

M E M O R A N D U M

October 31, 2022

TO: Public Safety Committee
Government Operations and Fiscal Policy Committee

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

PURPOSE: **Worksession #2** – Joint Committee recommendation expected

Expected attendees:

Jennifer Harling, Office of Labor Relations
Corey Orlosky, Office of Management and Budget (OMB) (invited)
Dennis Hetman, Department of Finance (invited)
Elaine Bonner-Thomkins, Office of Legislative Oversight (OLO) (invited)
Stephen Roblin, OLO (invited)
Lee Holland, President, FOP, Lodge 35 (invited)
Jeffry Buddle, President, IAFF (invited)
Eric Bernard, MCVFRA (invited)
Gino Renne, MCGEO (invited)

Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialist – Property Tax Credit, sponsored by Lead Sponsors then-Council President Hucker and then-Council Vice-President Albornoz, with Co-Sponsors Councilmembers Navarro, Katz, Friedson, Jawando, Glass and Rice, was introduced on October 19, 2021. A public hearing was held on November 9, 2021. A Joint Public Safety and Government Operations & Fiscal Policy Committee worksession was held on February 17, 2022.

After the first worksession, the County Executive and employee/volunteer bargaining units (FOP, MCGEO, IAFF, and MCVFRA) entered into agreements regarding recommended amendments to the bill.

Background

The General Assembly authorized the County to enact a property tax credit for certain public safety officers in Md. Tax-Property Code Ann. § 9-260 and for certain public safety

emergency communications specialists in Md. Tax-Property Code Ann. § 9-262. The annual property tax credit must not exceed \$2,500 or the total amount of property tax owed. The employee must be a legal owner of the property and the property must be the principal residence of the employee. The County is authorized to establish additional eligibility requirements for the property tax credit.

Bill 39-21 would establish a County property tax credit for a full-time sworn police officer, firefighter, emergency medical technician, or a public safety emergency communications specialist employed by the County. The Bill would authorize the maximum \$2,500 credit for an eligible employee. The purpose of the Bill is to increase the number of County employees occupying these positions who reside in the County and help recruit and retain these employees.

Public Hearing

There were 3 speakers at the public hearing. Eric Bernard, MCVFRA, supported the Bill and requested an amendment to add volunteer firefighters and emergency medical technicians. Elissa Laitin, representing the Democratic Socialists, opposed the Bill as a give-away to a mostly White police officers. Jill Sege, representing the Silver Spring Justice Coalition, opposed the Bill arguing that it would worsen economic inequity in the County (©27).

The Council also received written testimony from Jane Redicker, representing the Greater Silver Spring Chamber of Commerce, supporting the Bill (©29) and Frank Luncheon opposing the Bill (©26). Mr. Luncheon suggested that if the Council enacts the Bill it should include a credit for renters and be limited to first time homeowners and employees earning lower wages.

The County Policing Advisory Commission (PAC) also submitted comments on Bill 39-21 (©22). The PAC believes the tax credit is well-intended, but the amount is inadequate to entice a significant number of public safety employees to purchase homes in the County. The PAC suggested increasing the amount of the tax credit. However, the tax credit in the Bill is already at the maximum \$2,500 permitted by the State enabling law.

Summary of First Worksession

Finance Director Mike Coveyou, Labor Relations Director Jennifer Harling, FOP President Lee Holland, MCGEO President Gino Renne, MCVFRA Executive Director Eric Bernard, and Senior Legislative Attorney Robert Drummer participated in the discussion.

The Committee discussed the Bill and the potential addition of correctional officers and volunteer fire fighters and emergency medical technicians. Lee Holland and Gino Renne both supported the Bill in concept but felt that it should be worked out in the collective bargaining process. The Committee supported adding both correctional officers and volunteer fire fighters and emergency technicians. With regard to volunteers, the Committee discussed setting a minimum eligibility standard at 5 continuous years of providing enough volunteer service to receive a nominal fee.

The Committee agreed to hold the Bill and wait for executed MOU's from the Executive and each union representing these employees. The Committee also requested an updated fiscal impact statement to accompany each MOU and supported including public safety management in the Bill also.

Summary of MOAs

Following the first GO/PS worksession on Bill 39-21, the Executive entered into two Memoranda of Agreement (one with the FOP, the IAFF, and MCGEO dated March 22, 2022, and the other with MCVFRA dated June 23, 2022). Pursuant to the agreements, the Executive has proposed amending the bill to make the following additional groups eligible to receive the tax credit:

- Deputy Sheriffs;
- Correctional officers; and
- Volunteer firefighters and Volunteer EMTs.

Issues

The joint Committee might wish to consider the following issues and potential amendments in connection with Bill 39-21.

1. Fiscal and Economic Impacts

Under the Fiscal Impact Statement, as supplemented on October 31, 2022, the bill would be likely to involve the following loss of tax revenue to the County.

<i>Positions Eligible</i>	<i>Number Living in Montgomery County</i>	<i>Number Living in an Owner-Occupied Unit in Montgomery County</i>	<i>Estimated Cost of the Tax Credit in Lost Revenue Annually</i>
<ul style="list-style-type: none"> ▪ Full-time sworn police officers & deputy sheriffs ▪ Firefighters ▪ Emergency Medical Technicians ▪ Public Safety Emergency Communications Specialists 	2,546	435	\$1,087,500
<ul style="list-style-type: none"> ▪ Volunteer Firefighters and volunteer EMTs 		405	\$1,012,500
<ul style="list-style-type: none"> ▪ DOCR Correctional Officers 	106	33	\$82,500
<i>Totals:</i>		<i>873</i>	<i>\$2,182,500</i>

In addition, OMB estimated that an additional grade 18 Program Specialist position would be necessary in Finance to administer the credit at an annual cost of \$64,326. The fiscal impact statement is at ©19.

OLO estimates that the Bill would have a positive impact on economic conditions in the County by increasing the net income of these employees and thereby increasing their ability to purchase goods and services from County businesses (©5). However, OLO also anticipated that the positive impact would be limited because the tax credit would not offset lower home prices in jurisdictions where many of these employees reside. OLO also pointed out that their analysis does not account for the economic cost of using these funds for other programs that could have a greater positive effect on the County's economic conditions.

2. Racial Equity and Social Justice Impacts

OLO estimated that the Bill would have a negative impact on racial equity and social justice in the County because the eligible public safety personnel that would own eligible properties are disproportionately White people (©13). OLO made two suggestions to lessen the negative impact – add a credit for renters and add correctional officers because a disproportionate number of renters are people of color and more than half the County correctional officers are Black.

The State enabling law, Md. Tax-Property Code Ann. § 9-260 would permit the Council to add correctional officers.

The State enabling law would not permit a tax credit for renters. The County could create a separate salary enhancement for employees who rent a home in the County, but it would not be a property tax credit and would be beyond the scope of Bill 39-21.

3. Inclusion of Correctional Officers

As noted above, OLO has stated that including correctional officers within the scope of the bill would improve the racial equity impacts of the bill because these officers are over 50 percent Black. The MOA negotiated between the Executive and MCGEO, FOP, and IAFF also proposes making correctional officers eligible for the tax credit under the bill.

An amendment to include the correctional officers, drafted at the request of Councilmember Huckler, is available at ©30.

Decision Point: whether to adopt the amendment at ©30 to make correctional officers eligible for the tax credit.

4. Inclusion of Deputy Sheriffs

Pursuant to the MOA with FOP, IAFF, and MCGEO, the Executive has requested an amendment to make Deputy Sheriffs eligible to receive the tax credit under Bill 39-21. Although Deputy Sheriffs are not technically County employees, the County may include them within the

scope of the bill. The rationale of incentivizing public safety personnel who work in the County also to live in the County would apply.

Add the following after line 3:

Deputy sheriff means a deputy sheriff of the Office of the Sheriff for Montgomery County.

* * *

Amend lines 17-20 to read as follows.

(c) Eligibility. A taxpayer is eligible for the tax credit each year for residential property located in the County if the taxpayer:

(1) is a public safety officer, [or] a public safety emergency communication specialist, [employed by the County] or a deputy sheriff;

* * *

Decision Point: whether to adopt an amendment to make Deputy Sheriffs eligible for the tax credit.

5. Inclusion of Volunteer Firefighters and Volunteer Emergency Medical Technicians

The State enabling law, Md. Tax-Property Code Ann. § 9-260 would permit the Council to add volunteer fire fighters and emergency medical technicians to the Bill. Pursuant to the MOA with MCVFRA, the County Executive has recommended including the volunteers within the scope of the bill.

