

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 1053

(Senator Kagan)

Budget and Taxation

Ways and Means

Property Tax Credit - 9-1-1 Public Safety Telecommunicators

This bill authorizes county and municipal governments to provide a property tax credit for a dwelling owned by a 9-1-1 public safety telecommunicator, as specified. **The bill takes effect June 1, 2018, and applies to taxable years beginning after June 30, 2018.**

Fiscal Summary

State Effect: The bill does not affect State operations or finances.

Local Effect: Local property tax revenues decrease beginning in FY 2019 to the extent the property tax credit is granted. Local expenditures increase, likely minimally, beginning in FY 2019 to administer any property tax credits established under the bill.

Small Business Effect: None.

Analysis

Bill Summary: “Public safety telecommunicator” means an employee of a county whose duties and responsibilities include (1) answering, receiving, transferring, and dispatching 9-1-1 calls; (2) other support functions related to 9-1-1 calls; or (3) dispatching law enforcement officers, fire rescue services, emergency medical services, and other public safety services to the scene of an emergency.

County and municipal governments may, by law, grant a property tax credit for a dwelling owned by 9-1-1 public safety telecommunicators, as specified. The amount of the property tax credit may not exceed the lesser of \$2,500 or the amount of property tax imposed on the dwelling. County and municipal governments may establish, by law, the amount of the

property tax credit, the duration of the property tax credit, additional eligibility requirements for public safety officers to qualify for the property tax credit, procedures for the application and uniform processing of requests for the credit, and any other provisions necessary to implement the credit.

Current Law/Background:

Public Safety Telecommunicators

The U.S. Bureau of Labor Statistics describes public safety telecommunicators as police, fire, and ambulance dispatchers that must be available around the clock, so they often have to work evenings, weekends, and holidays; overtime and long shifts are also common. The pressure to respond quickly and calmly in alarming situations can be stressful. **Exhibit 1** shows the number of 9-1-1 public safety telecommunicators in the State by county as of March 2018.

Exhibit 1
9-1-1 Public Safety Telecommunicators in Maryland
As of March 2018

<u>County</u>	<u>Number of Telecommunicators</u>	<u>County</u>	<u>Number of Telecommunicators</u>
Allegany	25	Harford	68
Anne Arundel	105	Howard	75
Baltimore City	220	Kent	15
Baltimore	193	Montgomery	157
Calvert	25	Prince George’s	201
Caroline	21	Queen Anne’s	24
Carroll	0	St. Mary’s	43
Cecil	46	Somerset	16
Charles	60	Talbot	0
Dorchester	25	Washington	66
Frederick	69	Wicomico	19
Garrett	13	Worcester	0
		Total	1,461

Note: Includes full-time and part-time employees.

Source: Emergency Number Systems Board

Maryland's 9-1-1 System

In February 2018, the Board of Public Works approved a “text to 9-1-1 system” for the State. The system will allow residents to send messages of up to 160 characters to emergency responders but no photos or videos. The Department of Public Safety and Correctional Services advises that the system will enable individuals with physical handicaps, vision, hearing and speech impairments, as well as able-bodied persons unable to make 9-1-1 emergency voice calls, to contact first responders in an emergency. The contract to install and enable the technology became effective March 1, 2018. For more information on the State’s 9-1-1 system and the status of modernizing the system, please see the **Appendix – 9-1-1 Funding and Modernization**.

Local Property Tax Credits for Public Safety Officers

Chapter 686 of 2017 authorizes county and municipal governments to grant, by law, a property tax credit for a dwelling owned by a specified public safety officer; the property tax credit established by the bill for 9-1-1 operators is similar to the tax credit authorized by Chapter 686. The amount of the property tax credit may not exceed \$2,500 and the amount of property tax imposed on the dwelling. The State Department of Assessments and Taxation (SDAT) is responsible for administrative duties that relate to the application and determination of eligibility for the tax credit; however, local governments must reimburse SDAT for its administrative costs. County and municipal governments may establish, by law, the amount of the property tax credit, the duration of the property tax credit, and additional eligibility requirements for public safety officers to qualify for the property tax credit.

