



Committee: GO
Committee Review: Completed
Staff: Livhu Ndou, Senior Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #9A
November 12, 2024
Action

SUBJECTS

Bill 15-24, Taxation – Public Safety Officers – Bi-County Agency Policy

Lead Sponsors: Councilmembers Fani-González and Albornoz

Co-Sponsors: Councilmembers Luedtke and Glass, Council President Friedson and Councilmembers Jawando, Balcombe, and Sayles

EXPECTED ATTENDEES

- Dennis Hetman, Fiscal Manager, Department of Finance

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

Call of bill for final reading

DESCRIPTION/ISSUE

Bill 15-24 would:

- (1) establish a tax credit against real property tax for public safety officers in bi-county agencies; and
- (2) generally amend the law governing property tax credits.

SUMMARY OF KEY DISCUSSION POINTS

- Bill 15-24 would add public safety officers employed by a bi-county agency, such as M-NCPPC and WSSC, to the police officer property tax credit.
- The GO Committee recommends approval of Bill 15-24 with three amendments: 1) to include municipalities, 2) to include DHHS Crisis Center employees, and 3) to clarify which bi-county agencies are included.
- Lead sponsors Councilmembers Fani-González and Albornoz propose an additional amendment allowing an extended application date for the newly eligible.

This report contains:

Staff Report	Pages 1 - 7
Bill 15-24, amended	© 1
Fiscal Impact Statement	© 5
Economic Impact Statement	© 6
Climate Assessment	© 13
Racial Equity & Social Justice (RESJ) Impact Statement	© 15
Senate Bill 61, Property Tax Credit – Public Safety Officer	© 18
Department of Finance Report	© 20

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov

MEMORANDUM

November 7, 2024

TO: County Council
FROM: Livhu Ndou, Senior Legislative Attorney
SUBJECT: Bill 15-24; Taxation – Public Safety Officers – Bi-County Agency Police
PURPOSE: Action; roll call vote expected

Committee Recommendation:

The GO Committee (3-0) recommends approval with amendment.

INVITED ATTENDEES

- Dennis Hetman, Fiscal Manager, Department of Finance

INTRODUCTION

Bill 15-24, Taxation – Public Safety Officers – Bi-County Agency Police, sponsored by Lead Sponsors Councilmembers Fani-González and Albornoz, and Co-sponsors Councilmembers Luedtke and Glass, Council President Friedson, and Councilmembers Jawando, Balcombe, and Sayles was introduced on September 10, 2024.

PUBLIC HEARING

A public hearing was held on October 1, 2024. Several speakers testified in support of the bill, including individuals, MNCPPC Park Police, and the President of the Fraternal Order of Police Lodge #30.¹ Speakers testified about the cost of housing and the increase in property taxes in the County, and that many public safety officers have had to leave because they could not afford homeownership in the County. Speakers testified that the County is a great place to live due to its amenities, such as a good school system, and that many public safety officers would stay if they could. Speakers testified that MNCPPC Park Police provide a wide range of services for the County, and that this bill would incentivize public safety officers working for the County.

¹ No written testimony was received.
<https://www.montgomerycountymd.gov/COUNCIL/OnDemand/testimony/20241001/index.html>

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact Statement

The Office of Management and Budget (OMB) transmitted a Fiscal Impact Statement on September 30, 2024. OMB found that the proposed expansion of the property tax credit for public safety officers is expected to reduce Montgomery County property tax receipts by approximately \$50,000 per year. MNCPPC reported that they employ 181 public safety officers between Montgomery County and Prince George's County. Zip code data showed that 30 MNCPPC public safety officers live in Montgomery County. However, the Department of Finance could not determine whether those officers own or rent their residences. Assuming the same ownership as Montgomery County public safety officers, OMB estimated that approximately 65% of the 30 MNCPPC public safety officers living in Montgomery County own their property and could apply for the credit.² This would mean about 20 additional recipients, which at a value of \$2,500 per recipient would reduce property tax revenues by approximately \$50,000 per year. Additionally, the Department of Finance anticipates that the Treasury Division's current staff would be able to absorb the additional workload to implement this bill.

Economic Impact Statement

The Office of Legislative Oversight (OLO) transmitted an Economic Impact Statement on September 27, 2024. OLO found that Bill 15-24 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. As described by OLO, by expanding eligibility for the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies, the bill would reduce property tax liabilities for residents who would receive the credit. Reduced property tax liabilities would reduce non-discretionary household expenses and increase net household income for these recipients and may prevent moves induced by mortgage foreclosure or property tax liens. Because residents may use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses' revenue and income may increase.

Climate Assessment

OLO transmitted a Climate Assessment on September 27, 2024. OLO found that Bill 15-24 would have no impact on the County's contribution to addressing climate change as it is proposing a tax credit for a small number of public safety officers.

