

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 303

(Senator Bailey, *et al.*)

Budget and Taxation

Ways and Means

Property Tax Credit – Public Safety Officer – Definition and Limitation on Credit Amount

This bill alters a local option property tax credit for specified public safety officers by requiring local governments to define public safety officer for purposes of eligibility for the credit. The bill also repeals the \$2,500 limit on the amount of the property tax credit that may be provided. **The bill takes effect June 1, 2020, and applies to taxable years beginning after June 30, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues may decrease beginning in FY 2021 to the extent that local jurisdictions grant the property tax credit, the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit, and local jurisdictions increase the maximum amount of the property tax credit. Local 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.

Chapter 164 of 2019 altered the eligibility criteria of the property tax credit by adding Maryland-National Capital Park and Planning Commission police officers and Washington Suburban Sanitary Commission 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.

Chapters 239 and 240 of 2019 altered the eligibility criteria of the property tax credit by adding volunteer emergency medical technicians to the definition of public safety officers that are eligible recipients of the property tax credit.

Local Fiscal Effect: County and municipal property tax revenues may decrease beginning in fiscal 2021, to the extent that local jurisdictions grant the property tax credit, the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit, and local jurisdictions increase the maximum amount of the property tax credit. Depending on the jurisdiction, the revenue decrease may be significant. The amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, local property tax rates, and the maximum property tax credit amount.

Since this bill provides local governments with full flexibility in determining which public safety officers in their jurisdiction qualify for the property tax credit and the amount of the property tax credit that will be provided, local governments will be able to determine the actual fiscal impact on their jurisdiction.

Additional information on local property tax rates and revenues can be found in the [County Revenue Outlook report](#). A copy of the report is available on the Department of Legislative Services website.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 420 (Delegate Ebersole, *et al.*) - Ways and Means.

Information Source(s): Baltimore City; Montgomery and Prince George's counties; University System of Maryland; Department of General Services; Department of Natural Resources; Department of Public Safety and Correctional Services; Department of State Police; Maryland Department of Transportation; State Department of Assessments and Taxation; Department of Legislative Services

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