Local Fiscal Effect: Local property tax revenues decrease beginning in fiscal 2019 to the extent the property tax credit is granted; local expenditures increase, likely minimally, to administer the credit. The amount of the revenue decrease cannot be reliably estimated because it depends on how many local governments establish the property tax credit, the amount of the credit, and the number of eligible 9-1-1 public safety telecommunicators who own a home in each county.

Under one set of assumptions, local property tax credit revenues may decrease by as much as \$1.8 million across all jurisdictions in fiscal 2019. This estimate assumes that each county establishes the tax credit at the maximum amount possible and that 66.5% of all 9-1-1 public safety telecommunicator receive the tax credit. The effect is more pronounced for the counties with a greater number of 9-1-1 public safety telecommunicators. For example, under this same set of assumptions, Montgomery County property tax revenues decrease by \$261,000, while Garrett County property tax revenues only decrease by \$9,000. The percentage of 9-1-1 telecommunicators assumed to receive the tax credit

(66.5%) is based on U.S. Census Bureau data on the percentage of State residents that are homeowners.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Charles, and Montgomery counties; Maryland Association of Counties; Comptroller's Office; Maryland Higher Education Commission; Department of Public Safety and Correctional Services; State Department of Assessments and Taxation; U.S. Census Bureau; U.S. Bureau of Labor Statistics; Department of Legislative Services

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Appendix – 9-1-1 Funding and Modernization

Maryland's 9-1-1 System

A statewide 9-1-1 system and the Emergency Number Systems Board (ENSB) to oversee the new system were established by Chapter 730 of 1979. The legacy 9-1-1 model, which is based on a landline phone system, consists of local public safety access points (PSAPs) connected to an analog wireline phone network to deliver emergency calls via a circuit-switched architecture. However, 70% of 9-1-1 calls are now made from cell phones, and an increasing number are made via Voice over Internet Protocol (VoIP) networks, presenting a challenge as to how to process and obtain accurate caller location and phone number information.

The 9-1-1 system is funded through the 9-1-1 Trust Fund. The fund is administered by the Department of Public Safety and Correctional Services (DPSCS) and includes revenue from the following three funding sources (as well as investment earnings):

- the State 9-1-1 fee, which is set at \$0.25 per subscriber per month;
- the county additional charge, at an amount determined by each county through local ordinances, up to a maximum of \$0.75 per bill per month (All counties and Baltimore City have passed local ordinances establishing the additional charge at the maximum level of \$0.75 per bill per month.); and
- the fee added to the sales of prepaid wireless service (\$0.60 per transaction), collected at the point of sale.

Telephone companies, wireless carriers, and other 9-1-1 accessible service providers collect and remit monthly the State 9-1-1 fee and the county additional charge to the Comptroller for deposit into the fund. The State 9-1-1 fee is distributed to counties at the discretion of ENSB in response to county 9-1-1 system enhancement requests. The county additional charge, the prepaid wireless 9-1-1 fee remittances, and any investment earnings of the fund are all distributed quarterly to each county in prorated amounts according to the level of fees collected in each jurisdiction. The State 9-1-1 fee and 25% of all collected prepaid wireless 9-1-1 fees may be used to reimburse counties for the cost of enhancing the 9-1-1 system. The county additional charge and the remaining 75% of all collected prepaid wireless 9-1-1 fees may be spent on maintenance and operating costs of 9-1-1 systems.

Next Generation 9-1-1 Modernization

As analog landline communication is phased out completely, state and local governments are preparing for “next generation” technology that will allow 9-1-1 centers to access not only more accurate information about caller location, but also other information that will assist emergency personnel in communicating with callers and responding more efficiently. This Next Generation 9-1-1 (NG 9-1-1) technology will allow PSAPs to receive text, chat, video, location, and various other types of data from a single 9-1-1 call. However, local governments face challenges both in maintaining existing 9-1-1 systems and in transitioning to NG 9-1-1 systems, primarily due to a lack of funding.

