

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 751 (Senator Folden)
Budget and Taxation

Property Tax Credit - Disabled or Fallen Law Enforcement Officer or Rescue
Worker - Alterations

This bill alters a local property tax credit for disabled or fallen law enforcement officers and rescue workers by extending eligibility and increasing the tax credit amount in certain circumstances. **The bill takes effect June 1, 2023, and applies to taxable years beginning after June 30, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease beginning in FY 2024 to the extent the property tax credit is authorized. The amount of the decrease depends on the number of additional taxpayers who become eligible for the property tax credit and the potential increase in the tax credit amount for existing recipients. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill alters a local property tax credit for disabled or fallen law enforcement officers and rescue workers by:

- expanding eligibility to a disabled law enforcement officer or rescue worker who dies regardless of the cause of death;

- requiring that the property tax credit reduces the property taxes owed on a newly acquired dwelling by the same proportion as the former dwelling (in circumstances when an eligible recipient purchases a new home);
- repealing the 10-year limitation on when an eligible individual must have acquired a dwelling in order to qualify for the property tax credit; and
- repealing the local government authority to provide for any additional limitation to the number of years that a dwelling was acquired within the date of an adjudication of disability or death.

Current Law: Local governments are authorized to grant a property tax credit for a dwelling owned by (1) a disabled law enforcement officer or rescue worker; (2) a surviving spouse of a fallen law enforcement officer or rescue worker; or (3) a cohabitant, provided specified conditions are met. To be eligible for the property tax credit, the dwelling must have been acquired by the disabled law enforcement officer or rescue worker within 10 years of the date the disabled law enforcement officer or rescue worker was adjudged to be permanently and totally disabled or by the surviving spouse or cohabitant within 10 years of the fallen law enforcement officer's or rescue worker's death.

Local Fiscal Effect: Local property tax revenues may decrease beginning in fiscal 2024 to the extent the property tax credit is authorized. The amount of the decrease depends on the number of additional taxpayers who become eligible for the property tax credit and the potential increase in the tax credit amount for existing recipients. Information on the extent to which the property tax credit has been granted in certain counties is provided below.

- Frederick County advises that three surviving spouses currently receive the property tax credit.
- Prince George's County provides a property tax credit to the surviving spouses or partners of law enforcement officers who have fallen in the line of duty. In fiscal 2021, the county provided six credits totaling \$15,200 (average credit was \$2,500). In fiscal 2022, the county provided five credits totaling \$13,800 (average credit \$2,750).

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: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1113 (Delegate Valentine) - Ways and Means.

Information Source(s): Frederick and Prince George's counties; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2023
js/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510