

Department of Legislative Services  
 Maryland General Assembly  
 2017 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 346 (Montgomery County Delegation)  
 Ways and Means

Montgomery County - Property Tax Credit - Public Safety Officers  
 MC 1-17

This bill authorizes Montgomery County to grant, by law, a real property tax credit for a dwelling owned by a specified Montgomery County public safety officer. The amount of the property tax credit may not exceed \$2,500 and the amount of property tax imposed on the dwelling. The State Department of Assessments and Taxation (SDAT) is responsible for the administrative duties that relate to the application and determination of eligibility for the property tax credit. Montgomery County must reimburse SDAT for the reasonable cost of administering the property tax credit. Montgomery County 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.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

Fiscal Summary

**State Effect:** General fund expenditures for SDAT increase by approximately \$68,500 annually for the administration of the property tax credit beginning in FY 2018. Administrative reimbursements from Montgomery County increase by a commensurate amount.

| (in dollars)   | FY 2018  | FY 2019  | FY 2020  | FY 2021  | FY 2022  |
|----------------|----------|----------|----------|----------|----------|
| SF Revenue     | \$68,500 | \$68,500 | \$68,500 | \$68,500 | \$68,500 |
| GF Expenditure | \$68,500 | \$68,500 | \$68,500 | \$68,500 | \$68,500 |
| Net Effect     | \$0      | \$0      | \$0      | \$0      | \$0      |

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Montgomery County property tax revenues may decrease by approximately \$1.7 million annually beginning in FY 2018 to the extent the property tax credit is granted.

Reimbursement expenditures increase by approximately \$68,500 annually beginning in FY 2018.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** A “public safety officer” is defined as a firefighter, an emergency medical technician, or law enforcement officer who is employed full time by the Montgomery County Fire and Rescue Service, Montgomery County Department of Police, or the Montgomery County Sheriff’s Office.

**Current Law:** Local jurisdictions are authorized to grant a property tax credit for a dwelling owned by the spouse of a specified fallen rescue worker or law enforcement officer. Currently, this property tax credit is authorized by Anne Arundel, Baltimore, Carroll, Charles, Frederick, Garrett, Harford, Howard, Montgomery, Queen Anne’s, and Washington counties.

**State Fiscal Effect:** General fund expenditures for SDAT increase by approximately \$68,500 annually as a result of administering the property tax credit proposed by the bill. SDAT advises that the agency has never administered a local property tax credit; however, the department does administer the enterprise zone property tax credit and the homeowner’s property tax credit. Based on the department’s experience in administering these property tax credits, SDAT advises that it will likely charge Montgomery County a per application processing fee in an amount commensurate to cover SDAT’s various administrative costs in administering the property tax credit. SDAT advises that the processing fee may be as much as \$100 per application.

**Local Fiscal Effect:** Montgomery County property tax revenues may decrease by approximately \$1.7 million annually beginning in fiscal 2018, to the extent the property tax credit is authorized. The estimate is based on the following:

- there are 1,136 fire fighters employed by the Montgomery County Fire and Rescue Service; it is estimated that 188 of these individuals reside in the county;
- there are 1,237 police officers employed by the Montgomery County Department of Police; it is estimated that 778 of these individuals reside in the county;
- there are 140 sheriff’s deputies employed by the Montgomery County Sheriff’s Office; it is estimated that 63 of these individuals reside in the county;

- the amount of the property tax credit is \$2,500; and
- U.S. Census Bureau data indicates that the homeownership rate in Montgomery County is approximately 66.6%.

Montgomery County expenditures increase to cover SDAT's expenditures for administering the property tax credit. As noted, SDAT will likely impose a per application fee in an amount commensurate to cover SDAT's administrative costs. Based on the information referenced above, county expenditures may increase by approximately \$68,500 annually beginning in fiscal 2018.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 13, 2017  
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