

**E80E**  
**Property Tax Assessment Appeals Boards**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 15 Actual</u></b>	<b><u>FY 16 Working</u></b>	<b><u>FY 17 Allowance</u></b>	<b><u>FY 16-17 Change</u></b>	<b><u>% Change Prior Year</u></b>
General Fund	\$1,022	\$1,002	\$1,055	\$53	5.3%
Deficiencies and Reductions	0	0	-2	-2	
<b>Adjusted General Fund</b>	<b>\$1,022</b>	<b>\$1,002</b>	<b>\$1,053</b>	<b>\$51</b>	<b>5.1%</b>
 <b>Adjusted Grand Total</b>	 <b>\$1,022</b>	 <b>\$1,002</b>	 <b>\$1,053</b>	 <b>\$51</b>	 <b>5.1%</b>

- The fiscal 2017 allowance increases by \$51,215, or 5.1%, above the fiscal 2016 working appropriation. This increase is largely attributable to an increase in the agency's shared services allocation.

***Personnel Data***

	<b><u>FY 15 Actual</u></b>	<b><u>FY 16 Working</u></b>	<b><u>FY 17 Allowance</u></b>	<b><u>FY 16-17 Change</u></b>
Regular Positions	8.00	8.00	8.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/15	1.00	12.50%

Note: Numbers may not sum to total due to rounding.

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- Turnover is budgeted at 0% in the fiscal 2017 allowance. As of December 31, 2015, there was 1 regular position vacant, which equates to a vacancy rate of 12.5%. The agency reports that it is actively working to fill this position.

## ***Analysis in Brief***

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### **Major Trends**

***Decline in Caseloads Increases Clearance Rate:*** The number of assessments appealed to the Property Tax Assessment Appeals Boards (PTAAB) fell 9% in calendar 2014, and the boards cleared nearly as many cases as it had in calendar 2013. This led to a decrease in the year-end backlog of 305 cases.

***Appeals to Maryland Tax Court Increase, but Reversal Rate Falls:*** While there was an increase in the percentage of PTAAB decisions appealed to the Maryland Tax Court from 8% to 10% in calendar 2014, the reversal rate was significantly reduced from 28% to 11%.

### **Recommended Actions**

1. Concur with Governor's allowance.

**E80E**  
**Property Tax Assessment Appeals Boards**

***Operating Budget Analysis***

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**Program Description**

The Property Tax Assessment Appeals Boards (PTAAB) across the state hear appeals relating to the assessment of property. There is one board in each county and Baltimore City, all of which are supported by a central office and executive director. Each board has four or six members (three members and one or three alternates) who are appointed by the Governor for five-year terms. The first appeals of assessments are conducted by the State Department of Assessments and Taxation (SDAT), which also makes those initial assessments. PTAAB hear second-tier appeals from SDAT decisions, and PTAAB decisions are appealed to the Maryland Tax Court (MTC). Further appeals may be made through the judicial system.

PTAAB have the following goals:

- to conduct appeals in a timely and efficient manner; and
- to render fair and accurate decisions.

