

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 534

(Senator Muse, *et al.*)

Budget and Taxation

Property Tax Credit - Fallen Security Guard

This bill requires a local government to grant a property tax credit for a dwelling owned by the surviving spouse of a security guard who dies in the course of employment at the United States Holocaust Memorial Museum.

The bill takes effect June 1, 2010, and applies to taxable years beginning after June 30, 2010. In addition, the bill applies retroactively to a security guard who dies prior to June 1, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in local property tax revenues. The amount of any decrease depends on when and where a specified surviving spouse purchases a home in Maryland. Local expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

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; or (2) a surviving spouse of a fallen law enforcement officer or rescue worker, provided specified conditions are met.

Background: Chapter 531 of 2001 provided 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. Chapter 486 of 2002 provided 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.

Chapters 103/104 of 2003 authorized 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. In order for the dwelling to qualify for the credit, it must have been (1) owned by the fallen law enforcement officer at the time of death; (2) purchased by the surviving spouse within two years of the fallen law enforcement officer's death as long as the officer or the spouse was domiciled in Maryland at the time of death; or (3) acquired after the surviving spouse qualified for the exemption for a former house, to the extent of the previous exemption.

Chapters 585 and 586 of 2008 expanded the eligibility criteria for the existing property tax credit to include dwellings owned by a disabled law enforcement officer or rescue worker.

Currently, 14 jurisdictions (Baltimore City and Anne Arundel, Baltimore, Carroll, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, St. Mary's, and Washington counties) have enacted some form of property tax credit as authorized under Section 9-210 of the Tax-Property Article since the enactment of the authorizing legislation. Specifically, Anne Arundel, Baltimore, Howard, and Queen Anne's counties grant a property tax credit to the surviving spouse of a deceased law enforcement officer or a rescue worker, as well as to disabled law enforcement officers and rescue workers. Baltimore City and Carroll, Frederick, Harford, Montgomery, Prince George's, and Washington counties grant a property tax credit to the surviving spouse of a deceased law enforcement officer or rescue worker. Cecil County provides a tax credit to the surviving spouse of a deceased law enforcement officer, while Charles and St. Mary's counties grant a tax credit to the surviving spouse of a deceased rescue worker.

Fallen Security Guard in Maryland: On June 11, 2009, Stephen T. Johns was working as a security guard at the United States Holocaust Memorial Museum in Washington, DC when he was shot and killed by James W. von Brunn when the latter entered the museum and began shooting with a rifle. At the time of his death, Mr. Johns was a resident of Temple Hills, Maryland.

Local Fiscal Effect: The bill requires counties and municipalities to grant a property tax credit for a home that is currently owned, or will be owned (by June 11, 2011) by the surviving spouse of a security guard who is killed while employed at the United States

Holocaust Memorial Museum. At this time, the bill only applies to the surviving spouse of Mr. Johns.

State Department of Assessments and Taxation (SDAT) records indicate that at the time of his death, neither Mr. Johns nor his wife owned a home in Maryland. At the present, his surviving spouse does not own a home in the State. As a result, the property tax credit required by the bill will not be granted until the surviving spouse purchases a home in Maryland, provided the home is purchased by June 2011 (two years from the date of death). The amount of the tax credit granted in future years will depend on where a home is purchased, the jurisdiction's property tax rate, and the value of the property.

As a point of reference, **Exhibit 1** shows the average residential assessments for owner-occupied properties and estimated county property taxes for fiscal 2011.

Exhibit 1
County Property Tax Rates and Estimated Taxes on Owner-occupied Dwellings
Fiscal 2011

| County | Average Assessment | Tax Rate | County Property Taxes |
|------------------|-------------------------------|-----------------|----------------------------------|
| Allegany | \$110,394 | \$0.9829 | \$1,085 |
| Anne Arundel | 388,692 | 0.8760 | 3,405 |
| Baltimore City | 160,479 | 2.2680 | 3,640 |
| Baltimore | 281,919 | 1.1000 | 3,101 |
| Calvert | 376,552 | 0.8920 | 3,359 |
| Caroline | 230,242 | 0.8700 | 2,003 |
| Carroll | 329,221 | 1.0480 | 3,450 |
| Cecil | 265,084 | 0.9400 | 2,492 |
| Charles | 308,207 | 1.0260 | 3,162 |
| Dorchester | 208,354 | 0.8960 | 1,867 |
| Frederick | 318,627 | 1.0640 | 3,390 |
| Garrett | 156,863 | 0.9900 | 1,553 |
| Harford | 293,754 | 1.0640 | 3,126 |
| Howard | 441,888 | 1.1495 | 5,080 |
| Kent | 299,098 | 0.9720 | 2,907 |
| Montgomery | 493,800 | 0.9160 | 4,523 |
| Prince George's | 320,198 | 1.3190 | 4,223 |
| Queen Anne's | 408,460 | 0.7700 | 3,145 |
| St. Mary's | 327,205 | 0.8570 | 2,804 |
| Somerset | 149,012 | 0.9000 | 1,341 |
| Talbot | 512,702 | 0.4320 | 2,215 |
| Washington | 226,913 | 0.9480 | 2,151 |
| Wicomico | 189,456 | 0.7590 | 1,438 |
| Worcester | 271,601 | 0.7000 | 1,901 |
| Statewide | \$334,520 | | |

Source: State Department of Assessments and Taxation; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Allegany, Harford, Montgomery, Talbot, and Wicomico counties; Frederick City; State Department of Assessments and Taxation; Department of Legislative Services

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