

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE

House Bill 1269
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 out of and in the course of employment.

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

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. The potential decrease in local property tax revenues could be significant.

Small Business Effect: None.

Analysis

Current Law: 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 12 jurisdictions (Baltimore City and Anne Arundel, Baltimore, Carroll, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, and St. Mary'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.

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 disabled or injured police officer, firefighter, or correctional officer who qualifies for the credit in each county, based on current assessment estimates and current county property tax rates.

The State Retirement Agency reports that there are 160 individuals receiving a disability retirement benefit from the Law Enforcement Officers' Pension System, which includes State and local law enforcement officers. An additional 503 individuals are receiving a disability benefit from the State Police Retirement System.

Baltimore City indicates that 715 police officers and firefighters who receive a disability benefit as a result of being injured in the line of duty. Prince George's County has 303 police officers and 209 firefighters and emergency medical technicians receiving disability benefits resulting from job related injuries.

In 2007, Baltimore County advised that there were 155 retired county police, fire, and correctional officers residing in the county who receive accidental disability payments; Montgomery County advised that there were 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.

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	\$81,378	\$0.983	\$800	(\$240)
Anne Arundel	331,888	0.891	2,957	(887)
Baltimore City	113,460	2.268	2,573	(772)
Baltimore	224,534	1.100	2,470	(741)
Calvert	301,587	0.892	2,693	(808)
Caroline	169,211	0.870	1,472	(442)
Carroll	279,977	1.048	2,934	(880)
Cecil	212,553	0.960	2,041	(612)
Charles	269,286	1.026	2,763	(829)
Dorchester	154,902	0.896	1,388	(416)
Frederick	289,571	1.064	3,081	(924)
Garrett	117,771	1.000	1,178	(353)
Harford	235,475	1.082	2,548	(764)
Howard	391,204	1.150	4,499	(1,350)
Kent	215,923	0.972	2,099	(630)
Montgomery	473,556	0.916	4,338	(1,301)
Prince George's	246,690	1.319	3,254	(976)
Queen Anne's	336,744	0.770	2,593	(778)
St. Mary's	247,522	0.857	2,121	(636)
Somerset	109,026	0.940	1,025	(307)
Talbot	390,257	0.475	1,854	(556)
Washington	186,897	0.948	1,772	(532)
Wicomico	151,540	0.881	1,335	(401)
Worcester	247,140	0.700	1,730	(519)

Additional Information

Prior Introductions: The bill was introduced as HB 889 of 2006 and HB 1229 of 2005. The House Ways and Means Committee did not take action on either bill.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Caroline County, Howard County, State Retirement Agency, Department of Legislative Services

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