

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 223

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

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Prince George's County - Property Tax Credits - Teachers  
PG 410-19

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This bill authorizes Prince George's County to grant a property tax credit for a dwelling owned by an eligible teacher who did not reside in the county before purchasing the dwelling and who is otherwise eligible for the homestead property tax credit. The amount of the property tax credit may not exceed the lesser of \$2,500 or the property tax imposed on the dwelling. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Prince George's County property tax revenues decrease by a potentially significant amount beginning in FY 2020 to the extent the property tax credit is granted. County expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** An eligible teacher is defined as a classroom teacher who (1) holds a standard professional certificate or an advanced professional certificate; (2) holds an advanced degree; (3) is employed by the Prince George's County Board of Education; and (4) has not received a less than effective performance rating in the preceding three years.

Prince George's County may establish, by law (1) the amount of the property tax credit; (2) the duration of the property tax credit; (3) additional eligibility requirements for teachers to qualify for the property tax credit; (4) procedures for the application and uniform processing of requests for the credit; and (5) any other provision necessary to carry out the property tax credit.

The Prince George's County government must report to the Prince George's County Delegation, the Prince George's County senators, the Prince George's County Council, and the Prince George's County Executive by the fifth year after the county enacts a local law establishing the property tax credit on the number of teachers who received the tax credit in the preceding five years.

**Current Law:** Tax credits that may be authorized by local governments, against local taxation only, are specified by law for various types of property, including cemetery property; structures utilizing solar or geothermal energy saving devices; historic property undergoing restoration or preservation; manufacturing, fabricating, and assembling facilities; agricultural land subject to Maryland agricultural land preservation easements; newly constructed dwellings that are unsold or unrented; open space; tobacco barns; and other specified property. The Tax-Property Article also sets out numerous mandatory and optional property tax credits specific to individual counties and municipalities.

**Background:** The Prince George's County Public School System employed 9,226 teachers for the 2017-2018 school year. Nearly half of these teachers (48.9%) have 5 or less years of experience, which is the highest rate in the State. In Montgomery County, only 25.7% of teachers have less than 5 years of experience, with the rate declining to 12.8% in Calvert County. Only 18.4% of teachers in Prince George's County have more than 15 years of experience, compared to 36.5% in Montgomery County and 55.8% in Calvert County. In terms of teacher compensation, the average teacher salary in Prince George's County for the 2017-2018 school year is \$70,394. This amount is lower than the average teacher salary in Calvert (\$75,237) and Montgomery (\$81,823) counties but higher than Anne Arundel (\$64,474) and Charles (\$62,580) counties.

**Local Fiscal Effect:** Prince George's County property tax revenues decrease beginning in fiscal 2020 to the extent the property tax credit is granted. The amount of the decrease depends on the number of eligible teachers who receive the property tax credit and the amount of the tax credit granted for each property.

For fiscal 2019, the Prince George's County real property tax rate is \$1.374 per \$100 of assessment. This includes the \$1.00 general county tax rate and \$0.374 in special rates. The average total value of residential property in the county was \$214,043 for fiscal 2017. The average county homestead property tax amount for fiscal 2017 was \$33,141.

It is not known how many public school teachers would be eligible for the property tax credit. As a point of reference, if 100 public school teachers received the property tax credit, county property tax revenues would decrease by approximately \$250,000 annually.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland State Department of Education; Prince George's County; Prince George's County Public Schools; Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2019  
mag/hlb Third Reader - March 8, 2019

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