

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 789 (Delegate McComas, *et al.*)
 Ways and Means

Property Tax - Assessment Worksheets - Internet Access

This bill requires the State Department of Assessments and Taxation (SDAT) to maintain a database, available to the public on the department’s website and searchable by individual property, of assessment worksheets and cards that relate to the valuation of real property in the State. The assessment worksheets and cards may not include income and expense statements.

Fiscal Summary

State Effect: General fund expenditures increase by \$94,000 in FY 2013 and by \$5,000 annually beginning in FY 2014. General fund revenues are not directly affected.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	94,000	5,000	5,000	5,000	5,000
Net Effect	(\$94,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)

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

Local Effect: Local expenditures increase by \$846,000 in FY 2013 and by \$5,000 annually beginning in FY 2014. County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: Generally, specified inspection valuation records are not allowed to be made open to the public, except under certain circumstances. SDAT must permit a valuation record to be inspected by the person whose property is the subject of the valuation record; or an officer of the State or a county or municipality affected by the

valuation record. Valuation records, including rental data or business volume, may be submitted to the Maryland Tax Court as evidence in a property assessment appeal. Residential assessment worksheets that list the property description with assigned cost rates and depreciation factors must be available for inspection as they appear on the department's website. In addition, SDAT must provide a copy of assessment worksheets and cards that relate to a real property valuation (1) to the person whose property is the subject of the valuation if the value or classification of the property is to be changed for property tax purposes; and the person requests the worksheets and cards; or to any person who seeks the worksheets and cards for other comparable property, has a timely filed and pending property tax assessment appeal; identifies the comparable property by address; and pays the reasonable fee that the department requires for the copy.

Background: 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 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.

State Fiscal Effect: SDAT reports that total expenditures associated with implementing the bill will increase by \$940,000 in fiscal 2013. This estimate reflects the cost of updating and modifying the department's website to provide access to approximately 2.2 million real property account (residential and commercial) assessment worksheets and cards (double-sided), scanning and equipment costs, as well as annual website maintenance and hosting charges. SDAT reports that annual costs of \$10,000 will be required beginning in fiscal 2014 to host and maintain the database. SDAT's website is hosted and maintained by the Center for Applied Technology at Towson University.

Chapter 397 of 2011 required the counties and Baltimore City to reimburse SDAT for (1) 90% of the costs of real property valuation; (2) 90% of the costs of business personal property valuation; and (3) 90% of costs incurred by SDAT with regards to information technology in fiscal 2012 and 2013. Beginning in fiscal 2014, the counties and Baltimore City are required to reimburse SDAT for 50% of these costs. Local expenditures are calculated on the basis of each county's share of real property accounts and business personal property as a percentage of the total. As a result, general fund expenditures will increase by \$94,000 in fiscal 2013 and by \$5,000 annually thereafter.

Local Fiscal Effect: As noted, county governments are required to reimburse SDAT for 90% of the department's costs in fiscal 2013 and 50% of the department's costs

beginning in fiscal 2014. Based on the expenditures associated with implementing the bill, county expenditures will increase by \$846,000 in fiscal 2013 and by \$5,000 annually beginning in fiscal 2014. **Exhibit 1** shows the estimated expenditures for each county, based on total real property accounts for fiscal 2012.

Exhibit 1
County Expenditure Increases Under HB 789
Fiscal 2013 and 2014

County	FY 2013	FY 2014
Allegany	\$15,386	\$91
Anne Arundel	76,757	454
Baltimore City	87,660	518
Baltimore	109,965	650
Calvert	15,710	93
Caroline	6,210	37
Carroll	24,599	145
Cecil	17,402	103
Charles	23,071	136
Dorchester	8,558	51
Frederick	34,472	204
Garrett	10,877	64
Harford	36,104	213
Howard	37,733	223
Kent	4,978	29
Montgomery	123,438	730
Prince George's	107,743	637
Queen Anne's	9,546	56
St. Mary's	17,745	105
Somerset	6,378	38
Talbot	7,844	46
Washington	21,868	129
Wicomico	17,277	102
Worcester	24,680	146
Total	\$846,000	\$5,000

Source: State Department of Assessments and Taxation; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Department of Legislative Services

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