² Council Staff notes that after submittal of this fiscal impact statement, the Department of Finance reported that: "In calendar year 2023, the levy year the credit went into effect, of the 3,877 public safety officers and public safety emergency communication specialists employed by Montgomery County, 1,203 or 31.06% lived in Montgomery County and 703 received the credit."

Racial Equity & Social Justice (RESJ) Impact Statement

OLO transmitted a Racial Equity & Social Justice (RESJ) Impact Statement on October 1, 2024. OLO found that the anticipated impact of Bill 15-24 is indeterminant. Explaining further, OLO noted that while Black people may be overrepresented among officers in bi-county agencies, the demographics of homeowners in the County suggest that Black employees are more likely to be renters and thus may not be able to take advantage of the Property Tax Credit for Public Safety Officers.

The Racial Equity and Social Justice Act (2019) requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements. OLO recommends the Council create a renter's tax credit for public safety staff. OLO notes that tax credits to public safety staff who are renters could enhance RESJ because Black and Latinx community members are more likely to rent their homes, and adding a renter's tax credit provision to Bill 15-24 could help ensure that all public safety officers proportionately benefit from this bill regardless of whether they rent or own their homes.

BACKGROUND

In November 2022, the County Council passed Bill 39-21. Bill 39-21 established a County property tax credit for a full-time sworn police officer, firefighter, emergency medical technician, or correctional officer employed by the County. The bill authorized a maximum \$2,500 credit for an eligible employee. The purpose of the bill was to increase the number of County employees occupying these positions who reside in the County and help recruit and retain these employees.³ The authority to do this was given by the State. 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. Under state law, the County may define "public safety officer" for purposes of eligibility for the credit. Bill 15-24 would add public safety officers employed by a bi-county agency.

MNCPPC Park Police have the following filled positions and vacancies:

³ Bill 39-21 required the Department of Finance to submit a report to the County Executive and the Council on or before January 1, 2024, evaluating the effectiveness of the tax credit in increasing the number of public safety officers and public safety emergency communications specialists living in the County. A draft of that report is included in this staff report and will be officially transmitted on November 12, 2024.

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

Public safety officer means a full-time sworn police officer, firefighter, emergency medical technician, correctional officer, employed by the County, the Maryland-National Capital Park and Planning Commission (MNCPPC), the Washington Suburban Sanitary Commission (WSSC), or the Washington Suburban Transit Commission (WSTC) [[or by a bi-county agency]]. Public safety officer also includes a full-time County employee assigned to the Department of Health and Human Services Crisis Center and responsible for providing emergency response services as certified annually by the Chief of Behavioral Health and Crisis Services within the Department of Health and Human Services.

First, this amendment removes Crisis Centers from the public safety emergency communications specialist definition. While State law gives the County broad discretion to define “public safety officer”, the ability to define “public safety emergency communication specialist” is limited to 9-1-1 specialists, such as employees working an answering point, receiving and processing 9-1-1 requests for emergency assistance, or dispatching officers or services to the scene of an emergency.

Second, this amendment specifies who in the Crisis Center is eligible for the property tax credit; specifically, employees who provide emergency response services. DHHS has offered to work with the Department of Finance by providing annual verification of employees who meet this definition. For purposes of the fiscal impact statement, this could include approximately 47 current employees; but it is unknown how many are County homeowners.

Council Staff also recommends adding language requiring the annual certification to be provided to Finance by April 1, to allow timely processing of applications:

**Sec. 1. Section 52-112 is amended as follows:
52-112. Police Officer Property Tax Credit.**

* * *

- (e) *Application.* In order to receive the credit, a public safety officer or a public safety emergency communications specialist must apply for the credit with the Director on or before April 1 of the tax year before the first tax year the tax credit is sought on a form containing the information required by the Director. An employee must apply to continue the credit on or before April 1 of the tax year before each subsequent tax year. The Chief of Behavioral Health and Crisis Services within the Department of Health and Human Services must provide the annual certification required under Section 52-112(a) by April 1. The Director must determine taxpayer eligibility for the credit.

ADDITIONAL AMENDMENTS

Lead sponsors Councilmembers Fani-González and Albornoz request an additional amendment to extend the application date. The bill as introduced was not expedited, so would take effect 90 days after adoption. Under Sec. 52-112(e) of the County Code,

“In order to receive the credit, a public safety officer or a public safety emergency communications specialist must apply for the credit with the Director on or before April 1 of the tax year before the first tax year the tax credit is sought on a form containing the information required by the Director. An employee must apply to continue the credit on or before April 1 of the tax year before each subsequent tax year.”

