households, has been used to calculate the linear multiplier. This change generally results in a lower multiplier, which moderates the increase in house values as incomes rise and leads to lower property tax burdens overall than in 2012 and 2013. However, any analysis should focus on the relative rankings within a given year. Table 2 on the following page presents the metro area house value assumptions used in this study.

The mortgage interest amount (for use as an itemized deduction in the income tax) in the 2016 study is derived by calculating an amortization schedule for the estimated value of a house purchased in 2011.

Table 2: Housing Value Assumptions For Major Washington Metropolitan Area Jurisdictions Calendar Year 2016 1/

FAMILY INCOME	DISTRICT OF COLUMBIA, MONTGOMERY COUNTY, MD PRINCE GEORGE'S COUNTY, MD ALEXANDRIA, VA ARLINGTON COUNTY, VA FAIRFAX COUNTY, VA FALLS CHURCH, VA FAIRFAX CITY, VA
$ 50,000	$158,333
$ 75,000	$237,500
$100,000	$316,667
$150,000	$475,000

Source: ORA Analysis.
1/ For the $50,000 income levels and above, data on 2016 median household incomes for mortgage holders and median house values for the Washington D.C., MSA were retrieved from the Census Bureau's ACS 2016. A multiplier was then applied to each income based on the relationship of median income to median home value.

Property Tax Equivalent of Rent

As stated previously, the study assumes that the family with an annual income of $25,000 does not own a home (and as a result does not pay property tax directly), but instead rents. Given the high real estate values in the metro area, the assumption that families earning $25,000 per year rent is likely more realistic than the assumption that they own a home. Because renters indirectly pay property taxes through their rent,[2] this study and previous Tax Burden Studies calculate a percentage of rent constituting property taxes. This concept is called the property tax equivalent of rent (PTER) and is an important tool in comparing the incidence of the property tax on renters versus homeowners. In a 50-State Property Tax Comparison report, the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence note that states vary in how they tax rental properties in comparison to homesteads.[3] Their report presents a table illustrating this information for the largest city in each state; New York City has the largest

[2] "50-State Property Tax Comparison Study For Taxes Paid in 2016." The Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence. June 2017: pg. 11.
[3] Ibid, pg. 102.

difference in effective rates between apartment buildings and homesteads. For example, the effective tax rate on a $600,000 rental building in New York City is five times higher than the rate on a median valued home, providing the most drastic example of a tax system that subsidizes homeowners at the expense of business and renters.[4] The lowest ratio is in Chicago, Illinois, where apartments are given preferential treatment over homesteads.[5]

In order to relieve this implicit tax burden on renters, some states have property tax circuit breaker programs that offset renters' tax burdens in some way (often through the income tax since they do not pay property taxes directly). These programs must make assumptions of the PTER in order to calculate the amount that renters are paying in property taxes, and the amount of relief they will receive through the circuit breaker program. Of the states that offer circuit breaker programs, the PTER assumptions generally range from 6 to 25 percent (NM has a low of 6 percent while MA uses a 25 percent assumption); on average, states assume that 18 percent of rent goes toward paying property taxes.[6] D.C.'s circuit breaker program assumes 20 percent.

Previous Tax Burden Studies have used a 20 percent assumption with some reservation given that it has a large impact on the calculated tax burdens of the families earning $25,000 per year. In particular, the assumption often seemed unrealistic in cities with higher rental prices in which calculated PTERs would be the highest, when in reality rental buildings in more competitive markets may not be able to pass on all taxes paid, given that prices are set by the local market, and as the Lincoln report illustrates, the specific PTER level in a city is primarily based on the tax system in each jurisdiction. It is not clear whether states with higher PTER percentages in their circuit breakers have data backing up the percentage of PTER in their state, or if these states are using the circuit breaker to provide a subsidy to lower income renters hit hardest by higher rental markets.[7] The only published evidence found of this calculation is from a January 2016 report in which the Minnesota Department of Revenue (MN DOR) used several techniques based on both ACS and internal tax data to assess the percentage of rent that constitutes property taxes throughout Minnesota. MN DOR found the statewide PTER hovered around 15 percent each year from 2009 to 2014, though in Minneapolis in particular it was often up to 16.9 percent.[8]

There is a clear need for continued study on this issue; in the meantime, we have considered the available information and decided to use a level of 15 percent for PTER in the current Study in order to attempt to be more realistic in the property tax burden on renters, particularly in cities with more expensive rental markets. Future refinements may be made as new information and data become available. In order to compute a percentage of said rent constituting property taxes for the 51-City Tax Burden Study, the property tax equivalent of rent (PTER) was calculated by first obtaining data on median rents for each MSA from the U.S.

[4] Ibid, pg. 11.

[5] The study found that in Washington, D.C., the classification ratio between apartments and homesteads is 1.102, indicating that homesteads are treated slightly preferentially to rental buildings by the property tax.

[6] Based on analysis of state programs in the Lincoln Institute of Land Policy's *Significant Features of the Property Tax Database* for 2015 (most recent year available).

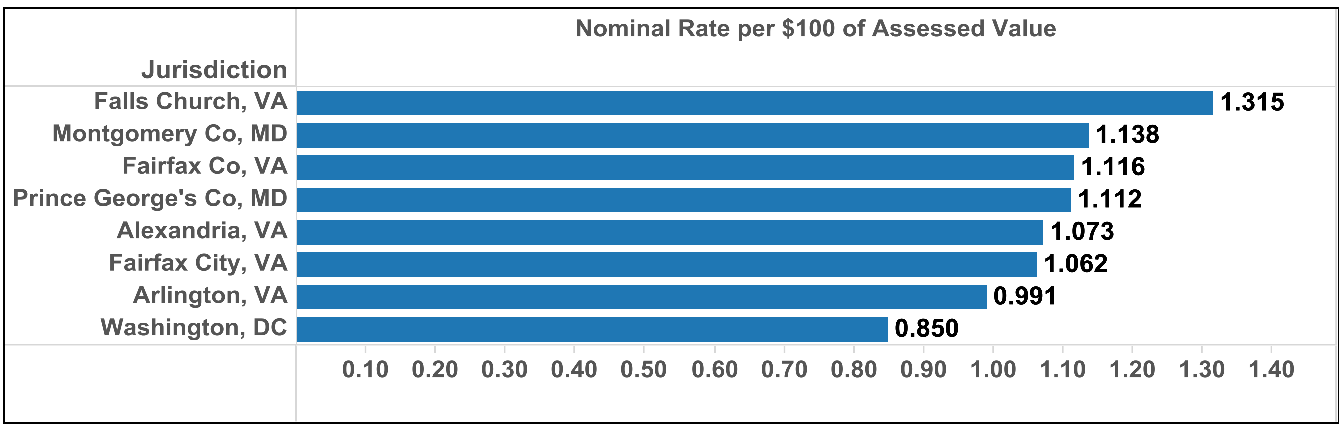
[7] This discussion does not intend to assess appropriate levels of PTER used in circuit breaker programs, or to advocate that they be lower. It is intended solely to consider whether and how these levels are used as an input for the Tax Burden Study's calculation of renters' tax burdens as compared to home owners' tax burdens across the 50 states.

[8] The MN Renter's Property Tax Refund program allowed renters to qualify for a refund on their rent of up to 17% of rent paid (dependent on the renter's income level) in 2016.

Department of Housing and Urban Development.[9] The PTER for each jurisdiction was calculated as 15 percent of the median rent for the Washington, D.C. MSA. Unlike the 51-City Study in which median rents for each metropolitan area are used to reflect different housing markets in different areas, all of the jurisdictions in the present study are in the Washington, D.C. metropolitan statistical area, and thus have the same housing assumptions, for both rental costs and house values.

Even with the lower assumption of PTER in the current study, this number still implies that the lowest income families are spending 62 percent of their incomes on rent. This figure is quite high, however, viewed in the context of metro area statistics it may not be that unrealistic. According to the Census, in 2016 over 30 percent of all renters in the Washington, D.C. MSA spent more than 40 percent of their income in rent.[10] Further, a 2016 D.C. Fiscal Policy Institute analysis of 2014 Census data found that 42 percent of extremely low-income renters (between $16,100 - $32,100/year for a family of four) in D.C. paid 80 percent of their income or more in rent, while over half of renters at this income level paid more than half of their income in rent.[11]

Chart 2: 2016 Washington Metropolitan Area Nominal Property Tax Rates (Per $100 of Assessed Value)



Source: Survey of local revenue officials and local government web sites. Rates as of December 31, 2016.

Property Tax Burdens

Real property tax burdens for District of Columbia residents fall below the area wide averages at all income levels, except at the $25,000 income level where property tax burdens are assumed to be the same across the region. Using the same housing costs assumptions across the region means that the real property tax burdens for those assumed to own their homes only reflect differences among the metropolitan area jurisdictions in both real property tax rates and property tax relief provisions. The metropolitan area average burden for the real property tax is 3.10 percent of income at the $50,000 income level; 3.21 percent at the $75,000 level; 3.26

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9 U.S. Department of Housing and Urban Development, "2015 50th Percentile Rent Estimates." Data for studio apartments used.

10 U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates.

11 Zippel, Claire. "A Broken Foundation: Affordable Housing Crisis Threatens DC's Lowest-Income Residents." D.C. Fiscal Policy Institute. December 8, 2016.

percent at the $100,000 level; and 3.32 percent at the $150,000 level (Table 6, page 18). Chart 3 below presents property tax burdens in dollars, by income level, for each jurisdiction.

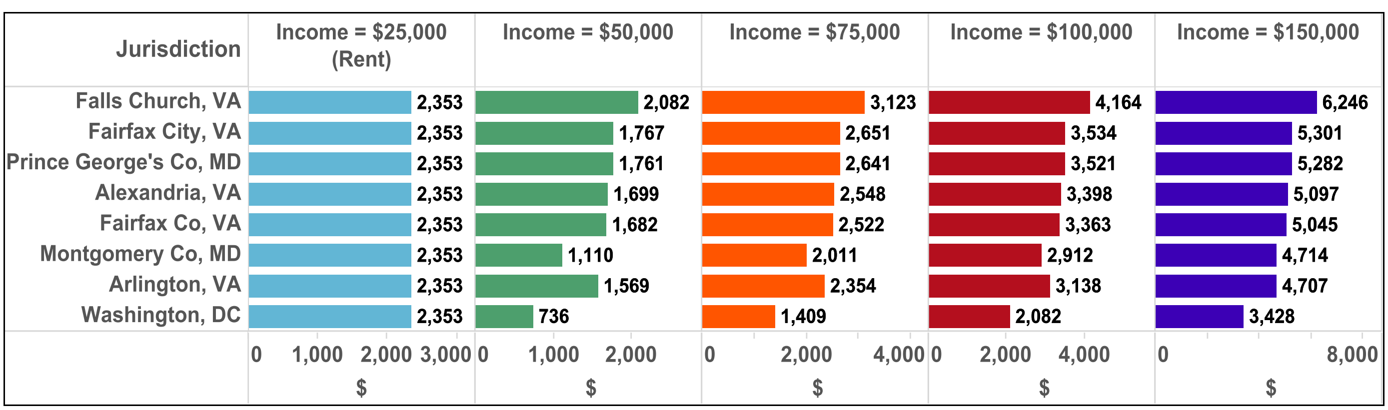
Multiplying the nominal real estate tax rate for each jurisdiction by its announced or statutorily prescribed assessment level derived the effective property tax rates (these effective tax rates do not include homestead or other deductions or exemptions). The effective property tax rate is then multiplied by the housing values to determine the real property tax due at each income level for each jurisdiction. Applicable homestead exemptions or other property tax relief provisions are taken into account in the calculation of the final property tax burden.

For the District of Columbia, the effective tax rate of $0.85 per $100 of assessed value is applied to the assessed market value of the home, less $71,700 for the 2016 homestead exemption. Therefore, the owner/occupant, with $50,000 in income would pay tax on $86,633 of value; on $165,800 at the $75,000 income level; on $244,967 of value at the $100,000 income level; and on $403,300 at the $150,000 income level (each of these amounts represents the median house value at that income level, minus $71,700 for the homestead deduction).

Because Virginia's property tax relief program is targeted toward the elderly (age 65 or older), and to persons permanently and totally disabled whose incomes do not exceed $72,000, no adjustments are made in the property tax burdens for the hypothetical family of three in the Virginia jurisdictions.

In calculating the real property tax burdens in the Maryland jurisdictions, $1.138 per $100 of value in Montgomery County and $1.112 per $100 of value in Prince George's County were used. These rates include the countywide rate, plus the state rate ($0.112 per $100 of value), and the Montgomery County rate includes an average of the special taxing district and other municipal rates. As previously mentioned, in 2016 Montgomery County, Maryland offered an income tax offset credit on property tax bills for owner-occupied residences of $692.

Chart 3: 2016 Washington Metropolitan Area Real Property Tax Burdens



Source: ORA Analysis. Note: Rental tax burden calculated differently. See pages 10-12 for details.

Sales Tax

Sales Tax Calculations

The sales tax burdens differ among the jurisdictions because different items are included under the general sales tax. Sales tax rates in 2016 for the metro area are presented below.

Table 3: Selected Sales Tax Rates

JURISDICTION	GENERAL RATE	GROCERIES	RESTAURANT MEALS	ADMISSIONS
DISTRICT OF COLUMBIA	5.75%	Exempt	10.0%	10.0%
MARYLAND	6.0%	Exempt	6.0%	10.0%
VIRGINIA	6.0% 1/	2.5% 1/	6.0%-10.0%	2/

1/ Combined local and state rate.
2/ There is no state tax on admissions in Virginia; however, Alexandria does levy a 10% admissions tax, not to exceed $0.50/person.

The estimated sales tax burdens for hypothetical households at each of the five income levels are reported in Table 5, page 17. These burdens are derived by applying tax rates supplied by the localities to data on average levels of consumption for various items by income level provided by the U.S. Bureau of Labor Statistics in the Consumer Expenditure Survey.

Maryland has the highest general sales tax rate in the area, with a 6.0 percent general rate. However, factoring in local rates for the jurisdictions in this study, Virginia's combined state and local general sales tax rate is also 6.0 percent. The District lowered its general sales tax rate from 6.0 to 5.75 percent at the end of 2013, but has higher rates for alcoholic beverages, restaurant meals, parking, and hotel rooms, than do Maryland and Virginia. The District, like Maryland, exempts all non-snack food purchased in grocery stores from the general sales tax. Virginia levies a 2.5 percent sales tax on all food purchased in grocery stores.

Residential usage of utilities is not in the general sales and use tax base in the District and the State of Maryland. However, Montgomery and Prince George's Counties do tax the use of utilities through a utility tax. While Montgomery County's energy tax is levied upon the distributor, its cost is effectively borne by the customer. Prince George's County sets the tax rates annually based on a formula driven by total consumption and revenue for each type of energy in prior years. These utility taxes are not accounted for in the tax burden calculations.

Sales Tax Burdens

The District's sales tax burden is lower than the average at the bottom income level and higher than the metropolitan area average at the top four income levels. At each income level, the

District sales tax burdens are higher than those in Maryland but generally lower than those in Virginia (with a few exceptions). As noted above, the general sales tax rate in the District of Columbia is 5.75 percent (lower than Maryland and Northern Virginia's 6 percent state plus local general rates). However, because of a multiple rate system in D.C. in which the District's sales tax rates on restaurant meals, alcohol, transient accommodations, and commercial parking services are higher than the general rate, the total tax burden can be more than 5.75 percent of total taxable sales.

Automobile Tax

Auto Tax Calculations

The taxes related to ownership of automobiles include the gasoline tax, motor vehicle registration fees, and, where applicable, personal property taxes. The assumptions used to calculate the automobile tax burdens are shown in Table 4, page 16.

Virginia localities are the only area jurisdictions that levy a personal property tax on automobiles. The personal property tax rates for the seven Virginia jurisdictions included in this study vary from $3.70 to $5.00 per $100 of value and are presented in Table 7 (page 23). Since 1999, the Commonwealth of Virginia has reimbursed all localities in Virginia for the vehicle portion of the Personal Property Tax as part of the Personal Property Tax Relief Act (PPTRA). From 2002 to 2005, the reimbursement amount was 70 percent of the first $20,000 of a vehicle's assessed tax bill. Beginning in 2007, Virginia began to reimburse localities a fixed amount based on the 2004 level of state reimbursement. Unless the General Assembly provides additional funding, that reimbursement is not expected to increase, and with no increases, it will cover a gradually decreasing portion of the tax on vehicles. For 2016, the reimbursement to Alexandria covered 57 percent of the tax bill for vehicles with assessed values between $1,000 and $20,000. In Arlington County, vehicles that are valued at $3,000 or less, and are PPTR eligible, have no tax liability and pay only an annual decal fee. For vehicles with assessed values between $3,000 and $20,000, the Arlington County reimbursement covered 28 percent of the tax bill. In Fairfax County, the resident's tax bill was reduced by 60.5 percent on the assessed value between $1,000 to $20,000.

The basis for assessing the tax also differs among the Virginia area jurisdictions. Alexandria, Fairfax County, and Falls Church use the trade-in value; the clean loan value is used in Arlington County. For both methods, however, values are obtained from the National Automobile Dealers Association Used Car Pricing Guide.

The District of Columbia's registration fee is the highest in the metropolitan area. In the District, the annual fee for a vehicle weighing less than 3,500 pounds (Class I) is $72; for vehicles weighing 3,500 pounds to 4,999 pounds (Class II), the District imposes a fee of $115; for vehicles 5,000 pounds and over (Class III), the fee is $155; and for Class IV, clean fuel or electric vehicle, the fee is $36 (See Table 14, page 40). For tax year 2016, Maryland's fees are slightly lower than the District's; the fee for vehicles less than 3,700 pounds is $135.00 for two years ($67.50 for one year), and for vehicles over $3,700 pounds it is $187.00 for two years ($93.50 for 1 year).

The District of Columbia gasoline tax rate of 23.5 cents per gallon at the end of 2016 is lower than the rate in Maryland and higher than the Virginia rate. Effective July 1, 2013, Virginia's state gasoline tax rate changed from 17.5 cents per gallon to 3.5 percent of the statewide average wholesale price per gallon. In July 2016, this equated to 16.8 cents per gallon (including a $0.006/gallon storage tank fee). There is also a special 2.1 percent sales tax levied by all the Northern Virginia jurisdictions, making the total price used in this study 21.8 cents per gallon. In 2015, Maryland's gas tax increased from 23.5 cents per gallon to 32.1 cents per gallon, and had further increased to 33.5 cents per gallon at the end of 2016.

