

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 25

(Senator Klausmeier)

Budget and Taxation

Ways and Means

**Property Tax Credit - Disabled or Fallen Law Enforcement Officer or Rescue
Worker - Alterations**

This bill makes changes to the local option property tax credit for disabled or fallen law enforcement officers or rescue workers. The bill alters the definition of fallen law enforcement officer or rescue worker to include disabled law enforcement officers or rescue workers who have died regardless of the cause of death. Local governments, however, are authorized to limit eligibility for the property tax credit to the existing criteria established under current law. The bill also allows, under specified circumstances, the amount of the credit for a newly purchased dwelling owned by a disabled or fallen law enforcement officer or rescue worker or the surviving spouse or cohabitant to be in the same proportion as the property tax credit initially granted for the dwelling. The bill also removes the requirement that the dwelling must have been acquired within a certain number of years. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues may decrease beginning in FY 2025 to the extent that local jurisdictions grant the property tax credit, the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit, and local jurisdictions increase the maximum amount of the property tax credit. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Local governments are authorized to grant a property tax credit for a dwelling owned by (1) a disabled law enforcement officer or rescue worker; (2) a surviving spouse of a fallen law enforcement officer or rescue worker; or (3) a cohabitant, provided specified conditions are met. To be eligible for the property tax credit, the dwelling must have been acquired by the disabled law enforcement officer or rescue worker within 10 years of the date the disabled law enforcement officer or rescue worker was adjudged to be permanently and totally disabled or by the surviving spouse or cohabitant within 10 years of the fallen law enforcement officer's or rescue worker's death.

Chapters 533 and 534 of 2023 require a local government to determine the definition of a disabled law enforcement officer or rescue worker for purposes of receiving a local property tax credit. In addition, Chapters 533 and 534 expand eligibility for the property tax credit to include a disabled law enforcement officer or rescue worker or surviving spouse or cohabitant who was domiciled in the State any time within five years prior to the disabled law enforcement officer or rescue worker becoming disabled or dying.

Local Fiscal Effect: Local property tax revenues may decrease beginning in fiscal 2025 to the extent that local jurisdictions grant the property tax credit, the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit, and local jurisdictions increase the maximum amount of the property tax credit. The amount of the decrease depends on the number of eligible taxpayers and the assessed value of each residential property that is eligible for the property tax credit, neither of which can be reliably estimated at this time.

Baltimore City advises that 2 homeowners received the tax credit with a value of \$8,090 in fiscal 2023. Under the bill, an additional 79 homeowners may be eligible for the tax credit, which could reduce city property tax revenues by approximately \$329,200.

Local Governments Providing the Disabled or Fallen Law Enforcement or Rescue Worker Property Tax Credit

Baltimore City and the following 13 counties have authorized the property tax credit – Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, and St. Mary's.

Information on the extent to which the property tax credit has been granted in certain counties is provided below.

- Frederick County provided a property tax credit to three surviving spouses in fiscal 2023, and;

- Prince George’s County provides a property tax credit to the surviving spouses or partners of law enforcement officers who have fallen in the line of duty. In fiscal 2021, the county provided six credits totaling \$15,200 (average credit was \$2,500). In fiscal 2022, the county provided five credits totaling \$13,800 (average credit \$2,750).

Additional information on local property tax rates and revenues can be found in the [County Revenue Outlook Report – Fiscal 2024](#). A copy of the report is available on the Department of Legislative Services website.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Allegany, Frederick, Montgomery, and Prince George’s counties; cities of College Park, Frostburg, and Rockville; Town of Bladensburg; Maryland Municipal League; Comptroller’s Office; State Department of Assessments and Taxation; Department of Legislative Services

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