

Department of Legislative Services

Maryland General Assembly

2022 Session

FISCAL AND POLICY NOTE

Third Reader - Revised

(Senator Klausmeier)

Senate Bill 983

Budget and Taxation

Ways and Means

**Property Tax Credit - Disabled Law Enforcement Officers and Rescue Workers -
Definition and Eligibility**

This bill requires a local government to determine the definition of a disabled law enforcement officer or rescue worker for purposes of receiving a local property tax credit. In addition, the bill expands eligibility for the property tax credit to include a disabled law enforcement officer or rescue worker or surviving spouse or cohabitant who was domiciled in the State any time within five years prior to the disabled law enforcement officer or rescue worker becoming disabled or dying. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease beginning in FY 2023 to the extent the property tax credit is authorized and additional taxpayers become eligible for the property tax credit. The amount of the decrease depends on the number of eligible taxpayers and the assessed value of each residential property that is eligible for the property tax credit. Local expenditures are not affected.

Small Business Effect: None.

Analysis

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 to the extent the property tax credit is authorized and additional taxpayers become eligible for the property tax credit. The amount of the decrease depends on the number of eligible taxpayers and the assessed value of each residential property that is eligible for the property tax credit, neither of which can be reliably estimated at this time. As a point of reference, **Exhibit 1** shows the effect of one taxpayer claiming the property tax credit in each county, based on current assessment information and property tax rates.

Exhibit 1
Effect of One Property Tax Credit on County Revenues
Fiscal 2023

County	Property Tax Rate	Average Taxable Assessment	Revenue Decrease
Allegany	\$0.975	\$73,554	(\$717)
Anne Arundel	0.933	325,100	(3,033)
Baltimore City	2.248	117,604	(2,644)
Baltimore	1.100	233,351	(2,567)
Calvert	0.927	286,133	(2,652)
Caroline	0.980	154,937	(1,518)
Carroll	1.018	294,422	(2,997)
Cecil	1.028	192,184	(1,975)
Charles	1.205	259,212	(3,124)
Dorchester	1.000	115,217	(1,152)
Frederick	1.060	290,642	(3,081)
Garrett	1.056	151,301	(1,598)
Harford	1.028	257,319	(2,645)
Howard	1.250	425,975	(5,325)
Kent	1.012	211,095	(2,136)
Montgomery	0.991	484,380	(4,798)
Prince George's	1.374	239,506	(3,291)
Queen Anne's	0.847	327,704	(2,776)
St. Mary's	0.848	245,927	(2,085)
Somerset	1.000	72,835	(728)
Talbot	0.657	339,999	(2,232)
Washington	0.948	172,883	(1,639)
Wicomico	0.920	119,154	(1,096)
Worcester	0.845	222,972	(1,884)

Source: State Department of Assessments and Taxation; Department of Legislative Services

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 6 credits totaling \$15,200 (average credit was \$2,500). In fiscal 2022, the county provided 5 credits totaling \$13,800 (average credit \$2,750).

Additional Information

Prior Introductions: A similar bill was introduced as HB 386 of 2021. The bill received a hearing in the House Ways and Means Committee, but no further action was taken.

Designated Cross File: HB 285 (Delegate D. Jones) - Ways and Means.

Information Source(s): Caroline and Prince George's counties; Maryland Association of Counties; Maryland Municipal League; Comptroller's Office; State Department of Assessments and Taxation; Federal Office of Personnel Management, Department of Legislative Services

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