

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 346  
 Ways and Means

(Montgomery County Delegation)

Budget and Taxation

**Montgomery County - Property Tax Credit - Public Safety Officers**  
**MC 1-17**

This bill authorizes Montgomery County to grant, by law, a real property tax credit for a dwelling owned by a specified Montgomery County public safety officer. The amount of the property tax credit may not exceed \$2,500 and the amount of property tax imposed on the dwelling. The State Department of Assessments and Taxation (SDAT) is responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit. Montgomery County must reimburse SDAT for the reasonable cost of administering the property tax credit. Montgomery County may establish, by law, the amount of the property tax credit, the duration of the property tax credit, and additional eligibility requirements for public safety officers to qualify for the property tax credit.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

**Fiscal Summary**

**State Effect:** Special fund expenditures for SDAT increase by approximately \$166,400 annually for the administration of the property tax credit beginning in FY 2018. Administrative reimbursements from Montgomery County increase by a commensurate amount.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$166,400	\$166,400	\$166,400	\$166,400	\$166,400
SF Expenditure	\$166,400	\$166,400	\$166,400	\$166,400	\$166,400
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Montgomery County property tax revenues may decrease by approximately \$4.2 million annually beginning in FY 2018 to the extent the property tax credit is granted. Reimbursement expenditures increase by approximately \$166,400 annually beginning in FY 2018.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** A “public safety officer” is defined as a (1) firefighter or emergency medical technician employed full time by the Montgomery County Fire and Rescue Service; (2) law enforcement officer employed full time by the Montgomery County Department of Police or by the Montgomery County Sheriff’s Office; (3) corrections officer employed full time by the Montgomery County Department of Correction and Rehabilitation; or (4) firefighter or emergency medical technician volunteering at the Montgomery County Fire and Rescue Service who is eligible for an annual stipend under the Length of Service Award Program.

**Current Law:** Local jurisdictions are authorized to grant a property tax credit for a dwelling owned by the spouse of a specified fallen rescue worker or law enforcement officer. Currently, this property tax credit is authorized by Anne Arundel, Baltimore, Carroll, Charles, Frederick, Garrett, Harford, Howard, Montgomery, Queen Anne’s, and Washington counties.

**State Fiscal Effect:** Special fund expenditures for SDAT increase by approximately \$166,400 annually as a result of administering the property tax credit proposed by the bill. SDAT advises that the agency has never administered a local property tax credit; however, the department does administer the enterprise zone property tax credit and the homeowner’s property tax credit. Based on the department’s experience in administering these property tax credits, SDAT advises that it will likely charge Montgomery County a per application processing fee in an amount commensurate to cover SDAT’s various administrative costs in administering the property tax credit. SDAT advises that the processing fee may be as much as \$100 per application.

**Local Revenues:** Montgomery County property tax revenues may decrease by approximately \$4.2 million annually beginning in fiscal 2018, to the extent the property tax credit is authorized. The estimate is based on the following:

- there are 1,136 fire fighters employed by the Montgomery County Fire and Rescue Service; it is estimated that 188 of these individuals reside in the county;

- there are 1,237 police officers employed by the Montgomery County Department of Police; it is estimated that 778 of these individuals reside in the county;
- there are 140 sheriff's deputies employed by the Montgomery County Sheriff's Office; it is estimated that 63 of these individuals reside in the county;
- there are 305 correctional officers employed by the Montgomery County Department of Correction and Rehabilitation; it is estimated that 69 of these individuals reside in the county;
- there are 1,857 volunteer firefighters and emergency medical technicians who volunteer at the county fire and rescue service; it is estimated that 1,400 of these individuals reside in the county;
- the amount of the property tax credit is \$2,500; and
- U.S. Census Bureau data indicates that the homeownership rate in Montgomery County is approximately 66.6%.

To the extent the property tax credit encourages more individuals to reside in the county, county revenues will be affected accordingly.

**Local Expenditures:** Montgomery County expenditures increase to cover SDAT's expenditures for administering the property tax credit. As noted, SDAT will likely impose a per application fee in an amount commensurate to cover SDAT's administrative costs. Based on the information referenced above, county expenditures may increase by approximately \$166,400 annually beginning in fiscal 2018.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Montgomery County; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:**  
mm/hlb

First Reader - February 13, 2017

Third Reader - March 28, 2017

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