As noted by Mr. Drummer during the first worksession, volunteers are not County employees and do not receive a County salary. Under the current agreement with the MCVFRA, volunteers are eligible to receive a nominal fee. Mr. Drummer suggested that if the Committee decides to add volunteers, it may want to add certain eligibility standards such as a minimum number of calls responded to.

In the MOA between IAFF and the Executive, the recommendation is to include volunteers who were eligible for the nominal fee during the prior year. If the Committee wishes to include volunteers within the bill, in accordance with the MOA, it could adopt the following amendment.

Add the following after line 3:

Active Volunteer means a local fire and rescue department volunteer who was eligible for a nominal fee for active service for the preceding tax year.

* * *

Amend lines 17-20 to read as follows.

(c) Eligibility. A taxpayer is eligible for the tax credit each year for residential property located in the County if the taxpayer:

(1) is a public safety officer, ~~[[or]]~~ a public safety emergency communication specialist, ~~[[employed by the County]]~~ or an active volunteer;

* * *

Decision Point: whether to adopt an amendment to make Volunteers eligible for the tax credit.

NEXT STEP: Committee recommendation on whether to enact Bill 39-21, including any of the amendments discussed above.

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Bill No. 39-21
Concerning: Taxation – Public Safety
Officers – Public Safety Emergency
Communications Specialists -
Property Tax Credit - Established
Revised: 10-19-2021 Draft No. 4
Introduced: October 19, 2021
Expires: April 19, 2023
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: then-Council President Hucker then-Council Vice President Alborno
Co-Sponsors: Councilmembers Navarro, Katz, Friedson, Jawando, Glass, and Rice

AN ACT to:

- (1) establish a tax credit against real property tax for certain County public safety officers and public safety emergency communication specialists;
- (2) provide for the amount of the property tax credit;
- (3) establish eligibility for the public safety officer and public safety emergency communication specialist property tax credit; and
- (4) generally amend the law governing property tax credits.

By adding

Montgomery County Code
Chapter 52, Taxation
Section 52-112

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 52-112 is added as follows:**

2 **52-112. Police Officer Property Tax Credit.**

3 (a) Definitions. In this Section:

4 Director means the Director of the Department of Finance or the
5 Director's designee.

6 Dwelling means as defined in Md. Tax-Property Code Ann. § 9-105.

7 Public safety emergency communication specialist means a full-time
8 County employee responsible for providing mission critical services
9 between the general public in crisis and law enforcement, fire, emergency
10 medical, and animal control providers in the 9-1-1 emergency
11 communications center.

12 Public safety officer means a full-time sworn police officer, firefighter,
13 or emergency medical technician employed by the County.

14 (b) Credit required. The Director must allow each eligible taxpayer a credit
15 against County real property taxes due in each tax year in which the
16 taxpayer is eligible for the credit.

17 (c) Eligibility. A taxpayer is eligible for the tax credit each year for
18 residential property located in the County if the taxpayer:

19 (1) is a public safety officer or a public safety emergency
20 communication specialist employed by the County;

21 (2) is using the property as the employee's principal residence;

22 (3) occupies or is expected to occupy the property for more than 6
23 months of a 12-month period beginning with the date of finality
24 for the taxable year for which the property tax credit under this
25 section is sought; and

26 (4) is a legal owner of the property.

- 27 (d) Amount of credit. The credit must equal the lessor of \$2500 or the amount
 28 of the County property tax otherwise due on the property.
- 29 (e) Application. In order to receive the credit, a public safety officer or a
 30 public safety emergency communications specialist must apply for the
 31 credit with the Director on or before April 1 of the tax year before the first
 32 tax year the tax credit is sought on a form containing the information
 33 required by the Director. An employee must apply to continue the credit
 34 on or before April 1 of the tax year before each subsequent tax year. The
 35 Director must determine taxpayer eligibility for the credit.
- 36 (f) Continuous eligibility required. If, at any time during the term of the
 37 credit or the renewal of the credit, the property is no longer eligible for
 38 the credit:
- 39 (1) the credit granted to the property must be terminated; and
 40 (2) the owner of the property is liable for all property taxes that would
 41 have been due if the credit had not been granted for any year that
 42 the property was not eligible for the credit.
- 43 (h) Appeal. The Director must take all actions necessary to apply the credit
 44 to each eligible taxpayer who applies for the credit and is certified as
 45 eligible by the Director. A taxpayer may appeal a final decision by the
 46 Director denying or terminating the credit to the Maryland Tax Court
 47 within 30 days after receiving a notice of denial or termination from the
 48 Director.

49 **Sec. 2. Evaluation.** The Director must submit a report to the Executive and the
 50 Council on or before January 1, 2024 evaluating the effectiveness of the tax credit in
 51 increasing the number of public safety officers and public safety emergency
 52 communications specialists living in the County.

53

LEGISLATIVE REQUEST REPORT

Bill 39-21

Taxation – Public Safety Officers – Public Safety Emergency Communications Specialist – Property Tax Credit – Established

DESCRIPTION:	Bill 39-21 would establish a County property tax credit for a full-time sworn police officer, firefighter, emergency medical technician, or a public safety emergency communications specialist employed by the County. The Bill would authorize the maximum \$2500 credit for an eligible employee.
PROBLEM:	Retention and recruitment for these positions has been difficult.
GOALS AND OBJECTIVES:	The purpose of the Bill is to increase the number of County employees occupying these positions who reside in the County and help recruit and retain these employees.
COORDINATION:	Department of Finance, Office of Labor Relations, Police, Fire
FISCAL IMPACT:	Office of Management and Budget
ECONOMIC IMPACT:	Office of Legislative Oversight
RESJ IMPACT:	Office of Legislative Oversight
EVALUATION:	To be researched.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Robert H. Drummer, Senior Legislative Attorney (240) 777-7895
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	None

Economic Impact Statement

Office of Legislative Oversight

Bill 39-21

Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 39-21 would have a positive impact on economic conditions in the County. By providing annual property tax credits to certain Public Safety Officers (PSOs) who own and occupy residential property located in the County, the Bill would increase their net household income, thereby increasing household demand for goods and services provided by businesses operating in the County. However, while OLO anticipates the Bill would have a positive impact, the impact is likely to be limited because the property tax credit would not offset lower home prices in jurisdictions where many PSOs reside and other individual and social preferences that affect PSOs' homebuying behavior. It is therefore uncertain how many PSOs would take advantage of the property tax credit. Finally, it should be noted this analysis does not account for the economic opportunity cost of using County funds for the annual property tax credit.

BACKGROUND

Bill Description

The aim of Bill 39-21 is to increase the number of County employees occupying certain Public Safety Officers (PSOs) positions who reside in the County and help recruit and retain these employees. If enacted, the Bill would attempt to do so by establishing a County property tax credit for residential property located in the County that is owned and occupied by a full-time sworn police officer, firefighter, emergency medical technician, or public safety emergency communications specialist employed by the County. The maximum property tax credit for eligible employees would be \$2,500 per year.¹

¹ Montgomery County Council, [Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit](#), Introduced on October 19, 2021.

Economic Impact Statement

Office of Legislative Oversight

Residence of PSOs

Staff from the Office of Management and Budget provided OLO with data on the place of residence of PSOs employed by the County from October 2021. It is important to note the total number of PSOs per location continually change due to retirement, turnover, new hires, etc. For this reason, OLO presents rounded figures on place of residence.

As shown in **Table 1**, approximately 1 in 2 PSOs in the Montgomery County Police Department reside outside the County and approximately 4 in 5 PSOs in the Montgomery County Fire and Rescue Services reside outside the County. Moreover, the outside jurisdictions that attract the most County PSOs are Frederick, Carroll, Anne Arundel, Washington, and Prince George’s Counties.

Table 1. Place of Residence of County PSOs in October 2021 (rounded percentages)

Place of Residence	Police	Fire
Within Montgomery County	50%	20%
Outside of DC and its contiguous jurisdictions (Alexandria, Arlington, Fairfax, Montgomery, and Prince George’s)	45%	75%
Top five jurisdictions	Montgomery, MD: 50% Frederick, MD: 25% Carroll, MD: 5% Washington, MD: 5% Anne Arundel, MD: 5%	Montgomery, MD: 20% Frederick, MD: 15% Carroll, MD: 10% Anne Arundel, MD: 5% Prince George’s, MD: 5%

Source: Office of Management and Budget; Stephen Roblin

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Scope of Analysis

Enacting Bill 39-21 would involve using County revenue to provide certain PSOs a property tax credit for residential property located in the County that they own and occupy. Recipients would experience a net increase in household income. For PSOs who already reside in the County, the transfer from the County to employees would entail an intra-jurisdictional shift where economic activity occurs—that is, County revenues being used to increase net household income versus some other use of government spending.