Table 4: Automobile Tax Assumptions 2016

Income Level	Description Of Auto	Engine Size Liters 1/	Weight 2/	Year	Market Values			Estimated Mileage Per Gallon 1/	Estimated Annual Gasoline Usage 3/
					Retail Price 2/	Trade-In Value 2/	Loan Value 2/		
$ 25,000	Sedan, 4 Door 4 cylinder, Auto	1.8	2,851 lbs.	2013	$12,875	$9,500	$12,746	30	500 gallons
$ 50,000	Sedan, 4 Door 4 Cylinder, Manual	2.0	2,859 lbs.	2015	$12,175	$9,925	$12,053	25	600 gallons
$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,300 lbs.	2015	$17,925	$14,900	$17,746	25	600 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,178 lbs.	2010	$15,375	$12,475	$15,221	17	441 gallons*
$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,770 lbs.	2015	$22,050	$19,175	$21,830	18	833 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	4,628 lbs.	2010	$14,075	$10,925	$13,934	13	577 gallons*
$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,990 lbs.	2016	$51,250	$47,400	$50,738	16	938 gallons
	AWD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,234 lbs.	2012	$18,075	$14,925	$17,894	18	417 gallons*

1/ Gas Mileage Guide, EPA fuel economy estimates for city driving, U.S. Department of Energy. http://www.fueleconomy.gov/
2/ National Automobile Dealers Association Used Car Guide. http://www.nadaguides.com
3/ Assumes 15,000 miles driven for primary car; 7,500 for secondary car (secondary car denoted with an asterisk).

Auto Tax Burdens

Virginia localities had the highest auto tax burdens at all income levels, with Fairfax City ranking highest at all levels except the $150,000 level, where Arlington was highest. D.C. had the lowest auto tax burdens at all levels, with Montgomery and Prince George's Counties in Maryland ranking second and third at all levels. The District and Maryland jurisdictions do not levy a personal property tax on automobiles, as in Virginia localities.

Table 5: 2016 Major State & Local Tax Burdens for a Family of Three In Selected Washington Metropolitan Area Jurisdictions

TAX	DISTRICT OF COLUMBIA	MONTGOMERY COUNTY	PRINCE GEORGE'S COUNTY	ALEXANDRIA	ARLINGTON COUNTY	FAIRFAX COUNTY	FAIRFAX CITY	FALLS CHURCH
$25,000 INCOME LEVEL								
Income 1/	-813	-371	-371	0	0	0	0	0
Real Property	2,353	2,353	2,353	2,353	2,353	2,353	2,353	2,353
Sales and Use	684	577	586	772	740	697	740	740
Automobile	190	235	235	362	530	333	572	403
TOTAL	**2,413**	**2,794**	**2,803**	**3,487**	**3,623**	**3,382**	**3,664**	**3,496**
RANK	***8***	***7***	***6***	***4***	***2***	***5***	***1***	***3***
$50,000 INCOME LEVEL								
Income	1,980	2,330	2,278	1,813	1,812	1,810	1,801	1,788
Real Property	736	1,110	1,761	1,699	1,569	1,767	1,682	2,082
Sales and Use	772	647	657	854	817	772	817	817
Automobile	213	269	269	392	526	361	610	436
TOTAL	**3,701**	**4,355**	**4,965**	**4,758**	**4,724**	**4,711**	**4,910**	**5,123**
RANK	***8***	***7***	***2***	***4***	***5***	***6***	***3***	***1***
$75,000 INCOME LEVEL								
Income	3,164	3,925	3,876	2,949	2,961	2,949	2,917	2,909
Real Property	1,409	2,011	2,641	2,548	2,354	2,651	2,522	3,123
Sales and Use	1,002	829	851	1,090	1,015	966	1,015	1,015
Automobile	475	510	510	918	1,343	830	1,503	1,054
TOTAL	**6,050**	**7,274**	**7,878**	**7,505**	**7,673**	**7,396**	**7,957**	**8,101**
RANK	***8***	***7***	***3***	***5***	***4***	***6***	***2***	***1***
$100,000 INCOME LEVEL								
Income	4,222	5,518	5,471	3,912	3,900	3,910	3,878	3,859
Real Property	2,082	2,912	3,521	3,398	3,138	3,534	3,363	4,164
Sales and Use	1,243	1,029	1,061	1,335	1,230	1,180	1,230	1,230
Automobile	561	659	659	1,054	1,521	957	1,693	1,208
TOTAL	**8,108**	**10,119**	**10,713**	**9,698**	**9,790**	**9,581**	**10,164**	**10,461**
RANK	***8***	***4***	***1***	***6***	***5***	***7***	***3***	***2***
$150,000 INCOME LEVEL								
Income	7,247	8,871	8,826	6,246	6,244	6,258	6,231	6,180
Real Property	3,428	4,714	5,282	5,097	4,707	5,301	5,045	6,246
Sales and Use	1,752	1,442	1,500	1,863	1,669	1,587	1,669	1,669
Automobile	548	641	641	2,697	3,123	2,285	3,012	2,701
TOTAL	**12,975**	**15,668**	**16,249**	**15,902**	**15,743**	**15,431**	**15,957**	**16,796**
RANK	***8***	***6***	***2***	***4***	***5***	***7***	***3***	***1***

Source: ORA Analysis. Note: Numbers may not add to totals due to rounding.
1/ Negative numbers result from a refundable Earned Income Tax Credit.

Table 6: Summary of Average Tax Burdens for Selected Washington Metropolitan Area Jurisdictions and D.C., 2016

INCOME	TAX BURDENS		PERCENT OF INCOME	
	AREA AVERAGE 1/ $	DISTRICT OF COLUMBIA $	AREA AVERAGE 1/ %	DISTRICT OF COLUMBIA %
OVERALL BURDEN				
$ 25,000	3,208	2,413	12.83%	9.65%
$ 50,000	4,656	3,701	9.31%	7.40%
$ 75,000	7,479	6,050	9.97%	8.07%
$100,000	9,829	8,108	9.83%	8.11%
$150,000	15,590	12,975	10.39%	8.65%
INDIVIDUAL INCOME				
$ 25,000	-194	-813	-0.78%	-3.25%
$ 50,000	1,952	1,980	3.90%	3.96%
$ 75,000	3,206	3,164	4.28%	4.22%
$100,000	4,334	4,222	4.33%	4.22%
$150,000	7,013	7,247	4.68%	4.83%
REAL PROPERTY				
$ 25,000	2,353	2,353	9.41%	9.41%
$ 50,000	1,551	736	3.10%	1.47%
$ 75,000	2,407	1,409	3.21%	1.88%
$100,000	3,264	2,082	3.26%	2.08%
$150,000	4,977	3,428	3.32%	2.29%
SALES AND USE				
$ 25,000	692	684	2.77%	2.73%
$ 50,000	769	772	1.54%	1.54%
$ 75,000	973	1,002	1.30%	1.34%
$100,000	1,192	1,243	1.19%	1.24%
$150,000	1,644	1,752	1.10%	1.17%
AUTOMOBILE				
$ 25,000	357	190	1.43%	0.76%
$ 50,000	384	213	0.77%	0.43%
$ 75,000	893	475	1.19%	0.63%
$100,000	1,039	561	1.04%	0.56%
$150,000	1,956	548	1.30%	0.37%

Source: ORA Analysis. Note: Numbers may not add to totals due to rounding.
1/ Negative numbers result from a refundable Earned Income Tax Credit.

Chart 4: D.C.'s Combined Burdens in Comparison With the Metropolitan Area Average, 2016

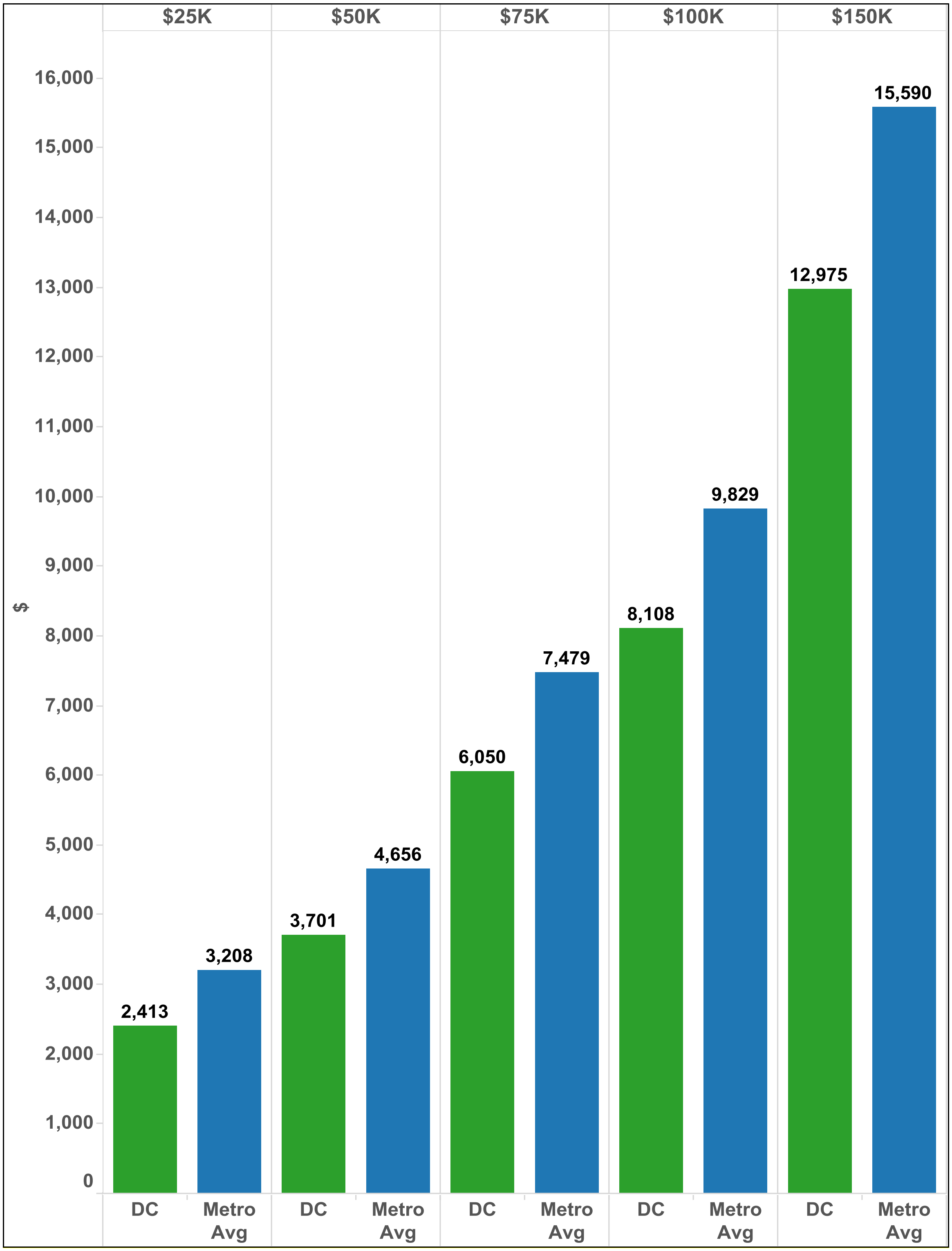
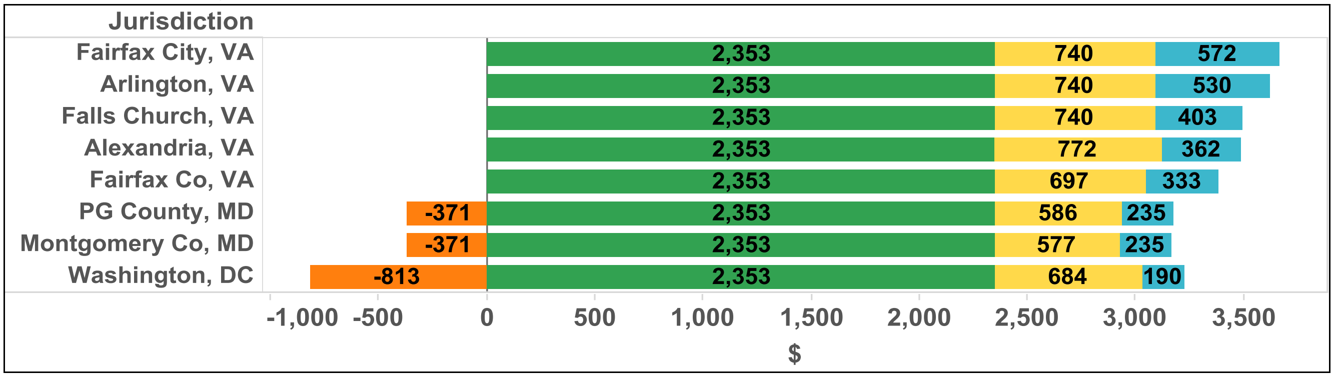
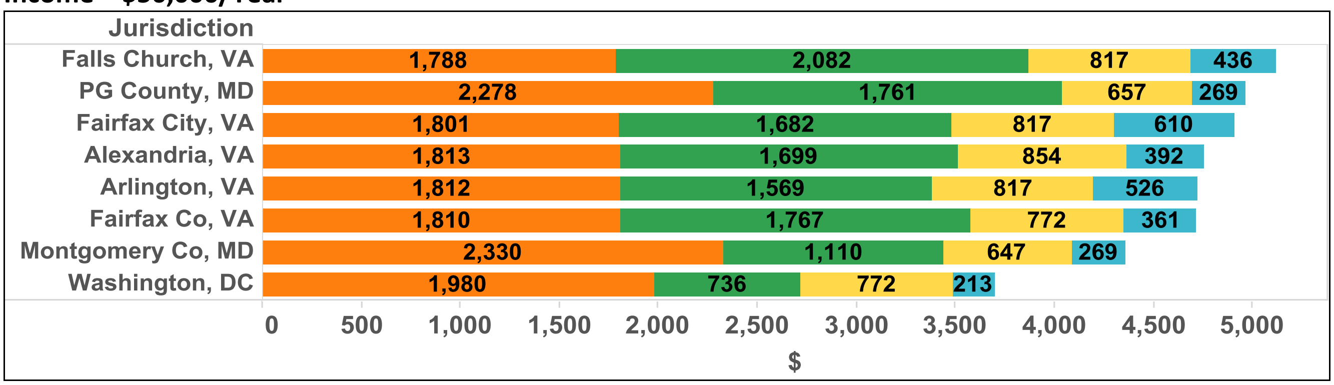


Chart 5: Estimated Tax Burdens for Five Hypothetical Families, 2016

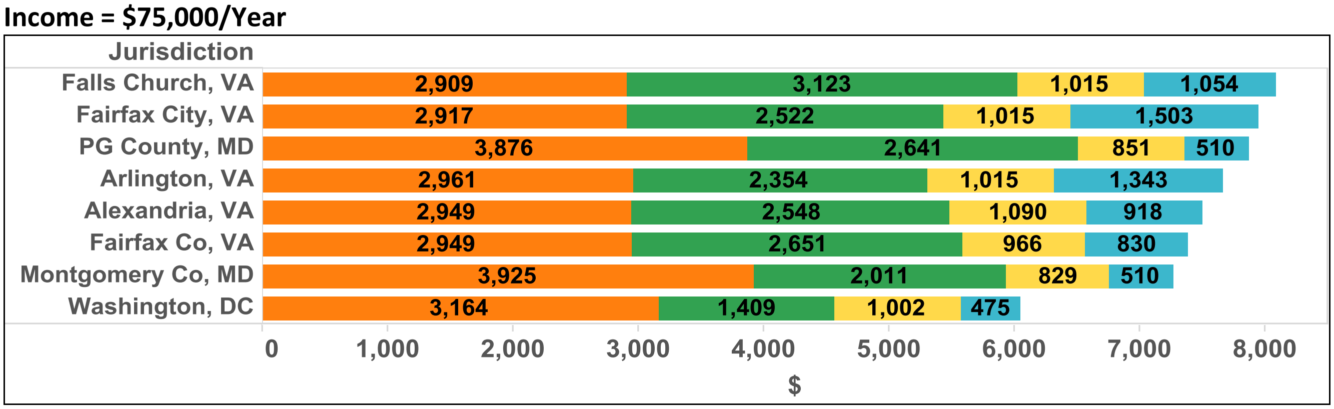
Income = $25,000/Year



Income = $50,000/Year



Income = $75,000/Year



Legend:

