

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 1088 (Senator Stone)
Budget and Taxation

**Property Tax Credit - Disabled State Troopers and Natural Resources Police
Residing in Baltimore County**

This bill expands the eligibility criteria for a local option property tax credit program for permanently and totally disabled law enforcement officers to include State Troopers and members of the police forces of the Department of Natural Resources who reside in Baltimore County.

The bill takes effect July 1, 2010, and applies retroactively to an existing Baltimore County property tax credit for permanently and totally disabled law enforcement officers.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore County property tax revenues decrease beginning in FY 2011. The amount of the decrease depends on the number of eligible homeowners and property tax assessments. County expenditures are not affected.

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 and 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.

Background: Baltimore County currently provides a property tax credit for property owned by the surviving spouse of a "fallen hero" and property owned by a disabled law enforcement officer or rescue worker. There are seven recipients of the fallen hero's tax credit, and the county has granted \$47,288 in tax credits from fiscal 2004 through fiscal 2010. There are 60 homeowners receiving the tax credit for disabled law enforcement officers and rescue workers. The county provided \$113,522 in tax credits in fiscal 2010.

The Baltimore County real property tax rate is \$1.10 per \$100 of assessment.

Local Fiscal Effect: Baltimore County property tax revenues decrease beginning in fiscal 2011. The amount of the decrease depends on the number of disabled State Troopers and Natural Resources police officers that reside in Baltimore County and property tax assessments. However, neither the State Police nor the Department of Natural Resources has information regarding the number of disabled officers who are now living in Baltimore County. As a result, the actual fiscal effect of the bill cannot be reliably estimated.

For illustrative purposes, Baltimore County property tax revenue will decrease by \$3,101 for each eligible homeowner granted the property tax credit based on an average residential property assessment of \$281,919 and the county's current real property tax rate of \$1.10 per \$100 of assessment.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Baltimore County, Department of Natural Resources, Department of State Police, Department of Legislative Services

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mlm/hlb

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