Economic Impact Statement

Office of Legislative Oversight

In contrast, if the property tax credit achieves its intended aim of increasing the number of PSOs residing in the County and help recruit and retain these employees, then the transfer would reduce outflows from the County in the form of employee compensation spent outside the County. This outcome would be beneficial for County economic conditions for two reasons. First, given the strong relationship between proximity to home and transaction location,² County employees who reside locally are more likely to patronize County-based businesses. Second, locally-based employees contribute to the stimulating effects of County government expenditure by paying local taxes.

Ultimately, the total annual economic impact of Bill 39-21 would depend on:

- (a) the per year economic benefits of the property tax credit to PSOs currently residing in the County;
- (b) the per year economic benefits of preventing capital outflow by increasing the share of PSOs based in the County;
- (c) the per year economic opportunity cost of using County revenues for the credit.

Because OLO does not know how the County revenues used to fund the property tax credit would otherwise be allocated in the absence of enacting Bill 39-21, OLO limits the scope of the analysis below to (a) and (b). Thus, this analysis does not account for the economic impacts of alternative government spending.

Methodology

To assess the economic impacts of (a) and (b), OLO estimates the multiplier effects of:

- increasing household income through the property tax credit for PSOs residing in the County; and
- increasing resident households through recruiting residents to PSO positions and/or non-resident PSOs re-locating to the County.

The multiplier effect captures how changes in economic activity affect other rounds of spending, and how additional spending impacts certain economic indicators. To illustrate, an increase in household income may in turn increase demand for local restaurants, resulting in restaurant owners hiring more workers.

This analysis uses the Regional Input-Output Modeling System (RIMS II) “final-demand multipliers” for Montgomery County developed by the U.S. Bureau of Economic Analysis.³ The multiplier effect of increased household income is estimated in terms of four economic measures:

- Output (sales): total market value of industry output;
- Value-Added: total value of income generated from production (equivalent to gross domestic product);
- Earnings: employee compensation plus net earnings of sole proprietors and partnerships; and

² Sumit Agarwal, J. Bradford Jenson, and Ferdinando Monte, “[Consumer Mobility and the Local Structure of Consumption Industries](#),” National Bureau of Economic Research, January 2020.

³ U.S. Bureau of Economic Analysis, [RIMS II: An Essential Tool for Regional Developers and Planners](#), December 2013.

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- Employment: number of full- and part-time employees.⁴

Table 2 presents the RIMS II household multipliers for Montgomery County. OLO uses these multipliers to estimate the household multiplier effects for each economic measure.

Table 2. RIMS II Household Multipliers for Montgomery County

Output	Earnings	Employment	Value-Added
0.7951	0.1587	3.8028	0.4936

Data Source: U.S. Bureau of Economic Analysis

Estimates

- (a) *Per year economic benefits of the property tax credit to PSOs currently residing in the County*: Based on the data on PSOs' place of residence from October 2021, there were approximately 880 PSOs residing in the County at that time. Assuming the County would provide the full \$2,500 property tax credit to each recipient per year, affected households would experience a combined \$2.2 million net increase in household income. **Table 3** presents the annual multiplier effects for this estimated increase in household income.

Table 3. Annual Multiplier Effects of an Increase in Total Household Income

Increase in Total Household Income	Output	Earnings	Employment	Value-Added
\$2,200,000	\$1,748,220	\$349,140	8	\$1,085,920

- (b) *Per year economic benefits of preventing capital outflow by increasing the share of PSOs based in the County*: The RIMS II multipliers in **Table 2** also are used here to estimate the multiplier effects for every PSO who would otherwise reside outside the County in the absence of receiving the property tax credit. Based on FY21 salary schedules for police and fire, the salaries range from approximately \$50,000 to \$128,000, with the midpoint being approximately \$89,000.⁵ **Table 4** presents the multiplier effects of the County retaining one PSO for this salary range.

⁴ Ibid, 3 – 3 and 3 – 4.

⁵ See Montgomery County Government, [Fire/Rescue](#) and [Police](#) Bargaining Unit Salary Schedules, Fiscal Year 2021.

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Table 4. Annual Multiplier Effects of Retaining One PSO

PSO Salary	Output	Earnings	Employment	Value-Added
\$50,000	\$39,755	\$7,935	0.2	\$24,680
\$128,000	\$101,773	\$20,314	0.5	\$63,181

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 39-21 are the following:

- total number of PSOs residing in the County per year;
- total dollar amount of property tax credits awarded to PSOs per year;
- total number of PSOs recruited from within the County per year; and
- total number of non-resident PSOs re-locating to the County per year.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

Private organizations in the County would indirectly benefit from the property tax credit that certain PSOs would receive if Bill 39-21 is enacted.

(a) *Indirect impacts of County-based PSOs receiving the property tax credit each year:* Based on the RIMS II household multipliers for the County, PSOs' place of residence data from October 2021, and the assumption that eligible PSOs would receive the total \$2,500 property tax per year, OLO estimates that increasing total household by \$2.2 million in one year would generate:

- \$1,748,220 in output (i.e., total market value of industry output)
- \$1,085,920 in value-added (i.e., total value of income generated from production)
- \$349,140 in earnings (i.e., employee compensation plus net earnings of sole proprietors and partnerships)
- 8 new jobs (i.e., full- and part-time employees)

The gains in output and value-added reflect increased household spending on goods and services provided by businesses operating in the County. These gains would entail net increases in income for businesses that benefit from the increase in household spending from the property tax credit. In addition to business income, the Bill would also affect business workforces by increasing employee earnings and creating new jobs. Because PSOs residing in the

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County would be eligible to receive the property tax credit each year, the indirect benefits to private organizations occur on an annual basis.

(b) *Indirect impacts of preventing capital outflow by increasing the share of PSOs based in the County:* As illustrated above, increasing the share of PSOs based in the County would reduce net capital outflow and generate a positive multiplier effect. This economic impact depends on the property tax credit playing a causal role in recruiting and retaining resident PSOs, as Bill 39-21 intends.

What is the likelihood of Bill 39-21 increasing the share of resident PSOs? Comparing housing costs in the County to outside jurisdictions with the highest residence of PSOs suggest that the property tax credit may be insufficient to change PSOs' preferences. Using estimates from the National Association of Realtors and Bankrate's mortgage calculator,⁶ **Table 5** presents median home values and estimated monthly mortgage payments for 2021 Q2. Assuming PSOs would receive \$2,500 in property tax credits, the median mortgage payment in Montgomery County effectively would decrease from \$2,709 to \$2,501. As shown in the table, the adjusted mortgage payment in Montgomery County would be significantly higher than payments in other jurisdictions.

It is important to note that the simple median home price comparison performed here does not account for transportation costs, differences in characteristics of homes at median price, or individual and social preferences for home residence among PSOs. For this reason, OLO's anticipation that the property tax credit may be insufficient to affect PSOs' homebuyer behavior should be interpreted as tentative conclusion.

Table 5. Median Home Values in Jurisdictions with Highest Residence of PSOs

County	Median Home Prices (2021 Q2)	Estimated Monthly Mortgage Payment	Difference from Adjusted Montgomery Monthly Mortgage
Montgomery	\$558,173	\$2,501 adjusted	
Frederick	\$387,430	\$1,868	\$633
Carroll	\$397,143	\$1,916	\$585
Anne Arundel	\$414,784	\$2,003	\$498
Washington	\$241,807	\$1,150	\$1,351
Prince George's	\$375,411	\$1,809	\$692

Sources: National Association of Realtors, [County Median Home Prices 2021 Q2](#); and Bankrate, [Mortgage Calculator](#).

⁶ Monthly mortgage payments were estimated based on the following assumptions: \$25,000 down payment, 30-year loan, and 3.1 interest rate.

