

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 61

(Senator Bailey, *et al.*)

Budget and Taxation

Ways and Means

Property Tax Credit - Public Safety Officer

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, 2023, and applies to taxable years beginning after June 30, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues may decrease beginning in FY 2024 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 who are eligible recipients of the property tax credit.

Chapters 239 and 240 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 2024, 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.

Local Governments Providing the Public Safety Property Tax Credit

Several local governments currently provide the property tax credit to public safety officers including three counties (Anne Arundel, Howard, and Queen Anne's) and the City of Annapolis. Information on the extent to which the property tax credit has been granted in these jurisdictions is provided below.

Anne Arundel County

In Anne Arundel County, 693 individuals will receive the property tax credit in fiscal 2023 at a total cost of \$1.5 million. The following chart shows the number of individuals receiving the property tax credit over the past five years and the total cost to the county government.

**Property Tax Credit – Public Safety Officers
Anne Arundel County**

<u>Fiscal</u>	<u>Number of Properties</u>	<u>Total Amount of Tax Credit</u>
2019	703	\$1,445,026
2020	730	\$1,540,777
2021	758	\$1,627,338
2022	729	\$1,620,872
2023	693	\$1,532,513

Source: Anne Arundel County

Howard County

In Howard County, 163 individuals received the property tax credit in fiscal 2022 at a total cost of \$385,111. The following chart shows the number of individuals receiving the property tax credit over the past four years and the total cost to the county government.

**Property Tax Credit – Public Safety Officers
Howard County**

<u>Fiscal</u>	<u>Number of Properties</u>	<u>Total Amount of Tax Credit</u>
2019	192	\$197,500
2020	192	\$411,668
2021	182	\$426,360
2022	163	\$385,111

Source: Howard County

Queen Anne's County

Queen Anne's County has provided a property tax credit for volunteer fire members for the past three years. Last year, the credit was provided to 182 individuals and totaled \$337,040.

City of Annapolis

According to the City of Annapolis, there are 10 city residents who receive the current property tax credit, with the average tax credit totaling \$1,863 per residence.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See SB 132 of 2022, SB 277 of 2021, and SB 303 of 2020.

Designated Cross File: HB 599 (Delegate Hartman, *et al.*) - Ways and Means.

Information Source(s): Anne Arundel, Howard, Kent, Montgomery, Queen Anne's, and Worcester counties; City of Annapolis; Maryland Association of Counties; State Department of Assessments and Taxation; Department of Legislative Services

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