

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 750

(Baltimore County Delegation)

Ways and Means

Budget and Taxation

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**Baltimore County - Property Tax Credit - Fallen or Disabled Law Enforcement  
Officers and Rescue Workers - Acquisition of Dwelling**

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This bill authorizes Baltimore County to expand a local property tax credit for a dwelling owned by the surviving spouse of a specified fallen law enforcement officer or rescue worker to include the cohabitant of a specified fallen law enforcement officer or rescue worker. In addition, the bill removes the two-year time period within which the individual must have acquired the dwelling.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore County property tax revenues may decrease beginning in FY 2018 to the extent the changes to the existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. The amount of the decrease depends on the number of eligible taxpayers and the assessed value of each residential property that is eligible for the property tax credit. County expenditures are not affected.

**Small Business Effect:** None.

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**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. One of these conditions included a two-year time period within which the individual must have acquired the dwelling. This limitation applied in certain circumstances to the surviving spouse of a fallen law enforcement officer or rescue worker and to a disabled law enforcement officer or rescue worker.

Chapters 558 and 559 of 2016 authorize 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.

**Background:** Anne Arundel, Baltimore, Carroll, Charles, Frederick, Garrett, Harford, Howard, Montgomery, Queen Anne’s, and Washington counties grant a property tax credit for property owned by a disabled law enforcement officer or rescue worker or the surviving spouse of a fallen law enforcement officer or rescue worker. In fiscal 2016, 156 individuals claimed \$390,893 in property tax credits, including 8 individuals in Baltimore County who claimed \$17,399 in property tax credits. **Exhibit 1** shows the number of tax credit recipients and amounts claimed, by county.

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**Exhibit 1**  
**Property Tax Credit for Disabled or**  
**Fallen Law Enforcement Officers and Rescue Workers**  
**Fiscal 2016**

| <u>County</u> | <u>Number<br/>Claiming</u> | <u>Amount<br/>Claimed</u> |
|---------------|----------------------------|---------------------------|
| Anne Arundel  | 107                        | \$236,475                 |
| Baltimore     | 8                          | 17,399                    |
| Carroll       | n/a                        | 13,618                    |
| Charles       | 3                          | 6,531                     |
| Frederick     | 0                          | 0                         |
| Garrett       | 2                          | 1,751                     |
| Harford       | 1                          | 2,877                     |
| Howard        | 5                          | 17,045                    |
| Montgomery    | 6                          | 21,655                    |
| Queen Anne’s  | 23                         | 72,916                    |
| Washington    | 1                          | 626                       |
| <b>Total</b>  | <b>156</b>                 | <b>\$390,893</b>          |

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**Local Fiscal Effect:** Baltimore County property tax revenues may decrease beginning in fiscal 2018 to the extent the changes to the existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. The amount of the decrease depends on the number of eligible taxpayers and the assessed value of each residential property that is eligible for the property tax credit, neither of which can be reliably estimated at this time.

As a point of reference, **Exhibit 2** shows the effect of one additional taxpayer claiming the property tax credit in Baltimore County based on current assessment information and the county's property tax rate.

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**Exhibit 2**  
**Effect of One Property Tax Credit on Baltimore County Revenues**  
**Fiscal 2017**

| <u>Property Tax Rate</u> | <u>Average Taxable Assessment</u> | <u>Revenue Decrease</u> |
|--------------------------|-----------------------------------|-------------------------|
| \$1.10                   | \$226,681                         | \$2,493                 |

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

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**Additional Information**

**Prior Introductions:** HB 1626 of 2016, a similar bill, was assigned to the House Rules and Executive Nominations Committee.

**Cross File:** None.

**Information Source(s):** Baltimore County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2017  
md/hlb Third Reader - March 22, 2017

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