This means that to apply to receive the tax credit in tax year 2025, an employee would have had to submit their application by April 1, 2024. In addition, an employee who applies after the effective date of this bill – any time between February and April 2025 – would be applying for a credit in tax year 2026. The lead sponsors propose the below amendment, which would provide an extension to apply for the tax credit so that the newly added employees may receive the credit for tax year 2025:

Sec. 2. Application Date. Notwithstanding subsection (e), the deadline for eligible Crisis Center employees and for public safety officers employed by the Maryland-National Capital Park and Planning Commission (MNCPPC), the Washington Suburban Sanitary Commission (WSSC), or the Washington Suburban Transit Commission (WSTC) to apply for the credit for the tax year beginning on July 1, 2025, must be extended to August 1, 2025.

Of note, tax bills are generated in July. Therefore, under the proposed amendment, an applicant who applies up until August 1, 2025, will get the tax credit on a revised July 1, 2025, bill received in September.

This packet contains:

	<u>Circle #</u>
Bill 15-24, amended	© 1
Fiscal Impact Statement	© 5
Economic Impact Statement	© 6
Climate Assessment	© 13
Racial Equity & Social Justice (RESJ) Impact Statement	© 15
Senate Bill 61, Property Tax Credit – Public Safety Officer	© 18
Department of Finance Report	© 20

Bill No. 15-24
Concerning: Taxation – Public Safety
Officers – Bi-County Agency Police
Revised: 10/23/2024 Draft No. 3
Introduced: September 10, 2024
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Fani-González and Albornoz
Co-Sponsors: Councilmembers Luedtke and Glass, Council President Friedson, and
Councilmembers Jawando, Balcombe, and Sayles

AN ACT to:

- (1) establish a tax credit against real property tax for public safety officers in bi-county agencies; and
- (2) generally amend the law governing property tax credits.

By amending

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:

Sec. 1. Section 52-112 is amended as follows:

52-112. Police Officer Property Tax Credit.

(a) *Definitions.* In this Section:

* * *

Public safety officer means a full-time sworn police officer, firefighter, emergency medical technician or correctional officer employed by the County, ~~[[or by a bi-county agency]]~~ the Maryland-National Capital Park and Planning Commission (MNCPPC), the Washington Suburban Sanitary Commission (WSSC), the Washington Suburban Transit Commission (WSTC), or by a County municipality. *Public safety officer* also includes a full-time County employee assigned to the Department of Health and Human Services Crisis Center and responsible for providing emergency response services as certified annually by the Chief of Behavioral Health and Crisis Services within the Department of Health and Human Services.

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

(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, a public safety emergency communication specialist, a deputy sheriff, or an active volunteer;
- (2) is using the property as the employee’s principal residence;
- (3) occupies or is expected to occupy the property for more than 6 months of a 12-month period beginning with the date of finality for the taxable year for which the property tax credit under this section is sought; and

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

51 **Sec. 2. Application Date.** Notwithstanding subsection (e), the deadline for
52 eligible Crisis Center employees and for public safety officers employed by the
53 Maryland-National Capital Park and Planning Commission (MNCPPC), the
54 Washington Suburban Sanitary Commission (WSSC), or the Washington Suburban

55 Transit Commission (WSTC) to apply for the credit for the tax year beginning on July
56 1, 2025, must be extended to August 1, 2025.

Fiscal Impact Statement

Office of Management and Budget

Bill 15-24

Taxation - Public Safety Officers - Bi-County Agency Police

Bill Summary

Bill 15-24 would establish a tax credit worth up to \$2,500 against real property tax for public safety officers in bi-county agencies. Bi-County agencies are the Maryland National Capital Park and Planning Commission (MNCPPC) and the Washington Suburban Sanitary Commission (WSSC). Bill 15-24 extends the credit created by Bill 39-21 enacted in November 2022.

Fiscal Impact Summary

The proposed expansion of the property tax credit for public safety officers is expected to reduce Montgomery County property tax receipts by approximately \$50,000 per year.

Fiscal Year	2025	2026	2027	2028	2029	2030	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$300,000)
Total Impact	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$300,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fiscal Impact Analysis

The analysis relies on data provided by MNCPPC and WSSC Water regarding the number of public safety officers in their employment that live in Montgomery County and the assumption that MNCPPC and WSSC Water public safety officers living in Montgomery County have a similar home ownership rate as public safety officers in the employment of Montgomery County.

The Department of Finance requested that MNCPPC and WSSC Water provide data on the number of public safety officers in their employment that live in Montgomery County. MNCPPC informed the Department of Finance that they employ 181 public safety officers between Montgomery and Prince Georges counties and provided zip code data for where the officers live. The zip code data determined that 30 MNCPPC public safety officers live in Montgomery County..

Lacking data on the specific addresses of the 30 MNCPPC public safety officers live the Department of Finance could not determine if they own or rent their residence. The Department of Finance instead assumed the 30 officers have the same ownership characteristics as Montgomery County public safety officers. In levy year 2024 Montgomery County had 3,147 public safety employees in positions eligible for the Property Tax Credit for Public Safety Officers, of which 1,132 lived in Montgomery County and 732 filed an application for and were approved for the credit, or 65% of public safety officers living in Montgomery County.

