

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

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 979  
Ways and Means

(Delegate Luedtke, *et al.*)

Budget and Taxation

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**Property Tax Credit - Public Safety Officers**

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This bill authorizes county and municipal governments to grant, by law, a property tax credit for a dwelling owned by a specified 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. County and municipal governments must reimburse SDAT for the reasonable cost of administering the property tax credit. County and municipal governments 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.

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**Fiscal Summary**

**State Effect:** Special fund expenditures for SDAT increase beginning in FY 2018 for the administration of the property tax credit. Administrative reimbursements from local governments increase by a commensurate amount.

**Local Effect:** Local property tax revenues decrease beginning in FY 2018 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of eligible public safety officers who own a home in each county and the amount of the property tax credit. Local expenditures increase to reimburse SDAT for administrative costs.

**Small Business Effect:** None.

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### Analysis

**Bill Summary:** A “public safety officer” is defined as a firefighter, an emergency medical technician, a correctional officer, a police officer, or a deputy sheriff employed full time by a public safety agency in the county or municipality where the individual resides. The definition also includes a volunteer firefighter for a public safety agency where the individual resides.

**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, as shown in **Exhibit 1**.

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**Exhibit 1**  
**Property Tax Credit for Disabled or Fallen Law Enforcement Officers**  
**And Rescue Workers**  
**Fiscal 2016**

<u>County</u>	<u>Number Claiming</u>	<u>Amount Claimed</u>
Anne Arundel	107	\$236,475
Baltimore	8	17,399
Carroll	n/a	13,618
Charles	3	6,531
Frederick	0	0
Garrett	2	1,751
Harford	1	2,877
Howard	5	17,045
Montgomery	6	21,655
Queen Anne’s	23	72,916
Washington	1	626
<b>Total</b>	<b>156</b>	<b>\$390,893</b>

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**State Fiscal Effect:** Special fund expenditures for SDAT increase as a result of administering the property tax credit proposed by the bill. The amount of the increase

depends on the number of local jurisdictions that enact the property tax credit and the number of tax credit applications received. 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 homeowners' property tax credit. Based on the department's experience in administering these property tax credits, SDAT advises that it will likely charge county and municipal governments 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 Fiscal Effect:** Local property tax revenues decrease beginning in fiscal 2018 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of eligible public safety officers who own a home in each county and the amount of the property tax credit. Assuming all jurisdictions grant the property tax credit, local revenues could decrease by approximately \$25.7 million annually. This estimate is based on the following assumptions:

- 15,720 sworn law enforcement officers in Maryland as reported by the 2015 Uniform Crime Report (**Exhibit 2**);
- average taxable assessment (after the homestead property tax credit) for residential property is \$205,295 for county tax purposes (**Exhibit 3**);
- average local property tax rate is \$1.20 per \$100 of assessment;
- average property tax credit amount totals \$2,450 per individual;
- homeownership rate in Maryland is 66.8%.

Since eligible public safety officers include firefighters (paid and volunteer), emergency medical technicians, and correctional officers, the potential cost for the property tax credit may exceed \$50 million annually. This estimate assumes that all jurisdictions grant the property tax credit and the individual receives the maximum allowed credit amount.

County and municipal 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. The amount of the expenditure increase depends on the number of applications processed by SDAT.

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**Exhibit 2**  
**Sworn Law Enforcement Officers in Maryland**  
**2015**

<b>County</b>	<b>Number of Sworn Officers</b>
Allegany	162
Anne Arundel	1,058
Baltimore City	3,154
Baltimore	2,173
Calvert	152
Caroline	59
Carroll	307
Cecil	263
Charles	342
Dorchester	93
Frederick	412
Garrett	74
Harford	453
Howard	635
Kent	42
Montgomery	1,580
Prince George's	2,613
Queen Anne's	116
St. Mary's	193
Somerset	98
Talbot	160
Washington	260
Wicomico	294
Worcester	238
Statewide	789
<b>Total</b>	<b>15,720</b>

Note: Includes county, municipal, sheriff's department, and State Police.

Source: 2015 *Uniform Crime Report*

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**Exhibit 3**  
**Average Residential Assessment and Property Tax Rates**  
**Fiscal 2017**

<b>County</b>	<b>Property Tax Rate</b>	<b>Average Taxable Assessment</b>
Allegany	\$0.9770	\$94,878
Anne Arundel	0.9150	276,482
Baltimore City	2.2480	133,263
Baltimore	1.1000	226,681
Calvert	0.9520	263,809
Caroline	0.9800	178,051
Carroll	1.0180	302,051
Cecil	0.9914	292,387
Charles	1.2050	259,751
Dorchester	0.9760	194,673
Frederick	1.0600	293,806
Garrett	0.9900	120,058
Harford	1.0420	257,605
Howard	1.1900	379,774
Kent	1.0220	223,204
Montgomery	1.0382	328,888
Prince George's	1.3740	214,043
Queen Anne's	0.8471	337,525
St. Mary's	0.8523	262,461
Somerset	1.0000	104,915
Talbot	0.5471	250,991
Washington	0.9480	203,350
Wicomico	0.9516	160,278
Worcester	0.8350	216,166

Source: Department of Assessments and Taxation; Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City; Harford, Talbot, and Wicomico counties; cities of Frederick and Havre de Grace; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2017  
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