

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

Senate Bill 481

(Senator DeGrange, *et al.*)

Budget and Taxation

Ways and Means

Disabled Law Enforcement Officers and Rescue Workers - Property Tax Credit

This bill authorizes local governments to grant a property tax credit for a dwelling owned by a disabled law enforcement officer, rescue worker, or correctional officer by expanding the eligibility criteria for an existing property tax credit.

The bill takes effect June 1, 2008 and is applicable to taxable years beginning after June 30, 2008.

Fiscal Summary

State Effect: None.

Local Effect: The extent of any revenue loss depends on the number of counties and municipal corporations granting the credit and the number of disabled law enforcement officers and rescue workers living in the jurisdiction who own a home. The potential decrease in local property tax revenues could be significant.

Small Business Effect: None.

Analysis

Current Law: Local governments are authorized to grant a property tax credit for the dwelling of a surviving spouse of a fallen law enforcement officer who has not remarried. The dwelling must be the surviving spouse's legal residence and not be occupied by more than two families. A fallen law enforcement officer means an individual who dies as a result of or in the course of employment as a law enforcement officer.

In order for the dwelling to qualify for the credit, it must have been (1) owned by the fallen law enforcement officer at the time of death; (2) purchased by the surviving spouse within two years of the fallen law enforcement officer's death as long as the officer or the spouse was domiciled in Maryland at the time of death; or (3) acquired after the surviving spouse qualified for the exemption for a former house, to the extent of the previous exemption.

Background: Chapters 103 and 104 of 2003 authorized local governments to grant a real property tax credit on certain dwellings that are owned by a surviving spouse of a fallen law enforcement officer. Chapter 486 of 2002 provided authority for a local government to grant a real property tax credit on dwellings that are owned by a surviving spouse of a fallen rescue worker. Chapter 531 of 2001 provided a real property tax exemption for the surviving spouse of an individual who dies in the line of duty while in the active military, naval, or air service of the United States.

Currently, only 12 jurisdictions (Baltimore City and Anne Arundel, Baltimore, Carroll, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, and St. Mary's counties) have enacted a property tax credit for the property owned by the surviving spouses of law enforcement or rescue workers since the enactment of the authorizing legislation.

Local Fiscal Effect: The extent of any local government revenue loss depends on the number of counties and municipal corporations granting the credit and the number of disabled law enforcement officers and rescue workers living in the jurisdiction who own a home.

Exhibit 1 shows the estimated effect on local government revenues for each disabled law enforcement officer or rescue worker who qualifies for the credit in each county, based on current assessable base estimates and current county property tax rates.

The State Retirement Agency reports that there are 160 individuals receiving a disability retirement benefit from the Law Enforcement Officers' Pension System, which includes State and local law enforcement officers. An additional 503 individuals are receiving a disability benefit from the State Police Retirement System.

Baltimore City indicates that there are 715 police officers and firefighters who receive a disability benefit as a result of being injured in the line of duty. Prince George's County has 303 police officers and 209 firefighters and emergency medical technicians receiving disability benefits resulting from job-related injuries.

In 2007, Baltimore County advised that there were 155 retired county police, fire, and correctional officers residing in the county who receive accidental disability payments.

Exhibit 1
Potential Effect on County Property Tax Revenue
per Individual Granted a 100% Tax Credit

<u>County</u>	<u>Average Assessment</u>	<u>Tax Rate</u>	<u>Average Tax Bill</u>	<u>100% Credit</u>
Allegany	\$81,378	\$0.983	\$800	(\$800)
Anne Arundel	331,888	0.891	2,957	(2,957)
Baltimore City	113,460	2.268	2,573	(2,573)
Baltimore	224,534	1.100	2,470	(2,470)
Calvert	301,587	0.892	2,693	(2,693)
Caroline	169,211	0.870	1,472	(1,472)
Carroll	279,977	1.048	2,934	(2,934)
Cecil	212,553	0.960	2,041	(2,041)
Charles	269,286	1.026	2,763	(2,763)
Dorchester	154,902	0.896	1,388	(1,388)
Frederick	289,571	1.064	3,081	(3,081)
Garrett	117,771	1.000	1,178	(1,178)
Harford	235,475	1.082	2,548	(2,548)
Howard	391,204	1.150	4,499	(4,499)
Kent	215,923	0.972	2,099	(2,099)
Montgomery	473,556	0.916	4,338	(4,338)
Prince George's	246,690	1.319	3,254	(3,254)
Queen Anne's	336,744	0.770	2,593	(2,593)
St. Mary's	247,522	0.857	2,121	(2,121)
Somerset	109,026	0.940	1,025	(1,025)
Talbot	390,257	0.475	1,854	(1,854)
Washington	186,897	0.948	1,772	(1,772)
Wicomico	151,540	0.881	1,335	(1,335)
Worcester	247,140	0.700	1,730	(1,730)

Additional Information

Prior Introductions: This bill was introduced as HB 1233 of 2007 and was assigned to the House Rules and Executive Nominations Committee.

Cross File: HB 573 (Delegate Tarrant, *et al.*) – Ways and Means.

Information Source(s): State Department of Assessments and Taxation, City of Bowie, City of Takoma Park, City of Annapolis, Allegany County, Prince George's County, Baltimore City, Department of Legislative Services

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