Assuming that approximately 65% of the 30 MNCPPC public safety officers living in Montgomery County own their property and apply for and are approved for the credit,



this will result in an estimated 20 additional recipients of the property tax credit for public safety officers. At a value of \$2,500 per recipient, this will reduce property tax revenues by approximately \$50,000 per year.

Staff Impact

The Department of Finance anticipates that the Treasury Division's current staff would be able to absorb the additional workload to implement this bill.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

As Montgomery County does not have access to bi-county agency employment records, it is not possible for the Department of Finance to verify that applicants from bi-county agencies are eligible public safety officers. The analysis assumes that MNCPPC and WSSC Water will agree to enter into a Memorandum of Understanding with Montgomery County that would stipulate that the bi-county agency is responsible for providing applicants with some form of certification that they are a public safety officer in the employment of that bi-county agency, and this certification must be provided to Montgomery County along with the application for the credit. The analysis further assumes that applicants from MNCPPC and WSSC Water will utilize the existing online application process as Montgomery County public safety employees to ensure consistency in implementation.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

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

The number of eligible participants in future years may be higher or lower than the analysis. The percentage of eligible bi-county agency public safety employees that learn of the program and submit an initial application or that submit the required annual application may be higher or lower than the analysis assumes.

Sources of information

Information Received from WSSC Water and MNCPPC

Contributors

Nancy Feldman, Department of Finance
Todd Fawley-King, Department of Finance
Dennis Hetman, Department of Finance
Abdul Rauf, Office of Management and Budget



Economic Impact Statement

Montgomery County, Maryland

Bill 15-24 Taxation – Public Safety Officers – Bi-County Agency Police

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 15-24 would have a positive impact on economic conditions in the County in terms of the Council’s priority economic indicators. By expanding eligibility for the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies, the Bill would reduce property tax liabilities for residents who would receive the credit. Holding all else equal, reduced property tax liabilities would reduce non-discretionary household expenses and increase net household income for these recipients. In addition, based on OLO’s review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility for certain public safety officers, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because residents may use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses’ revenue and income may increase.

BACKGROUND AND PURPOSE OF BILL 15-24

In 2022, the County Council passed Bill 39-21, which established the Property Tax Credit for Public Safety Officers. The Council passed this Bill with the intent of increasing the number of public safety staff who reside in the County and to “help recruit and retain these employees.”¹ With this credit, public safety staff who own property in the County can receive a credit of up to \$2,500 each year to offset the amount of property tax that is due on their property.² Public safety officers who are currently eligible for this property tax credit include full-time sworn police officers, firefighters, emergency medical technicians and correctional officers employed by the County, among other staff.³

The purpose of Bill 15-24 is to expand eligibility for the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies.⁴ The Bill is intended to recognize public safety officers who are employed by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and Washington Suburban Sanitary Commission (WSSC) while also “addressing the ongoing challenges in recruiting and retaining public safety professionals.”⁵ If enacted, Bill 15-24 would allow eligible officers employed by M-NCPPC and WSSC to receive the Property Tax Credit for Public Safety Officers.

The Council introduced Bill 15-24, Taxation – Public Safety Officers – Bi-County Agency Police, on September 10, 2024.

¹ Introduction Staff Report for Bill 15-24.

² Property Tax Credit for Public Safety Officers.

³ Montgomery County Code § 52-112

⁴ Introduction Staff Report for Bill 15-24, pg. 2.

⁵ “Councilmembers Fani-González and Albornoz Introduce Bill to Reduce Property Taxes for Park and WSSC Police.”

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 15-24 on residents and private organizations in terms of the Council’s priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁶

Methodology and Information Sources

To assess the economic impacts of Bill 15-24, this analysis draws on Economic Impact Statements on previous homeowner property tax credit legislation and *impact evaluations*. As a key tool of evidence-based policymaking, impact evaluations examine cause-and-effect questions about a policy’s impact on specific outcome(s).^{7,8} This analysis reviews the following peer-reviewed articles to identify empirically established effects of property tax credits on economic outcomes:

- Hanson, Andrew (2021), “[Taxes and Economic Development: An Update on the State of the Economics Literature](#),” *Economic Development Quarterly*
- Kim, Jinyhup, and Casey Dawkins (2021), “[Aging, Property Taxes, and Housing Adjustments: Lessons From the Health and Retirement Study](#),” *Housing Policy Debate*
- Mouiton, Waller, and Wentland (2018), “[Who Benefits from Targeted Property Tax Relief?](#)” *Journal of Policy Analysis and Management*
- Spreen and Keddington (2023), “[Temporary Property Tax Relief and Residential Home Sales](#),” *National Tax Journal*

OLO reviews these studies to draw evidence-based conclusions on the effects of property tax credits. These conclusions inform OLO’s assessment of the potential economic impacts of Bill 15-24 on businesses, residents, and overall economic conditions in the County.