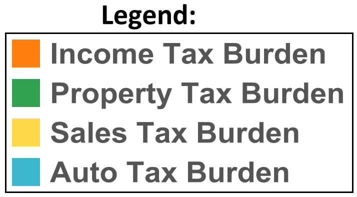
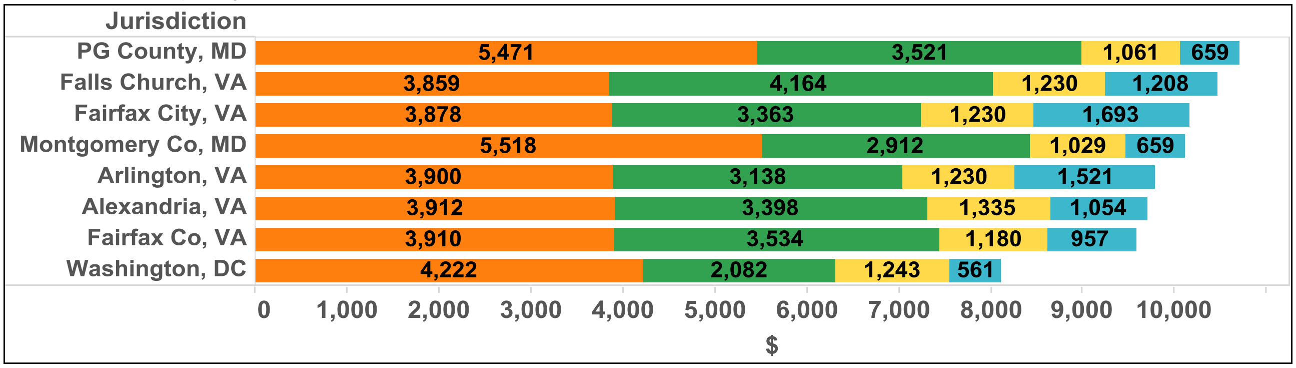
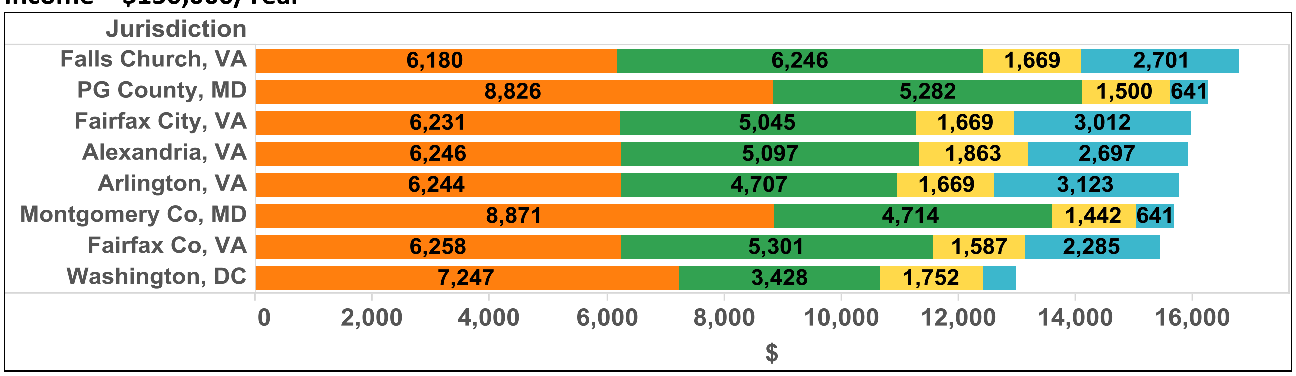


Chart 5: Estimated Tax Burdens for Five Hypothetical Families, 2016, Continued

Income = $100,000/Year

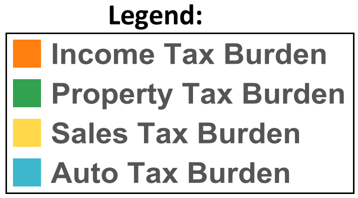


Income = $150,000/Year

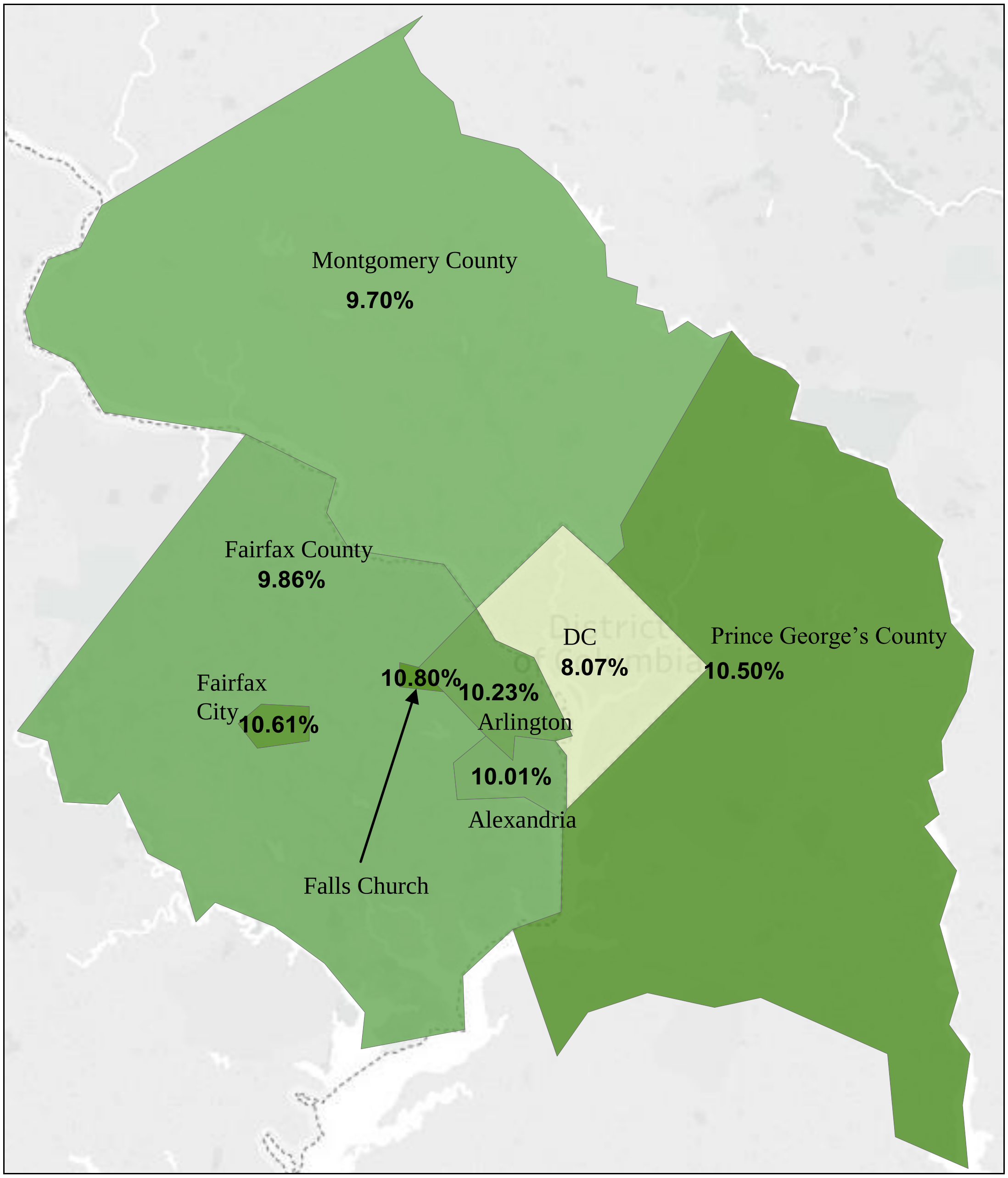


Source: ORA Analysis. Jurisdictions are sorted by highest combined burden.

Legend:



Map 1: Total 2016 Metropolitan Area Combined Tax Burden (Income, Property, Sales, & Auto) As a % of Income (Family Earning $75,000/Year)



Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.

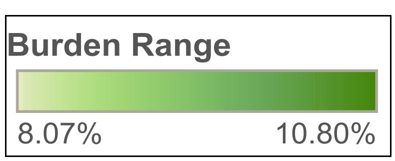


Table 7: Selected State and Local Tax Rates in the D.C. Metropolitan Area as of December 31, 2016

TAX	DISTRICT OF COLUMBIA	CHARLES COUNTY 1/	MONT-GOMERY COUNTY 1/	PRINCE GEORGE'S COUNTY 1/	ALEX-ANDRIA	ARLING-TON COUNTY	FAIRFAX CO.	FALLS CHURCH	LOU-DOUN CO.	PRINCE WILLIAM CO.	FAIRFAX CITY
PROPERTY											
Nominal Rate (/$100 of value)	$0.850	$1.317	$1.138	$1.112	$1.073	$0.991	$1.116	$1.315	$1.145	$1.2067	$1.062
Assessment Level	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective Rate (per $100 of value) 2/	$0.850 3/	$1.317	$1.138	$1.112	$1.073	$0.991	$1.116	$1.315	$1.145	$1.2067	$1.062
SALES AND USE											
General Rate	5.75%	6.0%	6.0%	6.0%	6.0% 4/	6.0% 4/	6.0% 4/	6.0% 4/	6.0% 4/	6.0% 4/	6.0% 4/
INDIVIDUAL INCOME (State Rates)	4.0% - 8.95% (Total)	2% -5.75%	2% -5.75%	2% -5.75%	2% - 5.75%	2% - 5.75%	2% - 5.75%	2% - 5.75%	2% - 5.75%	2% - 5.75%	2% - 5.75%
(Local Rates)		3.03%	3.2%	3.2%	0%	0%	0%	0%	0%	0%	0%
PERSONAL PROPERTY 5/ (per $100 of value)	$3.40 6/	$3.0125	$2.566	$2.50	$5.00 7/	$5.00 7/	$4.57 7/	$5.00 7/	$4.20 7/	$3.70 7/	$4.13 7/
AUTO REGISTRATION											
3,499 lbs. Or less	$72.00 8/	$67.50	$67.50	$67.50	$73.75 9/	$73.75 9/	$73.75 9/	$73.75 9/	$65.75 9/	$64.75 9/	$73.75 9/
3,500 –4,000 lbs.	$115.00	$67.50/ $93.50	$67.50/ $93.50	$67.50/ $93.50	$73.75 9/	$73.75 9/	$73.75 9/	$73.75 9/	$65.75 9/	$64.75 9/	$73.75 9/
4,001– 4,999 lbs.	$115.00	$93.50	$93.50	$93.50	$78.75 9/	$78.75 9/	$83.75 9/	$83.75 9/	$70.75 9/	$69.75 9/	$83.75 9/
Over 4,999 lbs.	$155.00	$93.50	$93.50	$93.50	$78.75 9/	$78.75 9/	$83.75 9/	$83.75 9/	$70.75 9/	$69.75 9/	$83.75 9/
GASOLINE TAX											
(Cents/ Gallon)	23.5	33.5	33.5	33.5	16.8 10/	16.8 10/	16.8 10/	16.8 10/	16.8 10/	16.8 10/	16.8 10/

Source: Survey of local government officials and local government web sites.

1/ Real estate rates shown include the Maryland state real property tax rate of 11.2 cents per $100 of assessed value.

2/ Effective tax rates listed here are net of assessment value and do not reflect any exemptions or credits.

3/ There is a $71,700 homestead exemption for property that is owner-occupied. The exemption amount increased to $72,450 on October, 1, 2016 (effective for D.C.'s Real Property Tax Year 2017).

4/ State rate is 5% and local rate is 1%.

5/ Effective rate per $100. Applicable to private autos in Northern Virginia jurisdictions. Also, boats, trailers and motorcycles.

6/ First $225,000 of value is exempt from tax.

7/ Fairfax City, and Arlington, Fairfax, and Loudon Counties use the NADA Used Car Guide clean trade-in value as basis for assessing tax. Alexandria uses the loan value.

8/ Class IV, clean fuel or electric vehicle, the fee is $36.

9/ Includes $40.75 state registration fee for vehicles 4,000 pounds or less; $45.75 for vehicles over 4,000 pounds.

10/ 3.5% of the statewide average wholesale price/gallon. In July 2016, the price in VA was 16.2 cents/gallon, plus a $0.006/gal storage tank fee. There is an additional 2.1 percent sales tax on the total sales price.

Table 8: Demographic Statistics for Selected Metropolitan Area Jurisdictions, 2016

	D.C.	Montgomery County	Prince George's County	Alexandria	Arlington County	Fairfax County
2016 Total Population 1/	681,170	1,043,863	908,049	155,810	230,050	1,138,652
Number of Households	281,241	373,346	307,816	69,875	103,479	395,164
Average Household Size	2.28	2.77	2.89	2.21	2.19	2.86
Number of Married Couples With Own Children <18	27,175	92,907	46,551	9,937	18,989	108,339
Owner-Occupied Housing Rate	39.2%	64.7%	60.7%	39.7%	44.6%	67.4%
Median Value - Owner Occupied Units	$576,100	$475,300	$284,800	$578,500	$678,100	$553,200
Median Gross Rent	$1,376	$1,662	$1,387	$1,625	$1,858	$1,774
Median Household Income	$75,506	$99,763	$79,184	$87,920	$110,388	$115,717
Median Family Income	$98,498	$120,827	$89,035	$120,726	$151,342	$135,595
Poverty Rate, All People	18.6%	6.7%	9.1%	12.5%	8.1%	5.9%
School System Enrollment (3 years and over)	168,430	271,785	240,700	32,445	47,045	304,196
% High School Graduate or Higher	90.5%	91.9%	86.0%	91.7%	94.0%	91.9%
Population >16 in Labor Force	395,244	589,359	520,388	99,939	151,826	641,767
Number of Government Workers	90,734	118,476	126,135	24,075	35,420	117,573
Unemployment Rate (June 2016) 2/	6.1%	3.7%	4.7%	2.6%	2.4%	3.2%

Source: All figures from U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates, unless otherwise noted.

1/ Total Population from: U.S. Census Bureau, Population Division; Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2016. Release date May 2017.
2/ U.S. Bureau of Labor Statistics. "Unemployment in the Washington Area by County – June 2016."

Part II

A Comparison of Tax Rates in the Washington Metropolitan Area as of January 1, 2017 (Unless otherwise noted)

ALCOHOLIC BEVERAGE TAX

District of Columbia

The tax is imposed on all alcoholic beverages manufactured by a holder of a manufacturer's license and on all alcoholic beverages brought into the District by the holder of a wholesaler's or retailer's license.

Maryland

The tax is imposed on all alcoholic beverages sold by manufacturers and wholesalers to retail dealers and sold by out-of-state dealers to wholesalers. The tax also applies to seized liquors.

Virginia

The tax is imposed on the sale of all alcoholic beverages in Virginia. Persons who have a mixed beverage carrier license are subject to tax on mixed drinks sold.

Table 9: Metropolitan Area Tax Rates on Alcohol

ITEMS	DISTRICT OF COLUMBIA 1/	MARYLAND 1/	VIRGINIA 2/
Beer (per barrel)	$2.79	$2.79	$8.06
Spirits (per gallon)	1.50	1.50	20% of retail price
Wine (per gallon)			
14% or less alcohol	.30	.40	1.51 3/
More than 14% alcohol	.40	.40	1.51 3/
Champagne and Sparkling Wine (per gallon)	.45	.40	1.51 3/

Source: Survey of local government officials and local government web sites.

1/ An additional 10% sales tax applies in DC, and an additional 9% sales tax applies in MD.
2/ Sales at ABC Stores in Northern Virginia are subject to the 6.0 percent sales tax rate in addition to the rate listed.
3/ Some localities may apply additional tax.

CIGARETTE TAX

District of Columbia

The District's cigarette tax is imposed on the sale or possession of all cigarettes in the District. Exemptions from the tax are as follows: (1) cigarette sales to or by the federal or District governments; (2) possession of cigarettes by licensed wholesalers for sale outside the District or to licensed wholesalers; (3) possession of cigarettes bearing stamps of other jurisdictions by vending machine operators who are licensed in the other jurisdictions; (4) possession by a consumer of up to 200 cigarettes which were transported into or manufactured in the District by the consumer; and (5) possession of cigarettes being transported under conditions such that the cigarettes are not deemed to be contraband.

Maryland

The Maryland tax is imposed on all cigarettes possessed or held in the state by any person. Cigarettes for sale to Army, Air Force, Navy, or Coast Guard exchanges or commissaries are exempt.

Virginia

The Virginia tax is imposed upon the sale, storage or receipt of cigarettes for purposes of distribution within the state. In addition to the state tax, certain Virginia localities impose a cigarette tax. An exemption from taxation is provided for the free distribution of sample cigarettes in packages containing five or fewer cigarettes and for cigarettes customarily donated by manufacturers to cigarette factory employees (where such cigarettes are not subject to federal taxation).

Table 10: Metropolitan Area Tax Rates per 20 Cigarettes

JURISDICTION	STATE	LOCAL	COMBINED RATE
District of Columbia	$2.92 1/	----	$2.92
Maryland	$2.00	----	$2.00
Virginia	$0.30	----	----
Alexandria		$1.15	$1.45
Arlington County 2/		$0.30	$0.60
Fairfax		$0.85	$1.15
Fairfax County		$0.30	$0.60
Falls Church		$0.85	$1.15
Prince William County		$0.00	$0.30

Source: Survey of local government officials and local government web sites.
1/ Includes a per pack surtax in lieu of a retail sales tax calculated every March 31. The current rate is 42 cents.
2/ Cigarettes are subject to a sales tax of approximately $0.24 per pack. Arlington county tax rate is $0.375 on each pack containing 25 cigarettes.

FINANCIAL INSTITUTION TAXES

District of Columbia

Financial institutions are subject to the corporate franchise tax. The franchise tax was 9.2 percent on January 1, 2016, and was further reduced to 9.0 percent for tax year 2017, beginning on January 1, 2017. (The rate will be further reduced to 8.25 percent for tax year 2018). The minimum tax payable is $250. If District gross receipts are greater than $1 million, the minimum tax payable is $1,000.

Maryland

In the past, Maryland imposed a franchise tax on the net earnings of financial institutions in lieu of the Maryland Corporate Income Tax. Financial institutions formerly subject to the financial institution franchise tax are now subject to the corporate income tax, with special apportionment rules based on a three-factor formula of property, payroll, and receipts. Financial institutions are not subject to personal property taxes except on property leased to others.

Virginia

The Commonwealth of Virginia imposes a tax on the net taxable capital of banks and trust companies at the rate of $1 per $100 of net capital, with a prorated schedule for new banks. Net capital is determined in two steps. First, capital, surplus, and undivided profits of the institution are added. Next, the following are subtracted from this amount: the assessed value of real estate; the book value of tangible personal property; the pro rata share of government obligations; the capital accounts of any bank subsidiaries; the amount of any reserve for loan losses allowed by the Internal Revenue Service for income tax purposes (which amount is included in the definition of capital, surplus and undivided profits); and the amount of any reserve for marketable securities valuation that is included in capital, surplus and undivided profits to the extent that such reserve reflects the difference between the book value and the market value of such marketable securities. On July 1, 2016, an $18 million cap was set on the maximum total annual bank franchise tax liability per bank; the cap will increase to $20 million if at least 5 banks pay the maximum tax for 3 consecutive calendar years, and it will increase by 3 percent annually after 2 years at $20 million.

Virginia has authorized its cities and counties to levy a tax not to exceed 80 percent of the state rate. The counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, and Falls Church levy the maximum of 80 cents per $100 of net capital. The local tax is not in addition to the state tax, but rather creates a redistribution of 80 percent of the state tax to the localities.

