

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 231
Ways and Means

(Delegates Impallaria and Jackson)

Budget and Taxation

Property Tax Credit - Disabled or Fallen Law Enforcement Officers and Rescue Workers - Alterations

This bill authorizes county and municipal governments 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. The bill repeals similar provisions of current law pertaining to Harford County. In addition, the bill increases the number of years, from 2 to 10, within which a disabled law enforcement officer or rescue worker or the surviving spouse of a fallen law enforcement officer or rescue worker must have acquired specified residential property in order to qualify for a specified local option property tax credit.

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

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease to the extent the property tax credit is authorized and additional taxpayers become 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. Local 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. To be eligible for the property tax credit, the dwelling must have been acquired by the disabled law enforcement officer or rescue worker within two years of the date the disabled law enforcement officer or rescue worker was adjudged to be permanently and totally disabled or by the surviving spouse within two years of the fallen law enforcement officer's or rescue worker's death.

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. **Exhibit 1** shows the number and amount by county.

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

<u>County</u>	<u>Number Claiming</u>	<u>Amount 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
Total	156	\$390,893

Local Fiscal Effect: Local property tax revenues may decrease to the extent the property tax credit is authorized and additional taxpayers become 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 each county, based on current assessment information and property tax rates.

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

County	Property Tax Rate	Average Taxable Assessment	Revenue Decrease
Allegany	\$0.9770	\$94,878	(\$927)
Anne Arundel	0.9150	276,482	(2,530)
Baltimore City	2.2480	133,263	(2,996)
Baltimore	1.1000	226,681	(2,493)
Calvert	0.9520	263,809	(2,511)
Caroline	0.9800	178,051	(1,745)
Carroll	1.0180	302,051	(3,075)
Cecil	0.9914	292,387	(2,899)
Charles	1.2050	259,751	(3,130)
Dorchester	0.9760	194,673	(1,900)
Frederick	1.0600	293,806	(3,114)
Garrett	0.9900	120,058	(1,189)
Harford	1.0420	257,605	(2,684)
Howard	1.1900	379,774	(4,519)
Kent	1.0220	223,204	(2,281)
Montgomery	1.0382	328,888	(3,415)
Prince George's	1.3740	214,043	(2,941)
Queen Anne's	0.8471	337,525	(2,859)
St. Mary's	0.8523	262,461	(2,237)
Somerset	1.0000	104,915	(1,049)
Talbot	0.5471	250,991	(1,373)
Washington	0.9480	203,350	(1,928)
Wicomico	0.9516	160,278	(1,525)
Worcester	0.8350	216,166	(1,805)

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

Additional Information

Prior Introductions: None.

Cross File: None designated; however, SB 282 (Senator Ready, *et al.* – Budget and Taxation) is identical.

Information Source(s): Baltimore City; Montgomery and Prince George's counties; Maryland Association of Counties; City of Bowie; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2017
md/hlb Third Reader - March 16, 2017
Enrolled - May 8, 2017
Revised - Amendment(s) - May 8, 2017

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510