Scope of Analysis

The economic impacts of Bill 15-24 largely depend on the number of residents eligible to receive the property tax credit and the total credits disbursed annually. Importantly, the County would allocate its tax revenue to fund the property tax credits. This transfer of funds from the County to credit recipients would not generate new economic activity, as it would redistribute existing resources rather than introduce additional funds into the local economy. As a result, the Bill’s total economic impact would depend on the: (a) economic impacts to County residents and businesses from reduced property taxes; and (b) economic opportunity cost of forgone County revenues.

Because OLO cannot predict how the forgone property tax revenues would be spent if Bill 15-24 were not passed, this analysis does not account for the economic impacts of alternative uses of the funds. As a result, the scope of

⁶ Montgomery County Code, Sec. 2-81B.

⁷ Gertler et al., *Impact Evaluation in Practice, Second Edition*.

⁸ Priority is given to studies that use quasi-experimental methods over non-experimental studies because the former are better able to identify the causal effects of a policy intervention from outcomes correlated with, but unrelated to, the intervention due to unmeasured confounding and other threats to causal inference.

this analysis is limited to the economic impacts of the reduced property tax liabilities for residents who otherwise would not receive the credit without this legislation.

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 15-24 are the following:

- total number of property tax credit recipients;
- total property tax savings for recipients;
- residential property values; and
- residential mobility.

IMPACTS

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

Impact Evaluations

While rising home values increase property wealth, they typically induce higher property tax liabilities for homeowners. Higher property taxes can be especially challenging for homeowners who have low incomes, depend on retirement or disability payments, etc. Homeowners may respond to higher property tax burdens by down-sizing to a smaller home or renting in their current jurisdiction or relocating to a jurisdiction with lower taxes and/or cost-of-living.⁹ To reduce the burden of housing costs, many states and local governments have enacted targeted property tax relief programs to help the poor, seniors, disabled, or veterans.¹⁰

The literature on the economic impacts of property tax reductions has focused on programs targeting seniors. These programs are typically “permanent” and “portable across properties in the state or locality.”¹¹ Studies have found these programs have had two impacts:¹²

- (1) Reduce homeowner mobility:** This impact is significant because it suggests property tax relief may reduce home sales that occur under duress, namely tax lien sales or mortgage foreclosures.

However, the impact of property tax relief on mobility may depend on specific policy designs. For example, Spreen and Keddington (2023) examine whether this finding extends to *temporary* senior property tax relief programs in Maryland counties, including Montgomery County, which began in 2017.¹³ They found that “the balance of the empirical results suggest that temporary [senior] property tax relief did not significantly affect the home sales decisions of eligible homeowners during the benefit period.”¹⁴

⁹ Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales”; Kim and Dawkins, “Aging, Property Taxes, and Housing Adjustments.”

¹⁰ Mouiton, Waller, and Wentland, “Who Benefits from Targeted Property Tax Relief?”

¹¹ Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales.”

¹² Spreen and Keddington; Hanson, “Taxes and Economic Development”; Kim and Dawkins, “Aging, Property Taxes, and Housing Adjustments.”

¹³ DeFazio and Roblin, “Senior Property Tax Credits.”

¹⁴ Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales.”

(2) Increase property values: This impact is significant because it suggests that property tax relief may result in property tax capitalization. This occurs when property tax relief raises demand for homeownership among the beneficiaries, thereby raising home prices. This outcome “arbitrarily benefits current homeowners at the time of the policy change, whether or not they are part of the targeted group.”¹⁵ In contrast, “the corresponding homeownership cost hikes may potentially offset some or all of the tax relief benefit among future homeowners in the targeted groups, who subsequently purchase homes at higher prices.”¹⁶

Importantly, the effect of property tax credits on capitalization may depend on the concentration of recipients. Mouiton et al (2019) examine Virginia’s property tax relief targeting disabled veterans. They found that “areas with high proportions of veterans experienced an 8.1 percent increase in property prices, while areas with relatively fewer veterans report no statistically significant effect.” This finding suggests that property tax relief is more likely to increase property values in local housing markets with higher concentration of recipients.

Residents

OLO anticipates that Bill 15-24 would have a positive impact on certain residents in the County in terms of the Council’s priority economic indicators.

The Bill would reduce property tax liabilities for public safety officers who are employed by bi-county agencies, own homes in the County, and apply for the credit. Recipients would receive up to \$2,500 in property tax credits each year they remain eligible. An annual application would be required. Holding all else equal, the credits would reduce nondiscretionary household expenses and increase net household income for these recipients.