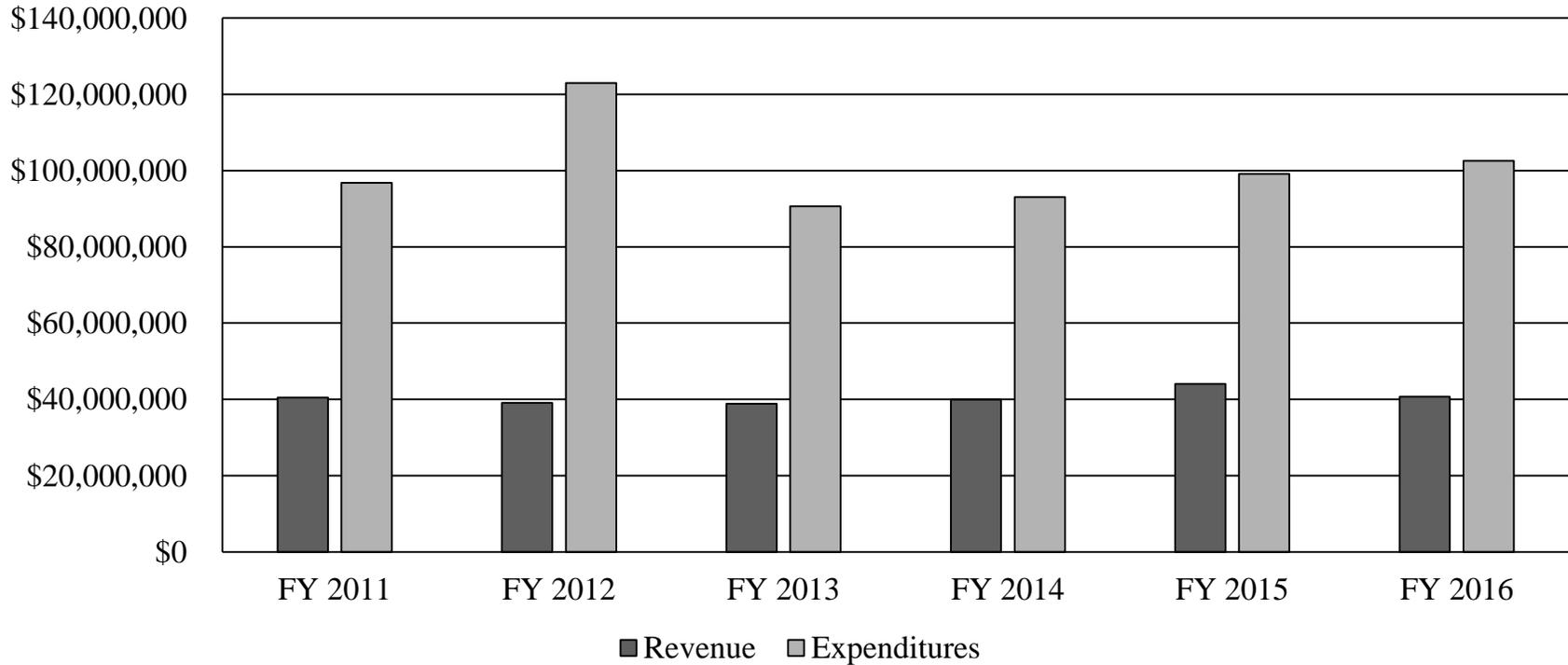
Funding Challenges

County expenditures for 9-1-1 systems consistently exceed available fee revenues. **Exhibit 1** shows the total 9-1-1 fee revenues collected and total 9-1-1 operating expenditures per fiscal year from fiscal 2011 to 2016 (the most recent publicly available data). Across all counties, in fiscal 2016, fee revenues covered 39.7% of operating costs. However, the percentage of costs offset by revenues varied significantly by county in that year. For example, only 7.8% of Talbot County’s costs were offset by fee revenues, while in Montgomery County, 63.3% of costs were offset. **Exhibit 2** shows fiscal 2016 fee revenues and operating expenditures by county.

Status of Next Generation 9-1-1 Implementation

ENSB has contracted with a consultant to (1) recommend a procurement strategy for NG 9-1-1; (2) analyze county geographic systems data for readiness; (3) assess county customer premise equipment for next generation readiness; and (4) provide grant writing assistance. After a procurement strategy is finalized, ENSB is expected to submit a request for proposals to implement a statewide NG 9-1-1 system. DPSCS is required, pursuant to the 2017 *Joint Chairmen’s Report*, to submit an update to the Senate Budget and Taxation Committee and the House Appropriations Committee on the status of the contractor, progress made, associated costs, timelines, and funding sources and options by June 30, 2018.

