





October 11, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Roger G. Banegas 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-087-2023 The Public Safety Officer Real Property Tax Credit

CB-087-2023 (*Proposed by:* Council Members Blegay, Oriadha, Ivey, Burroughs, and Olson)

Assigned to the Government Operations and Fiscal Policy (GOFP) Committee

AN ACT CONCERNING THE PUBLIC SAFETY OFFICER REAL PROPERTY TAX CREDIT for the purpose of establishing a property tax credit for the domicile or primary residence of a public safety officer in Prince George's County as an incentive for residing in the County under certain circumstances.

Fiscal Summary

Direct Impact

Expenditures: Modest additional expenditures may be required for administrative costs.

Revenues: Potentially significant reduction of revenue.

Indirect Impact

Potentially favorable.

Legislative Summary:

CB-087-2023¹, proposed and sponsored by Councilmembers Blegay, Oriadha, Ivey, Burroughs, and Olson, was presented on September 19, 2023, and referred to the Government Operations and Fiscal Policy (GOFP) Committee. This Bill aims to incentivize public safety officers to come and remain as public safety officers in Prince George's County with a tax credit.

Background/Current Law:

Section 9-260(b)² of the Annotated Code of Maryland provides that county and municipal corporations may grant, by law, a property tax credit for a dwelling owned by a specified 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. County and municipal governments must reimburse SDAT for the reasonable cost of administering the property tax credit.

The County Council previously attempted to enact CB-068-2017³ with similar language, but the Bill was held in committee with a 3:2 vote. CB-68-2017 had the same eligibility requirements along with the same amount of \$2,500 annual property tax credit but did not mention that the Director of Finance would oversee the application process for the tax credit and provide an annual report to the County Council. Following the failure of CB-068-2017 to pass, along with the failure of CB-121-2017,⁴ which would have established a property tax credit for certain elderly individuals within Prince George's County, the Council established a Tax Credit Reform Commission.⁵

Tax Credit Reform Commission:

In February 2018, the Tax Credit Reform Commission⁶ was established to review and analyze current and proposed tax credits to determine the effectiveness, utilization, and efficacy of the tax credits. The Commission estimated that the proposed tax credit for the elderly and veterans would

¹ [CB-087-2023](#)

² [Section 9-260 of the Annotated Code of Maryland](#)

³ [CB-068-2017](#)

⁴ [CB-121-2017](#)

⁵ [Tax Credit Reform Commission – Main Page](#)

⁶ Tax Credit Reform Commission – [Property Tax Credits](#)

cost \$2.8 million for elderly, and \$13.7 million for veterans each year.⁷ and at the time did not recommend any proposed tax credits related to real property taxes.

The Commission applied three questions to each proposed tax credit it considered, and those questions may be appropriate in the Council's consideration of CB-005-2022. They are:

- (1) What public or social policy are we trying to serve?
- (2) How does a property tax credit address that policy?
- (3) How much of a credit, if any, is necessary to address the policy?⁸

Relevant legislation from Other Jurisdictions

The Montgomery County Council enacted Bill 39-21⁹ on November 28, 2022, with the legislative intent of increasing the number of County employees occupying certain Public Safety Officers (PSOs) positions who reside in Montgomery County and helping and retaining those employees. The enactment of Bill 39-21 established a tax credit against real property tax for certain Montgomery County public safety officers and public safety emergency communication specialists. The amount of the credit is \$2,500 per year, which is the same amount proposed in CB-087-2023. Montgomery County's Office of Management and Budget found that 50% of the Police Department resided within Montgomery County, while 20% of the Fire Department resided in the County¹⁰.