Based on impact evaluations on the effect of permanent senior property tax relief on residential mobility, the Bill may reduce mobility for certain recipients. In some cases, the Bill may reduce moves induced by mortgage foreclosure or property tax liens, which would prevent costs associated with unwanted moves.

While OLO does not know many residents who would meet these eligibility requirements, it is doubtful that there would be enough for the Bill to increase home prices.

Beyond these potential impacts, OLO does not expect the Bill to affect residents in terms of the Council’s other priority indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Bill 15-24 would have positive impacts on certain private organizations in the County in terms of the Council’s priority economic indicators.

¹⁵ Mouiton, Waller, and Wentland, “Who Benefits from Targeted Property Tax Relief?”

¹⁶ Mouiton, Waller, and Wentland.

Recipients of the property tax credit may use a portion of the property tax savings to spend on goods and services produced by County-based businesses. Holding all else equal, these businesses would experience increased revenue and income.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council's other priority indicators.

Net Impact

The Office of Legislative Oversight (OLO) anticipates that Bill 15-24 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By expanding eligibility for the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies, the Bill would reduce property tax liabilities for residents who receive the credit. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses and increase net household income for these recipients. In addition, based on OLO's review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility for certain disabled veterans and surviving spouses, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because residents likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses' revenue and income would likely increase.

DISCUSSION ITEMS

Not applicable

WORKS CITED

DeFazio, Blaise, and Stephen Roblin. "[Senior Property Tax Credits](#)." Office of Legislative Oversight, Montgomery County Council, July 25, 2023.

Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel M. J. Vermeersch. [Impact Evaluation in Practice, Second Edition](#). Washington, DC: Inter-American Development Bank and World Bank, 2016.

Hanson, Andrew. "[Taxes and Economic Development: An Update on the State of the Economics Literature](#)." *Economic Development Quarterly* 35, no. 3 (August 1, 2021): 232–53.

Kim, Jinyhup, and Casey Dawkins. "[Aging, Property Taxes, and Housing Adjustments: Lessons From the Health and Retirement Study](#)." *Housing Policy Debate* 31, no. 6 (November 2, 2021): 947–66.

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

Montgomery County Council. [Introduction Staff Report for Bill 15-24 - Taxation - Public Security Officers - Bi-County Agency Police](#). September 10, 2024.

Mouiton, Jeremy G., Bennie D. Waller, and Scott A. Wentland. “[Who Benefits from Targeted Property Tax Relief? Evidence from Virginia Elections.](#)” *Journal of Policy Analysis and Management* 37, no. 2 (April 1, 2018): 240–64.

Spreen, Thomas Luke, and Colton Keddington. “[Temporary Property Tax Relief and Residential Home Sales.](#)” *National Tax Journal* 76, no. 3 (September 2023): 593–620.

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.

AUTHOR

Stephen Roblin (OLO) prepared this report.

Climate Assessment

Office of Legislative Oversight

Bill 15-24: Taxation – Public Safety Officers – Bi-County Agency Police

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 15-24 will have no impact on the County’s contribution to addressing climate change as it is proposing a tax credit for a small number of public safety officers.

BACKGROUND AND PURPOSE OF BILL 15-24

In 2022, the County Council passed Bill 39-21, which established the Property Tax Credit for Public Safety Officers. The Council passed this bill with the intent of increasing the number of public safety staff who reside in the County and to “help recruit and retain these employees.”¹ With this credit, public safety staff who own property in the County can receive a credit of up to \$2,500 each year to offset the amount of property tax that is due on their property.² Public safety officers who are currently eligible for this property tax credit include full-time sworn police officers, firefighters, emergency medical technicians and correctional officers employed by the County, among other staff.³

The purpose of Bill 15-24 is to expand eligibility to the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies.⁴ The Bill is intended to recognize public safety officers who are employed by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and Washington Suburban Sanitary Commission (WSSC) while also “addressing the ongoing challenges in recruiting and retaining public safety professionals.”⁵ If enacted, Bill 15-24 would allow eligible officers employed by M-NCPPC and WSSC to receive the Property Tax Credit for Public Safety Officers.

The Council introduced Bill 15-24, Taxation – Public Safety Officers – Bi-County Agency Police, on September 10, 2024.

ANTICIPATED IMPACTS

As the bill proposes a tax credit for a small number of public safety officers, OLO anticipates Bill 15-24 will have no impact on the County’s contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.⁶ OLO does not offer recommendations or amendments as Bill 15-24 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. 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.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Introduction Staff Report for Bill 15-24](#), Montgomery County Council, Introduced September 10, 2024, pg. 2.

² [Property Tax Credit for Public Safety Officers](#), Montgomery County Department of Finance.

³ [Montgomery County Code § 52-112](#)

⁴ Introduction Staff Report for Bill 15-24, pg. 2.

