

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 364 (Senator Elfreth, *et al.*)
Budget and Taxation

Property Tax Credit – Dwellings of Public Safety Officers – Retired Personnel

This bill alters the eligibility for a local property tax credit for public safety officers by extending eligibility to retired individuals. Specifically, the bill alters the definition of a public safety officer to include individuals retired from specified public safety agencies. **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 by a significant amount beginning in FY 2024 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: 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: Local property tax revenues may decrease by a significant amount beginning in fiscal 2024 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.

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

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. In addition, there are 31 city retirees living in the city who may be eligible for the property tax credit under the bill.

Retirement Systems for Public Safety Officers

Data from the State Retirement and Pension System indicates that, as of June 30, 2022, there are 2,393 retired law enforcement officers enrolled in the Law Enforcement Officers Pension System (LEOPS). However, this data does not include where each retiree resides, so it is likely that some of these individuals reside out of Maryland and would not be eligible for the property tax credit.

The following jurisdictions participate in LEOPS:

- *Counties:* Allegany, Dorchester, Harford, Kent, Queen Anne’s, and Worcester.
- *Sheriff’s Departments:* Caroline County.

- *Municipalities:* Bowie, Cambridge, Chestertown, Cheverly, Fruitland, Hagerstown, Hurlock, Hyattsville, Manchester, Mount Airy, Pocomoke City, Princess Anne, Salisbury, St. Michael's, Sykesville, Taneytown, and Westminster.

Several other local jurisdictions in the State have their own retirement plans for retired public safety employees.

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 618 (Delegate Pruski) - Ways and Means.

Information Source(s): Anne Arundel, Baltimore, Carroll, Harford, Queen Anne's, and St. Mary's counties; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

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