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Beyond these impacts, OLO does not anticipate Bill 39-21 would impact private organizations in terms of the Council's other priority indicators.⁷

Residents

By altering County taxation policy, Bill 39-21 would have targeted, positive impacts for PSO residents who would receive a property tax credit on an annual basis. Residents who would receive the property tax credit would experience a net increase in household income. The Bill would also have more diffuse, positive impacts for residents. Specifically, residents who experience increases in employee earnings and new jobs as result of the household multiplier effect would also benefit from the Bill.

DISCUSSION ITEMS

Councilmembers may want to consider whether the property tax credit would be sufficient to offset lower home prices and other individual and social preferences that affect PSOs' homebuying behavior.

WORKS CITED

Bankrate. [Mortgage Calculator](#).

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

Montgomery County Council. [Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit](#). Introduced on October 19, 2021.

Montgomery County Council. Resolution 19-300. [Economic Development Platform for Montgomery County](#). Adopted on November 19, 2019.

Sumit Agarwal, J. Bradford Jenson, and Ferdinando Monte. "[Consumer Mobility and the Local Structure of Consumption Industries](#)," National Bureau of Economic Research. January 2020.

U.S. Bureau of Economic Analysis. [RIMS II: An Essential Tool for Regional Developers and Planners](#). December 2013.

National Association of Realtors. [County Median Home Prices 2021 Q2](#).

Montgomery County Government. [Fire/Rescue](#) and [Police](#) Bargaining Unit Salary Schedules. Fiscal Year 2021

⁷ For the Council's priority indicators, see Montgomery County Code, Sec. 2-81B. Economic Impact Statements, https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894.

Economic Impact Statement

Office of Legislative Oversight

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 39-21: TAXATION—PUBLIC SAFETY OFFICERS—PUBLIC SAFETY EMERGENCY COMMUNICATIONS SPECIALIST—PROPERTY TAX CREDIT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 39-21 could negatively impact racial equity and social justice as its benefits to eligible public safety personnel would disproportionately accrue to White people. To improve racial equity and social justice, this statement offers two options as recommended amendments for consideration.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF BILL 39-21

The purpose of Bill 39-21 is to increase the number of police officers, firefighters, emergency medical technicians and emergency communications specialists employed by the County by incentivizing them to stay or relocate to the County by offering them property tax credits of up to \$2,500.³ To be eligible for the property tax credit, an eligible employee must be a legal owner of a property in the County and use the property as their principal residence for more than six months of a twelve-month period. Bill 39-21 aligns with state law authorizing Montgomery County to enact property tax credits for certain public safety officers and emergency communication specialists.⁴ Bill 39-21 was introduced to the County Council on October 19, 2021.

PROPERTY TAX CREDITS, PUBLIC SAFETY PERSONNEL, AND RACIAL EQUITY

Policymakers can use property tax credits to encourage beneficial behaviors. A property tax credit reduces a property owner's tax obligation; if the credit is refundable, a property owner can receive the difference between the credit and what they own as a refund.⁵ Property tax credits benefit eligible homeowners. Currently, seniors and military retirees are eligible to receive recurring property tax credits in Montgomery County.⁶ Of note, property tax credits reduce tax revenue available to support other competing public goods.

Since Bill 39-21 relies on homeownership (through property tax credits) as an incentive to help recruit and maintain public safety personnel in the County, this section examines homeownership and public safety personnel data by race and ethnicity to help consider the potential impact of this bill on racial equity and social justice.

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Inequities in Homeownership. The possibility of homeownership has been placed out of reach for many families of color due to inequitable housing policies and practices of the past.⁷ Slavery, sharecropping, Jim Crow laws, and the Homestead Act were government policies designed to build wealth among White residents by extracting resources from People of Color. Government policies reinforcing housing segregation continued with the New Deal as the Federal Housing Administration provided government-subsidized financing to White residents and developers to purchase or build homes in White-only enclaves.⁸ While the Fair Housing Act of 1968 eliminated racially explicit segregation in housing, the policies that built the segregated housing market “have never been remedied and their effects endure.”⁹

As a result of inequitable government policies and practices, access to wealth (which individuals often rely on to make a down payment for their home) varies significantly by race and ethnicity.¹⁰ The racial wealth gap in the Metropolitan Washington Region is sizable: White households had more than 80 times the wealth of Black households and 21 times the wealth of Latinx households in 2014.¹¹ Residents of color still experience discrimination in the housing market due to predatory lending practices and bias in the real estate market.¹² As such, disparities in homeownership by race and ethnicity persist in Montgomery County where:

- 75 percent of White and Asian households reside in owner-occupied units compared to 50 percent of Latinx and Native American households and 42 percent of Black households.¹³
- 39 to 47 percent of Black, Latinx, and Other race mortgage expended more than 30 percent of their income on their mortgage compared to 20 percent of White and 29 percent of Asian mortgage holders.¹⁴
- Yet, the average value of home mortgages carried by White households was \$410,000 compared to \$391,000 for Asian households, \$328,000 for Black households, and \$308,000 for Latinx households.¹⁵

Since White households own the most valuable properties, they incur the burden of higher property taxes.¹⁶ In turn, policies that provide property tax credits can disproportionately reduce the taxes paid by White households.¹⁷

Inequities in Public Safety Workforce. Careers in public safety have also been placed out of reach for many people of color due to inequitable policies and practices. While the civil service has been a great pathway into the middle class for many people of color, generally the higher-paying or more prestigious a job, the less access that people of color have to those positions.¹⁸ In turn, people of color have not been able to land a proportionate share of the higher-paying, higher-profile public safety jobs – like police officers and firefighters – even though many jurisdictions use hiring systems that are supposedly fair and discrimination free.¹⁹

Racial disparities among law enforcement personnel are consistent with a criminal justice system characterized by racial inequities in stops, arrests, convictions, and sentencing. Inequities in the law enforcement workforce trace their history to the use of “slave patrols” in the antebellum South.²⁰ Slave patrols, and the slave codes they enforced, ended after the Civil War and the passage of the 13th amendment, which formally ended slavery “except as a punishment for crime.”²¹ But former Confederate states used that exception to justify new restrictions – Black codes – that limited the kinds of jobs African Americans could hold, their rights to buy and own property, and even their movements.²²

Societal beliefs in White supremacy contribute to beliefs that policing and firefighting were the professions of White men because they best demonstrated the traits essential of promoting public safety: manliness, bravery, and nobility.²³ These beliefs extend to perceptions of the prototypical firefighter despite a rich history of Black firefighting heroes that goes back to early 19th century.²⁴ Beliefs in White supremacy also led to segregated fire stations in the early 20th century. Post segregation, discrimination was reinforced through nepotism and cronyism where applicants who did not have a family legacy of firefighting – and especially for applicants of color – training and testing became an impermeable barrier

RESJ Impact Statement

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for entering the profession while White male recruits often received special mentoring and reduced scrutiny in hiring.²⁵ Similar exclusions characterized entry into law enforcement professions by race, ethnicity, and gender as well. Inequitable policies and practices that exclude people of color from public safety professions result in their under-representation among police and fire service personnel and the over-representation of White people in these positions. A review of national data demonstrates these disparities where among civilians age 16 years or older:^{26, 27}

- 77 percent were White compared to 85 percent of police and fire personnel, 82 percent of emergency medical technicians and 89 percent of public safety communicators.
- 17 percent were Latinx compared to 15 percent of police officers, 13 percent of firefighters, 11 percent of emergency medical technicians and 13 percent of public safety communicators.
- 13 percent were Black compared to 11 percent of police officers, eight percent of firefighters, 12 percent of emergency medical technicians, and 10 percent of public safety communicators.
- 6 percent were Asian compared to 2 percent of police officers, 1 percent of firefighters, 4 percent of emergency medical technicians and less than 1 percent of public safety communicators.

A review of available local data also demonstrates that people of color are under-represented in policing and firefighting professionals in Montgomery County. More specifically, among residents age 16 or older:²⁸

- 45 percent were White compared to 74 percent of police officers and 76 percent of fire department personnel.
- 18 percent were Latinx compared to 9 percent of police officers and 7 percent of fire department personnel.
- 18 percent were Black compared to 12 percent of police officers and 10 percent of fire department personnel.
- 16 percent were Asian compared to 5 percent of police officers and 2 percent of fire department personnel.