INCOME TAXES

CORPORATE FRANCHISE

District of Columbia

Foreign and domestic corporations and financial institutions engaging in a trade or business within the District or receiving income from District sources are subject to tax. The franchise tax was 9.2 percent on January 1, 2016, and was further reduced to 9.0 percent for tax year 2017, beginning on January 1, 2017. (The rate will be further reduced to 8.25 percent for tax year 2018). The minimum tax payable is $250. If District gross receipts are greater than $1 million, the minimum tax payable is $1,000.

Businesses that do not operate entirely within the District and/or receive income from sources not entirely within the District must allocate or apportion their income in accordance with general allocation or apportionment rules and regulations. Apportionment of business income is based on a single sales factor effective January 1, 2015. Special formulas may be applied to businesses where this formula does not fairly represent the corporation's business within the District.

Federal conformity is maintained pursuant to Public Law 105-100.

Maryland

In Maryland a tax is imposed upon the net income of corporations and financial institutions at the rate of 8.25 percent.

The net income of a corporation is allocated as detailed in state rules and regulations, and that portion of the business income of the corporation allocable to Maryland is determined in accordance with a three-factor formula based on property, payroll, and double-weighted sales.

Virginia

A tax of 6 percent is imposed on the Virginia taxable income of corporations. Professional corporations are also subject to the tax. Corporations having income from business activity taxable both within and outside of Virginia must allocate and apportion their Virginia taxable income as detailed by state rules and regulations. Multi-state corporate income is apportioned to Virginia by a three-factor formula based on property, payroll, and double-weighted sales.

INCOME TAXES
INDIVIDUAL INCOME

District of Columbia

Individuals who maintain a permanent home in the District at any time during the taxable year, or who maintain a place of residence for an accumulative total of 183 days or more, are subject to the individual income tax (see rates in Table 11). Nonresidents who are employed in the District are not liable for the tax.

Because the District of Columbia selectively conforms to federal provisions, legislative action is required whenever federal law changes with respect to federal individual income taxation. The latest conformity legislation is Public Law 105-100.

A credit to relieve property tax burdens is provided under the D.C. income tax law. This credit, called Schedule H, authorizes qualified homeowners and renters to claim a credit against their income tax liability, or a refund if no tax is due, for a portion of property taxes or rent paid when these payments exceed a certain percentage of household income. Renters use 20 percent of rent paid as a property tax equivalency figure. To qualify for the credit or refund, the homeowner or renter must have lived in the District during the entire taxable year, and the household income cannot exceed $50,000 ($60,000 if taxpayer is over 70). The maximum real property tax credit is $1,000.

Other personal income tax credits are those for: individual income taxes required to be paid to another state on income derived from sources outside the District and child and dependent care (32 percent of federal credit for full-year residents, or qualified expenses divided by number of months on returns filed for less than calendar year or fiscal year).

In addition, the District has an earned income tax credit. This credit is currently 40 percent of the federal credit.

The District exempts all income of U.S. Senators, Representatives, Presidential Appointees, and Supreme Court Justices, provided such officials primary residence is not in the District. Also exempted is the income of personal staff and employees of members of Congress who remain bona fide residents of the congressperson's home state. Presidential appointees, to be exempt, must be subject to approval by the Senate and serve at the pleasure of the President. However, appointees are not exempt if they live in the District on the last day of the taxable year, even though they meet the other conditions. Congressional staff members are not exempt if their salaries are paid from committee funds.

Maryland

Persons who are Maryland residents on the last day of the tax year, or who have lived in the state for at least six months, are subject to the individual income tax. In addition, nonresidents are taxed on income earned in Maryland. Maryland's income tax law with regard to income and deductions conforms closely to that of the federal government. Individuals carrying on business in a partnership are responsible for the tax only on their individual positions, that is, no tax is assessed on the partnership entity.

In addition to the state individual income tax, Charles, Montgomery, Prince George's, and other Maryland counties impose a local income tax. Until tax year 1998, this local tax (piggyback) was a share of the state tax. However, effective for tax year 1999, counties levy a tax using an income tax rate and state taxable income. The local rate generally ranges between 3.2 percent in Montgomery and Prince George's Counties to 3.03 percent in Charles County.

In addition, Montgomery County passed legislation making it the first local jurisdiction in the country with a local refundable earned income credit. This credit went into effect for tax year 1998.

Virginia

Virginia residents are subject to the individual income tax. In addition, nonresidents are taxed on income earned in Virginia, but a credit is allowed for taxes paid to their home states. Members of the armed forces are not subject to the tax on their active duty military income when stationed in Virginia, if they had no place of domicile in the state. A spouse of a service member shall neither lose nor acquire a residence or domicile for purposes of taxation with respect to the person, personal property, or income of the spouse by reason of being absent or present in any tax jurisdiction of the United States solely to be with the service member in compliance with the service member's military orders if the residence or domicile, as the case may be, is the same for the service member and the spouse.

Virginia's income tax law conforms very closely to that of the federal government. The tax is based on an individual's federal adjusted gross income with modifications, if applicable, personal exemptions and standard or itemized deductions. In Virginia, as in the District of Columbia, if taxpayers use itemized deductions on their federal return, they must itemize on their state return. If they use the standard deduction for federal purposes, then they must use it for state purposes.

Virginia generally allows the same itemized deductions as the federal government. However, no deduction is allowed for income taxes imposed by the state or any other taxing jurisdiction in determining the amount of the taxpayer's income subject to tax. Instead of allowing a credit for child and dependent care expenses (necessary for gainful employment), Virginia provides for a deduction equal to the amount allowed under federal law in computing the child and dependent care credit.

Table 11 on the following page compares tax rates, personal exemption amounts, and deduction amounts for the District, Maryland, and Virginia as of January 1, 2017.

Table 11: Washington Metropolitan Area Individual Income Tax Rates

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME 5/	RATES 5/
DISTRICT OF COLUMBIA			
Single	$1,775	$0 - $10,000 $10,001-$40,000 $40,001-$60,000 $60,001-$350,000 $350,000-$1,000,000 Over $1,000,000	4.0% $400 + 6.0% of excess > $10,000 $2,200 + 6.5% of excess > $40,000 $3,500 + 8.5% of excess > $60,000 $28,150 + 8.75% of excess > $350,000 $85,025, plus 8.95% of the excess above $1,000,000
Married Filing Separately	$3,550		
Married Filing Jointly	$3,550		
Head of Household	$1,775		
Dependent (additional)	$1,775		
Blind (additional)	$1,775		
Age 65 and over (additional)	$1,775		
Standard Deduction	1/		
MARYLAND 2/			
Single	$3,200	$0 - $1,000 $1,001-$2,000 $2,001-$3,000 $3,001-$150,000 $150,001-$175,000 $175,001-$225,000 $225,001-300,000 Over $300,000	2.0% $20 + 3.00% of excess > $1,000 $50 + 4.00% of excess > $2,000 $90 + 4.75% of excess > $3,000 $7,072.50 + 5% of excess > $150,000 $8,322.50 + 5.25% of excess > $175,000 $10,947.50 + 5.5% of excess > $225,000 $15,072.50 + 5.75% of excess> $300,000
Married Filing Separately	$6,400		
Married Filing Jointly	$6,400		
Head of Household	$3,200		
Dependent (additional)	$3,200		
Blind (additional)	$1,000		
Age 65 and over (additional)	$1,000		
Standard Deduction	3/		
VIRGINIA			
Single	$ 930	$0 - $3,000 $3,001-$5,000 $5,001-$17,000 Over $17,000	2.0% $60 + 3.00% of excess > $ 3,000 $120 + 5.00% of excess > $ 5,000 $720 + 5.75% of excess > $17,000
Married Filing Separately	$ 930		
Married Filing Jointly	$1,860		
Head of Household	$ 930		
Dependent (additional)	$ 930		
Blind (additional)	$ 800		
Age 65 and over (additional)	$ 800		
Standard Deduction	4/		

Source: Survey of State Revenue Department Officials; State Web Sites; and *2017 State Tax Handbook*, Wolters Kluwer/ CCH Group, 2016.

1/ Married persons filing separately - $5,650; Married filing jointly - $10,275; Head of household - $7,800.
2/ Maryland rates do not include local rates that may be as low as 1.75% in Worcester County and as much as 3.20% in Howard, Montgomery and Prince George's Counties, among others.
3/ The standard deduction for an individual is 15% of Maryland AGI not to exceed $2,000 ($4,000 for joint and head of household returns and those filing as qualifying widow(er) with dependent child). The minimum is $1,500 for single, married filing separately and dependent taxpayers. All others are allowed a minimum of $3,000.
4/ Single - $3,000; married persons filing separately - $3,000; and married persons filing jointly or combined separate - $6,000.
5/ Brackets and rates are for married filing jointly.

INCOME TAXES

UNINCORPORATED BUSINESS FRANCHISE

District of Columbia

The District's franchise tax on unincorporated businesses is imposed on enterprises with gross income over $12,000. The franchise tax was 9.2 percent on January 1, 2016, and was further reduced to 9.0 percent for tax year 2017, beginning on January 1, 2017. (The rate will be further reduced to 8.25 percent for tax year 2018). The minimum tax payable is $250. If District gross receipts are greater than $1 million, the minimum tax payable is $1,000. The tax is payable by the person or persons jointly or severally conducting the unincorporated business.

Unincorporated businesses pay the franchise tax on 70 percent of net profits, less a $5,000 exemption. Owners who participate in the operation of the business are allowed 30 percent of the net profit as a salary deduction. When 80 percent or more of income is derived from services, the unincorporated business income is taxed under the individual income tax.

Maryland

Unincorporated business income is taxed under the individual income tax.

Virginia

Unincorporated business income is taxed under the individual income tax.

Several Virginia jurisdictions also levy a license tax on the gross receipts derived from various businesses. Table 12 on the following page details the business license tax rates per $100 of gross receipts imposed by metropolitan area jurisdictions on several occupations.

Table 12: Unincorporated Business Franchise and Business License Taxes (Calendar Year 2016)

OCCUPATION 1/	DISTRICT OF COLUMBIA	ALEXANDRIA 2/	ARLINGTON COUNTY 3/	FAIRFAX 4/	FAIRFAX COUNTY 4/	FALLS CHURCH 5/	LOUDOUN COUNTY 6/	PRINCE WILLIAM COUNTY 7/
AMUSEMENTS/ RECREATIONAL SERVICES	8/	$.36/$100	$.25/$100	$.27/$100	$.26/$100	$.36/$100	$30 or $.21/$100	$.21/$100
BUSINESS SERVICES	8/	$.35/$100	$.35/$100	$.27/$100	$.19/$100	$.36/$100	$30 or $.17/$100	$.21/$100
PERSONAL SERVICES	8/	$.35/$100	$.35/$100	$.27/$100	$.19/$100	$.36/$100	$30 or $.23/$100	$.21/$100
PROFESSIONALS	---	$.58/$100	$.36/$100	$.40/$100	$.31/$100	$.52/$100	$30 or $.33/$100	$.33/$100
REPAIR SERVICES	8/	$.35/$100	$.35/$100	$.27/$100	$.19/$100	$.36/$100	$30 or $.16/$100	$.21/$100
RETAIL SERVICES	8/	$.20/$100	$.20/$100	$.20/$100	$.17/$100	$.19/$100	$30 or $.17/$100	$.17/$100
WHOLESALE MERCHANTS	8/	$.05/$100 on gross purchases	$.08/$100	$.05/$100 on gross purchases	$.04/$100 on gross purchases	$.08/$100	$30 or $.05/$100 on gross purchases	$.05/$100 on gross purchases
FILLING STATIONS	8/	$.20/$100	$.10/$100	$.20/$100	$.17/$100	$.19/$100	$30 or $.17/$100	$.17/$100
CONTRACTORS	8/	$.16/$100	$.16/$100	$.16/$100	$.11/$100	$.16/$100	$30 or $.13/$100	$.13/$100
VENDING MACHINE SALES	8/	$.20/$100	$.20/$100	$.20/$100	$.17/$100	$.19/$100	$30 or $.17/$100	$.17/$100
FEDERAL CONTRACTORS	8/	---	9/	$.03/$100	$.03/$100	$.03/$100	$30 or $.03/$100	$.03/$100
FINANCIAL AND REAL ESTATE SERVICES	8/	$.35/$100 10/	$.36/$100	$.40/$100	$.31/$100	$.52/$100	$30 or $.33/$100	$.33/$100
RENTAL BY OWNER – RESIDENTIAL	8/	$.50/$100	$.28/$100	$.50/$100	$.26/$100	$.38/$100	$30 or $.16/$100	---
RENTAL BY OWNER – COMMERCIAL	8/	$.35/$100	$.43/$100	$.23/$100	$.26/$100	$.52/$100	$30 or $.16/$100	---

Source: Survey of local government officials and local government web sites.

1/ Categories shown are not a comprehensive listing.
2/ Less than $10,000 gross receipts-no tax; greater than $10,000, but less than $100,000-$50.00 minimum.
3/ Rates apply to businesses having gross receipts exceeding $100,000. Businesses having gross receipts less than $10,000 owe no tax; businesses grossing between $10,000-$50,000 pay $30.00; between $50,001and $100,000 pay $50.00.
4/ If gross receipts are less than $10,000, there is no fee or license requirement; businesses with gross receipts from $10,001 to $50,000, a flat fee of $30 is assessed; businesses with gross receipts from $50,001 to $100,000, a flat fee of $50 is assessed; and businesses with gross receipts of $100,001 or greater, the tax rate is determined by the business classification.
5/ Less than $10,000 gross receipts-no tax; $10,000-$50,000 pays $30.00.
6/ $30 fee when gross receipts are under $200,000. The rate applies to total of gross receipts.
7/ Rates apply to business gross receipts of $250,000 or more for the license year. No license tax shall be imposed when gross receipts are less than $250,000. Rates are for FY17.
8/ As of January 1, 2017, a 9.0% rate is imposed on the taxable income of businesses, if not incorporated, with gross receipts over $12,000. A 30% salary allowance for owners and a $5,000 exemption are deductible from net income to arrive at taxable income. The rate will be further reduced to 8.25 percent for tax year 2018.
9/ No separate category for federal contractors, they are taxed according to service provided.
10/ Financial only.

Inheritance and Estate Taxes

Inheritance Tax

District of Columbia

The District of Columbia's inheritance tax was abolished for any deaths after April 1, 1987.

Maryland

Effective for decedents who died on or after July 1, 2000, Maryland does not tax property passing to a child or other lineal descendant, spouse of a child or other lineal descendant, spouse, parent, grandparent, stepchild or stepparent, siblings or a corporation having only certain of these persons as stockholders. The rate of 10 percent applies to property passing to all others.

Virginia

Virginia does not levy an inheritance tax. However, Virginia does levy a tax on the probate of wills and grants of administration equal to 10 cents per $100 of the value of the estate in excess of $15,000. Localities may impose a local probate tax equal to 1/3 of the state probate tax.

Estate Tax

District of Columbia

The estate tax is imposed on the estate of every decedent who died while still a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the District at the time of his or her death.

The District's estate tax is no longer in conformity with the federal estate tax. The Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 changed the conformity with the federal estate tax. This legislation gradually eliminates the federal estate tax over the next several years.

District law, however, stipulates that existing District estate tax laws are automatically decoupled from recent and forthcoming federal estate tax law changes. For example, while the federal threshold was $2 million in FY's 2006 and 2007, the District threshold was $1 million. Furthermore, when the federal threshold was raised to $3.5 million in FY 2009, the District threshold remained $1 million. The District's threshold increased back to $2 million as of October 1, 2016.

Some District estate taxpayers may be required to file and pay District estate taxes even when no federal filing or tax is due. Federal estate tax forms must be filled out completely in order to calculate District estate tax liability, even when no federal estate tax is due, but District estate tax is due. Essentially, the District does not have a standalone estate tax structure.

Maryland and Virginia

The Maryland estate tax is based on the maximum credit for state estate taxes allowable under § 2011 of the Internal Revenue Code. The credit used to determine the Maryland estate tax cannot exceed 16 percent of the amount by which the decedent's taxable estate exceeds the Maryland estate tax exemption amount for the year of the decedent's death.

Legislation enacted by the 2006 General Assembly, House Bill 5018, repeals the Virginia estate tax for the estates of decedents whose date of death occurs on or after July 1, 2007. The estates of decedents whose date of death occurs before July 1, 2007 remain subject to the estate tax provisions.

INSURANCE PREMIUMS TAX

District of Columbia

All domestic and foreign insurance companies, except those specified below, pay tax on the premiums received in lieu of all other taxes, except taxes upon real property. The basis of this tax is gross premiums received less the following items: dividends paid to policyholders; premiums received for reinsurance assumed; and returned premiums.

Nonprofit relief associations composed solely of members of the armed services or employees of the United States, District of Columbia, or of any individual company, as well as fraternal organizations that issue contracts of insurance exclusively to their own members, are exempt from the tax.

Maryland

All insurance companies except nonprofit hospital service plan corporations, fraternal beneficiary associations, and domestic mutual fire insurance companies pay an annual tax on gross direct premiums. The tax is based on all new and renewal gross premiums allocable to Maryland. Deductions are allowed for returned premiums, dividends paid to policyholders, and refunds made to policyholders.

Virginia

A tax is imposed on all insurance companies transacting insurance business in Virginia, except local mutual fire insurance and fraternal beneficiary companies. The tax replaces all other taxes, except the tax on real estate and tangible personal property. No tax is imposed on premiums received by an insurer to provide group insurance for its employees. The basis of the tax is gross premiums from business in Virginia, except premiums received for reinsurance assumed from licensed insurance companies. The basis is reduced for premiums returned upon canceled or reduced policies; however, deduction for dividends paid or deduction for any other account is not allowed.

Table 13 on the following page presents various insurance premiums tax rates for D.C., Maryland, and Virginia.

Table 13: Insurance Premiums Tax Rates

TAX	DISTRICT OF COLUMBIA	MARYLAND	VIRGINIA
Life Insurance Companies	1.70%	2.00%	2.25%
Life Insurance Special Benefits	1.70%	2.00%	2.25%
Domestic Mutual Companies	1.70%	2.00%	1.00%
Industrial Sick Benefit Companies	1.70%	2.00%	1.00%
Workman's Compensation	1.70%	2.00%	2.50%
Legal Service Insurance Companies	---	---	2.25%
Other	2.00% 1/	2.00% 2/	2.25% 3/

Source: Survey of local government officials and local government web sites.

