

Department of Legislative Services  
Maryland General Assembly  
2007 Special Session

**FISCAL AND POLICY NOTE**

House Bill 21  
Ways and Means

(Delegate Smigiel, *et al.*)

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**State Property Tax Exemption - Surviving Spouse of a Law Enforcement Officer  
or Rescue Worker**

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This bill provides an exemption from the State property tax for dwellings owned by the surviving spouse of a fallen law enforcement officer or rescue worker who dies as a result of or in the course of employment as a law enforcement officer or while in the active service of a fire, rescue, or emergency medical service. The exemption is only applicable to the extent that the county where the dwelling is located grants a property tax credit for a dwelling owned by a surviving spouse of a law enforcement officer or rescue worker.

The bill takes effect June 1, 2008 and applies to taxable years beginning after June 30, 2008.

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**Fiscal Summary**

**State Effect:** Potential minimal decrease in State special fund revenues. The extent of the decrease depends on the number of surviving spouses claiming the credit, the assessed value of the property, and the number of counties providing the local option tax credit.

**Local Effect:** None. The bill applies to the State property tax only.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Property owned by the surviving spouse of a law enforcement officer or rescue worker is not exempt from the State property tax.

**Background:** Chapters 103 and 104 of 2003 authorize local governments to grant a real property tax credit on 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.

According to the Fraternal Order of Police Maryland Chapter, from 1996 to 2005, 30 State and local police officers were killed in the line of duty. According to the National Fallen Firefighters Foundation, 62 firefighters have died in the line of duty in Maryland from 1981 to 2004.

**State Fiscal Effect:** The State property tax rate is \$0.112 per \$100 of assessed value of property. All State property tax revenues are credited to a special fund, the Annuity Bond Fund, dedicated exclusively to paying the debt service on State general obligation bonds.

As a result of this legislation, the State would lose \$112 in property tax revenues for every \$100,000 of property assessments exempted under the bill. *For illustrative purposes only*, if the surviving spouses of fallen law enforcement (30) and rescue workers (62) all lived in the jurisdictions granting a local option tax credit, and the average assessed value of each home is approximately \$285,650 (average assessment for tax year 2007-2008), the State would lose approximately \$29,400 due to the exemption provided by the bill.

Surviving spouses of police officers who lived in Maryland but worked in jurisdictions outside of the State would also be eligible for this exemption, which could increase the property tax revenue loss.

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### **Additional Information**

**Prior Introductions:** This bill was introduced as HB 33 in the 2006 session. The Ways and Means Committee took no action on the bill.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - November 1, 2007  
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