**Performance Analysis: Managing for Results**

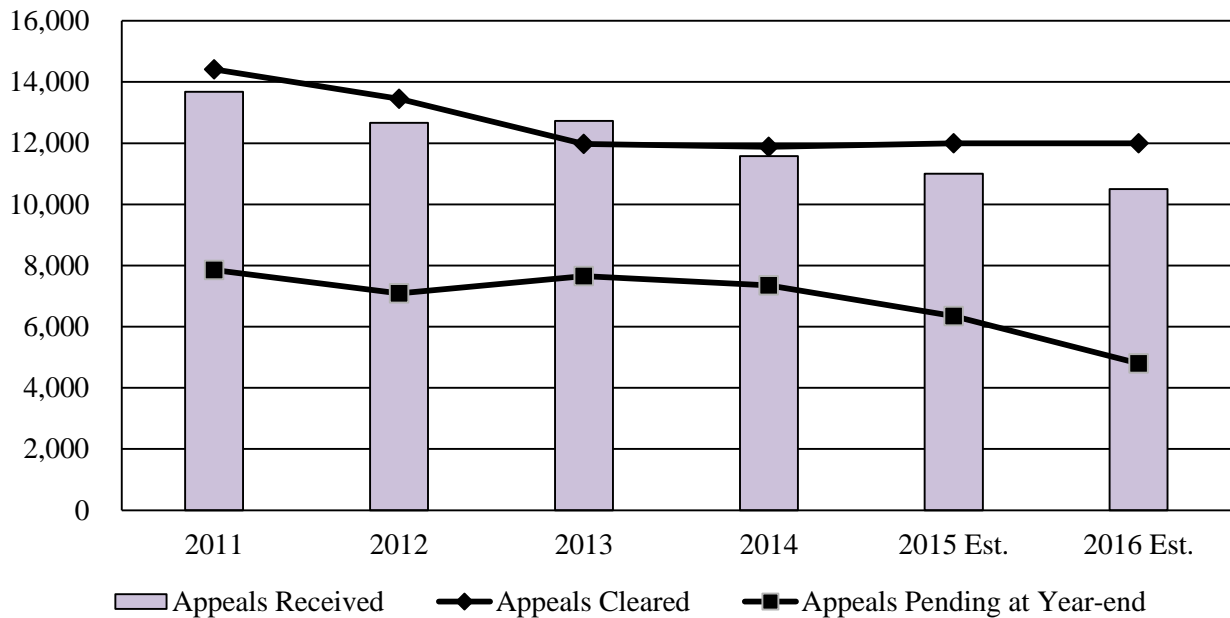
**1. Decline in Caseloads Increases Clearance Rate**

One of the primary goals of PTAAB is to conduct appeals in a timely and efficient fashion. As shown in **Exhibit 1**, PTAAB report that 1,150 fewer appeals were filed in calendar 2014, a 9% decrease. The number of cases cleared, however, held steady, resulting in an increase in clearance rate of 9 percentage points from 94% to 103% and reducing the total backlog by approximately 305 cases. Clearance rates dropped 12 percentage points from calendar 2012 to 2013, with PTAAB clearing 1,471 fewer cases. As the real estate market continues to improve and fewer property owners challenge property tax assessments, PTAAB anticipates that the number of new appeals will decline further.

**2. Appeals to Maryland Tax Court Increase, but Reversal Rate Falls**

The other primary goal for PTAAB is to render fair and accurate decisions, as measured by the percentage of decisions appealed to MTC and the percentage of those decisions that are reversed. As shown in **Exhibit 2**, 10% of PTAAB decisions were appealed to MTC in calendar 2014, up from 8% in calendar 2012 and 2013. Of those cases, though, only 11% were reversed by MTC. This is a significant drop from the 28% reversal rate in calendar 2013.

**Exhibit 1**  
**Efficiency Measures**  
**Calendar 2011-2016 Est.**



Source: Department of Budget and Management

**Exhibit 2**  
**Appeals of PTAAB Decisions to MTC**  
**Calendar 2011-2016 Est.**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 Est.</u>	<u>2016 Est.</u>
Appeals Filed with Tax Court	9%	8%	8%	10%	10%	10%
Appeals Reversed by Tax Court	10%	15%	28%	11%	20%	10%

MTC: Maryland Tax Court

PTAAB: Property Tax Assessment Appeals Boards

Source: Department of Budget and Management

## **Fiscal 2016 Actions**

### **Cost Containment**

The 2016 budget included a 2% across-the-board general fund reduction for State agencies as a cost containment measure. For this agency, that reduction totaled \$22,000, which was distributed as follows: \$8,000 in savings for a new photocopier contract, \$7,000 for telephones, and \$7,000 for in-state travel.

## **Proposed Budget**

As shown in **Exhibit 3**, the fiscal 2017 allowance for PTAAB increases by \$51,215 above the fiscal 2016 working appropriation. This increase is largely attributable to an increase in the agency's shared services allocation. The Governor's budget also includes an appropriation for employee increments totaling \$8,865 in general funds for this agency. This funding and associated expenses are included in the budget of the Department of Budget and Management and will be distributed to each agency by budget amendment at the start of the fiscal year.