If local data aligns with national data regarding the racial and ethnic make-up of public safety communicators (termed emergency communication specialists locally), then White people are also over-represented among these positions and BIPOC residents are under-represented among these positions. However, available data demonstrates that Black people are over-represented among corrections officers: accounting for a third of corrections positions nationally, and more than half of corrections staff within the Montgomery County Department of Corrections and Rehabilitation.^{29, 30}

ANTICIPATED RESJ IMPACTS

Discerning the potential impact of Bill 39-21 on racial equity and social justice in Montgomery County requires considering the bill's potential impact on racial inequities in homeownership and among public safety positions. The potential impact of Bill 39-21 on each of these is addressed in turn. Taken together, OLO finds that Bill 39-21 could have a net impact of widening racial and social inequities in the County as the two groups to benefit from this bill – homeowners and eligible public safety personnel – are disproportionately White.

- **Homeowners.** The demographics of current homeowners in the County suggest that White and Asian people could disproportionately benefit from Bill 39-21 because they demonstrate the highest home ownership rates. Three-quarters of White and Asian households reside in owner-occupied homes compared to half of Latinx households and 40 percent of Black households. If homeownership rates by race and ethnicity across the County characterize homeownership rates by race and ethnicity among County employees, then White and Asian employees are better positioned to take advantage of Bill 39-21's property tax credit than Latinx and Black employees who are more likely to be renters. Eligible White employees may also benefit more than other employee groups if they have higher home mortgages on average like White residents countywide. If White

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residents and employees benefit more from Bill 39-21 than other racial and ethnic groups, the bill widens current racial and social inequities in homeownership.

- **Eligible Public Safety Personnel.** The demographics of public safety personnel eligible for Bill 39-21's proposed property tax credit suggests that the bill would disproportionately benefit White people because they are over-represented among eligible employees. White people account for 74 percent of police officers and 76 percent of fire and rescue service personnel in the County compared to accounting for less than half of residents age 16 or above. Limiting eligibility for property tax credits to police officer and fire and rescue service means that White people will be over-represented among employees eligible for the bill's benefits. If local data on racial make up of emergency communication specialists parallels national data indicating that White employees occupy 89 percent of such positions, White people will disproportionately benefit from these positions being eligible for the tax credit. Overall, if this bill's provisions in effect retains and/or attracts more White employees than other employees, the bill could widen current racial inequities among Bill 39-21 eligible employee groups.

If Bill 39-21 works as intended and increases the number of public safety personnel employed by the County as a result, County residents could benefit from increased public safety operations resulting from the bill. Yet, OLO anticipates that such a benefit would sustain racial social inequities in the County rather than narrow or widen them.

RECOMMENDED AMENDMENTS

The County's Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.³¹ OLO finds that Bill 39-21 could widen racial and ethnic inequities because its provisions could exacerbate inequities in homeownership and public safety workforce representation by race and ethnicity. Should the Council seek to improve the racial equity and social justice impact of Bill 39-21 with recommended amendments, the following two options can be considered.

- **Create a renters' tax credit for public safety personnel.**³² Offering renter tax credits for public safety positions could enhance racial equity because Black and Latinx residents are more likely to rent their homes. If current and potential Black and Latinx employees in Bill 39-21 eligible positions are more likely to rent their homes, then adding a renters' tax credit provision to Bill 39-21 could help ensure that all persons in or applying for eligible positions proportionately benefit from this bill regardless of whether they rent or own their homes.
- **Make Department of Corrections and Rehabilitation positions eligible.** Unlike policing and fire and rescue services, Black staffers are over-represented among public safety personnel in the Department of Corrections and Rehabilitation (DOCR), accounting for over half of their workforce. Extending Bill 39-21's incentives to DOCR personnel would increase racial equity because the benefits experienced by DOCR personnel would disproportionately accrue to Black employees and their households.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

RESJ Impact Statement

Bill 39-21

CONTRIBUTIONS

Dr. Elaine Bonner-Tompkins, Senior Legislative Analyst, drafted this RESJ impact statement with assistance from Dr. Theo Holt, RESJ Performance Management and Data Analyst.

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools <https://www.raciaequitytools.org/glossary>

² Ibid

³ Bill 39-21 Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit, County, Montgomery County, Maryland

https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2727_1_17760_Bill_39-2021_Introduction_20211019.pdf

⁴ Md. Tax-Property Code Ann. Section 9-260 and Section 9-262.

⁵ Policy Basics: Tax Exemptions, Deductions, and Credits. Center on Budget and Policy Priorities, November 2020

<https://www.cbpp.org/research/federal-tax/tax-exemptions-deductions-and-credits>

⁶ Property Tax Credit and Exemption Information, Department of Finance, Montgomery County, Maryland.

https://www.montgomerycountymd.gov/finance/taxes/tax_credit_exempt.html

⁷ Misha Hill, et. Al, Taxes and Racial Equity: *An Overview of State and Local Policy Impacts*, March 2021, Institute on Taxation and Economic Policy. https://itep.sfo2.digitaloceanspaces.com/ITEP_Taxes-and-Racial-Equity-State-and-Local-Policy-Impacts-2.pdf

⁸ Ibid.

⁹ Richard Rothstein, *The Color of Law: A Forgotten History of How Government Segregated America*, 2017

¹⁰ Hill

¹¹ Kilolo Kijakazi, et al, *The Color of Wealth in the Nation’s Capital*, November 2016

<https://www.urban.org/research/publication/color-wealth-nations-capital>

¹² Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermine Black Homeownership*, 2019; Urban Institute, *Exposing Housing Discrimination*, <https://www.urban.org/features/exposing-housing-discrimination>

¹³ Calculations based on American Community Survey, 2019 1-Year Estimates, Table ID S2502.

¹⁴ American Community Survey, 2019 1-Year Estimates, Table ID. S0201.

¹⁵ Jupiter Independent Research Group, *Racial Equity Profile Montgomery County*, OLO Report 2019-7, Office of Legislative Oversight, July 15, 2019

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Ginger Adams Otis, “Why So Few of New York’s Bravest are Black,” *The Atlantic*, June 6, 2015

¹⁹ Ibid

²⁰ Khalil Gibran Muhammad cited by Colleen Walsh, “Solving racial disparities in policing,” *The Harvard Gazette*, February 23, 2021

²¹ Ibid

²² Ibid

²³ Clarence Taylor, *Black Firefighters and the FDNY*, Book review of David Goldberg, *Black Firefighters and the FDNY: The Struggle for Jobs, Justice, and Equity in New York City*, *New York Labor History*, 2021

²⁴ Addington Stewart, “I Was a Firefighter for 35 Years. Racism Today is as Bad as Ever” *The New York Times*, September 12, 2018

²⁵ Ibid

²⁶ For data on residents age 16 and older see Bureau of Labor Statistics, BLS Reports, Labor force characteristic by race and ethnicity, 2020 <https://www.bls.gov/opub/reports/race-and-ethnicity/2020/home.htm>

²⁷ Bureau of Labor Statistics, *Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity*, 2020

<https://www.bls.gov/cps/cpsaat11.pdf>

²⁸ MCPD data from Montgomery County Department of Police, Bill 33-19, *Community Policing Report*, January 27, 2021, and MCFRS data from Susan Farag, *Memorandum to Public Safety Committee, Discussion: Police and Fire Departments – Recruitment and Diversity Initiatives*, June 16, 2017

http://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&event_id=5928&meta_id=140025

²⁹ Bureau of Labor Statistics, *Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity*, 2020

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³⁰ For diversity of DOCR staff, see

[https://www.montgomerycountymd.gov/countystat/Resources/Files/DOCR%20FY13%20FINAL\(5\).pdf](https://www.montgomerycountymd.gov/countystat/Resources/Files/DOCR%20FY13%20FINAL(5).pdf)

³¹ Montgomery County Council, Bill 27-19, Administration – Human Rights - Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee - Established

³² Daniel Teles and Christopher Davis, Tax Credits for Renters Could Increase Racial and Economic Equity, December 2020, Urban Institute. <https://www.urban.org/urban-wire/tax-credits-renters-could-increase-racial-and-economic-equity>

Fiscal Impact Statement
Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

1. Legislative Summary.

The General Assembly authorized the County to enact a property tax credit for certain public safety officers in Maryland Tax-Property Code Ann. § 9-260, and for certain public safety emergency communications specialists in Md. Tax-Property Code Ann. § 9-262. The annual property tax credit must not exceed \$2,500 or the total amount of property tax owed. The employee must be a legal owner of the property and the property must be the principal residence of the employee. The County is authorized to establish additional eligibility requirements for the property tax credit.

