

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 697

(Delegate Munoz, *et al.*)

Ways and Means

Anne Arundel County – Property Tax Credit – Disabled or Fallen Law
Enforcement Officers and Rescue Workers, Surviving Spouses, and Cohabitants

This bill alters a local option property tax credit in Anne Arundel County for a disabled law enforcement officer or rescue worker or a surviving spouse or cohabitant. Specifically, in Anne Arundel County, a dwelling purchased by a disabled law enforcement officer or rescue worker or surviving spouse or cohabitant is eligible for the property tax credit if the recipient qualified for the property tax credit for a former dwelling anywhere in the State. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County property tax revenues may decrease beginning in FY 2023 to the extent that 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: Anne Arundel County property tax revenues may decrease to the extent that 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.

For fiscal 2022, the real property tax rate in Anne Arundel County is \$0.9330 per \$100 of assessment and the average taxable assessment for residential real property is \$316,993. As a point of reference, Anne Arundel County property tax revenues decrease by approximately \$3,000 for every additional property tax credit granted under the bill.

Anne Arundel County advises that there are currently 118 properties receiving the existing property tax credit. For fiscal 2022, the property tax credit will reduce county property tax revenues by \$304,325.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 434 (Senator Reilly) - Budget and Taxation.

Information Source(s): Anne Arundel County; State Department of Assessments and Taxation; Department of Legislative Services

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js/hlb

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