

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 89

(Chair, Ways and Means Committee)(By Request -
Departmental - Assessments and Taxation)

Ways and Means

Budget and Taxation

Property Tax Credit - Public Safety Officers - Administration

This departmental bill repeals the requirement that the State Department of Assessments and Taxation (SDAT) administer the local property tax credit program for public safety officers that was established by Chapter 686 of 2017. Instead, the bill requires that local governments administer the tax credit program. Local governments are authorized to establish procedures for the application and uniform processing of requests for the property tax credit and any other provisions necessary to carry out the property tax credit. The bill also alters the calculation of the property tax credit by specifying that the tax credit may not exceed the lesser of \$2,500 or the amount of property tax imposed on the dwelling. **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: Since no local jurisdiction has established the property tax credit, State finances are not affected. However, the bill eliminates potential administrative requirements that could affect State finances in future years.

Local Effect: Local government expenditures to administer the property tax credit may be affected in future years to the extent the property tax credit is authorized. The net impact will depend on whether local jurisdictions can administer the tax credit program at a lower cost than the State. Local revenues are not affected.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: Chapter 686 of 2017 authorized county and municipal governments to grant a property tax credit for dwellings owned by specified public safety officers. The amount of the property tax credit may not exceed \$2,500 and the amount of property tax imposed on the dwelling. 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.

Background: Local governments are authorized to grant over 50 local property tax credits under Title 9, Subtitle 2 of the Tax Property Article. The administrative responsibilities for these tax credit programs are assumed by the local government; SDAT does not administer any of the local property tax credit programs. SDAT indicates that no local jurisdiction has authorized the property tax credit under Chapter 686; however, Anne Arundel County is considering the program.

State Fiscal Effect: The fiscal and policy note for Chapter 686 indicated that SDAT would 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. The processing fee was estimated to be as much as \$100 per application. Since no local jurisdiction has established the property tax credit, State finances are not affected. However, the bill eliminates potential administrative requirements that could affect State finances in the future.

Local Fiscal Effect: The potential impact on local governments will depend on whether local costs to administer the tax credit program would be higher or lower than SDAT costs. It is possible that the local costs would be less than the State administrative costs, thereby resulting in a potential cost savings for the local government. As stated earlier, local governments are currently responsible for administering other local property tax credit programs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Harford and Montgomery counties; Maryland Association of Counties; City of Rockville; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: mag/hlb
First Reader - January 28, 2018
Third Reader - March 19, 2018
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Statewide Optional Property Tax Credit – Public Safety Officers

BILL NUMBER: HB 89

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Not Applicable.