1/ The rate is 2% on accident and health insurance policies, on surplus line brokers, and on health insurance premiums and HMO's. Of insurance premiums taxes generated by policies with health maintenance organizations (HMO), 75% of the 2.0% and 100% of 2% Medicare HMOs premium tax is distributed to the Healthy DC and Health Care Expansion Fund for providing affordable health benefits to eligible individuals.
2/ The rate is 3% on unauthorized insurers and surplus line brokers.
3/ Includes surplus line brokers.

MOTOR VEHICLE TAXES

MOTOR VEHICLE EXCISE

All three jurisdictions impose fees on cars, trucks, buses, and trailers based on weight.

District of Columbia

The District imposes a titling tax based on the manufacturer's shipping weight at the time the title is issued at the following rates: up to 3,499 pounds - 6 percent of fair market value; 3,500 pounds to 4,999 pounds – 7 percent of fair market value; and 5,000 pounds and over – 8 percent. Since October 1, 1998, vehicles previously titled by individuals moving into the District are no longer subject to the motor vehicle excise tax.

Maryland

Maryland imposes an excise tax of 6 percent of fair market value on each motor vehicle at the time the title is issued.

Virginia

Virginia taxes motor vehicles at the time of sale at 4.15 percent.

MOTOR VEHICLE REGISTRATION

Annual registration fees for the District of Columbia, Maryland, and Virginia are presented on the following page in Table 14.

Table 14: Annual Registration Fees for Passenger Cars

JURISDICTION	WEIGHT	FEES
DISTRICT OF COLUMBIA 1/2/	Vehicles	
	0 to 3,499 pounds	$ 72.00
	3,500 to 4,999 pounds	$115.00
	5,000 pounds or more	$155.00
	Motorcycles	$ 52.00
	Clean fuel or electric vehicle	$ 36.00
MARYLAND	Vehicles	
	3,700 pounds or less	$ 67.50
	Over 3,700 pounds	$ 93.50
VIRGINIA (State)	Vehicles	
	4,000 pounds or less	$ 40.75
	Over 4,000 pounds	$ 45.75
	Motorcycles	$ 28.75
Alexandria 5/	Vehicles 3/	+$ 33.00
	Motorcycles	+$ 21.00
Arlington County	Vehicles 3/	+$ 33.00
	Motorcycles	+$ 18.00
Fairfax	Vehicles 3/	+$ 33.00
	Motorcycles	+$ 18.00
Fairfax County 4/	Vehicles	
	4,000 pounds or less	+$ 33.00
	Over 4,000 pounds	+$ 38.00
	Motorcycles	+$ 18.00
Falls Church 5/	Vehicles	+$ 33.00
	Motorcycles	+$ 28.00
Loudoun County 5/	Vehicles 3/	+$ 25.00
	Motorcycles	+$ 16.00
Prince William County 5/	Vehicles 3/	+$ 24.00
	Motorcycles	+$ 12.00

+ In addition to state rate.
Source: Survey of local government officials and local government web sites.

1/ The fee for motorized bicycles is $25.00.
2/ An additional fee of $35.00 is charged for vehicle inspection every two years.
3/ Flat rate applied regardless of weight.
4/ Businesses and citizens residing in the towns of Vienna, Herndon, and Clifton pay vehicle registration fees set by those jurisdictions in lieu of the Fairfax County fee.
5/ Taxpayers who satisfy certain household gross income and net worth limitations (these requirements are the same as those applicable to the county's real property tax relief program) may exempt one vehicle from the annual registration fee.

MOTOR VEHICLE FUEL TAX

District of Columbia

This tax is imposed on every importer or user of motor vehicle fuels, including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases, and all combustible gases and liquids suitable for the generation of power for motor vehicles. Fuel exported from the District is exempt.

Maryland

Every dealer pays a tax on all motor vehicle fuels sold or used in Maryland. Motor carriers with commercial vehicles having seats for more than nine passengers or having more than two axles are subject to a tax on the amount of motor fuel used in their operations in Maryland. Credit is allowed for taxes paid on all motor fuel purchased in Maryland.

Virginia

A motor fuel tax is imposed on all dealers and other persons selling motor fuel in the Commonwealth.

A 2.1 percent sales tax is imposed on retail sales of fuels sold within a city or county that is a member of any transportation district in which a commuter mass transportation system is operated.

RATE PER GALLON

DISTRICT	MARYLAND	VIRGINIA
23.5 cents	33.5 cents 1/	16.8 2/

1/ As of July 1, 2016, the tax on special fuels (diesel/kerosene) used as a motor fuel is 25.45 cents per gallon.
2/ From January 2016 to December 2016, the rate was 16.2 cents per gallon plus a $0.006/gal storage tank fee. An additional 2.1 percent local tax is applied in the Northern Virginia jurisdictions of Alexandria, Arlington County, Fairfax, Fairfax County, Falls Church, Manassas, Loudoun County, Prince William County, and Stafford County. This is charged by fuel distributors to retail dealers in the Northern Virginia Transportation District for commuter mass transit systems.

PROPERTY TAXES

REAL PROPERTY

District of Columbia

All real and personal property is subject to taxation unless expressly exempt by statute. The District of Columbia real property tax is based on four classifications:

(a) **Class One Property** - improved residential real property that contains five or fewer dwelling units (whether as a row, detached, or semi-detached structure), or a single dwelling unit owned as a condominium and used exclusively for non-transient residential dwelling purposes. Improved residential real property owned by a cooperative housing association also shall be classified as Class One Property, provided that at least 50 percent of the dwelling units are occupied by the shareholders or members of the cooperative housing association.

Unimproved (vacant) property that abuts and has identical ownership with a Class One Property also shall be considered Class One Property. A $71,700 homestead deduction was applied to property that was owner-occupied for 2016. The homestead deduction increases to $72,450 for 2017.

(b) **Class Two Property** - improved commercial property. Hotels, motels, and inns are included in this class. The first $3 million in assessed value rate is $1.65 per $100 of assessed value and the remaining assessed value is assessed at $1.85 per $100.

(c) **Class Three Property -** vacant real property.

(d) **Class Four Property –** improved blighted property.

All property in the District is annually assessed at a statutory level of 100 percent of its estimated market value.

In an effort to limit the increase of real property taxes for homeowners, eligible homeowners are provided an Assessment Cap Credit. The Assessment Cap Credit provides that a real property tax bill will not increase by more than 10 percent above the prior year's real property tax bill. The credit only applies to the principal residence of the property owner (homestead property) and is based on the total assessment for the dwelling and land associated with the dwelling.

Maryland

The state property tax rate of 11.2 cents per $100 of assessed market value applies to real property only. It is imposed annually on all taxable land and improvements. The tax is applied to an assessed value.

The Maryland Department of Assessments and Taxation makes assessments. Real property for state and county tax purposes is assessed according to a three-year assessment schedule. A physical review of each property is made every three years. Reassessments are updated on the basis of an analysis of sales, cost, and rental data in the area. The amount of the increase in the established market value of one-third of the properties reassessed each year is phased in over a three-year period. A decline in assessed value, however, becomes effective in the first year. Real property is assessed at 100 percent of its value.

Residential property owners are entitled to an assessment limitation tax credit. For state tax purposes, this is a credit against property taxes equal to the tax rate, times that part of the 2016 total assessment greater than 110 percent of the 2015 assessment. County and municipal governments may choose a percentage amount lower than 110 percent of assessment.

Virginia

The Commonwealth of Virginia does not levy a real property tax. However, local jurisdictions are required to tax real property at 100 percent of estimated market value.

Tax rates for the jurisdictions of the Washington Metropolitan Area are presented in Table 15.

Table 15: Real Property Tax Rates

As of December 31, 2016 1/ 2/

JURISDICTION	ASSESSMENT LEVEL NOMINAL RATE	(% OF MARKET VALUE)	EFFECTIVE RATE 3/
DISTRICT OF COLUMBIA	Class I (residential) $ 0.85 Class II (commercial) $ 1.85 4/ Class III (vacant) $ 5.00 Class IV (blighted) $ 10.00	100% 100% 100% 100%	$ 0.85 $ 1.85 $ 5.00 $ 10.00
MARYLAND 5/			
Charles County	$1.317 6/ ($0.04 - 0.320)	100%	$1.317
Montgomery County	$1.138 ($0.01 - $0.62) 7/	100%	$1.138
Prince George's County	$1.112 ($0.895-$1.069) 8/	100%	$1.112
VIRGINIA			
Alexandria	$1.073	100%	$1.073
Arlington County	$0.991	100%	$0.991
Fairfax	$1.062	100%	$1.062
Fairfax County	$1.116 9/10/	100%	$1.116
Falls Church	$1.315	100%	$1.315
Loudoun County	$1.145 10/ 11/	100%	$1.145
Prince William County	$1.2067 12/	100%	$1.2067

Source: Survey of local government officials and local government web sites.

1/ In the District of Columbia the 2016-2017 real property tax year is October 1, 2016 - September 30, 2017. For the Maryland area jurisdictions, the 2016-2017 real property tax year is July 1, 2016 to June 30, 2017. The rates presented are those in effect as of December 31, 2016, which is FY 2017 for each jurisdiction.

2/ Rates are per $100 of value. Special area rates in effect are shown in parentheses.

3/ Effective tax rates listed here are net of assessment value and do not reflect any exemptions or credits.

4/ 1st $3(M) rate is $1.65 per $100 of assessed value.

5/ Rates shown include the state rate of $0.112 per $100 of assessed value.

6/ Rate shown exclude municipal taxes; tax rates for these incorporated areas range from $0.04 to $0.32 per $100.

7/ Rates shown exclude municipal and special taxing district taxes. Tax rates for these incorporated areas range from $0.01-$0.62. Rate includes a special tax levy in each fiscal year on all taxable real property for the benefit of all fire & rescue companies of $0.064 per $100 of assessed value.

8/ County and state rates in incorporated areas range from $0.895 to $1.069.

9/ Relatively few residential properties in three areas pay an additional $0.02, $0.022, and $0.047 per $100 of assessed value for community centers. Those in tax districts with a special assessment for leaf collection pay an additional $0.015 per $100 of assessed value.

10/ Loudoun County and Fairfax County have a Route 28 taxing district. Residents of this district are subject to an additional $0.18 per $100 of assessed value.

11/ Loudoun County has a Dulles Rail service district. Residents of this district are subject to an additional $0.20 per $100 of assessed value.

12/ Rates ranging from $0.02 to $.201 are applied in special tax districts for recreation, and roads improvements.

PROPERTY TAXES

PROPERTY TAX RELIEF PROGRAMS

District of Columbia

Class One (owner-occupied residential) property owners may obtain a homestead deduction. D.C. Law 4-129, effective July 24, 1982, requires the filing of the homestead deduction application once every five years. This deduction eliminates property taxes on the first $71,700 of assessed value for homeowners in 2016, and has been indexed annually (by the CPI) since October 1, 2012. In addition to the homestead deduction, senior citizens age 65 or older with total household adjusted gross income below $128,950 may have their real property tax payments reduced by half.

Owner-occupied residential properties are also subject to a 10 percent property tax cap whereby a property may not be taxed on more than a 10 percent increase in the property's assessed value each year.

The District provides two "circuit-breaker" property tax relief programs for qualified homeowners and renters who live in the District during the entire taxable year. A credit can be claimed against their individual income tax liability (a refund if the credit exceeds any tax due) for a portion of the property taxes paid or rent paid constituting property taxes that exceeds a stated percentage of household income. The specific percentages are presented in Table 16, page 48-49.

In addition, the District has a tax deferral program. All owner-occupied residential property taxpayers may apply to defer real property taxes that exceed 110 percent of the previous year's liability. Deferred real property taxes may not exceed 10 percent of the current year's assessed value.

Eligible homeowners who meet the income level requirement and whose property is less than $408,000 (as of March 28, 2016) in value may be eligible for abatement of real property taxes for a 5 year period beginning October 1 following the recordation of the homeowner's deed as well as abatement of deed recordation and transfer taxes. Application must be made at the time the deed conveying the real property involved is offered for recordation with the Recorder of Deeds.

The District also has a special tax relief program for qualified historic properties approved by the Joint Committee on Landmarks of the National Capital. Owners of the property must be willing to enter into an agreement with the D.C. government to preserve the building as historic property for at least 20 years.

Maryland

The Maryland homeowner's property tax credit program (circuit breaker) is designed to provide relief for property tax burdens in excess of a certain percentage of income. The maximum assessment that can be used to calculate the credit is $300,000. Applications must be filed by September 1 of each year.

The state of Maryland also makes available a refundable renter's tax credit of up to $1,000 a year for renters who are age 60 or over, or who are permanently and totally disabled and will qualify on the basis of income. Renters under 60 years of age, with at least one dependent under the age of 18, who receive no federal or state housing subsidies or reside in public housing, and also meet certain income limits, may be eligible. The applicant's entitlement to the credit is tied to a flexible scale that relates the annual rent paid to the applicant's annual gross income. In comparing the applicant's gross income to his or her annual rent paid, an allowance is made for utilities paid by the renter. For example, if the renter pays for gas only, it is assumed that 6 percent of his or her gross income is dedicated to that item. By way of contrast, if the renter must pay for heat, gas, and electricity, it is assumed that 18 percent of income is devoted to these items.

The Renter's Tax Credit Program is independent of the state individual income tax. Applications must be filed by September 1 of each year. The applicant must, however, submit a copy of his or her most recent Federal Tax Form 1040 and all the accompanying forms with the renter's tax credit application.

Virginia

In Arlington County each owner of property for which exemption or deferral or both are claimed must be age 65 or older during the current taxable year and occupy such property as their sole dwelling, or be permanently and totally disabled. A dwelling jointly held by a husband and wife shall qualify if either spouse is or becomes 65 years old or is or becomes permanently and totally disabled during the current taxable year.

The total combined financial worth of the owner(s) as of December 31 of the year immediately preceding the taxable year shall be determined in an amount not to exceed $340,000. Total financial worth shall include the value of all assets, including equitable interest, of the owner(s) and the owner's relatives living in the dwelling for which the exemption or deferral or both are claimed, and shall exclude the fair market value of the dwelling and the land upon which it is situated, not exceeding one acre, for which the exemption is claimed.

Fairfax and Prince William Counties, and Falls Church provide an exemption from, or deferral of, real property taxes on dwellings owned and occupied by persons who are age 65 or older, or who are permanently and totally disabled and whose income is not more than $72,000 (Fairfax County), $81,490 (Prince William County), and $47,600 (Falls Church). In Falls Church, those with incomes from $47,601 - $75,000 are eligible for a deferral only. Income of $7,500 may be excluded by a permanently and totally disabled applicant. Household gross income includes the income of all relatives residing therein. From this amount, the homeowner excludes the first $6,500 of income for each relative residing in the household other than the spouse of the owner. The combined financial net worth of the owner and spouse cannot exceed $340,000 up to one acre of land in Fairfax County and $340,000 in Prince William County, up to 25 acres of land, excluding the value of the home. The asset limit is $540,000 in Falls Church.

Loudoun County provides a tax relief program that exempts real property taxes on the dwelling and up to three acres of land on which the dwelling is situated. The dwelling must be owned and occupied as the full-time residence of the applicant(s) seeking tax relief. Applicants must be 65 years or older or certified permanently and totally disabled by January 1st of the current tax year. Loudoun County's gross household income limitation is $72,000. The first $7,500 of disability income may be excluded by applicants who are permanently and totally disabled. Not including the spouse of the applicant, the first $10,000 of income of each relative residing in the dwelling may be excluded when computing gross household income. Loudoun County's net worth limitation is $440,000, which does not include the value of the dwelling, and up to ten acres of land on which the dwelling is situated. The value of land in excess of three acres is not eligible for tax relief.

The City of Alexandria has two programs for real estate tax relief: First, tax relief for the elderly and permanently and totally disabled. This program allows for both exemption from and deferral of real estate taxes. To qualify for an exemption, the total household income of the applicant cannot exceed $72,000 for the calendar year immediately preceding the year in which the application is made. For household incomes up to $40,000, taxes are exempted in full. For household incomes between $40,001 and $55,000, up to 50 percent of the applicant's real estate tax bill is exempted. For household incomes between $55,001 and $72,000, up to 25 percent of the applicant's real estate bill is exempt. Up to $10,000 in income of any relative (not a spouse) living in the property is excluded, as well as up to $10,000 in income of any owner residing in the property who is permanently disabled is also excluded. To qualify for deferral, the total household income of Alexandria city applicants cannot exceed $72,000 for the calendar year immediately preceding the year in which the application is made. The date of deferral of taxes is the date the taxes would ordinarily be due.

The second program provides a full real estate tax exemption for veterans with 100 percent service-connected disability: The veteran must be rated at 100 percent or service-connection is rated at less than 100 percent, but the veteran is paid at the 100 percent disability rate due to un-employability under either standard. The disability must be considered total and permanent. Veterans with temporary disability, no matter how severe, do not qualify.

Table 16: Property Tax Relief Programs

FILING UNIT GROSS INCOME	**TAX CREDIT EQUALS:** 1/			
DISTRICT OF COLUMBIA	**Regular Property Tax Circuit Breaker**			
$ 0-$ 24,999	100% of property tax exceeding 3.0% of household income – up to $1,000			
$ 25,000-$ 50,000	100% of property tax exceeding 4.0% of household income – up to $1,000			
	Senior (Age 70 and Over) Circuit-Breaker Relief			
$ 0-$ 60,000	100% of property tax exceeding 3.0% of household income – up to $1,000			
JURISDICTION	**HOUSEHOLD GROSS INCOME LESS THAN:**	**NET WORTH LESS THAN:**	**RELIEF AMOUNT:**	**TAX LIMIT:**
	Rates			
MARYLAND 2/	$60,000	$200,000	Determined by state	$4,380

1/ Renters use 20 percent of rent paid as a property tax equivalency.
2/ Maryland counties may provide county supplemental programs. Prince George's County does not offer a supplement to the homeowners' tax credit program. However, several Prince George's County municipalities offer a supplemental program including the cities of Bowie, College Park, Greenbelt, Hyattsville, and Mount Rainier.