Bill 39-21 would establish a County property tax credit for a full-time sworn police officer, firefighter, emergency medical technician, or a public safety emergency communications specialist employed by the County. The Bill would authorize the maximum \$2,500 credit for an eligible employee. The purpose of the Bill is to increase the number of County employees occupying these positions who reside in the County and help recruit and retain these employees.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The Department of Finance (Finance) identified 2,546 unique property addresses that are potentially legally owned principal residences for employees in the specified position classes. This includes full-time sworn police officers, firefighters, emergency medical technicians, and public safety emergency communications specialists. Assuming a full \$2,500 credit per 2,546 properties, this would equate to \$6,365,000 in lost property tax revenues for the County.

Additionally, Finance further cross referenced the 2,546 properties with the State's Department of Assessment and Taxation (SDAT). Of the 2,546 unique property addresses that are potentially legally owned principal residences, 435 distinct owner-occupied properties are likely principal residences, and not rented by employees in the specified position classes. Assuming a full \$2,500 credit for each would result in lost property tax revenues of \$1,087,500. An additional 405 volunteer firefighter principal residences were identified and, if included in the legislation, would result in an additional \$1,012,500 for a total estimate of lost property taxes of \$2,100,000 across 840 properties. Both estimates do not include any potential positive elasticity effects of how the credit might alter the number of employees residing in the County and the expected benefits from retention and recruitment that could offset lost revenue given a lack of data specificity to formulate such an estimate.

It is anticipated that there will be personnel expenditures totaling \$385,956 over the next six years.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

It is anticipated that one additional grade 18 Program Specialist position will be needed to administer the credit with a median salary for FY22 of \$64,326. The number of tax credits managed by the County has increased substantially over the past couple of years and implementation of this Legislation would require this one additional staff position.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL 6 YEARS
Program Specialist (Grade 18)	\$64,326	\$64,326	\$64,326	\$64,326	\$64,326	\$64,326	\$385,956

*This chart does not include potential compensation increases over the next six years.

4. An actuarial analysis through the entire amortization period for each Bill that would affect retiree pension or group insurance costs.

Not Applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not Applicable.

6. Later actions that may affect future revenue and expenditures if the Bill authorizes future spending.

This Bill does not authorize future spending.

7. An estimate of the staff time needed to implement the Bill.

As stated in the response to Question 2, one additional grade 18 Program Specialist will be required to implement the legislation.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

Not Applicable.

9. An estimate of costs when an additional appropriation is needed.

There are no anticipated, or additional appropriations needed to support Bill 39-21 beyond the position specified in Question 3.

10. A description of any variable that could affect revenue and cost estimates.

Revenues impacts, both positive and negative, will depend on the elasticity effects of how the credit might alter the number of employees residing in the County and the expected benefits from retention and recruitment. Cost impacts are assumed to be fixed to the six-year figures enumerated in the response to Question 3 for the Program Specialist position.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not Applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.


See response to Question 2.

13. Other fiscal impacts or comments.

There are no other fiscal impacts or comments.

14. The following contributed to and concurred with this analysis:

- James Babb, Chief Division of Treasury, Department of Finance
- Jhason Abuan, CIO, Department of Finance
- David Platt, Chief Economist, Department of Finance
- Dennis Hetman, Fiscal Manager, Department of Finance
- Derrick Harrigan, Office of Management and Budget



Jennifer R. Bryant, Director
Office of Management and Budget

12-8-21

Date



POLICING ADVISORY COMMISSION

To: Montgomery County Councilmembers

Cc: County Executive Marc Elrich

Cc: Chief Marcus Jones

From: Policing Advisory Commission

Date: January 24, 2022

Re: **Bill 17-21: Police – Community Informed Policing and Bill 39-21: Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit**

Dear Councilmembers,

The Policing Advisory Commission (PAC) respectfully submits our comments on Bill 17-21 and Bill 39-21. We welcome this opportunity to advise the Council on policing matters and recommend policies, programs, legislation, or regulations, per our authorizing statute in the Montgomery County Code §35-6(f). After careful review, consultation with relevant stakeholders and experts, and deliberation amongst PAC members, **we are neither in support nor opposed to these bills.**

Both bills were reviewed by the PAC's Hiring and Discipline Subcommittee. The PAC met on January 10, 2022 to discuss the subcommittee's recommendations and ultimately voted to unanimously approve the analysis and recommendations as written by the Subcommittee. The Subcommittee analysis can be found below.

PAC Hiring and Discipline Subcommittee Recommendations

The Hiring & Discipline Subcommittee of the Policing Advisory Commission has reviewed Bills 17-21 and 39-21. The Subcommittee, pursuant to its review of the bills, also reviewed the Public Safety Committee work sessions and hearings on the bills, the legislative Staff Report, data and recommendations from the Reimagining Public Safety Task Force report, reports of the Office of Legislative Oversight and the Effective Law Enforcement For All (ELE4A) preliminary race audit of the MCPD. We also met with and received comments from the Silver Spring Justice Coalition (SSJC), a coalition of faith groups, human rights and civil rights organizations in Montgomery County, and Sgt. Cate Brewer, a prominent instructor of the MCPD police academy. Further, we routinely gather information from news articles and academic publications regarding the subject matters of hiring and discipline in policing.

BILL 17-21

Bill 17-21 provides the following:

- 1) Require the Montgomery County Police Department (MCPD) to collaborate with local educational institutions to recruit cadets who reflect the community's diversity.
- 2) Require 30 hrs of training in "community service and social justice" before acceptance to the police academy. Performance in the training would become part of the application process for the academy.
- 3) Require MCPD to collaborate and partner with local educational institutions for an unspecified amount of continuing education on related subject areas, including racial



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equity and social justice.

While the bill is envisioned as a concerted effort to respond to the compelling data showing stark racial disparities in policing, we conclude that the bill is missing critical provisions, including the following:

1) Details about the curriculum subject matter and the timeline for completion of each subject area.

We do not believe, nor has any data been produced showing, that 30 hours of training in the various subject areas would improve policing and ameliorate racial disparities. Indeed, after conferring with Sgt. Cate Brewer, a prominent MCPD instructor for police recruits, we are persuaded that more time would be welcome to complete recruit training in general. In the subcommittee's estimation, "more time" per subject area might consist of the following: a week for Racial Equity; a week for Social Justice; a week for Active Listening and Conflict Resolution; and so on.

Sgt. Brewer offered further suggestions to the curriculum to improve training which the Subcommittee found instructive. Training in decision-making and additional background on the 4th Amendment to the U.S. Constitution, with practice drills to ensure the recruits have learned the material and are competent. As a result, more than 30 hours seems required. The Sergeant herself is a proponent of a longer training period of nine months or more in order to cover the subject areas identified in the bill.

The Subcommittee agrees — as did Sgt. Brewer — that the Bill's proposal to include others besides the Police Department in training, including potentially Montgomery College, would be beneficial but this would require further study of existing models, best practice, and currently available data.

2) Meeting the Goal of Empathic Policing

Page 21 of the Legislative Report states as follows:

"The goal of this collaboration is for officers to spend less training time on badge-heavy survival tactics and more time on crisis intervention. This training is designed to create a more empathic and socially aware officer. It is the intent of Montgomery College to prepare and sustain a police force that is exposed to multiple perspectives, critical thought, and comprehension of the cultural dynamics of the communities they serve."

While a "more empathic and socially aware police officer" is certainly in order, we are not persuaded that the bill in its current form could achieve that objective. Current County resources are inadequate to meet the training needs described. According to Sgt. Brewer, 1,450 officers come to in-service training twice a year, while there are only 6 instructors. The Sergeant asserted that more trainers are needed. Without incorporating elements of the training envisioned by



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the Bill into the in-service training, the vast majority of officers would have no exposure to the curriculum. Even were new recruits to have access to the new curriculum, that would affect only a tiny portion of the force.

In Regard to Amendments

There was much concern raised about loss of recruits due to the law requiring 30 hours of training pre-hire, which the officers would have to pay for themselves. The Subcommittee recommends the following amendments for your consideration: offer higher salaries to those recruits who undertake the training (training, again, being far lengthier than 30 hours) before being hired. Another option is tuition reimbursement to ameliorate financial hardship on new recruits.

There is some concern that allowing training to be completed *after hiring* would do little to build the trust and confidence of members of the community or that the bill would ameliorate racial disparities since the officer is hired *before* having demonstrated successful completion of the training.

We emphatically support the Amendment requiring that officers demonstrate successful completion of the training. We propose that a testing instrument should be administered to show successful completion of the training. Further, the test should not be multiple choice but rather a written exam, not unlike the bar exam, providing various fact patterns designed to illicit thoughtful and detailed response. In addition, recruits should be tested through drills and situational exams.