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**Exhibit 3**  
**Proposed Budget**  
**Property Tax Assessment Appeals Boards**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
Fiscal 2015 Actual	\$1,022	\$1,022
Fiscal 2016 Working Appropriation	1,002	1,002
Fiscal 2017 Allowance	<u>1,053</u>	<u>1,053</u>
Fiscal 2016-2017 Amount Change	\$51	\$51
Fiscal 2016-2017 Percent Change	5.1%	5.1%

### **Where It Goes:**

#### **Personnel Expenses**

Compensation .....	\$5
Employee retirement.....	4
Social Security .....	-3
Employee and retiree health insurance .....	-6

#### **Other Changes**

State services assessment.....	48
New computers .....	4
Translation services for hearings .....	1

### *E80E – Property Tax Assessment Appeals Boards*

#### **Where It Goes:**

Printing .....	-1
Office supplies .....	-2
Other .....	-1
<b>Total</b>	<b>\$49</b>

Note: Numbers may not sum to total due to rounding.

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### **Across-the-board Reductions**

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$2,029 in general funds. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

### **Personnel**

Personnel expenditures increase by \$1,016, including increases for compensation and employee retirement, which are offset by decreased payments for health insurance.

### **Other Changes**

The other major adjustment to this agency's budget is the addition of a new shared services assessment for the statewide personnel system, which increases the budget by \$48,316.

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Property Tax Assessment Appeals Boards (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2015</b>					
Legislative Appropriation	\$1,060	\$0	\$0	\$0	\$1,060
Deficiency Appropriation	0	0	0	0	0
Cost Containment	-21	0	0	0	-21
Budget Amendments	-2	0	0	0	-2
Reversions and Cancellations	-15	0	0	0	-15
<b>Actual Expenditures</b>	<b>\$1,022</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,022</b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$986	\$0	\$0	\$0	\$986
Budget Amendments	16	0	0	0	16
<b>Working Appropriation</b>	<b>\$1,002</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,002</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

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## **Fiscal 2015**

PTAAB finished fiscal 2015 \$38,190 below its legislative appropriation. Cost containment reduced the appropriation by \$21,349. A reduction of \$9,342 for the Voluntary Separation Program was partially offset by a budget amendment adding \$7,592 for the cost-of-living adjustment. Additionally, a total of \$15,091 in unspent funds were reverted.

## **Fiscal 2016**

In fiscal 2016, one budget amendment added \$16,000 in general funds to restore employee salaries.

**Object/Fund Difference Report  
Property Tax Assessment Appeals Boards**

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	8.00	8.00	8.00	0.00	0%
<b>Total Positions</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 854,385	\$ 851,294	\$ 854,339	\$ 3,045	0.4%
02 Technical and Spec. Fees	0	190	1,190	1,000	526.3%
03 Communication	17,325	17,803	19,315	1,512	8.5%
04 Travel	9,783	8,501	9,783	1,282	15.1%
06 Fuel and Utilities	899	3,000	911	-2,089	-69.6%
07 Motor Vehicles	27,626	10,770	10,820	50	0.5%
08 Contractual Services	26,757	32,167	77,936	45,769	142.3%
09 Supplies and Materials	4,764	7,600	6,250	-1,350	-17.8%
10 Equipment – Replacement	9,878	300	4,050	3,750	1250.0%
13 Fixed Charges	70,251	70,254	70,529	275	0.4%
<b>Total Objects</b>	<b>\$ 1,021,668</b>	<b>\$ 1,001,879</b>	<b>\$ 1,055,123</b>	<b>\$ 53,244</b>	<b>5.3%</b>
<b>Funds</b>					
01 General Fund	\$ 1,021,668	\$ 1,001,879	\$ 1,055,123	\$ 53,244	5.3%
<b>Total Funds</b>	<b>\$ 1,021,668</b>	<b>\$ 1,001,879</b>	<b>\$ 1,055,123</b>	<b>\$ 53,244</b>	<b>5.3%</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.