Table 16: Property Tax Relief Programs, Continued

JURISDICTION	HOUSEHOLD GROSS INCOME LESS THAN:	NET WORTH LESS THAN:	RELIEF AMOUNT:
VIRGINIA			
	Rates:		
Alexandria 7/ 8/	$72,000	$430,000	4/
Arlington County 5/	$99,472	$340,000 for exemption $540,000 for deferral	6/
Fairfax 7/	$72,000	$340,000	9/
Fairfax County 7/ 9/	$72,000	$340,000	10/
Falls Church 7/	$75,000	$540,000	11/
Loudoun County	$72,000	$440,000	12/
Prince William County 7/	$81,490	$340,000	13/

Source: Survey of local government officials and local government web sites.

4/ Household income less than $40,000 receives full exemption; income $40,001 to $55,000 receives a 50 percent partial exemption; income $55,001 to $72,000 receives 25 percent partial exemption; income not more than $72,000 can receive deferral of tax.

5/ For deferrals, net worth cannot exceed $195,000; for deferrals with interest, income cannot exceed $52,000; for deferrals without interest, income cannot exceed $47,000; for exemptions, net worth cannot exceed $100,000 and income cannot exceed $20,000.

6/ The asset level excludes the value of the residence. The amount of relief received, if eligible, is based on household income and the value of the household's assets.

7/ Tax relief program is for residents 65 years of age or older, or permanently and totally disabled. Disabled applicants may exclude the first $10,000 of income. For each relative other than a spouse residing in the household, the first $6,500 may be excluded.

8/ Excludes home and two acres of land from net worth calculation.

9/ Excludes home and one acre of land from net worth calculations.

10/ Income less than $52,000, receive 100 percent tax relief; from $52,001 to $62,000, receive 50 percent tax relief; and from $62,001 to $72,000 receive 25 percent tax relief.

11/ Incomes from $0 up to $22,950 receive $4,000 of relief, with a deferral of the balance; incomes from $22,951 to $38,250 receive up to $3,000 in relief, with a deferral of the balance; incomes between $38,251 to $47,600 receive $1,000, and the balance may be deferred. Incomes between $47,601 and $75,000 may receive deferral only. Note: these eligibility limits based on a 1 person household.

12/ Total exemption is granted for home and up to three acres.

13/ Total exemption of the tax on a home and up to one acre of land it occupies is granted to applicants whose gross household income does not exceed $48,000 annually. Partial exemption of the tax on a home and up to twenty-five acres of land it occupies is granted to applicants whose gross household income is greater than $48,000, but does not exceed $81,490.

PROPERTY TAXES

TANGIBLE PERSONAL PROPERTY

District of Columbia

The tax is imposed on all tangible personal property, except inventories, used in a trade or business. Such property includes machinery, equipment, furniture, fixtures and supplies. Tangible personal property leased to another business or individual located in the District of Columbia is taxable to the owner. Tangible personal property must be assessed at full and true value. Renters under a "lease purchase" or a "security purchase" agreement who are obligated to become the owner must report the property on the personal property tax return. The first $225,000 of taxable value is exempt from tax.

Maryland

The state of Maryland exempts business property (including commercial inventory, manufacturing R&D inventory, and manufacturing R&D machinery) from tangible personal property taxation. The state is responsible for the assessment, at full cash value, of corporate tangible personal property.

A county rate may apply to commercial and manufacturing inventories; most, but not all, Maryland counties levy a personal property tax. The county rates of tax on tangible personal property are 2.5 times those for real property.

Virginia

The tax on tangible personal property is a local tax in Virginia. The rates shown in Table 17, page 52 are nominal. Counties and cities impose different rates on tangible personal property and classify certain items separately from other tangible personal properties.

Virginia jurisdictions are the only ones in the Washington Metropolitan Area that tax automobiles (as well as motorcycles, recreational vehicles, boats, airplanes, and trailers) under the tangible personal property tax. Mobile homes are taxed at the real property tax rate. Motor vehicles must be listed separately and are assessed at trade-in value according to the January 1 (of each year) National Automobile Dealers Association handbook in Alexandria, Falls Church, Fairfax City, Fairfax County, and Prince William County. The clean loan value is the basis used in Arlington County and Loudoun County. All Northern Virginia jurisdictions included in the report prorate vehicle personal property taxes based on the length of time the vehicle is in their locality.

Beginning in 1999, Virginia adopted a personal property tax relief program on the first $20,000 of a vehicle's assessed value. For calendar year 2016, personal property taxes paid by citizens were reduced by various percentages based on the 2015 level of state reimbursement in which the state reimbursed the locality for that reduced assessment amount. Owners of vehicles valued at less than $1,000 pay no tax (the state pays 100 percent). In Arlington County, vehicles that are valued at $3,000 or less, and are PPTR eligible have no tax liability and pay only an annual decal fee. Each vehicle that is PPTR eligible pays no tax on the first $3,000 of value.

Several counties offer additional relief for taxpayers meeting income, age, or other eligibility criteria. Prince William County allows an exemption of personal property taxes on one automobile per qualifying applicant for the low-income elderly and the permanently and totally disabled. County tax relief applicants who meet the income and net worth requirements may qualify for a reduced tax rate on one vehicle per qualifying applicant. Qualifications for personal property tax relief for the low-income elderly and disabled are as follows:

- Gross income of the applicant may not exceed $81,490.
- The combined net assets of the applicant and spouse may not exceed $340,000.
- Personal property relief for this program is limited to one vehicle.
- Disabled applications may exclude the 1st $7,500 of income from the calculation of total income, i.e., an effective gross income of $29,500.

Loudoun County provides an alternative personal property tax rate on one vehicle per qualified applicant who is age 65 or over or declared permanently and totally disabled by January 1st of the current year. The vehicle must be used primarily by or for the applicant, and if co-owned, the gross income limitation includes income from all sources of the owners of the vehicle and the spouse of the applicant. The gross income limit for the alternative tax rate is $52,000. The applicant's net worth cannot exceed $195,000, which may exclude the value of the applicant's Loudoun County residence and up to one acre of land on which it is situated. The alternative tax rate is established annually by the Board of Supervisors. The current rate is $2.10 per $100 of assessed value for qualified applicant's vehicles.

Falls Church allows an exemption of up to the first $25.00 of personal property taxes on one automobile per household for the low-income elderly and the permanently and totally disabled (income limit is $20,000 per year).

Table 17: Tangible Personal Property Tax Year 2016– 2017 (FY 2017) 1/

RATE PER $100 OF VALUE	
DISTRICT OF COLUMBIA	$3.40 2/
MARYLAND 3/	
Charles County	$3.0125
Montgomery County	$2.566 (weighted rate inclusive of local special service area taxes)
Prince George's County	$2.50 4/
VIRGINIA	
Alexandria	$5.00 5/ ($4.50) 6/ ($3.55) 7/
Arlington County	$5.00 5/
Fairfax	$4.13 5/
Fairfax County	$4.57 5/ ($1.09) 8/ ($0.01) 9/
Falls Church	$5.00
Loudoun County	$4.20 5/ 10/ ($2.75) 6/ ($1.145) 8/ ($1.00) 11/ ($0.01) 9/ ($4.00) 12/ ($2.10) 13/
Prince William County	$3.70 4/ 12/ ($0.00) 13/ ($1.25) 14/ ($1.00) 15/ ($1.125) 16/

Source: Survey of local government officials and local government web sites.

1/ The personal property tax year in Virginia area jurisdictions is on a calendar year basis. The rates submitted by Virginia jurisdictions for this report are applicable to calendar year 2016. In the District of Columbia and the Maryland area jurisdictions, the 2016 personal property tax year is July 1, 2016 to June 30, 2017. The rates presented are those in effect for this period. Rates in parentheses apply to specific items detailed in the corresponding footnote.
2/ First $225,000 of value is exempt from tax.
3/ Maryland property tax rate is not levied against personal property.
4/ Rate applies to non-town businesses. The county rate for municipalities ranges from $2.12 to $2.493.
5/ Rate applied to regular individual personal property and business tangible personal property. Alexandria offers 100% relief on the total assessed value of vehicles valued $1,000 and under; 57% relief on the total assessed value for vehicles valued between $1,001 and $20,000; 47% relief on the total assessed value between $20,001 and $25,000; and 38% relief on the total assessed value on vehicles at $25,001 or higher. For CY 2016, Arlington County provided 100% tax relief for assessed vehicle value at or below $3,000. For assessed value between $3,001 and $20,000 for conventional vehicles, the taxpayer paid 72% of the tax liability, with the State block grant funds contributing the remaining 28%. For calendar year 2016, tax payers in Fairfax County received a 60.5% tax relief on their Personal Property tax liability on the first $20,000 of the value for vehicles owned by individuals. Vehicles valued less than $1,000 received a 100% tax relief. For CY16, taxpayers in Loudoun County received 43% tax relief on their Personal Property tax liability on the first $20,000 of the value for vehicles owned by individuals. Vehicles valued less than $1,000 received a 100% tax relief.
6/ Rate applied to machinery and tools, personal property used in a research and development business, and Interstate Motor Carrier vehicles..
7/ Vehicles with special equipment designed to aid the handicapped are assessed at a rate of $3.55 per $100 of value.
8/ Rate applied to mobile homes and public service corporation non-vehicular personal property
9/ Rate applies to vehicles specifically equipped for the handicapped, privately-owned vans used for van pools, and vehicles belonging to volunteer fire and rescue squad members, vehicles owned by reserve deputy sheriffs and auxiliary police officers. The same rate also applies to boats, antique automobiles, aircraft and flight simulators, and property owned by homeowners' associations. One vehicle owned by a fully disabled veteran is included in this special subclass.
10/ Vehicles using clean special fuels.
11/ Rate applied to four-wheeled electrically powered low-speed vehicles.
12/ Rate applied to heavy construction machinery.
13/ Rate applied to vehicles specially equipped for use by the handicapped and vehicles owned by certain elderly and disabled individuals.
14/ Rate applied to computer equipment and peripherals used in a trade/business.
15/ Rate applied to property used for research and development.
16/ Rate applied to mobile homes.

PUBLIC UTILITIES TAX

District of Columbia

The District imposes a gross receipts tax on utilities operating in the District of Columbia. The rate is 10 percent of gross receipts from sales to residential customers and 11 percent of gross receipts from sales to nonresidential customers. In addition, similar taxes are assessed on heating oil companies, natural and artificial gas marketers, long distance telephone companies, and subscription television, video, and radio service providers. Under provisions of the Telecommunications Competition Act of 1996, the District assesses an 11 percent gross receipts tax on local telephone companies, including wireless telecommunications providers. The regulated utilities pay the bulk of the revenues associated with these taxes.

Maryland

Called the franchise tax in Maryland, this public utilities tax applies to any company engaged in a telegraph, telephone, oil pipeline, electric, or gas business in the state. The tax is based on gross receipts for the preceding calendar year. The rate is 2 percent and receipts subject to this tax are not subject to state income tax except for long distance phone companies, which surcharge the tax to their customers.

In addition, retail sales of natural or artificial gas, oil, electricity, coal, nuclear fuel assemblies, and steam for nonresidential use are also taxed by several local subdivisions.

Virginia

Electric and gas; water or heat; light and power companies; and telegraph and telephone companies are subject to tax at different rates. Telephone and telegraph taxes are based on mileage of poles or conduits, including mileage of buried cable; an additional charge is applicable to gross receipts from intrastate business.

Virginia exempts consumers from tax for the use or consumption of gas, electricity, and water delivered through mains, lines, or pipes. However, some Virginia localities do tax consumers for these services at different rates.

Table 18: Public Utilities Tax to Residential Consumers

JURISDICTION	ELECTRICITY	MAXIMUM MONTHLY TAX	TELEPHONE	MAXIMUM MONTHLY TAX	GAS	MAXIMUM MONTHLY TAX	WATER	MAXIMUM MONTHLY TAX
DISTRICT OF COLUMBIA	$0.0070/kwh	---	10%	---	$.0707/ therm	---	---	---
MARYLAND	2% gross receipts plus $0.00062/kWh	---	---	---	2% of gross receipts plus $0.00402/therm	---	---	---
Montgomery County	$.01106/ kwh 1/	---	$2.00 2/	---	$.09515/ therm 1/	---	---	---
Prince George's County	$0.009366/kwh 1/	---	9% 2/	---	$0.09515/therm 1/	---	---	---
VIRGINIA 3/								
Alexandria	$ 1.12 plus $0.012075/kwh	$3.00	---	---	$ 1.28 plus $0.124444/ccf	$3.00	15.0%	---
Arlington County	$0 plus $0.00341/kWh with first 400 kwh exempt	$3.00	---	---	$0 plus $0.03/ccf with first 20 ccf exempt	$3.00	---	---
Fairfax	$1.05 plus $0.01136/kwh	$2.25	15%	$15.00	$1.05 plus $0.05709/ccf	$2.25	15.0%	$15.00
Fairfax County 4/	$ 0.56 plus $0.00605/kwh	$ 4.00 4/	---	---	$ 0.56 plus $0.05259/ccf	$ 4.00 4/	---	---
Falls Church	$0.70 plus $007575/kwh	$ 5.00 5/	---	$ 5.00 5/	$0.70 plus $0.0039/ccf	$ 5.00 5/	10.0%	$ 5.00 5/
Loudoun County	$0.63 plus $006804/kwh	$ 2.70	---	---	$0.63 plus $0.06485/ccf	$ 2.70	---	---
Prince William County	$1.40 plus $0.01509/kwh	$ 3.00 5/	---	$ 3.00 5/	$1.60 plus $0.06/ccf	$ 3.00 5/	---	---

Source: Survey of local government officials and local government web sites.

1/ This energy tax is levied upon every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, etc., in Montgomery and Prince George's Counties. Although the tax is levied upon the distributor, it is effectively borne by the consumer. Prince George's County also imposes a $0.26109 per gallon tax on fuel oil and a $0.282846 per gallon tax on propane.
2/ Montgomery County telephone tax per line and $3.50 per wireless telephone each month. In Prince George's County the rate increased from 8% to 9% in FY 2016.
3/ All local telephone utility taxes in Virginia are taxed with a 5% statewide communications sales and use tax.
4/ Per month maximum shown is for residential consumers only; separate rates are in effect for commercial consumers.
5/ Maximum monthly tax for commercial consumers is $100.

Table 19: Public Utilities Tax to Suppliers

JURISDICTION	UTILITIES SUBJECT TO TAX	RATE	BASIS
DISTRICT OF COLUMBIA			
	Natural Gas Residential Non-residential	 $.0707 $.07777	Per Therm
	Electric distribution Residential Non-residential	 $.0070 $.0077	Per Kilowatt Hour
	Telecommunications Residential Non-residential	 10.0% 11.0%	Gross receipts Residential Non-residential
MARYLAND			
	Telegraph, telephone, oil pipeline, light and power, electric, or gas companies	2.0%	Gross Receipts
	Natural Gas	$0.00402	
	Electricity	$0.00062	Per Therm
VIRGINIA			
	Water	2.0%	Gross Receipts
	Electric 1/ 2,500 – 5,000 kWh 5,000 – 50,000 kWh Above 50,000 kWh Gas 1/ Below 500 CCF	 $0.00155/kWh $0.00099/kWh $0.00075/kWh $0.0135 /CCF	Utility Consumption
	Telephone	2/	

Source: "D.C. Tax Facts, 2017." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis, p. 24.

1/ Local consumption tax rates and a special regulatory tax rate may also apply.
2/ All local telephone utility taxes in Virginia are taxed with a 5% statewide communications sales and use tax.

Recordation and Transfer Taxes

District of Columbia

A tax of 1.1 percent of the consideration is imposed on each deed when it is submitted for recording if the fair market value is under $400,000; otherwise, the rate is 1.45 percent on fair market value $400,000 and above. The minimum recordation tax is $1.00.

Another tax of 1.1 percent of the consideration paid is imposed on each transferor for each transfer if the fair market value is under $400,000 and is payable at the time the deed is submitted for recording; otherwise, the rate is 1.45 percent on fair market value $400,000 and above. The minimum transfer tax is $1.00.

Transfers of economic interests in the District of Columbia are subject to a 2.9 percent tax based on consideration paid.

Maryland

Instruments conveying title to real and personal property in Maryland are taxed at 0.11 percent of actual consideration paid. Instruments securing a debt are taxed at 0.11 percent of the principal amount of the debt secured.

The Maryland state realty transfer tax is 0.5 percent of the consideration, there is a 0.25 percent rate for first-time homebuyers.

Charles County

The recordation tax in Charles County is 1.00 percent. A new county transfer tax took effect on August 8, 2016, the rate of which is 0.5 percent of the purchase price of the property. First-time homebuyers who will live in their home are exempt from paying the tax on the first $50,000 of the purchase price.

Montgomery County

Montgomery County's recordation tax is $8.90 per thousand rounded up to the next increment of $500 up to $500,000. (Over $500,000 it is computed at 1.35%). A $890 exemption may be available for owner occupied residential property.

The county transfer tax is typically 1 percent of the selling price of a property.

Prince George's County

The recordation tax rate in Prince George's County is 0.50 percent. In addition, the county imposes a transfer tax of 1.4 percent of the selling price.

Virginia

The state recordation tax is $0.25 per $100, or fraction thereof, of the consideration of the deed or the actual value of the property conveyed, whichever is greater. In addition, the state allows cities and counties to impose a recordation tax of up to one-third of the state tax. The cities of Alexandria, Fairfax, Falls Church, and the counties of Arlington, Fairfax, Loudoun, and Prince William impose this tax at the rate of $0.0833 per $100.

The state realty conveyance tax is $0.50 for each $500, or fraction thereof, exclusive of any lien or encumbrance remaining thereon when the consideration or the value of the interest exceeds $100. One half of the conveyance tax collected is returned to the state treasury and one half goes into the treasury of the locality of the property. The land transfer fee is one dollar and is collected whenever improved or unimproved land of any amount of acreage is transferred between two parties.

