

**Department of Legislative Services
Maryland General Assembly
2006 Session**

FISCAL AND POLICY NOTE

House Bill 889
Ways and Means

(Delegate Impallaria, *et al.*)

**Property Tax Credit - Dwellings Owned by Disabled or Injured Police Officers,
Firefighters, and Correctional Officers**

This bill authorizes local governments to grant, by law, a property tax credit of up to 30% of the property tax imposed on a dwelling owned by a retired and disabled or injured police officer, firefighter, or correctional officer, if the individual's retirement was due to a disability or injury that arose of and in the course of employment.

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: The extent of any revenue loss depends on the number of counties and municipal corporations granting the credit and the number of disabled or injured police officers, firefighters, and correctional officers living in the jurisdiction who own a home.

Small Business Effect: None.

Analysis

Current Law: Baltimore City and county and municipal governments are not authorized to grant property tax credits for disabled or injured police officers, firefighters, or correctional officers.

Background: Chapters 103 and 104 of 2003 authorize local governments to grant a real property tax credit on certain dwellings that are owned by a surviving spouse of a fallen law enforcement officer. Chapter 486 of 2002 provides authority for a local government to grant a real property tax credit on dwellings that are owned by a surviving spouse of a fallen rescue worker. Chapter 531 of 2001 provides a real property tax exemption for the surviving spouse of an individual who dies in the line of duty while in the active military, naval, or air service of the United States.

Currently, only Baltimore City and Anne Arundel, Baltimore, Carroll, Cecil, Frederick, Harford, Howard, Montgomery, and Prince George's counties have enacted a property tax credit for the property owned by the surviving spouses of law enforcement or rescue workers since the enactment of the authorizing legislation. Charles County has enacted legislation for fallen rescue workers only.

Local Fiscal Effect: The extent of any local government revenue loss depends on the number of counties and municipal corporations granting the credit and the number of disabled or injured police officers, firefighters, and correctional officers living in the jurisdiction who own a home.

Exhibit 1 shows the estimated effect on local government revenues for each individual disabled or injured police officer, firefighter, or correctional officer who qualifies for the credit in each county, based on current assessable base estimates and current county property tax rates.

Baltimore County advises that there are 155 retired county police, fire, and correctional officers residing in the county who receive accidental disability. Based on the average assessment for the current tax year of \$154,691 and a tax rate of \$1.115 per \$100 of assessment (as shown in Exhibit 1), county property tax revenues could decrease by \$80,200 if the credit were enacted.

Montgomery County advises that there are approximately 3,000 county employees in positions that could qualify for the credit and that less than 10% of retirees retire due to a work-related disability. Therefore, assuming that there are 300 employees eligible for the credit and the average assessment in the county is \$310,396 and the tax rate is \$0.967, as shown in Exhibit 1, county property tax revenues could decrease by \$270,100 if the credit were enacted.

Exhibit 1
Potential Effect on County Property Tax Revenue
per Individual Granted a Tax Credit

<u>County</u>	<u>Average Assessment</u>	<u>Tax Rate</u>	<u>Average Tax Bill</u>	<u>30% Credit</u>
Allegany	\$69,713	\$1.0007	\$698	(\$209)
Anne Arundel	192,930	0.9310	1,796	(539)
Baltimore City	76,211	2.3080	1,759	(528)
Baltimore	154,691	1.1150	1,725	(517)
Calvert	212,323	0.8920	1,894	(568)
Caroline	120,956	0.9100	1,101	(330)
Carroll	199,393	1.0480	2,090	(627)
Cecil	158,572	0.9800	1,554	(466)
Charles	186,647	1.0260	1,915	(574)
Dorchester	111,338	0.9200	1,024	(307)
Frederick	200,013	1.0000	2,000	(600)
Garrett	90,639	1.0000	906	(272)
Harford	176,794	1.0820	1,913	(574)
Howard	246,976	1.1695	2,888	(867)
Kent	148,609	0.9920	1,474	(442)
Montgomery	310,396	0.9670	3,002	(900)
Prince George's	155,104	1.3190	2,046	(614)
Queen Anne's	236,643	0.8700	2,059	(618)
St. Mary's	174,293	0.8720	1,520	(456)
Somerset	77,934	0.9900	772	(231)
Talbot	203,184	0.5200	1,057	(317)
Washington	136,770	0.9480	1,297	(389)
Wicomico	117,610	0.9930	1,168	(350)
Worcester	153,840	0.7300	1,123	(337)

Additional Information

Prior Introductions: This bill was introduced as HB 1229 of 2005. The House Ways and Means Committee took no action on the bill.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, City of Havre de Grace, Charles County, Frederick County, Somerset County, Montgomery County, Prince George's County, Department of Legislative Services

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