

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 352

(Montgomery County Delegation and Prince George's
County Delegation)

Ways and Means

Budget and Taxation

**Property Tax Credits – Maryland–National Capital Park and Planning
Commission Park Police Officers and Washington Suburban Sanitary
Commission Police Officers MC/PG 108–19**

This bill alters the eligibility criteria of a local option property tax credit for specified public safety officers by adding Maryland-National Capital Park and Planning Commission (M-NCPPC) police officers and Washington Suburban Sanitary Commission (WSSC) police officers who live in Montgomery or Prince George's counties to the definition of public safety officers that are eligible recipients of the property tax credit. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Property tax revenues in Montgomery and Prince George's counties decrease by \$117,500 and \$147,500, respectively, beginning in FY 2020 to the extent the property tax credit is granted. In addition, municipal property tax revenues may also decrease. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 686 of 2017 authorized county and municipal governments to grant a property tax credit for dwellings owned by specified public safety officers. The amount of the property tax credit may not exceed \$2,500 and 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, and additional eligibility requirements for public safety officers to qualify for the property tax credit.

Chapter 654 of 2018 altered the calculation of the property tax credit by specifying that the tax credit may not exceed the lesser of \$2,500 or the amount of property tax imposed on the dwelling.

Background:

Maryland-National Capital Park and Planning Commission

M-NCPPC is a bicounty agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program.

The park police division in both Montgomery and Prince George's counties consists of three operational units and an administrative section. The fiscal 2019 park police budget for Montgomery County includes 117 career positions, of which 95 are sworn officers. In Prince George's County, the fiscal 2019 park police budget includes 156 career positions, of which 130 are sworn officers.

Washington Suburban Sanitary Commission

WSSC is among the largest water and wastewater utilities in the country, providing water and sewer services to 1.8 million residents in Montgomery and Prince George's counties. It has approximately 475,000 customer accounts, serves an area of approximately 1,000 square miles, and currently employs more than 1,500 people. The commission operates three reservoirs, two water filtration plants, and six wastewater treatment plants. The six wastewater treatment facilities, as well as the Blue Plains Advanced Wastewater Treatment Plant, handle more than 200 million gallons of wastewater per day. The commission maintains more than 5,700 miles of water main lines and over 5,500 miles of sewer main lines.

WSSC's Police and Homeland Security Office is responsible for (1) safeguarding commission real property; (2) providing for the safety of WSSC personnel, customers, and visitors to commission facilities; (3) investigating theft of service cases; (4) investigating illegal discharges into the wastewater collection system; and (5) investigating complaints of criminal activity which occur on commission property. The commission's fiscal 2019 budget includes 41 authorized positions, of which 16 are sworn officers.

Local Fiscal Effect: Property tax revenues in Montgomery and Prince George's counties decrease by \$117,500 and \$147,500, respectively, beginning in fiscal 2020, to the extent the property tax credit is granted. The estimate is based on the following:

- M-NCPPC estimates that between 60% and 70% of M-NCPPC police officers reside in their respective counties.
- WSSC advises that 3 officers live in Montgomery County and 5 officers live in Prince George's County.
- The home ownership rate in Maryland is 66.8%.
- Approximately 45 M-NCPPC police officers in Montgomery County and 60 M-NCPPC police officers in Prince George's County may qualify for the property tax credit.
- The fiscal 2019 real property tax rate in Montgomery County is \$0.993 per \$100 of assessment; the real property tax rate is \$1.374 per \$100 of assessment in Prince George's County.
- The average residential assessment in Montgomery County is \$377,300, after the application of the homestead property tax credit, and \$170,500 in Prince George's County.
- The average property tax paid per residential property is \$3,745 in Montgomery County and \$2,342 in Prince George's County.

To the extent that the property tax credit encourages more M-NCPPC police officers and WSSC police officers to live in Montgomery and Prince George's counties, the property tax revenue loss will increase accordingly. In addition, municipal property tax revenues for jurisdictions in Montgomery and Prince George's counties may also decrease.

Additional information on local property tax rates and property assessments can be found in Chapters 4 and 5 of the *Overview of Maryland Local Governments* report. A copy of the report can be found on the Department of Legislative Services website.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery and Prince George's counties; Maryland-National Capital Park and Planning Commission; Washington Suburban Sanitary Commission; State Department of Assessments and Taxation; Department of Legislative Services

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