Perhaps it would be timely to consider the minimum education requirements for hiring in the entire context of how officers are recruited, screened, vetted or cleared, and entrusted with the tools of deadly force. Without a fully articulated review of the context in which hiring and recruitment and training take place, legislating on certain education requirements seems premature.

The Hiring and Discipline Subcommittee is neither opposed to nor supportive of the bill.

BILL 39-21

Bill 39-21 would provide a County property tax credit of up to \$2500 for a full-time sworn police officer, firefighter, emergency medical technician, or a public safety emergency communications specialist employed by the County.

The intent of the Bill, as we understand it, is to increase the number of County employees occupying these positions who reside in the County and help recruit and retain these employees. While the Subcommittee finds the idea worthy of consideration, we suggest considering raising the credit amount. Given the rising property taxes in the county coupled with the relatively modest pay for first responders, raising the credit would be in order.



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In conclusion, the property tax incentive is well-intended but is believed to be inadequate to accomplish the intended goal. The goal of recruitment would likely be more readily achieved through salary increases, rather than a property tax credit and the goal of having officers reside in County would be more likely achieved with a higher credit amount than is contained in the bill.

The Hiring and Discipline Subcommittee is neither opposed to nor supportive of the bill.

Frank Luncheon
Silver Spring, MD 20901

VIA: Online Submission Only
/COUNCIL/PHSignUp.html

November 8, 2021

Montgomery County Council
Joint Committee

Dear Montgomery County Committee Members:

Subject: Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

Below are my comments and questions regarding Bill 39-21 which hearing is scheduled for a November 9, 2021 hearing.

- 1)The situation where there is more than one eligible employee living in the same dwelling needs to be addressed. There must be a single credit for each property tax number.
- 2)There should be a credit for eligible employees who rent. Excluding this class of employees is inequitable. For various reasons homeownership is not available to everyone.
- 3)The credit should be limited to first time homebuyers.
- 4)There should be a threshold, based on wages paid by the county or rank, above which eligibility terminates.
- 5)There needs to be a consideration on whether this benefit will cause an increase in real estate taxes or reduction in services to county residents. These benefit programs have a tendency to become more expensive each year and therefore need an annual or review process.

In addition, I am not in favor of using the property tax for this purpose.

/Frank Luncheon

SSJC Testimony in Opposition to Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

My name is Jill Sege and I am testifying on behalf of the Silver Spring Justice Coalition (SSJC), a coalition of community members, faith groups, and civil and human rights organizations from throughout Montgomery County. We envision a state and county where community and individual needs for safety are met while harm by police is eliminated.

SSJC is opposed to Bill 39-21, Public Safety Officers – Property Tax Credit for the following reasons:

1. **The bill would worsen economic inequality.** Renters are the fastest growing demographic in the County. Thousands of County residents are struggling to meet their rent payments, a situation made worse by the COVID-19 pandemic. Ensuring housing security for people across the income spectrum is critical to meeting our community's need for public safety in a proactive and non-harmful way. Yet, the Council stands ready to provide effective \$2,500 checks each year to public safety officers or communications specialists who purchase a home.
2. **The bill would increase the racial wealth gap.** The bill would confer greater economic advantage to a sector of the County's workforce that is disproportionately white. According to a *New York Times* analysis, in 2016 the MCPD police force was 36 percentage points more white than the general population of the County. Rather than prioritizing a select and predominantly white sector of our workforce, our County's resources should be spent on measures that increase racial equity by ensuring that our most vulnerable populations are housing secure.
3. **The bill would not reduce crime.** Ostensibly, one aim of the bill is to induce police and first responders to live in the County based on the theory that more police living in the County would reduce crime. A recent *USA Today* report quotes several criminology experts who state there is no evidence to support it. We should invest in proven public safety measures, such as broad housing security.
4. **The benefit is not means-tested.** The tax credit is an economic benefit that does not take into account the financial status of the bill's beneficiaries, allowing a tax break for even very expensive homes. It is also inaccessible to people who have been unable to buy homes due to ongoing discrimination. How can the Council justify this benefit?
5. **This is a nontransparent way to increase funding for police.** Because this is a tax break, it does not show up as revenue spent, but rather as "lost revenue". The effect is significant backdoor funding for police officers. At a time when the community is asking for much-needed changes in policing in the County, Montgomery County would be rewarding officers who have not changed. We remind you of just some of the harmful acts taken by police in this County in recent years:
 - Used the N-word in dealing with the public.
 - Stood by while colleague officers used the N-word with the public.
 - Slammed Latinx community member Arnaldo Pesoa's face into the pavement while he was handcuffed.
 - Watched the assault on Mr. Pesoa and failed to intervene.

- Killed Finan Berhe, an Eritrean-American who had lost his job and was experiencing a mental health crisis; he was found holding a knife, and when he failed to respond to confusing orders, police escalated the situation, and shot and killed him.
- Killed Robert White during his neighborhood walk because he was a Black man with a tear in his jacket.
- Killed Ryan LeRoux, a young Black man, even though no police officer's life was threatened, and it was clear he was suffering a mental health crisis.
- Killed Kwamena Ocran, a young Black man, while chasing him down in plainclothes.

At a time when Montgomery County is failing to hold its police officers accountable -- especially for the numerous killings of Black men and people who are experiencing a mental health emergency -- it is callous to pass a bill increasing benefits to police officers.

6. **Instead, funding should be directed toward providing housing security.** The bill should use these same resources for renters who cannot afford to buy a home, many of whom are at risk of being homeless. Thousands of County residents are struggling to meet their rent obligations. Ensuring housing security for people across the income spectrum, including renters, the fastest growing demographic in this County, is critical to meeting our community's need for public safety in a proactive and non-harmful way.
7. **The bill neglects crucial potential beneficiaries.** Other critical first responders, such as behavioral health workers, social workers, and mental health workers are excluded from this tax benefit. These persons contribute as much to the welfare of our community as those included.

SSJC urges the Council to defeat this bill because, instead of working toward racial equity in the County, it financially rewards a flawed police department, does it in an indirect manner, and ensures that County largesse again goes to a home-owning population which is majority white.

SSJC opposes this bill.



OUR MISSION:

Working to enhance the economic prosperity of greater Silver Spring through robust promotion of our member businesses and unrelenting advocacy on their behalf.

**Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency
Communications Specialists – Property Tax Credit
Testimony in Support
Tuesday, November 9, 2021**

The Greater Silver Spring Chamber of Commerce supports Bill 39-21, that would establish a County property tax credit for certain public safety officers employed by the County.

Montgomery County is known as one of the best places to live in Maryland, no doubt in the entire country. We boast a diverse and highly-educated population. We have unique and interesting neighborhoods. Our schools are excellent. We offer endless art and entertainment attractions, amazing restaurants, and a growing brewery/winery scene. There are plenty of options to enjoy the great outdoors. And there is so much more. . .

But, while our first responders have done an excellent job of keeping our County among the country's safest places, many cannot afford the high cost of living here. This, we believe, has contributed, in part, to the County's difficulty in recruiting and retaining first responders, especially police officers.

The General Assembly authorized the County to enact a property tax credit for certain public safety officers and emergency communications specialists. Bill 39-21 would establish a that credit, up to \$2,500 per eligible employee, for full-time sworn police officers, firefighters, emergency medical technicians, and public safety emergency communications specialists employed by the County. Now is the time to move forward to provide an incentive for these critical first responders who are some of our County's most important assets.

The Greater Silver Spring Chamber of Commerce is thankful for the great work and commitment of our sworn police officers and other first responders. We have come to personally know so many of these dedicated men and women through their efforts here in Silver Spring. We would like to see many more of them find a way to call home the community they serve so well. We welcome them be not only our protectors, but also our neighbors. Bill 39-21 can help to make that happen.

For these reasons, the Greater Silver Spring Chamber of Commerce urges your support for Bill 39-21 to create County property tax credit for all full-time first responders living in the County.

Amendment – Correctional Officers

Add the following after line 3:

Correctional officer means a Correctional Officer I, Correctional Officer II, Correctional Officer III, Correctional Dietary Officer I, Correctional Dietary Officer II, Resident Supervisor I, Resident Supervisor II, Resident Supervisor III, Correctional Supervisor-Sergeant, Correctional Dietary Supervisor, Correctional Shift Commander-Lieutenant, Correctional Unit Commander- Captain, Deputy Warden, or Warden employed by the County.