SALES AND USE TAXES

District of Columbia

The District of Columbia has five tax categories that fall under the general sales and use tax. The retail sales tax rate of 5.75 percent is imposed on all tangible personal property sold or rented at retail in the District and on certain selected services. Grocery-type foods, prescription and non-prescription drugs, and professional services such as consulting, engineering, legal, and physician services, are among the items exempt from the sales tax. Construction materials and business purchases of public utility services are among those included. The Tax Revision Commission Implementation Amendment Act of 2014 (BSA Subtitle (VII) (B)) expanded the sales tax base to include some services not taxed in the District of Columba. These include bottled water delivery services and other direct selling establishments, carpet and upholstery cleaning services, fitness and recreational sports centers, and other personal care services such as tanning, car washes, bowling centers and billiard parlors. The other rate categories apply to goods and services as indicated below.

The use tax is imposed at the same rate on property sold or purchased outside the District and then brought into the District to be used, stored, or consumed. Vendors who are subject to the jurisdiction of the District are required to collect and pay the sales or use tax. When the vendor is not subject to the jurisdiction of the District, or when the purchaser brings the property into the District, the purchaser is required to pay the tax.

ITEMS	D.C. SALES TAX RATE
Sales of certain tangible personal property, selected services, and food sold in vending machines	5.75%
Medical marijuana	6.0%
Restaurant meals, liquor sold for consumption on and off the premises, rental vehicles, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium, tickets sold for events at the Verizon Center, and merchandise sold at the Verizon Center.	10.0%
Hotels (Transient accommodations)	14.5%
Parking motor vehicles in commercial lots (the rate increases to 22% after October 1, 2017.)	18.0%

Source: "D.C. Tax Facts 2017." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis, p.29.

Maryland

A 6 percent tax is imposed on retail sales, including the rental, lease or royalty of tangible personal property, including: (a) sales of food and drink on purchases over $1.00; (b) production, fabrication or printing of tangible personal property on special order; (c) sales of tangible personal property to contractors, builders or landowners for use or resale in the form of real estate; (d) lodgings or accommodations; and (e) sales of tangible personal property and/or services to persons who will use them as facilities, tools, machinery or equipment, even though the intention is to transfer title to the property. Alcoholic beverage sales are subject to a 9 percent tax.

Rental of passenger cars for 180 days or less is taxed at the rate of 11.5 percent, while certain short-term truck rentals are taxed at 8 percent.

Residential public utilities (natural or artificial gas, electricity, steam, and coal) are exempt from the sales tax. This exemption covers residential properties containing not more than four units, including cooperative housing, condominiums, and other similar residential living arrangements.

In addition to the state rate of 6 percent, Maryland localities impose a tax ranging from 0.5 percent to 10 percent on admissions to movie theaters, concerts, amusement parks, and various other events.

Virginia

A 5.0 percent state tax and a state-administered 1.0 percent local tax is imposed on retail sales, proceeds from leases and rentals, and proceeds from transient accommodations. Among the exempt items are gas, electricity, home heating fuel, water, alcoholic beverages sold by the state, certain medical supplies, and charitable purchases.

Vending machine dealers are taxed at 6.3 percent (there is an additional 0.7 percent state tax imposed in the localities that make up Northern Virginia and Hampton Roads, making the rate in these regions 7 percent, and the sales tax rate on groceries is 2.5 percent.

Table 20: Metropolitan Area Sales and Use Tax Rates

JURISDICTION	GENERAL RATE		ADMISSIONS		TRANSIENT ACCOMMODATIONS		RESTAURANT MEALS	
	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL
DISTRICT OF COLUMBIA	5.75%	---	10.0%	---	14.5%	---	10.0%	---
MARYLAND	6.0%	---	---	---	6.0%	---	6.0%	---
Charles County	---	---	---	5-10% 2/	---	+5.0% 1/	---	---
Montgomery County	---	---	---	7% 2/	---	+7.0% 3/ 4/	---	---
Prince George's County	---	---	---	10%	---	+7.0%	---	---
VIRGINIA	5.0%	---	---	---	2.0% 5/	---	6% 6/	---
Alexandria	---	+1.0%	---	10% 7/	---	+6.5% plus $1.00 per night/room	---	+4.0%
Arlington County	---	+1.0%	---	---	---	+5.25% 8/	---	+4.0%
Fairfax	---	+1.0%	---	---	---	+4.0%	---	+4.0%
Fairfax County	---	+1% plus 0.7% for trans-portation	---	---	---	+6.0%	---	---
Falls Church	---	+1.0%	---	9/	---	+7.0%	---	+4.0%
Loudoun County	---	+1.0%	---	---	---	+7.0%	---	---
Prince William County	---	+1.0%	---	---	---	+7.0%	---	---

Source: Survey of local government officials and local government web sites.

+ In addition to state rate.

1/ Permanent residents of 120 days or more are exempt from the tax.
2/ Rates are limited to 5% when the state sales tax is applied, since the combination of the two taxes may not exceed 10%.
3/ Rates range from 5 to 10%.
4/ 3.5% is allocated to the Montgomery County Conference and Visitors Bureau, and Convention Center.
5/ This is called the "state transient lodging tax."
6/ This is the state general sales tax rate for the Northern Virginia area (5% state + 1% local add-on).
7/ Alexandria admissions tax not to exceed $.50 per person.
8/ Tax not imposed on residents of more than 30 consecutive days. Rate increased from 5.00% to 5.25% on July 1, 2016.
9/ There is a $0.05 tax per admission for bowling.

WATER AND SEWERAGE USER CHARGES (RESIDENTIAL)

Charges for water and sanitary sewerage and basic rates for each jurisdiction are presented in Table 21, on the following page. Average cost per 1,000 gallons is the common standard used. Special charges for service connections, availability, demand and account service and frontfoot (a foot measured along the front of a piece of property) assessments are not included in Table 21.

The rates for Loudoun and Prince William Counties are those that exist in the town of Leesburg. This is done to simplify the rates because rates differ throughout these counties according to the city or town of residency.

In Virginia and Maryland jurisdictions, billing is quarterly, while the District of Columbia bills monthly.

Table 21: Water and Sewerage User Charges (Residential), 2016

JURISDICTION	WATER	SEWERAGE	MINIMUM
DISTRICT OF COLUMBIA 1/	$4.32/1,000 gal.	$7.63/1,000 gal.	None
MARYLAND			
Charles County 2/	$3.60/1,000 gal.	$7.13/1,000 gal.	None
	18,000 gallons or less per quarter for Residential Customers		
Montgomery County	Low $3.38 /1,000 gal. Usage 49 gal. or less/day High $ 7.81 /1,000 gal. Usage 9,000 gal./day or more	$ 4.30 /1,000 gal. 49 gal. or less/day $ 10.90 /1,000 gal. Usage 9,000 gal./day or more	None
Prince George's County 3/	Low $3.38/1,000 gal. Usage 49 gal. or less/day High $7.81/1,000 gal. Usage 9,000 gal./day or more	$4.30/1,000 gal. 49 gal. or less/day $10.90/1,000 gal. 9,000 gal./day or more	None
VIRGINIA			
Alexandria 4/	$29.55 flat fee up to 6,000 gal./qtr. $1.6352/1,000 gal. Over 6,000 gal./qtr. + $1.201 per 1,000 gal.	$6.36/1,000 gal. plus $4.51/bill + sewer service charge	None
Arlington County	$4.21/1,000 gal.	$9.06/1,000 gal.	None
Fairfax 5/	$2.68/1,000 gal.	89.6% of water charge	$17.49 water $26.70 sewer

Table 21: Water and Sewerage User Charges (Residential) 2016, Continued

JURISDICTION	WATER	SEWERAGE	MINIMUM
Fairfax County 6/	$2.68/1,000 gal.	$6.68/1,000 gal.	None
Falls Church 5/	$5.00/1,000 gal. over 5,000 gal.	$9.87/1,000 gal.	None
Loudoun County 7/	$4.02/1,000 gal.	$5.37/1,000 gal.	None
Prince William County (Service Authority)	$3.35/1,000 gal.	$6.55/1,000 gal.	None

Source: Survey of local government officials and local government web sites.

1/ Additional $2.67 per Equivalent Residential Unit is charged for residential storm water fee. These rates cover FY2017, beginning on Oct. 1, 2016.
2/ Rates are for FY16, effective July 1, 2016.
3/ Starting in FY 2017, WSSC began the implementation of the infrastructure investment fee. The fee for residential customers reflects 50% of the total fee. Meter size and annual fee amount: 5/8" = $44; 3/4" = $24; 1" = $56; 1-1/2" = $360
4/ The water in Alexandria is supplied by "Virginia American Water Company", a private company.
5/ As of January 3, 2014, water service is provided to City of Falls Church residents and businesses by Fairfax Water. All customers of the Falls Church Water Utility automatically became customers of Fairfax Water on January 3. Rates listed here are from 2014.
6/ Established customers are subject to a peak usage rate of $3.45/1,000 gallons during the summer quarters on water consumption that exceeds winter quarter usage by 6,000 gallons or 30 percent, whichever is higher.
7/ Rates shown are for the Town of Leesburg, excludes the Towns of Hamilton, Hillsboro, Lovettsville, Middleburg, Purcellville, and Round Hill.

Miscellaneous Taxes

District of Columbia

Uniform Disposition of Unclaimed Property

The District of Columbia is authorized to act as conservator over property presumed abandoned and held by businesses and financial corporations by mandating the reporting and delivery of such property into the custody of the Mayor.

The Uniform Disposition of Unclaimed Property Act includes all tangible and/or intangible personal property and requires that reports be filed annually. Banks, businesses and other financial corporations must report on or before November 1 for property abandoned by the preceding June 30. Life insurance companies must report by May 1 for property abandoned by the preceding December 31.

Other Miscellaneous Taxes

911 Emergency	
Wireless/Wireline Subscribers	$0.76 per line per month
Centrex Lines	$0.62 per line per month
Private Branch Exchange (PBX) Station	$0.62 per line per month

Maryland

Uniform Disposition of Abandoned Property

Maryland's unclaimed property law is custodial in nature. The law covers tangible and intangible personal property and requires holders to file a report annually.

The reporting period for an insurance company is from January 1 through December 31, of each year and the report is due no later than April 30 of the following year. Reports for all other entities (banks, financial organizations, utilities and corporations) cover the period of July 1 through June 30 of each year and must be filed no later than October 31 of that year.

Other Miscellaneous Taxes

Montgomery County:

911 Emergency	$1.00 per bill per month
Telephone Service	$0.75 to county
Charge	$0.25 to state trust fund

Other Miscellaneous Taxes-continued

Prince George's County:

911 Emergency Telephone Service Charge	$1.00 per line per month $0.75 to county $0.25 to state trust fund

Charles County:

911 Emergency Telephone Service Charge	$1.00 per line per month $0.75 to county $0.25 to state trust fund

Virginia

Business Litter Tax

Virginia imposes an annual $10 litter tax on each business establishment that produces litter. An additional $15 tax is levied on each business operating as a manufacturer, wholesaler, distributor, or retailer of groceries, soft drinks, carbonated water, beer, or other malt beverages.

Uniform Disposition of Unclaimed Property

All unclaimed property is subject to the custody of the Commonwealth of Virginia, including funds or other property, tangible and intangible, including any income or increments thereon, less any lawful charges that are held, issued or owing in the ordinary course of the holder's business and have remained unclaimed by the owner.

Banking organizations, business associations and financial organizations must file an unclaimed property report before November 1 of each year as of June 30 preceding. Insurance corporations must file a report before May 1 of each year as of the preceding December 31.

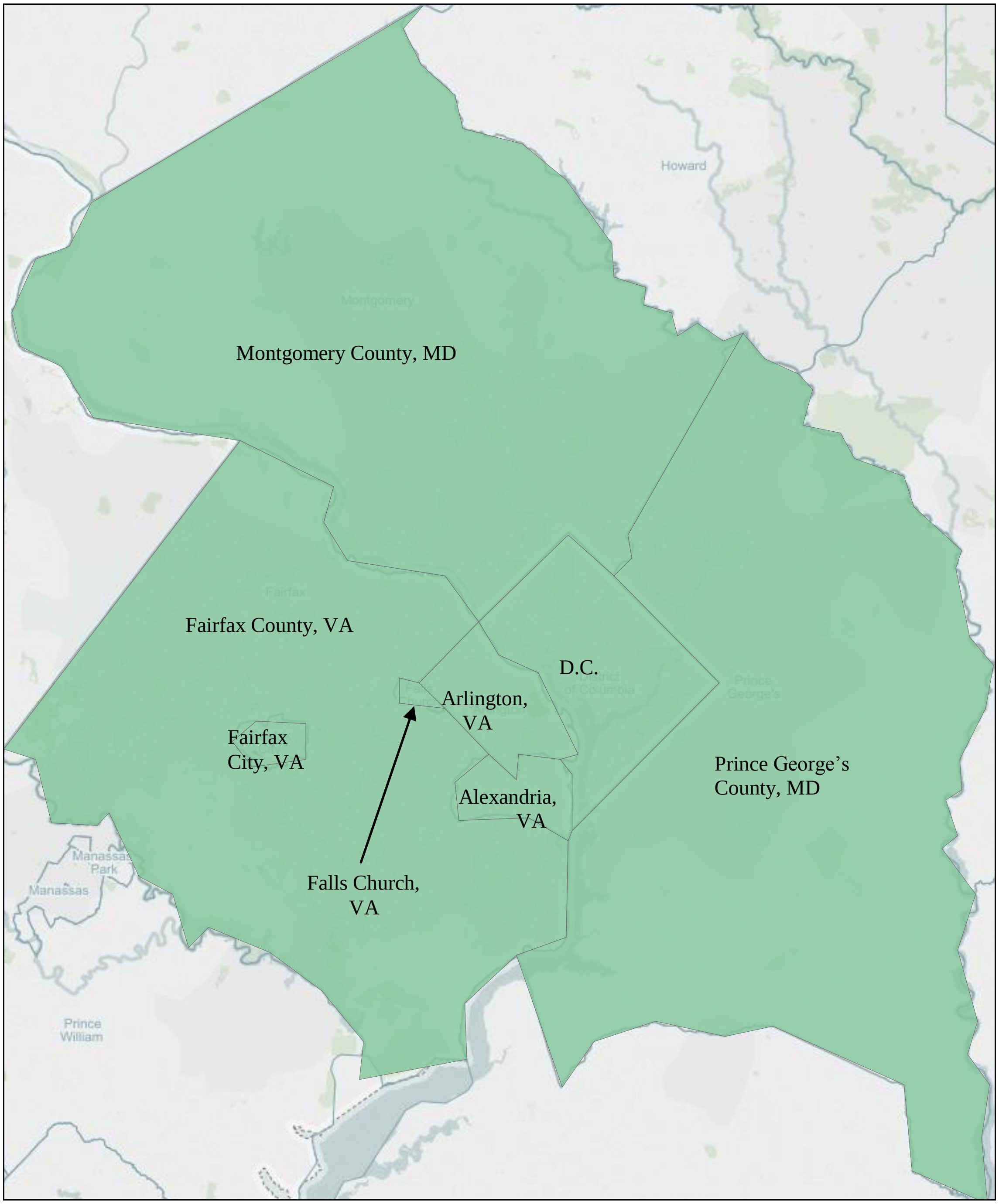
Other Miscellaneous Taxes

VA E-911	All local E-911 fees have been replaced with a statewide $0.75 per line per month fee. Also, all local mobile telecommunications taxes in Virginia have been replaced with a 5 percent statewide communications sales and use tax.

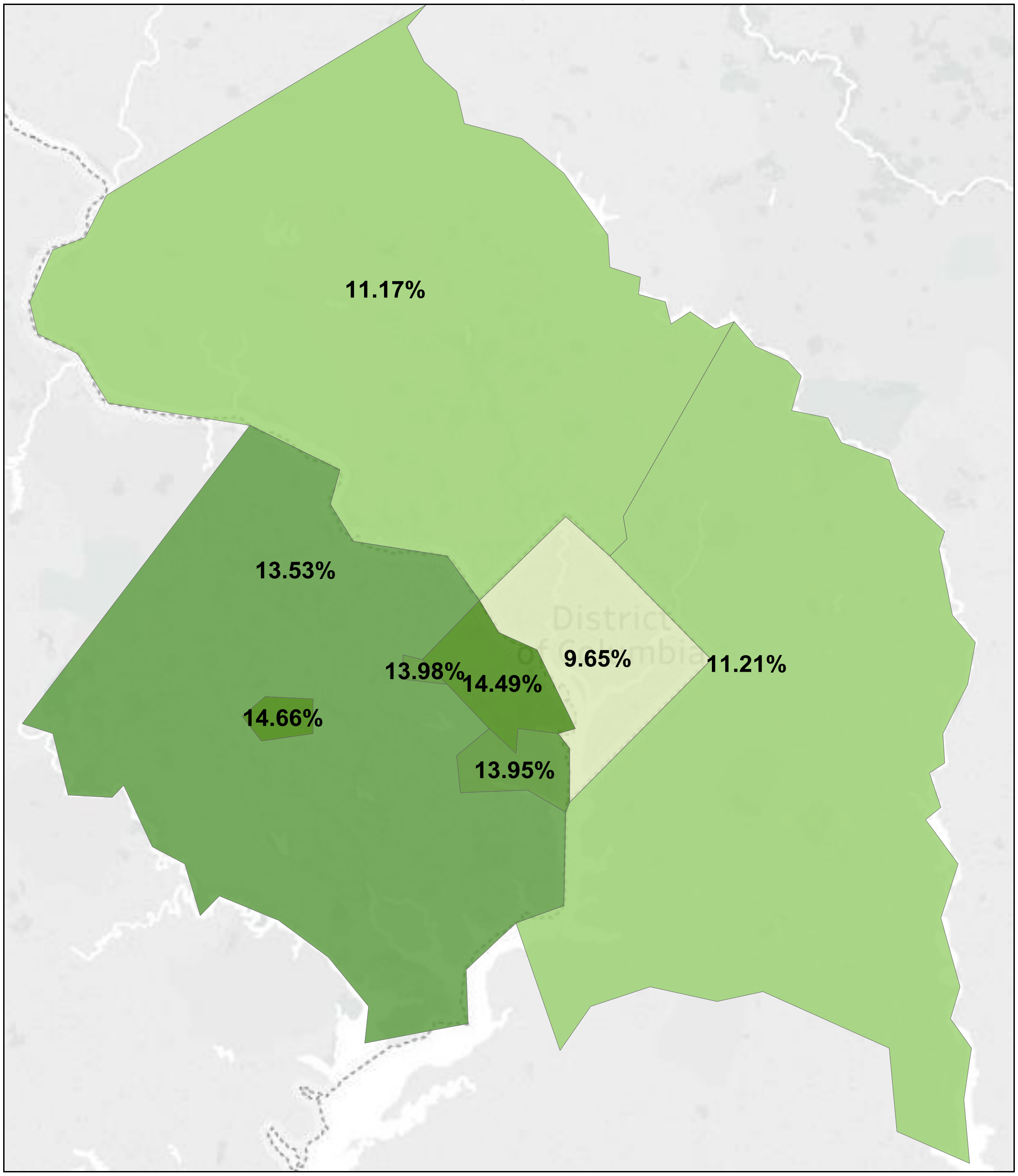
Alexandria:	
Daily Rental Tax	1 percent on the gross proceeds of a short-term rental business 1.5 percent on the gross proceeds of the rental on heavy equipment
Public Rights-of-Way Use Fee	$1.11 per line per month
Arlington County:	
Short-term Rental Tax	1 percent on the gross proceeds of short term rental receipts
Solid Waste & Recycling Fee	$307.28 per year
Fairfax County:	
Short-term Daily Rental	1 percent on the gross proceeds of a short-term rental business
Falls Church:	
Short-term Rental	1 percent on gross proceeds of a short-term rental business
Loudoun County:	
Short-term Rental Tax	$0.20/$100 on a short-term rental business
Prince William County:	
Daily Rental Tax	1 percent daily rental tax; 1.5 percent of the proceeds from heavy equipment

