

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 197

(Delegate McIntosh, *et al.*)

Ways and Means

Budget and Taxation

**Property Tax - Credit - Firefighters, Law Enforcement Officers, and Public
School Teachers**

This bill authorizes Baltimore City and county governments to grant a property tax credit for a dwelling owned by a first-time Maryland home buyer who is a firefighter, law enforcement officer, or public school classroom teacher if the dwelling is located in the jurisdiction where the individual is employed. In order to qualify for the credit, the individual must provide specified information to the State Department of Assessments and Taxation (SDAT) to prove first-time Maryland home ownership. The jurisdictions are also authorized to provide for the amount and duration of any credit granted, the criteria and qualifications for eligibility, credit compliance measures, administrative procedures for credit requests, and any other provision necessary to administer the tax credit.

The bill takes effect June 1, 2006 and applies to all taxable years beginning after June 30, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Potential local property tax revenue decrease beginning in FY 2007. The amount of the decrease depends on the property tax credit granted, the number of eligible first-time Maryland home buyers, and the value of the property. No effect on county expenditures.

Small Business Effect: None.

Analysis

Current Law: Local property tax credits are not provided to first-time Maryland home buyers.

Local Fiscal Effect: To the extent that local governments grant the property tax credit authorized by the bill, local property tax revenues could decrease. The actual amount of the decrease cannot be reliably estimated and depends on the number of eligible first-time Maryland home buyers in each county and the value of the property. **Exhibit 1** shows, *for illustrative purposes only*, the potential effect of a property tax credit for first-time home buyers who are teachers, law enforcement officers, and firefighters living in the county that they work in. County property tax revenues could decrease by at least \$2.2 million in fiscal 2007, based on the following:

- 40% of residential home sales are to first-time Maryland home buyers;
- there are 42,310 certified teachers in Maryland, as shown in **Exhibit 2**;
- there are 14,897 sworn law enforcement employees in Maryland, as shown in **Exhibit 3**;
- there are approximately 6,730 firefighters in Maryland;
- teachers, law enforcement employees, and firefighters make up approximately 2.6% of the total workforce in Maryland;
- approximately 2.6% of owner-occupied residential sales are to teachers, law enforcement officers, and firefighters;
- the number of employees remains constant;
- future year decreases reflect increasing assessments of 10% annually and additional first-time home buyers in subsequent years; and
- local tax rates remaining constant.

Exhibit 2 shows the number of teachers by county for the 2005 – 2006 school year. Exhibit 3 shows the number of sworn law enforcement employees in each county as of October 31, 2004. The figures include the Maryland State Police and county and municipal law enforcement agencies in each county.

Exhibit 1
Property Tax Exemption – Firefighters, Law Enforcement Officers, and Public School Teachers

<u>County</u>	<u>Average Assessment</u>	<u>Home Sales</u>	<u>Eligible Employees</u>	<u>Share of Statewide Employment</u>	<u>First-time Eligible Home Buyers</u>	<u>County Tax Rate</u>	<u>Estimated County Revenue Decrease</u>
Allegany	\$69,713	624	755	2.55%	6	\$1.0007	\$4,436
Anne Arundel	192,930	10,648	4,886	2.28%	97	0.9310	174,149
Baltimore City	76,211	6,130	8,981	2.53%	62	2.3080	109,153
Baltimore	154,691	13,980	8,787	2.41%	135	1.1150	232,467
Calvert	212,323	1,391	1,126	5.44%	30	0.8920	57,294
Caroline	120,956	469	364	4.20%	8	0.9100	8,671
Carroll	199,393	2,797	1,832	3.51%	39	1.0480	81,961
Cecil	158,572	1,491	1,117	3.95%	24	0.9800	36,582
Charles	186,647	3,164	1,608	4.04%	51	1.0260	98,015
Dorchester	111,338	439	360	2.97%	5	0.9200	5,333
Frederick	200,013	5,095	2,471	2.76%	56	1.0000	112,523
Garrett	90,639	154	403	3.56%	2	1.0000	1,989
Harford	176,794	5,109	2,531	3.27%	67	1.0820	127,944
Howard	246,976	5,448	3,631	2.62%	57	1.1695	165,030
Kent	148,609	188	190	2.37%	2	0.9920	2,629
Montgomery	310,396	19,907	9,992	2.23%	177	0.9670	532,157
Prince George's	155,104	15,578	9,604	3.07%	191	1.3190	391,156
Queen Anne's	236,643	762	525	4.10%	12	0.8700	25,728
St. Mary's	174,293	1,628	957	2.55%	17	0.8720	25,231
Somerset	77,934	168	275	3.96%	3	0.9900	2,052
Talbot	203,184	710	418	2.21%	6	0.5200	6,637
Washington	136,770	2,181	1,413	2.21%	19	0.9480	24,989
Wicomico	117,610	1,307	1,026	2.35%	12	0.9930	14,323
Worcester	153,840	268	682	2.80%	3	0.7300	3,367
Total		99,636	63,936	2.64%	1,083		\$2,243,819

Exhibit 2
Certified Teachers by County
2005-2006

<u>County</u>	<u>Advanced Certificate</u>	<u>Standard Certificate</u>	<u>Residential Certificate</u>	<u>Total Teachers</u>
Allegany	375	123	-	518
Anne Arundel	1,810	1,081	-	3,333
Baltimore City	1,779	889	187	4,309
Baltimore	2,699	1,990	7	5,604
Calvert	477	288	-	865
Caroline	151	100	-	267
Carroll	656	486	-	1,291
Cecil	371	348	-	781
Charles	470	418	-	1,148
Dorchester	127	74	-	240
Frederick	997	705	7	1,813
Garrett	210	64	-	284
Harford	939	764	1	1,827
Howard	1,237	1,132	2	2,655
Kent	100	16	-	132
Montgomery	3,360	3,025	1	7,359
Prince George's	2,224	2,132	139	6,420
Queen Anne's	181	124	-	357
St. Mary's	356	238	2	691
Somerset	75	50	-	159
Talbot	122	89	1	228
Washington	549	353	-	1,024
Wicomico	360	207	-	619
Worcester	232	122	-	386
Total	19,857	14,818	347	42,310

Source: 2005 Maryland Report Card, Maryland State Department of Education

Exhibit 3
Sworn Law Enforcement Officers
October 31, 2004

<u>County</u>	<u>Number</u>	<u>County</u>	<u>Number</u>
Allegany	149	Harford	408
Anne Arundel	981	Howard	551
Baltimore City	3,621	Kent	36
Baltimore	2,155	Montgomery	1,464
Calvert	129	Prince George's	2,060
Caroline	54	Queen Anne's	107
Carroll	327	St. Mary's	154
Cecil	205	Somerset	84
Charles	272	Talbot	141
Dorchester	78	Washington	224
Frederick	369	Wicomico	287
Garrett	72	Worcester	216
		State Agencies ¹	753
		Total	14,897

¹Includes Comptroller of the Treasury, Maryland Transit Authority, Natural Resources Police, State Fire Marshal, and Department of Public Safety and Correctional Services.

Source: *Crime in Maryland, 2004 Uniform Crime Report*, Maryland State Police

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Maryland State Department of Education, Maryland State Police, Calvert County, Caroline County, Howard County, Montgomery County, Prince George's County, Department of Legislative Services

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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510