⁵ ["Councilmembers Fani-González and Albornoz Introduce Bill to Reduce Property Taxes for Park and WSSC Police,"](#) Press Releases, Montgomery County Council, September 10, 2024.

⁶ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 15-24: TAXATION – PUBLIC SAFETY OFFICERS – BI-COUNTY AGENCY POLICE

SUMMARY

The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of Bill 15-24 is indeterminant. While Black people may be overrepresented among officers in bi-county agencies, the demographics of homeowners in the County suggest that Black employees are more likely to be renters and thus may not be able to take advantage of the Property Tax Credit for Public Safety Officers.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) 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, leadership, and power 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 inequities that have caused racial and social disparities.²

PURPOSE OF BILL 15-24

In 2022, the County Council passed Bill 39-21, which established the Property Tax Credit for Public Safety Officers. The Council passed this bill with the intent of increasing the number of public safety staff who reside in the County and to “help recruit and retain these employees.”³ With this credit, public safety staff who own property in the County can receive a credit of up to \$2,500 each year to offset the amount of property tax that is due on their property.⁴ Public safety officers who are currently eligible for this property tax credit include full-time sworn police officers, firefighters, emergency medical technicians and correctional officers employed by the County, among other staff.⁵

The purpose of Bill 15-24 is to expand eligibility to the Property Tax Credit for Public Safety Officers to public safety officers who are employed by bi-county agencies.⁶ The Bill is intended to recognize public safety officers who are employed by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and Washington Suburban Sanitary Commission (WSSC) while also “addressing the ongoing challenges in recruiting and retaining public safety professionals.”⁷ If enacted, Bill 15-24 would allow eligible officers employed by M-NCPPC and WSSC to receive the Property Tax Credit for Public Safety Officers.

The Council introduced Bill 15-24, Taxation – Public Safety Officers – Bi-County Agency Police, on September 10, 2024.

In November 2021, OLO published a RESJIS for Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialist—Property Tax Credit. Please refer to this RESJIS for background on property tax credits, public safety personnel, and racial equity.⁸

RESJ Impact Statement

Bill 15-24

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 15-24 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

To answer these questions, OLO considered the demographics of M-NCPPC and WSSC officers since Bill 15-24 would allow them to benefit from the Property Tax Credit for Public Safety Officers. Table 1 summarizes the number and percent of WSSC officers by race and ethnicity.

Table 1. WSSC Officers by Race and Ethnicity

Race and ethnicity	WSSC Officers		County Population 18 and Over
	#	%	%
Asian	0	0.0	16.1
Black	13	65.0	18.2
Native American	1	5.0	0.4
Pacific Islander	1	5.0	0.1
White	4	20.0	48.9
Latinx	1	5.0	18.1

Source: WSSC Human Resources and [Table S2101](#), 2022 American Community Survey 5-Year Estimates, Census Bureau.

Table 1 suggests that Black, Native American, and Pacific Islander people are overrepresented among WSSC officers. On the other hand, White, Asian and Latinx people are underrepresented. OLO was not able to obtain the racial and ethnic breakdown of M-NCPPC officers.

Conversely, as described in the RESJIS for Bill 39-21, White and Asian people have the highest rates of homeownership in the County.⁹ While 64 percent of households in the County are owner-occupied, 74 percent of White and 75 percent of Asian households are owner-occupied. Only 44 percent of Black and 49 percent of Latinx households are owner-occupied.¹⁰ 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 the Property Tax Credit for Public Safety Officers than Latinx and Black employees.

OLO finds the anticipated impact of Bill 15-24 is indeterminant. While Black, and to a lesser extent, Native American and Pacific Islander people, are overrepresented among WSSC officers and possibly among M-NCPPC officers, the demographics of homeowners in the County suggest that Black employees are more likely to be renters and thus may not be able to take advantage of the Property Tax Credit for Public Safety Officers.

RECOMMENDED AMENDMENTS

The 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.¹¹ OLO finds the anticipated impact of Bill 15-24 is indeterminant. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one recommended amendment:

RESJ Impact Statement

Bill 15-24

- **Create a renters tax credit for public safety staff.**¹² Offering tax credits to public safety staff who are renters could enhance RESJ because Black and Latinx community members are more likely to rent their homes. Adding a renters tax credit provision to Bill 15-24 could help ensure that all public safety officers proportionately benefit from this Bill regardless of whether they rent or own their homes.

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.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

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.racialequitytools.org/glossary>

² Ibid.

³ [Introduction Staff Report for Bill 15-24](#), Montgomery County Council, Introduced September 10, 2024, pg. 2.

⁴ [Property Tax Credit for Public Safety Officers](#), Montgomery County Department of Finance.

⁵ [Montgomery County Code § 52-112](#)

⁶ Introduction Staff Report for Bill 15-24, pg. 2.

