
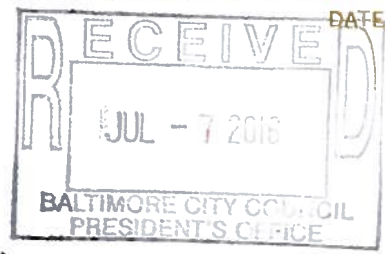


<b>FROM</b>	NAME & TITLE	William Voorhees, PhD	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Director of Revenue and Tax Analysis Department of Finance Room 545, City Hall (396-4961)		
	SUBJECT	<b>City Council Bill 16-0697 – Public Safety Officer Property Tax Credit</b>		



**TO** Honorable President and  
Members of the City Council  
C/O Natawna B. Austin  
Room 409, City Hall



DATE: June 23, 2016

This CCB 16-0697 – Public Safety Officer Property Tax Credit is for the purpose of incenting more public safety officers to purchase a home and reside within the City of Baltimore.

***Analysis***

The Public Safety Officer Tax Credit will be available to all sworn officers that reside in Baltimore City. These include sheriff, police, fire, and EMS personnel. As of September 2015, there were a total of 4,725 sworn officers employed by the City. In order to receive the tax credit, the sworn officer must reside in a Homestead registered property within the City of Baltimore. As a Homestead property, it must be the primary residence of the sworn officer.

FTE's	Sworn - Eligible	Total
Sheriff	222	222
Police	2,841	3,259
Fire/EMS	1,662	1,699
<b>Total</b>	<b>4,725</b>	<b>5,180</b>

***Credit Amount***

- The tax credit is set at \$2,500 per year for a single house.
- If two residents of the same household are sworn officers and are married, they may only receive a single tax credit.
- The tax credit may not exceed the tax payment.

***Fiscal Impact***

Only a certain portion of the First Responders will be owner occupants. City wide the ratio of homeowners to total residents is 49.8%. Because Public Safety Officers will generally have a higher salary than the average Baltimore resident, it is likely that their population will have a higher ratio of homeowners than the general population. It is

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estimated that up to 70% of the Public Safety Officers eligible for the credit will be homeowners. The following table illustrates ownership levels at both the citywide ratio and at the expected ratio.

<b>Public Safety Officers Tax Credit Cost</b>				
	Credit Recipients @ 49.8% Ownership	Credit Cost @ 49.8% Ownership	Credit Recipients @ 70% Ownership	Credit Cost @ 70% Ownership
# of Public Safety Officers who own residences	2,355		3,308	
21% Utilization	494	\$ 1,236,215	695	\$ 1,736,438
33% Utilization	777	\$ 1,942,623	1,091	\$ 2,728,688
50% Utilization	1,177	\$ 2,943,369	1,654	\$ 4,134,375
100% Utilization	2,355	\$ 5,886,738	3,308	\$ 8,268,750

The ability to receive the credit is limited to just the City of Baltimore. Currently this is estimated at 21% of the Public Safety Officers. The cross section of those who own homes and live in the city is estimated at 695 homeowners resulting in a credit cost of \$1,736,438.

If the credit is successful and encourages more Public Safety Officers to move to the City, the utilization would be expected to increase. At a 33% utilization, there would be 1,091 credit recipients at a cost of \$2,728,688.

If the credit is highly successful, the long term cost could increase to \$4-8M dollars.

***Recommendation***

The Department of Finance supports the passage of this bill.

CC: Henry Raymond  
Natawna Austin