

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 276

(Prince George's County Delegation and Montgomery
 County Delegation)

Ways and Means

Budget and Taxation

**Income Tax - Subtraction Modification - Maryland-National Capital Park Police
 and Washington Suburban Sanitary Commission Police Force
 PG/MC 105-20**

This bill expands the existing State subtraction modification for local law enforcement officers who reside in political subdivisions with certain crime rates by extending eligibility to law enforcement officers of the Maryland-National Capital Park Police and Washington Suburban Sanitary Commission (WSSC) Police Force. To be eligible, the law enforcement officers must reside in qualifying political subdivisions. **The bill takes effect July 1, 2020, and applies to tax year 2020 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease by \$21,000 annually beginning in FY 2021 due to additional income being exempted. Future year revenue decreases reflect a stable number of claimants. Expenditures are not affected.

| (in dollars) | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--------------|------------|------------|------------|------------|------------|
| GF Revenue | (\$21,000) | (\$21,000) | (\$21,000) | (\$21,000) | (\$21,000) |
| Expenditure | 0 | 0 | 0 | 0 | 0 |
| Net Effect | (\$21,000) | (\$21,000) | (\$21,000) | (\$21,000) | (\$21,000) |

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

Local Effect: Local revenues decrease by \$14,000 annually beginning in FY 2021. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 519 of 2016 established a subtraction modification of up to \$5,000 of the income earned by a law enforcement officer if (1) the officer resides in the political subdivision in which the officer is employed and (2) the crime rate in the political subdivision exceeds the State's crime rate. A law enforcement officer is an individual who (1) in an official capacity is authorized by law to make arrests and (2) is a member of a law enforcement agency, including a law enforcement officer who serves in a probationary status or at the pleasure of the appointing authority of a county or municipality.

Chapters 67 and 68 of 2019 extended eligibility to Maryland Transportation Authority law enforcement officers who reside in these qualifying political subdivisions.

Federal and State law enforcement officers do not qualify for the subtraction modification.

The Maryland Police Training and Standards Commission certifies to the Comptroller the political subdivisions that have crime rates exceeding the State's crime rate.

Background:

Maryland-National Capital Park and Planning Commission

The Maryland-National Capital Park Police is the law enforcement branch of the Maryland-National Capital Park and Planning Commission (M-NCPPC). M-NCPPC is a bicounty agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program. In fiscal 2019, the commission employed approximately 225 park police officers.

Washington Suburban Sanitary Commission

WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George's counties. It has approximately 475,000 customer accounts, serves an area of approximately 1,000 square miles, and currently employs more than 1,500 people.

WSSC's Police and Homeland Security Office is responsible for (1) safeguarding commission real property; (2) providing for the safety of WSSC personnel, customers, and visitors to commission facilities; (3) investigating theft of service cases; (4) investigating illegal discharges into the wastewater collection system; and (5) investigating complaints

of criminal activity which occur on commission property. WSSC advises that it currently employs 22 full-time police officers.

State Revenues: Additional income may be exempted beginning in tax year 2020. Based on the number of WSSC and park police officers employed and the political subdivisions that have crime rates exceeding the State's crime rate, it is estimated that general fund revenues will decrease by \$21,000 annually beginning in fiscal 2021.

Local Revenues: Local income tax revenues will decrease as a result of subtraction modifications claimed against the personal income tax. Local revenues will decrease by \$14,000 annually beginning in fiscal 2021.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland-National Capital Park and Planning Commission; Washington Suburban Sanitary Commission; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2020
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