

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 1402
Ways and Means

(Delegate McMillan, *et al.*)

Budget and Taxation

Property Tax Appeals - Payment of Refunds - Deadline and Notice

This bill requires the tax collector to whom property tax was paid to pay a full refund to a taxpayer within 30 days after the State Department of Assessments and Taxation (SDAT) provides notice to the tax collector that an appeal authority has issued a decision that reduces the assessed value of property. The notice must include a list of all properties for which an appeal authority has calculated that a taxpayer is due a refund as a result of a decision by the appeal authority to reduce the assessed value of the property. An appeal authority includes a supervisor, SDAT, the Property Tax Assessment Appeals Board (PTAAB), the Maryland Tax Court, and any other court authorized to hear property tax appeals.

Fiscal Summary

State Effect: None. The bill's requirements can be handled with SDAT's existing budgeted resources.

Local Effect: Most county governments will be able to meet the bill's requirements with existing budgeted resources. The bill will not have any impact on the overall amount of tax refunds provided to individuals.

Small Business Effect: None.

Analysis

Current Law: The assessment appeal process typically begins with an appeal of the notice of assessment. These notices are mailed in late December, and an appeal may be filed with the supervisor of assessments within 45 days of the date of the notice; for properties that

transfer after January 1 but before the beginning of the taxable year, the new owner has 60 days from the date of transfer to file an appeal regarding the property value or classification. Following that appeal, the property owner receives a final notice. If the taxpayer is not satisfied with the outcome, the next appeal must be made to PTAAB within 30 days from the date of the final notice. A further appeal may be taken to the Maryland Tax Court within 30 days of receiving notice from the board. Any further appeals are made through the judicial system, including the circuit court, the Court of Special Appeals, and the Court of Appeals.

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 value 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; (4) a prior erroneous assessment; (5) a residential use assessment is terminated; or (6) a subdivision occurs. 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.

Background: SDAT advises that the department typically receives between 25,000 and 30,000 assessment appeals between January 1 and February 13 each year. Appeals at the supervisor level are typically heard between January and May. Approximately 10,500 appeals were made to the county PTAABs in 2016. PTAAB advises that the boards currently have 7,438 cases from prior years that are waiting for hearings.

Local Fiscal Effect: County governments serve as the property tax collectors for State, county, and municipal property taxes since property tax bills are sent out by each county. The bill requires the tax collecting agency to issue refunds to taxpayers within 30 days after being notified by SDAT that an appeal reduced a property assessment. The Maryland Association of Counties advises that most counties will be able to meet the bill’s requirements with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Tax Court; Property Tax Assessment Appeals Board; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History:
kb/hlb

First Reader - March 8, 2017
Third Reader - April 3, 2017
Revised - Amendment(s) - April 3, 2017
Revised - Clarification - April 5, 2017
Enrolled - May 8, 2017
Revised - Amendment(s) - May 8, 2017

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