

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 552

(Senator Pugh, *et al.*)

Budget and Taxation

Ways and Means

**Property Tax Credit - Disabled or Fallen Law Enforcement Officers and Rescue
Workers and Public Safety Officers**

This emergency bill authorizes Baltimore City to grant, by law, a property tax credit for a dwelling owned by a Baltimore City public safety officer if the public safety officer is otherwise eligible for the Homestead Property Tax Credit. The amount of the property tax credit may not exceed \$2,500 per dwelling in any taxable year. Baltimore City may provide, by law, for (1) the amount and application of the property tax credit; (2) the duration of the property tax credit; (3) additional eligibility requirements for public safety officers to qualify for the property tax credit; (4) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (5) any other provision necessary to carry out the property tax credit.

In addition, the bill authorizes Harford County to expand an existing optional property tax credit for disabled law enforcement officers or rescue workers to also be available for specified surviving spouses or cohabitants under certain circumstances.

The Baltimore City property tax credit applies to taxable years beginning after June 30, 2017.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City property tax revenues decrease by approximately \$1.7 million in FY 2018 and by \$2.7 million in FY 2022 to the extent the property tax credit is granted. Baltimore City expenditures for personnel and information systems development increase by \$200,000 in FY 2017, by \$96,000 in FY 2018, and by \$48,400 annually beginning in FY 2019. Harford County property tax revenues decrease by

approximately \$5,800 annually beginning in FY 2016, to the extent the tax credit is authorized. Harford County expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: In any taxable year in which a public safety officer receives the property tax credit, the public safety officer may not receive any other property tax credit provided by Baltimore City, except the local portion of the Homestead Property Tax Credit, the credit authorized under § 9-105 of this title, and a specified property tax credit to offset increases in local income tax rates in excess of 2.6%. The total amount of the property tax credit granted may not exceed the amount of property tax imposed on the dwelling.

A public safety officer is defined as a firefighter, an emergency medical technician, or a law enforcement officer who is a sworn member of and employed full time by the (1) Baltimore City Fire Department; (2) Baltimore City Police Department; or (3) Baltimore City Sheriff's Office.

Current Law/Background: Provisions of this bill are introduced on behalf of the Baltimore City Administration and are intended to encourage more Baltimore City public safety officers to live in the city. A recent legislative workgroup found that 21% of city public safety officers live within Baltimore City, 68% live in other parts of Maryland, and 10% live out of State.

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.

Local Revenues:

Baltimore City

Baltimore City property tax revenues decrease by approximately \$1.7 million in fiscal 2018 and by \$2.7 million in fiscal 2022 to the extent the property tax credit is granted. The estimate is based on the following:

- there are currently 222 sworn officers in the Baltimore City Sheriff's Office, 2,841 sworn police officers in the Baltimore City Police Department, and 1,662 sworn officers and employees in the Baltimore City Fire Department;
- 21% of officers and employees currently live within the city;

- the percentage of eligible officers and employees living within the city will increase by three percentage points each year;
- 70% of eligible officers and employees own homes in the city and will receive the property tax credit;
- the average taxable value for residential property receiving the Homestead Property Tax Credit is \$133,621; and
- eligible officers and employees receive the maximum \$2,500 property tax credit.

Harford County

Harford County advises that two individuals would qualify for the property tax credit expansion under the bill. Based on current real property tax assessments for these properties, Harford County property tax revenues will decrease by approximately \$5,800 annually beginning in fiscal 2016, to the extent the tax credit is authorized.

Local Expenditures: Baltimore City expenditures for personnel and information systems development increase by \$200,000 in fiscal 2017, by \$96,000 in fiscal 2018, and by \$48,400 annually beginning in fiscal 2019. This estimate includes a one-time expenditure of \$200,000 in fiscal 2017 for information system development. Future year expenditures reflect the hiring of one part-time tax credit processor and one part-time tax credit analyst (fiscal 2018 only).

Additional Information

Prior Introductions: None.

Cross File: HB 146 (Delegate M. Washington, *et al.*) (By Request - Baltimore City Administration) - Ways and Means.

Information Source(s): Baltimore City, Harford County, State Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2016
 kb/hlb Revised - Senate Third Reader - March 21, 2016
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