Resource Personnel:

- Leroy D. Maddox Jr., Legislative Officer

Discussion/Policy Analysis:

The proposed Bill, CB-087-2023, would provide a \$2,500 property tax credit, against the imposed annual property tax credit on a dwelling located within Prince George's County owned by a public safety officer. The Bill defines a *public safety officer* as (A) an individual employed by Prince George's County who works full-time as a firefighter, an emergency medical technician, a correctional officer, a police officer, or a deputy sheriff, and (B) a volunteer firefighter or volunteer emergency medical technician for the Prince George's County Fire/EMS Department who is eligible for an annual stipend under the length of service program (LOSAP).

The Director of Finance is a focal point for CB-087-2023 as they would be required to provide an annual report to the County Council on or before December 31st of each year for the previous fiscal year on the property tax credit for the dwellings that are the domicile or primary residence of the public safety officers located in the County.

⁷ Tax Credit Reform Commission – [Final Report – pages 1-2](#)

⁸ Tax Credit Reform Commission – [Final Report – pages 1-2](#)

⁹ [Bill 39-21 - Montgomery County, MD](#)

¹⁰ [Economic Impact Statement from Office of Legislative Oversight](#)

In addition to providing for the Credit itself, as described above, CB-087-2023 also includes several administrative provisions, set forth below.

- **§10A-192.12(d).** This subsection requires that applications for the tax credit established, and provided by the Director of Finance, will be submitted no later than October 1 of the fiscal year in which the tax credit is needed. The application must provide a legal description of the property and other documentation that the Director of Finance may require to determine eligibility. (page 2, lines 15 to 19).
- **§10A-192.12(e).** This subsection explicitly states that the public safety officer must remain employed full-time in Prince George’s County, Maryland, to be eligible for the annual property tax credit. (page 2, lines 20 to 22)
- **§10A-192.12(f).** This subsection states that the credit is applicable for fiscal years July 1, 2024, and so forth. (page 2, line 23).
- **§10A-192.12(g).** This subsection states that the Director of Finance will provide an annual report to the County Council on or before December 31st of each year for the previous fiscal year on the property tax credit for the dwellings that are the domicile or primary residence of the public safety officers located in the County and are owned by the public safety officers to include the following:
 - (1) The number of applications received; and
 - (2) The number of applications denied; and
 - (3) The number of tax credits approved; and
 - (4) The location by Councilmanic district of the number of applications received, and the amount of tax credit approved. (page 2, line 24, to page 3, line 1)

Fiscal Impact:

- *Direct Impact*

The enactment of CB-087-2023 will have a direct adverse fiscal impact on the County both due to the possibility of additional administrative costs and foregone revenue from the grant of the credits.

Information provided by the Office of Audits and Investigations and the Fire Department indicates that as of September 29, 2023, 2,904 public safety officers (excluding volunteer public safety officers) are employed by the County. Of that amount, 1,256 are domiciled within the County, as indicated by their address of record within County personnel records. An estimated 691 public safety officers own their homes in the County.

The Fire/EMS Department provided that an estimated 543 members are collecting LOSAP directly, and 200 spouses collected half of the benefits under the surviving spouses rule in the code that could be eligible for the credit. Assuming half of the 543 members collecting LOSAP each

owns a home within the County, the number of recipients eligible for the tax credit would be 272. This would be an estimated annual total of \$680,000.

Based on the above information and assumption, and further assuming that all eligible officers receive the credit, the total annual cost of credits provided under CB-087-2023 is estimated to be \$2,407,500. This is from the 691 public safety officers receiving a \$2,500 property tax credit and 272 volunteers receiving a \$2,500 property tax credit.

- *Indirect Impact*

The enactment of CB-087-2023 may have a favorable indirect fiscal impact, to the extent that encouraging officers to own homes in the County provides ancillary public safety benefits. It may also be an incentive that improves the County's ability to retain officers in often hard-to-fill positions.

- *Appropriated in the Current Fiscal Year Budget*

No.

Effective Date of Proposed Legislation:

The Act shall take effect forty-five (45) days after it becomes law.

If you require additional information or have questions about this fiscal impact statement, please contact me via phone or email.