Appendix: Additional Tax Burden Maps

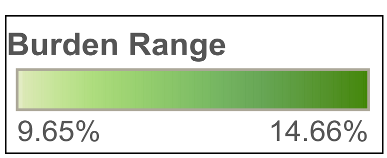
Map 2: D.C. Metropolitan Area Map



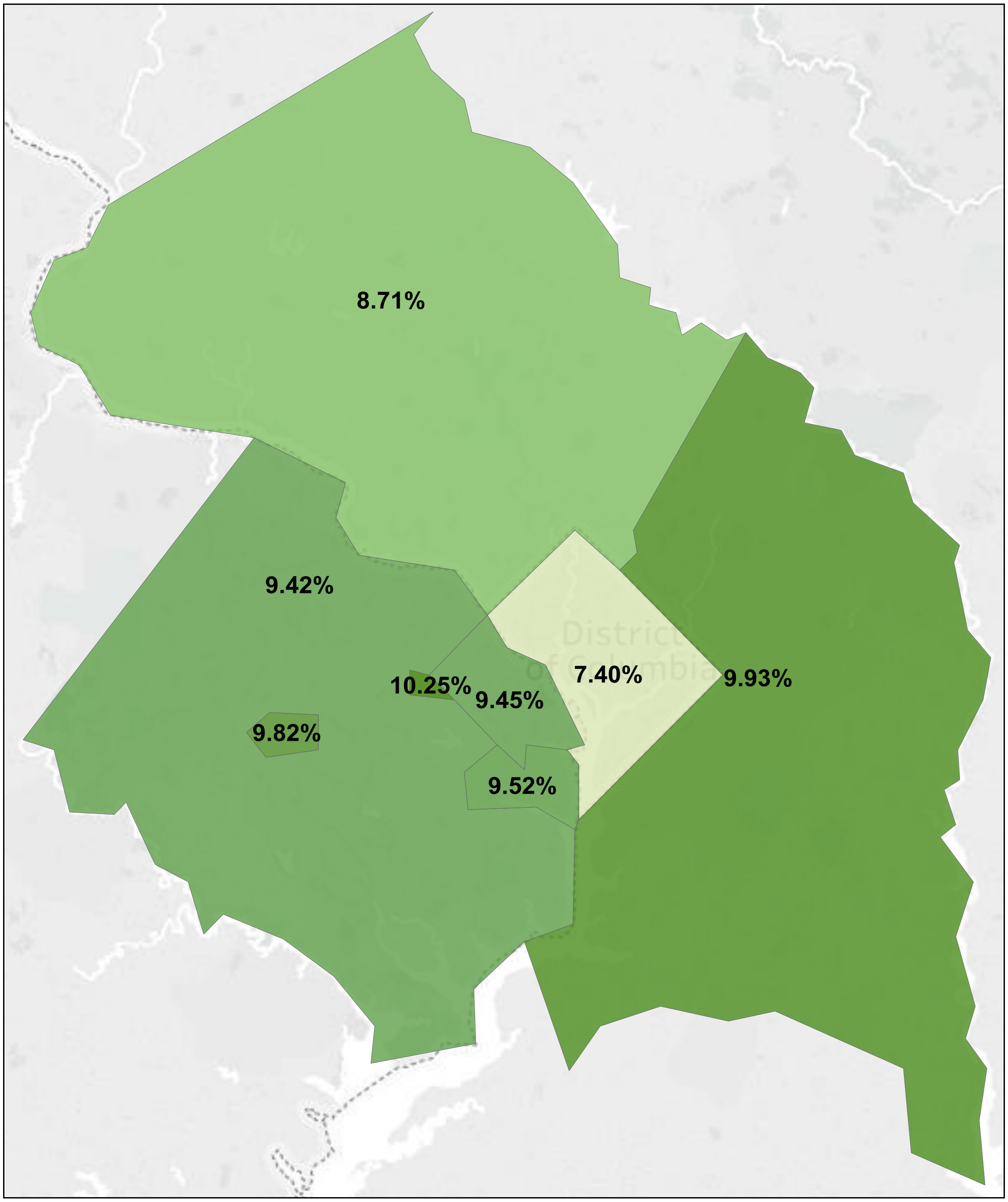
Map 3: Combined 2016 Metropolitan Area Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $25,000/ Year)



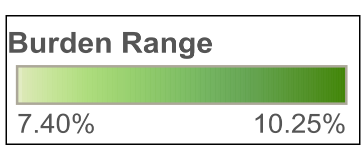
Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.



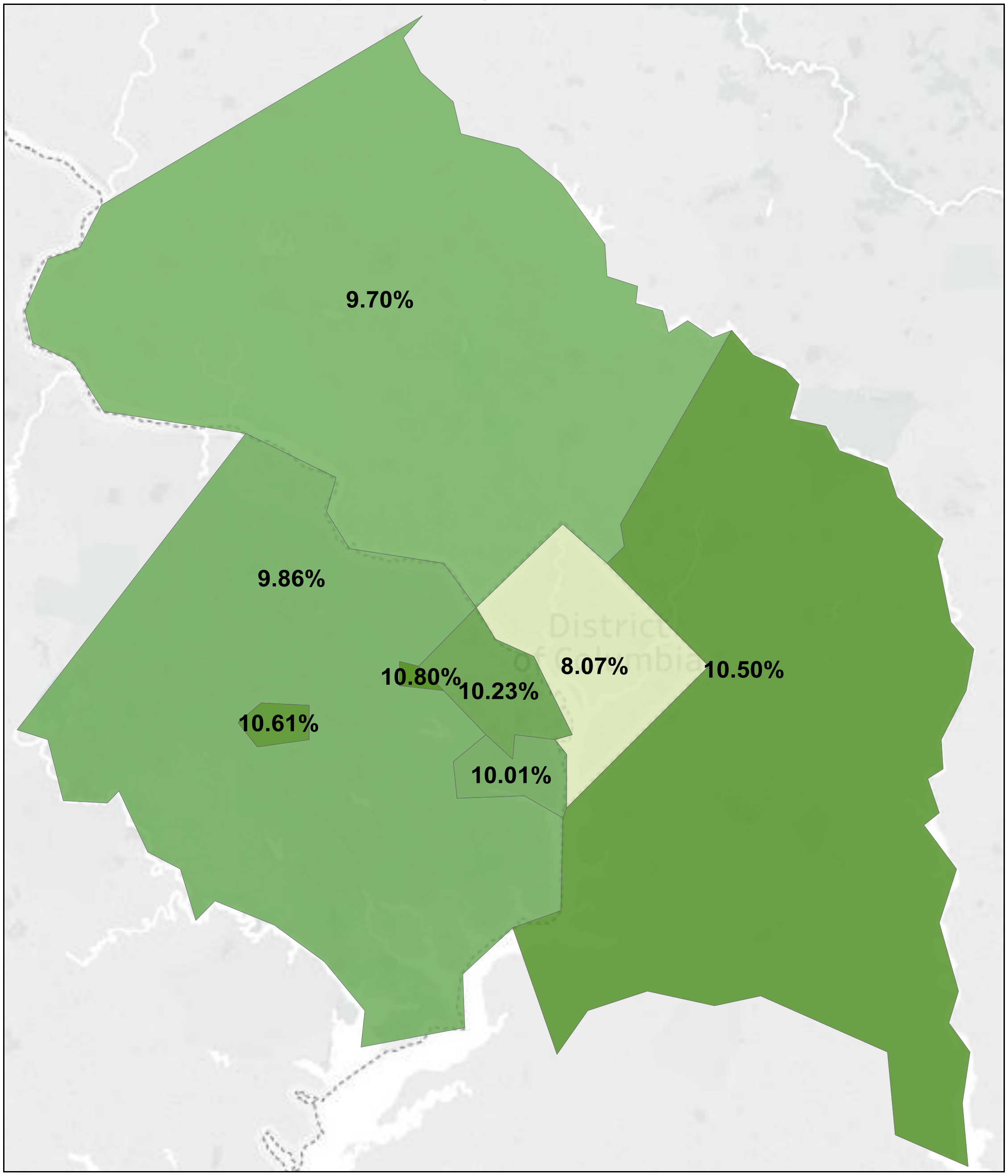
Map 4: Combined 2016 Metropolitan Area Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $50,000/ Year)



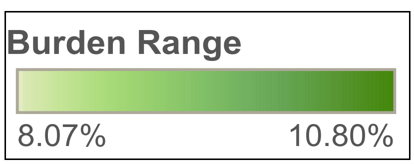
Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.



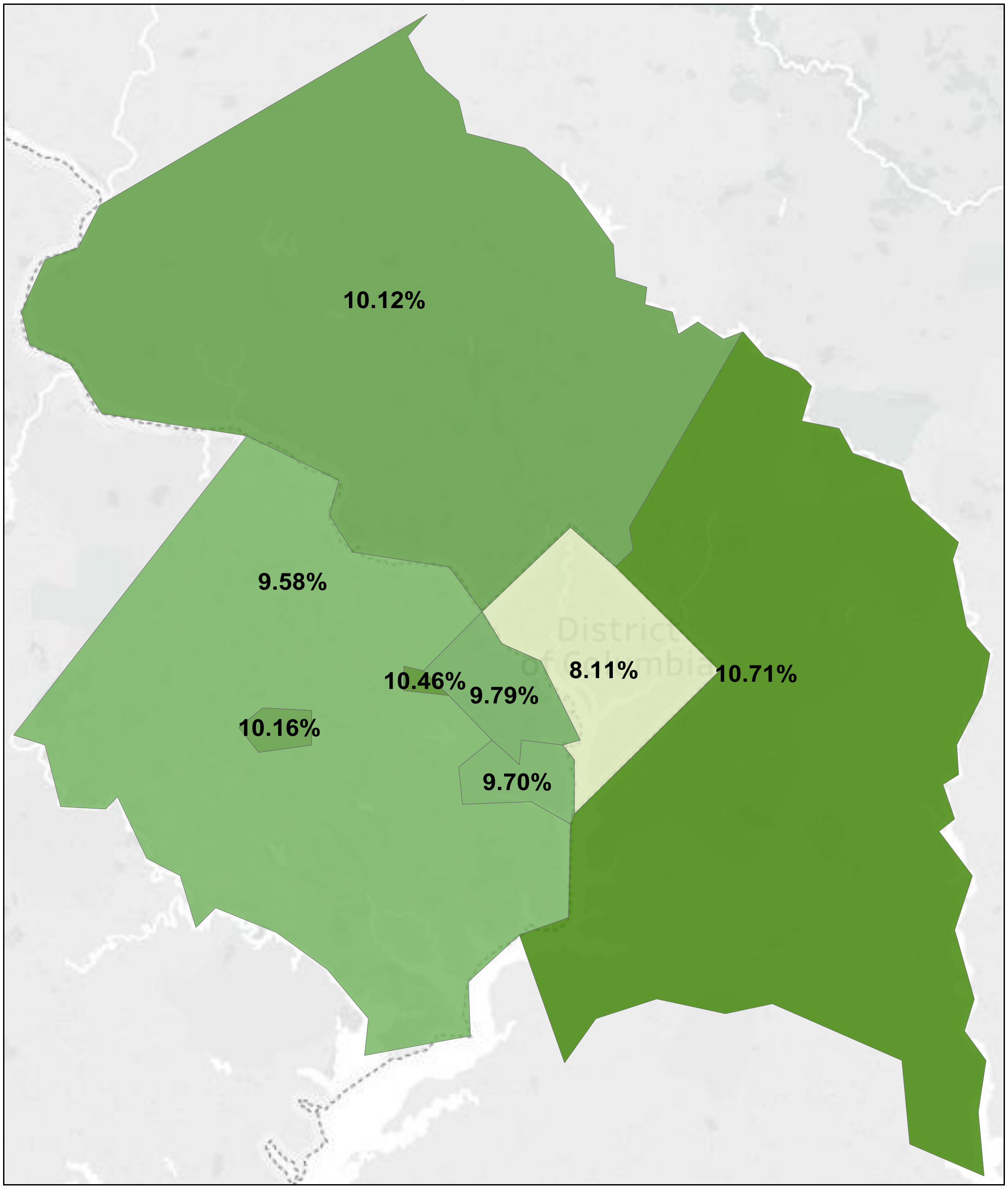
Map 5: Combined 2016 Metropolitan Area Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $75,000/Year)



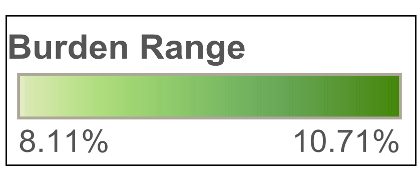
Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.



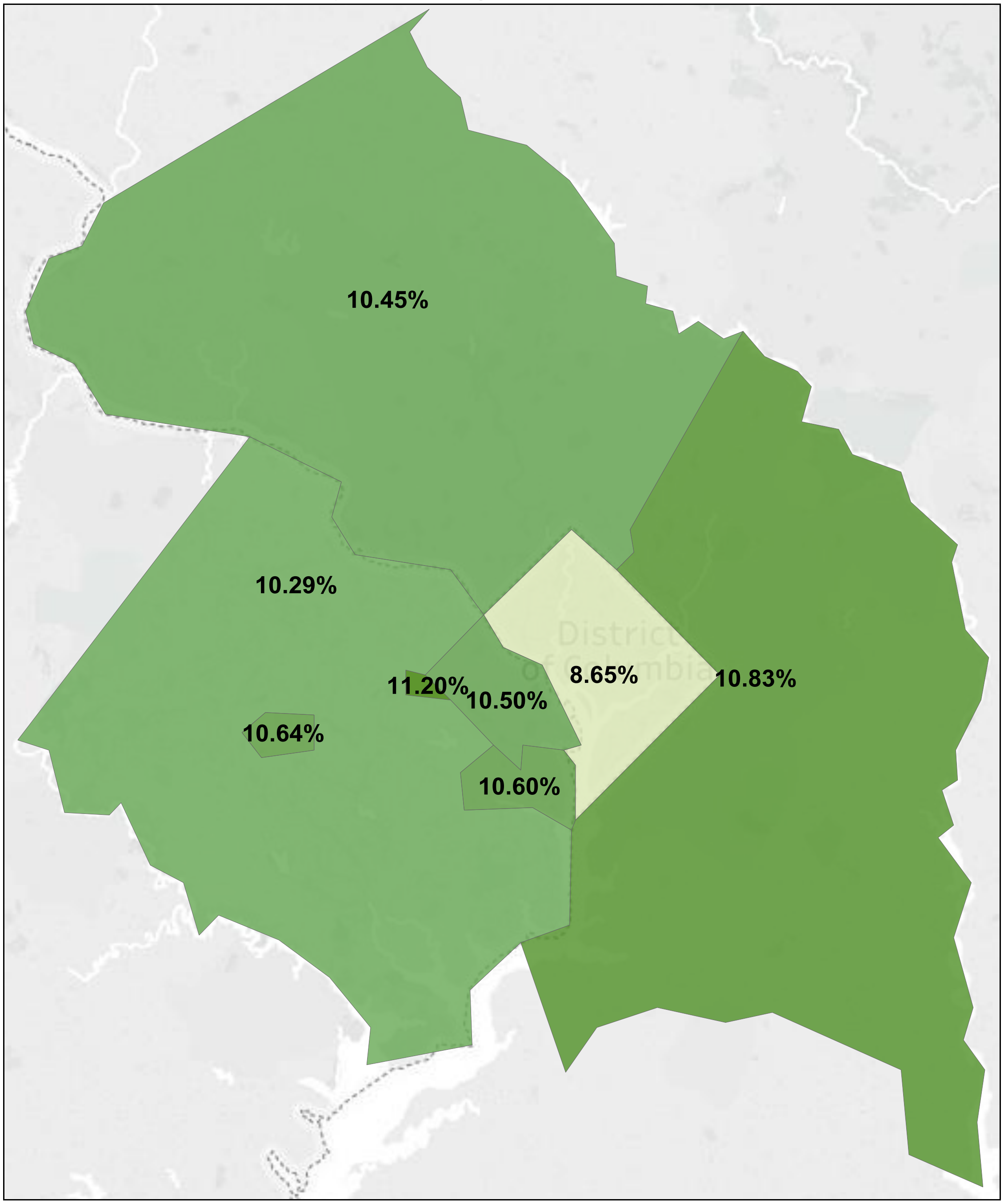
Map 6: Combined 2016 Metropolitan Area Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $100,000/ Year)



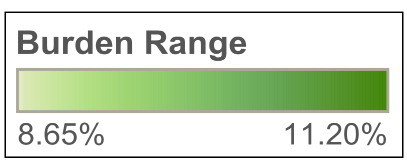
Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.



Map 7: Combined 2016 Metropolitan Area Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $150,000/ Year)



Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden.



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