

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 55

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Property Tax Assessment Appeals Board)

Budget and Taxation

Ways and Means

Property Tax Assessment Appeal Boards - Membership

This departmental bill increases the number of alternate members of the Property Tax Assessment Appeal Boards (PTAAB) from one to three in the following jurisdictions: Baltimore City and Anne Arundel, Baltimore, Montgomery, and Prince George's counties.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: None. The bill does not affect PTAAB's current funding levels.

Local Effect: None.

Small Business Effect: The Property Tax Assessment Appeals Board has determined that this bill has minimal or no effect on small business. The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Each PTAAB consists of three regular board members and one alternate member.

Background: The following is a discussion on the property tax assessment process and the assessment appeals process in Maryland.

Triennial Assessment Process in Maryland

Under current law, real property is valued and assessed once every three years. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Under this process, assessors from the State Department of Assessments and Taxation (SDAT) physically inspect each property every three years. No adjustments are made in the interim, except in the case of (1) a zoning change; (2) a substantial change in property use; (3) extensive improvements to the property; or (4) a prior erroneous assessment. The assessor determines the current “full market value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

Assessment Appeals Process

There are three levels in the appeals process that property owners may pursue when appealing a property tax assessment. The first appeal of an assessment goes to SDAT, which determines the original assessment. To the extent a property owner receives an unsatisfactory ruling he or she may appeal to PTAABs, which hear appeals in matters relating to the assessment of property throughout the State. There is one board located in each county and Baltimore City. Each board has four members (three members and one alternate) who are appointed by the Governor for five-year terms. Further appeals may be made to the Maryland Tax Court.

PTAABs heard 61% of their cases in calendar 2008, as shown in **Exhibit 1** due to a marked increase in the number of appeals filed in calendar 2008 as compared to 2007. According to the boards, the backlog of cases was due to increased appeals and board member vacancies.

Exhibit 1 Timeliness and Efficiency Measures Calendar 2007-2011

	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2008</u>	<u>Estimated</u> <u>2009</u>	<u>Estimated</u> <u>2010</u>	<u>Estimated</u> <u>2011</u>
Appeals Filed	8,963	14,062	19,000	16,000	15,500
Appeals Heard	7,281	8,618	12,000	13,500	13,500
Clearance Rate	81%	61%	63%	84%	87%
Number of Appeals Pending at Year-end	4,000	5,993	7,500	7,000	6,500

Source: Property Tax Assessment Appeals Boards

Board members are paid \$25 per hour and may only work 6 hours per day and a total of 30 hours per week. Increasing the number of alternate board members will likely allow PTAABs to hear more cases in a timely and efficient manner as they will have a greater number of alternates should the regular members be unavailable for any reason. The bill does not alter PTAAB funding levels or member compensation amounts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Montgomery, and Prince George's counties; Baltimore City; State Department of Assessments and Taxation; Property Tax Assessment Appeals Board; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2011
mc/hlb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Property Tax Assessment Appeal Board - Membership

BILL NUMBER: SB 55

PREPARED BY: Property Tax Assessment Appeal Board

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.