

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 132

(Senator Bailey)

Budget and Taxation

Rules and Executive Nominations

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**Property Tax Credit - Public Safety Officer**

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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, 2022, and applies to taxable years beginning after June 30, 2022.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2023 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.

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**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 who 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 who are eligible recipients of the property tax credit.

**Local Fiscal Effect:** County and municipal property tax revenues may decrease beginning in fiscal 2023, 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.

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### **Additional Information**

**Prior Introductions:** SB 277 of 2021 received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. SB 303 of 2020 received a favorable with amendments report from the Senate Budget and Taxation Committee and passed the Senate. The bill was referred to the House Ways and Means Committee, but no further action was taken.

**Designated Cross File:** None.

**Information Source(s):** Anne Arundel, Baltimore, Charles, Frederick, Montgomery, and Somerset counties; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2022  
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