Amend lines 9-11 as follows:

Public safety officer means a full-time sworn police officer, firefighter, [[or]] emergency medical technician or correctional officer employed by the County.

**MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
FRATERNAL ORDER OF POLICE MONTGOMERY COUNTY LODGE 35, INC.
AND
UNITED FOOD AND COMMERCIAL WORKERS, LOCAL 1994, MUNICIPAL & COUNTY
GOVERNMENT EMPLOYEES ORGANIZATION
AND
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1664, MONTGOMERY COUNTY
CAREER FIRE FIGHTERS
Contract No. 22-001537**

Pursuant to Council Bill 39-21 "Public Safety Officers – Public Safety Emergency Communications Specialist - Property Tax Credit," the Montgomery County Government (County), the Fraternal Order of Police Montgomery County Lodge 35, Inc. (FOP), United Food and Commercial Workers, Local 1994, Municipal & County Government Employees Organization (MCGEO) and International Association of Fire Fighters, Local 1664, Montgomery County Career Fire Fighters (IAFF) agree to submit to the County Council the following language for inclusion in Bill 39-21:

- 1) As set forth in MD. Tax-Property Code Ann. §9-260 and §9-262, all bargaining unit members who are full-time sworn police officers, deputy sheriffs, firefighters/emergency medical technicians, emergency communications specialists, or correctional officers, and whose principal dwelling, as defined in MD Tax- Property §9-105(a)(5), is located in Montgomery County, shall be eligible for a property tax credit against County real property taxes due in each tax year in which the taxpayer is eligible for the credit.
- 2) The tax credit shall be equal to the lesser of \$2,500 or the amount of the County property tax otherwise due on the property.
- 3) The bargaining unit member shall submit a request for the property tax credit on or before April 1 of each tax year.
- 4) This tax credit shall not be calculated as regular earnings.
- 5) Bargaining unit members who receive this tax credit are responsible for any federal and/or state tax implications.

This agreement is effective upon the date of the last signature.

For the County:

Richard Madaleno 3/22/22
Richard Madaleno Date
Chief Administrative Officer

For FOP Lodge 35:

Lee Holland 3/23/2022
Lee Holland Date
President

MOA – Language for Inclusion in Council Bill 39-21
Contract No. 22-001537

Jennifer Harling 3/22/22
Jennifer Harling Date
Chief Labor Relations Officer

For MCGEO Local 1994:

Gino Renne 3/22/22
Gino Renne Date
President

For IAFF Local 1664:

Jeffrey Buddle 3/22/22
Jeffrey Buddle Date
President

Approved for Form and Legality:

Silvia C. Kinch 3/22/2022
Silvia C. Kinch, Chief Date
Division of Labor Relations & Public Safety

MEMORANDUM OF AGREEMENT
BETWEEN
MONTGOMERY COUNTY GOVERNMENT
AND
THE MONTGOMERY COUNTY VOLUNTEER FIRE RESCUE ASSOCIATION

Pursuant to Council Bill 39-21 "Public Safety Officers – Public Safety Communications Specialist – Property Tax Credit," the Montgomery County Government (County) and the Montgomery County Volunteer Fire Rescue Association (MCVFRA) agree to submit to the County Council the following language for inclusion in Bill 39-21:

- 1) As set forth in MD. Tax-Property Code Ann. §9-260 and §9-262, Volunteer Firefighters and Volunteer Emergency Medical Technicians (Volunteers) whose principal dwelling, as defined in MD Tax-Property §9-105(a)(5), is located in Montgomery County, shall be eligible for a property tax credit against County real property taxes due in each tax year in which the taxpayer is eligible for a credit.
- 2) Volunteers must be LOSAP active the previous tax year.
- 3) The tax credit shall be equal to the lesser of \$2500 or the amount of the County property tax otherwise due on the property.
- 4) Volunteers must submit a property tax credit form on or before April 1 of each tax year.
- 5) This benefit will have no impact on retirement calculations.
- 6) Volunteers who receive this benefit are responsible for any federal and/or state tax implications.

For MCVFRA:

By Stanley S. Sutton 5-5-22
Stanley "Buddy" Sutton Date
President

By Eric N. Bernard 5-5-22
Eric N. Bernard Date
Chief Negotiator/
Executive Director

For the County:

By Marc Elrich 6/15/22
Marc Elrich Date
County Executive

By Jennifer Harling 6/8/22
Jennifer Harling Date
Chief Labor Relations Officer

By William F. Scott 5-16-22
William F. Scott Date
Chief Negotiator

Approved for Form and Legality

By Silvia C. Kinch 6/8/2022
Silvia C. Kinch, Division Chief Date
Office of the County Attorney

Supplemental Fiscal Impact Statement

Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit

Summary

This analysis supplements the fiscal impact statement for Bill 39-21 included in the Council Worksession Staff Report dated 2/17/2022. The purpose of this supplement is to evaluate the potential increase in the cost of the tax credit if the credit is extended to correctional officers as defined by proposed amendment 3 on page 32 of the Bill 39-21 Worksession #2 memorandum dated 9/19/2022.

The Staff Report dated 2/17/2022 estimated the cost in lost property tax revenue of providing the tax credit to full-time sworn police officers,¹ firefighters and emergency medical technicians (EMTs) volunteer firefighters and volunteer EMTs, and public safety emergency communication specialists employed by the County. The analysis detailed in the Staff Report dated 2/17/2022 included the cost of extending the tax credit to the managers of the police, sheriff, and fire departments to the extent that those managers are sworn officers.

This supplemental analysis finds that including correctional officers would increase the annual cost of the credit by an estimated \$82,500. In total, the estimate of property tax revenue lost annually from a \$2,500 tax credit for real properties legally owned by, and that are principal residences of, public safety officers employed by the County is estimated to be \$2,182,500.

Analysis

The Department of Finance assumed that the following Department of Corrections and Rehabilitation (“DOCR”) positions meet the definition of being a corrections officer and are eligible for the credit:

- Correctional Officer (I, II, III)
- Correctional Dietary Officer (I, II)
- Resident Supervisor (I, II, III)
- Correctional Supervisor – Sergeant
- Correctional Dietary Supervisor
- Correctional Shift Commander – Lieutenant
- Correctional Team Leader – Captain
- Manager II, and participates in Group E retirement²
- Manager III, and participates in Group E retirement³

Of the 354 DOCR employees in these positions, the Department of Finance identified 106 that live within Montgomery County. The address for eleven staff members in the eligible position classes is unknown.

¹ In the FIS included in the 2/17/2022 Council Worksession Staff Report deputy sheriffs were consolidated in the sworn police officer category.

² The Department of Corrections Manager II who participates in retirement Group E is the warden.

³ A Department of Corrections Manager III who participates in retirement Group E is a deputy warden.

As a result of a lack of data on their principal address, these eleven staff were not included in the subsequent analysis.

Finance further cross referenced the 106 properties with the State’s Department of Assessment and Taxation (SDAT). Of the 106 unique property addresses that are potentially legally owned principal residences, 33 distinct owner-occupied properties are likely principal residences, and not rented by employees in the specified position classes. Assuming a full \$2,500 credit for each would result in lost property tax revenues of \$82,500 annually.

The following table summarizes the positions, number of employees, and cost of the lost revenue from the analysis in the Council Worksession Staff Report dated 2/17/2022 and from within this supplemental analysis.

<i>Positions Eligible</i>	<i>Number Living in Montgomery County</i>	<i>Number Living in an Owner-Occupied Unit in Montgomery County</i>	<i>Estimated Cost of the Tax Credit in Lost Revenue Annually</i>
<ul style="list-style-type: none"> ▪ Full-time sworn police officers & deputy sheriffs ▪ Firefighters ▪ Emergency Medical Technicians ▪ Public Safety Emergency Communications Specialists 	2,546	435	\$1,087,500
<ul style="list-style-type: none"> ▪ Volunteer Firefighters and volunteer EMTs 		405	\$1,012,500
<ul style="list-style-type: none"> ▪ DOCR Correctional Officers 	106	33	\$82,500
<i>Totals:</i>		<i>873</i>	<i>\$2,182,500</i>

The Department of Finance believes that the additional grade 18 Program Specialist position needed to administer the tax credits that was included in the original fiscal impact statement would handle all the work required to administer this tax credit. No further staff positions and associated salary costs are needed in addition to what has already been identified.