

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 13
 Ways and Means

(Delegate Vogel, *et al.*)

Income Tax - Credit for 9-1-1 Specialist Retirement Income (Supporting Our 9-1-1 Specialists Act)

This bill establishes, for tax years 2026 through 2028 only, a nonrefundable income tax credit equal to 4.75% of the first \$15,000 of specified retirement income attributable to service as a 9-1-1 specialist, not to exceed \$700. The Maryland Department of Emergency Management (MDEM) must administer the tax credit application, approval, and certification process and may certify up to \$250,000 in tax credits annually. If the total amount of credits applied for in a given year exceeds \$250,000, MDEM must issue tax credit certificates to qualified individuals on a *pro rata* basis. MDEM must report to the Governor and the General Assembly by December 1, 2028, on program activity and the number of 9-1-1 specialists employed in the State who have vested under an employee retirement system, as specified. **The bill takes effect July 1, 2026, and terminates June 30, 2029.**

Fiscal Summary

State Effect: General fund revenues decrease by up to \$250,000 annually in FY 2027 through 2029. General fund expenditures for MDEM increase by \$41,500 in FY 2027; future years reflect annualization, ongoing costs, and the bill’s termination after FY 2029.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	(\$250,000)	(\$250,000)	(\$250,000)	\$0	\$0
GF Expenditure	\$41,500	\$43,400	\$45,300	\$0	\$0
Net Effect	(\$291,500)	(\$293,400)	(\$295,300)	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “9-1-1 specialist,” as it applies to the bill, has the meaning stated in § 9-262 of the Tax-Property Article (9-1-1 specialist local property tax credit). Specifically, a 9-1-1 specialist is an employee of a county public safety answering point, or an employee working in a county safety answering point, whose duties and responsibilities include (1) receiving and processing 9-1-1 requests for emergency assistance; (2) other support functions directly related to 9-1-1 requests for emergency assistance; or (3) dispatching law enforcement officers, fire rescue services, emergency medical services, and other public safety services to the scene of an emergency.

Current Law: The State does not offer an income tax benefit for 9-1-1 specialist retirement income, specifically. The tax credit authorized under the bill is modeled on the public safety employee retirement income subtraction modification for retired correctional officers, law enforcement officers, and fire, rescue, and emergency services personnel, as discussed below. Maryland also offers a general pension exclusion for eligible individuals, as discussed below.

Public Safety Employee Retirement Income Subtraction Modification

As authorized by Chapters 3 and 4 of 2022, an individual who is at least 55 years old on the last day of the tax year may claim a subtraction modification against the personal income tax for the first \$15,000 of income received from an employee retirement system (within the meaning of the State’s standard pension exclusion, as discussed below) that is attributable to service as a public safety employee. “Public safety employee” means an individual who is a retired correctional officer; law enforcement officer; or fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State. “Emergency services personnel” means emergency medical technicians or paramedics. As discussed below, an individual who is at least age 65, is totally disabled, or whose spouse is totally disabled may qualify for and claim the standard State pension exclusion for retirement income that is not excluded under the public safety employee retirement income subtraction.

Maryland Pension Exclusion

Under Maryland’s standard pension exclusion, an individual who is at least age 65, who is totally disabled, or whose spouse is totally disabled may subtract certain taxable pension and retirement annuity income from federal adjusted gross income for purposes of determining Maryland adjusted gross income. The maximum value of the subtraction is indexed to the maximum annual benefit payable under the Social Security Act (\$41,200 for 2025) and is reduced by the amount of any benefit payments received under the Social Security Act or Railroad Retirement Act (“Social Security offset”).

The pension exclusion is limited to income received from an “employee retirement system,” which is defined as a plan (1) established and maintained by an employer for the benefit of its employees and (2) qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code. This includes defined benefit and defined contribution pension plans, 401(k) plans, 403(b) plans, and 457(b) plans. Public safety employee retirement income that is excluded under the public safety employee retirement income subtraction modification is not taken into account for purposes of the standard pension exclusion.

Other Tax Relief for Retirees and Seniors

Social Security benefits and benefits received under the federal Railroad Retirement Act are totally exempt from Maryland income tax, though they may be partly taxable for federal income tax purposes. Other income tax relief provided to seniors include an additional exemption of \$1,000 for individuals age 65 and older (in addition to the regular personal exemption) as well as the senior tax credit for qualifying taxpayers age 65 and older.

State Revenues: General fund revenues decrease by up to \$250,000 annually in fiscal 2027 through 2029 due to credits claimed against the personal income tax.

State Expenditures: General fund expenditures for MDEM increase by \$41,506 in fiscal 2027, which accounts for a 90-day start-up delay from the bill’s July 1, 2026 effective date. This estimate reflects the cost of hiring one part-time contractual tax specialist to administer the tax credit application, approval, and certification process and prepare the required report. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$33,407
Other Operating Expenses	<u>8,099</u>
Total FY 2027 State Expenditures	\$41,506

Future year expenditures reflect a full salary with annual increases and employee turnover, annual increases in ongoing operating expenses, and elimination of the contractual position after fiscal 2029.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

General fund expenditures may increase further in fiscal 2027 to the extent MDEM requires specialized software to process tax credit applications. A precise estimate of related costs is not available at this time.

The Comptroller's Office can add the credit to the income tax forms with existing budgeted resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 148 (Senators Kagan and Carozza) - Budget and Taxation.

Information Source(s): Comptroller's Office; Maryland Department of Emergency Management; Maryland Institute for Emergency Medical Services Systems; Anne Arundel, Baltimore, Cecil, Montgomery, and Somerset counties; Department of Legislative Services

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