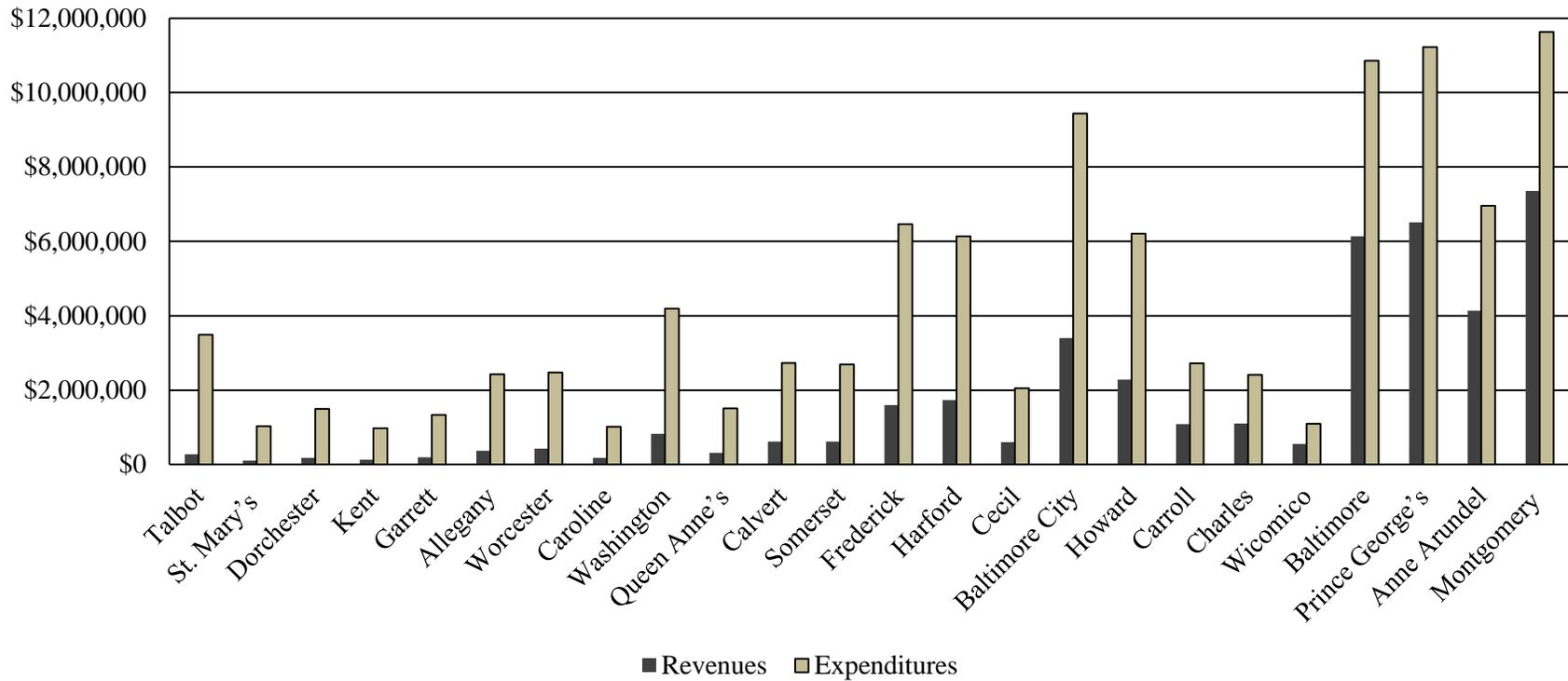
Exhibit 1
Total County 9-1-1 Fee Revenue and Operational Expenditures
Fiscal 2011-2016



Note: Prepaid wireless 9-1-1 fee revenues were first collected in fiscal 2014. County operating expenditures are costs as reported by county-selected independent auditors and typically include 9-1-1-related personnel salaries and benefits, recurring maintenance and service fees, mapping maintenance and updates, network associated fees, and capital expenditures not covered by the Emergency Number Systems Board.

Source: Emergency Number Systems Board annual reports (FY 2011-2016)

Exhibit 2
9-1-1 Fee Revenues and Operating Expenditures by County
Fiscal 2016



Source: Emergency Number Systems Board, 2016 annual report