



FREDERICK COUNTY COUNCIL

Local Government Fiscal and Policy Note

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

Bill Number/Reference:	
Bill Title:	Amend Elderly Individuals and Uniformed Service Members Property Tax Credit
Local Government Agency:	Frederick County Finance Division
Prepared By:	Erin White; Diane Fox
Title:	Director of Finance; Director of Treasury
Phone Number:	301-600-1193; 301-600-1114
E-Mail Address:	ewhite@frederickcountymd.gov ; dfox@frederickcountymd.gov
Due Date:	
Date Submitted:	

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Date: Please respond to the questions below. If you prefer to provide responses or additional information in a separate file or document, send the file or document in a separate e-mail to rcherney@frederickcountymd.gov with the bill number/reference in the subject line.					
1.	Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, <u>please explain why</u> .				
The proposed amendment to the Elderly Individuals and Uniformed Service Members Property Tax Credit expands the eligibility criteria by 1)including active duty, retired and honorably discharged uniform service members with a service-connected disability; 2)including surviving spouses of eligible individuals; 3) eliminating the income qualification for eligible service members; and 4) increases the assessed value of the dwelling applicable to the credit from \$300,000 to \$500,000. Enactment of this amended tax credit is estimated to reduce County real property tax revenues by approximately \$1.006 million annually.					
2.	Please indicate whether the proposed legislation will affect small businesses in Frederick County, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.				
This legislation is not expected to impact small business because it applies to primary residence of individuals.					
FISCAL IMPACT SUMMARY – SHOW (DECREASE) IN PARENTHESES					
REVENUES					
3.	Analysis of estimated increase (or decrease) in government revenues . Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increases/decreases to begin in later years.				
Source	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Decrease in property tax revenues					
• Disabled veterans not receiving the Disabled Veterans Tax Credit(50% Participation)		(\$634,900)	(\$634,900)	(\$634,900)	(\$634,900)
• Remove income qualification for eligible service members (50% Participation)		(\$371,600)	(\$371,600)	(\$371,600)	(\$371,600)
TOTAL \$	\$	(\$1,006,500)	(\$1,006,500)	(\$1,006,500)	(\$1,006,500)
	Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.				
Disabled veterans calculation –The number of disabled veterans who receive compensation for their disability in Frederick County is estimated to be 3,439. There are 1,588 of these disabled veterans estimated to have a disability rating over 50%. We have presumed the disabled veterans with a disability rating over 50% will take advantage of the County's Disabled Veterans Tax Credit. The remaining 1,851 are presumed to take advantage of this amended tax credit. This legislation dictates that the credit is 20% of the County tax. Based on an average Frederick County tax of \$3,428, an average credit of \$686 was used. Because we have no way of knowing how many taxpayers would apply for the credit we assumed a participation rate of 50%. The calculation above is made up of 1,851 properties at the average of \$686 credit and 50% participation would be \$634,900 annually.					
Remove income qualifications calculation – The number of retired military in the County is estimated to be 2,438. Using U.S. Census Data on Frederick County, 44.46% of the 65+ population have a household income level					

exceeding \$80,000 or 1,084 households. The calculation above is made up of 1,084 properties at an average credit of \$686 and 50% participation would be \$371,600 annually.

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<u>EXPENDITURES</u>						
4.	Analysis of estimated increase (or decrease) in government expenditures . Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.					
A. Salaries & Wages		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FTE Employees - _____ # of positions Fringe Benefits						
TOTAL (Salaries, wages & benefits)		\$	\$	\$	\$	\$
		Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type employee will be; and (3) why existing personnel cannot absorb the additional work. Please also certify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.				
B. Other Operating Expenses		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Technical/Special Fees, Grants/Subsidies Communications-Phone, Postage Travel, Food, Auto, Fuel & Utilities Contractual Services Supplies Equipment-Replacement Equipment-Additional Land & Structures, Fixed Charges Other (Please Specify on Extra Page(s))						
TOTAL (Expenditures)		\$	\$	\$	\$	\$
		On the next page, please provide brief descriptions/breakdowns of the above "Other Operating Expenses."				
		Please explain below any additional calculations or assumptions made in estimating the "Other Operating Expenses" that will help us to understand the amounts and timing of the expenses.				
The County will be required to administer this credit. The Treasury Department anticipates the new Tax Credit Specialist will be able to accommodate the administration of this credit without the need to hire additional staff. There is the potential additional staff will need to be hired if the number of applications exceed estimates.						

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4. (cont'd)

C. Operating Expense Descriptions/Breakdowns

Please provide below a short description of the specific purpose of each expense listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2021 amount with a short description of each expense (for example, if \$2,500 is listed for Communications – Phone, Postage, a statement such as “\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.”)

Fiscal 2022 Expenditures

Technical/Special Fees, Grants & Subsidies	\$
description/breakdown	

Communications – Phone, Postage	\$
description/breakdown	

Travel, Food, Auto Operations, Fuel & Utilities	\$
description/breakdown	

Contractual Services	\$
description/breakdown	

Supplies	\$
description/breakdown	

Equipment-Replacement	\$
description/breakdown	

Equipment-Additional	\$
description/breakdown	

Land & Structures, Fixed Charges	\$
description/breakdown	

Other (Please Specify)	\$
description/breakdown	

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ADDITIONAL POLICY IMPLICATIONS/CONCERNS

**Please submit BY E-MAIL to: Ragen Cherney, Legislative Director/Chief of Staff
Frederick County Council • E-Mail: RCherney@FrederickCountyMD.gov**