⁷ [“Councilmembers Fani-González and Albornoz Introduce Bill to Reduce Property Taxes for Park and WSSC Police,”](#) Press Releases, Montgomery County Council, September 10, 2024.

⁸ [RESJS for Bill 39-21](#), Office of Legislative Oversight, November 18, 2021.

⁹ Ibid, pg. 3.

¹⁰ [Table S0201](#), 2023 American Community Survey 1-Year Estimates, Census Bureau.

¹¹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

¹² Daniel Teles and Christopher Davis, [“Tax Credits for Renters Could Increase Racial and Economic Equity,”](#) Urban Institute, December 2020.

Chapter 559

(Senate Bill 61)

AN ACT concerning

Property Tax Credit – Public Safety Officer

FOR the purpose of repealing the definition of “public safety officer” for purposes of a certain credit against the county or municipal corporation property tax imposed on a dwelling owned by a public safety officer; repealing a certain limitation on the amount of the credit; requiring the governing body of a county or municipal corporation that authorizes the credit to establish, by law, the definition of “public safety officer” for purposes of eligibility for the credit; and generally relating to a property tax credit for public safety officers.

BY repealing and reenacting, with amendments,
 Article – Tax – Property
 Section 9–260
 Annotated Code of Maryland
 (2019 Replacement Volume and 2022 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Tax – Property

9–260.

(a) [(1)] In this section [the following words have the meanings indicated.

(2) “Dwelling”], “DWELLING” has the meaning stated in § 9–105 of this title.

[(3) “Public safety officer” means:

(i) a firefighter, an emergency medical technician, a correctional officer, a police officer, or a deputy sheriff employed full time by a public safety agency in the county or municipal corporation where the individual resides;

(ii) a volunteer firefighter or a volunteer emergency medical technician for a public safety agency in the county or municipal corporation where the individual resides;

(iii) a park police officer employed full time by the Maryland–National Capital Park and Planning Commission who resides in Montgomery County or Prince George’s County; or

(iv) a police officer employed full time by the Washington Suburban Sanitary Commission who resides in Montgomery County or Prince George’s County.]

(b) The governing body of a county or municipal corporation may grant, by law, a property tax credit under this section against the county or municipal corporation property tax imposed on a dwelling located in the county or municipal corporation that is owned by a public safety officer if the public safety officer is otherwise eligible for the credit authorized under § 9–105 of this title.

[(c) In any taxable year, the credit under this section may not exceed the lesser of:

(1) \$2,500 per dwelling; or

(2) the amount of property tax imposed on the dwelling.]

[(d)] (C) The governing body of a county or a municipal corporation:

(1) SHALL DEFINE, BY LAW, “PUBLIC SAFETY OFFICER” FOR PURPOSES OF ELIGIBILITY FOR THE CREDIT UNDER THIS SECTION; AND

(2) may establish, by law:

[(1)] (I) [subject to subsection (c) of this section,] the amount of the credit under this section;

[(2)] (II) the duration of the credit;

[(3)] (III) additional eligibility requirements for public safety officers to qualify for the credit;

[(4)] (IV) procedures for the application and uniform processing of requests for the credit; and

[(5)] (V) any other provisions necessary to carry out this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2023, and shall be applicable to all taxable years beginning after June 30, 2023.

Approved by the Governor, May 8, 2023.



DEPARTMENT OF FINANCE


Marc Elrich
County Executive

Michael J. Coveyou
Director

MEMORANDUM

November 12, 2024

TO: Andrew Friedson, President
Montgomery County Council

FROM: Michael J. Coveyou, Director 
Department of Finance

SUBJECT: Effectiveness of the Police Officer Property Tax Credit

I hereby submit to the County Executive and to the County Council the evaluation of the effectiveness of the police officer property tax credit as required by Section 2 of Bill 39-21.

In calendar year 2023, the levy year the credit went into effect, of the 3,877 public safety officers and public safety emergency communication specialists employed by Montgomery County, 1,203 or 31.06% lived in Montgomery County and 703 received the credit. In calendar year 2024, of the 3,697 public safety officers and public safety emergency communication specialists employed by Montgomery County, 1,132 or 30.64% lived in Montgomery County and 732 received the credit. While the total number of public safety officers and public safety emergency communication specialists living in Montgomery County declined by approximately 80 since the property tax credit went into effect, 30 more public safety officers and public safety emergency communication specialists claimed the credit and the proportion that live in Montgomery County is essentially unchanged.

The Department of Finance does not observe any clear trend in the chosen residence of public safety officers and public safety emergency communication specialists since the police officer property tax credit went into effect.

If you have any questions on the police officer property tax credit or the information provided in this memorandum, please contact Dennis Hetman, Fiscal Manager, Division of Fiscal Management, at Dennis.Hetman@montgomerycountymd.gov or 240-777-2008.

MJC:tfk

cc: Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Craig Howard, Executive Director, Montgomery County Council