

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 553 (Senator Glassman)
 Budget and Taxation

Property Tax - Valuation of Real Property - Internet Database

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.

The bill also repeals the requirement that SDAT maintain a database, available to the public on the department’s website and searchable by individual property, that relates to the valuation of single-family residential real property and includes for each property: (1) the square footage of the enclosed improvements above ground; (2) the square footage of the completed improvements below ground; (3) the number of bathrooms; (4) the number of garages; and (5) the date of the initial assessment of the most recently completed improvements assessed after July 1, 2000.

Fiscal Summary

State Effect: General fund expenditures increase by \$585,400 in FY 2015 and by \$5,200 annually beginning in FY 2016. General fund revenues are not directly affected.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	585,400	5,200	5,200	5,200	5,200
Net Effect	(\$585,400)	(\$5,200)	(\$5,200)	(\$5,200)	(\$5,200)

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

Local Effect: Local expenditures increase by \$585,400 in FY 2015 and by \$5,200 annually beginning in FY 2016. 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 (2) 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.

Chapter 361 of 2013 required SDAT to maintain a database, available to the public on the department's website and searchable by individual property, that relates to the valuation of single-family residential real property and includes for each property: (1) the square footage of the enclosed improvements above ground; (2) the square footage of the completed improvements below ground; (3) the number of bathrooms; (4) the number of garages; and (5) the date of the initial assessment of the most recently completed improvements assessed after July 1, 2000.

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 \$1.2 million in fiscal 2015. 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. The estimate assumes approximately \$899,000 in scanning costs for the assessment cards, \$210,000 for updating and modifying the department's website to provide access to real property account assessment worksheets, and \$51,500 in equipment costs. SDAT reports that annual costs of \$10,300 will be required beginning in fiscal 2015 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 \$585,400 in fiscal 2015 and by \$5,150 annually thereafter.

Local Fiscal Effect: As noted, county governments are required to reimburse SDAT for 50% of the department's costs beginning in fiscal 2014. Based on the expenditures associated with implementing the bill, county expenditures will increase by \$585,400 in fiscal 2015 and by \$5,150 annually beginning in fiscal 2016. **Exhibit 1** shows the estimated expenditures for each county, based on total real property accounts for fiscal 2014.

Exhibit 1
County Expenditure Increases Under Legislation
Fiscal 2015 and 2016

County	FY 2015	FY 2016
Allegany	\$10,567	\$93
Anne Arundel	53,508	471
Baltimore City	60,244	530
Baltimore	75,885	668
Calvert	10,866	96
Caroline	4,273	38
Carroll	16,983	149
Cecil	12,015	106
Charles	16,248	143
Dorchester	5,919	52
Frederick	24,016	211
Garrett	7,504	66
Harford	24,990	220
Howard	26,384	232
Kent	3,428	30
Montgomery	85,570	753
Prince George's	74,414	655
Queen Anne's	6,581	58
St. Mary's	12,377	109
Somerset	4,379	39
Talbot	5,402	48
Washington	15,037	132
Wicomico	11,859	104
Worcester	16,950	149
Total	\$585,400	\$5,150

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

Additional Information

Prior Introductions: HB 789 of 2012 received a hearing in the House Ways and Means Committee, but no further action was taken on the bill.

Cross File: HB 1041 (Delegate McComas, *et al.*) - Ways and Means.

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

Fiscal Note History: First Reader - February 17, 2014
mm/hlb

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