

C85E00
Maryland Tax Court

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$524	\$521	\$525	\$1	\$544	\$19
Contractual Services	11	12	11	\$0	11	0
Contingent & Back of Bill Reductions	0	0	0	\$0	-4	-4
Adjusted Grand Total	\$535	\$533	\$536	\$1	\$551	\$15
General Funds	\$535	\$533	\$536	\$1	555	19
Contingent & Back of Bill Reductions	0	0	0	\$0	-4	-4
Adjusted General Funds	\$535	\$533	\$536	\$1	\$551	\$15
Adjusted Grand Total	\$535	\$533	\$536	\$1	\$551	\$15
Annual % Change		-0.4%	0.6%		2.8%	

- The Maryland Tax Court budget remained flat from fiscal 2002 through fiscal 2004 due to cost containment efforts. Cost containment actions have been dispersed over several programs and have not adversely affected operations.
- The fiscal 2005 allowance increases by \$15,000 (2.8%) over the fiscal 2004 working appropriation. The majority of this increase is related to personnel expenses.

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	9.0	9.0	9.0	0	9.0	0.0
Contractual FTEs	0.6	0.6	0.6	0	0.6	0.0
Total Personnel	9.6	9.6	9.6	0	9.6	0.0

Vacancy Data: Regular Positions

Turnover Expectancy	0.00	0.00%
Positions Vacant as of 12/31/03	0.00	0.00%

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

For further information contact: Brian Baugus

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Number of Efficiency Complaints Is Decreasing: The number of complaints has steadily decreased since fiscal 2002.

Median Number of Days a Case Is Open Is Decreasing: The number of days required to close a case has been decreasing since fiscal 2002.

Recommended Actions

1. Concur with Governor's allowance.

C85E00
Maryland Tax Court

Operating Budget Analysis

Program Description

The Maryland Tax Court (MTC) provides the final administrative hearing for appeals from taxing authorities in Maryland. Decisions of the Comptroller, Property Tax Assessment Appeals Boards, and local collectors are among those appealed to the court. Decisions of the Tax Court may be appealed to the circuit court. MTC is composed of five part-time judges appointed for six-year terms by the Governor.

The Tax Court's goal is to provide the taxpayer and the taxing authority efficient and fair hearings regarding any tax issue.

Performance Analysis: Managing for Results

MTC has developed Managing for Results measures to report its effectiveness in providing efficient and fair hearings. MTC has provided broader context for some of its performance measures by including national benchmarks from the National Center of State Courts, the Conference of State Court Administrators, and the Conference of Chief Justices.

Efficiency

The Tax Court's efficiency measures are mixed, but most show improvement over the past three fiscal years. **Exhibit 1** highlights some of the efficiency measures since fiscal 2002.

Exhibit 1
Efficiency Measures: Maryland Tax Court
Fiscal 2002 – 2004

<u>Measure</u>	<u>2002</u>	<u>2003</u>	<u>2004 (est.)</u>	<u>2005 (est.)</u>
Efficiency complaints	30	23	18	15
Cases closed within 8 months*	70%	74%	80%	85%
Median # of days case is open	203	189	180	180
Clearance rate**	93%	102%	106%	106%

* Benchmark is 90% within 12 months.

** Benchmark is 90%

Source: Maryland Tax Court

C85E00 - Maryland Tax Court

MTC opens approximately 800 cases each year (although the estimate for fiscal 2004 and 2005 is 850 cases), and it closes about 775 a year. Cases filed late in the year and complicated cases tend to carry over to the next year. Schedule coordination problems may cause cases to carry over to the next year as well. This explains why the court has a clearance rate in excess of 100% in some years.

Fair Hearings

MTC regularly receives “above average” and “excellent” ratings in its citizen surveys indicating that the citizens feel they are being treated fairly. In addition to the ratings, the Tax Court receives less than 10 complaints a year (a total of 21 fairness complaints for fiscal 2002 through 2004), and less than 2% of its decisions are appealed to the circuit courts, which have upheld approximately 90% of the Tax Court’s decisions.

Web Site Visits Are Down

In fiscal 2002 MTC reported that there were 312,105 visits to its Internet web site. In fiscal 2003 it reported that there were 25,000 visits. This dramatic decrease was attributed to web site downtime. However, it is estimated that there will only be 30,000 visits in fiscal 2004 and 35,000 in fiscal 2005. The Tax Court explains that after the problems in fiscal 2003 were fixed, a new visitor counter was installed on the site. During this process it was discovered that the counter in use in fiscal 2002 was faulty and most likely counted all visits to the Department of Planning web site as Tax Court visits since the two sites were tied together.

Fiscal 2004 Actions

Impact of Cost Containment

As a result of the Board of Public Works action taken in July 2003, the Tax Court implemented cost containment actions totaling \$5,374 for fiscal 2004. The reductions were primarily taken in postage (\$1,500), library supplies (\$1,000) and cancellation of new office equipment purchases (\$1,000).

Governor’s Proposed Budget

The fiscal 2005 allowance provides an increase of \$15,000 (2.8%) over the fiscal 2004 working appropriation. As **Exhibit 2** shows, personnel expenses account for almost all of the increase with a \$4,000 increase for increments and a \$5,000 increase in employee and retiree health insurance.

Exhibit 2
Governor's Proposed Budget
Maryland Tax Court
(\$ in Thousands)

	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$533	\$536	\$555	\$19	3.5%
Contingent & Back of Bill Reductions	-1	0	-4	-4	
Adjusted General Funds	\$532	\$536	\$551	\$15	2.8%
 Adjusted Grand Total	 \$532	 \$536	 \$551	 \$15	 2.8%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$4
Employee and retiree health insurance	5
Other fringe benefit adjustments	3

Other Changes

Department of Budget and Management Telecommunications allocation.....	3
------------------------------------------------------------------------	---

Total	\$15
--------------	-------------

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

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$4,162, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Tax Court (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$533	\$0	\$0	\$0	\$533
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Cost Containment	-1	0	0	0	-1
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$532	\$0	\$0	\$0	\$532
Fiscal 2004					
Legislative Appropriation	\$542	\$0	\$0	\$0	\$542
Cost Containment	-6	0	0	0	-6
Budget Amendments	0	0	0	0	0
Working Appropriation	\$536	\$0	\$0	\$0	\$536

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

**Object/Fund Difference Report
Maryland Tax Court**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0	0%
02 Contractual	0.60	0.60	0.60	0	0%
Total Positions	9.60	9.60	9.60	0	0%
Objects					
01 Salaries and Wages	\$ 487,770	\$ 493,102	\$ 509,341	\$ 16,239	3.3%
02 Technical & Spec Fees	14,634	16,813	16,836	23	0.1%
03 Communication	6,937	6,204	8,918	2,714	43.7%
04 Travel	3,556	1,855	1,855	0	0%
08 Contractual Services	11,881	11,601	11,631	30	0.3%
09 Supplies & Materials	6,567	5,620	5,529	-91	-1.6%
10 Equip - Replacement	129	0	0	0	0.0%
11 Equip - Additional	850	0	0	0	0.0%
13 Fixed Charges	464	985	1,076	91	9.2%
Total Objects	\$ 532,788	\$ 536,180	\$ 555,186	\$ 19,006	3.5%
Funds					
01 General Fund	\$ 532,788	\$ 536,180	\$ 555,186	\$ 19,006	3.5%
Total Funds	\$ 532,788	\$ 536,180	\$ 555,186	\$ 19,006	3.5%

C85E00 - Maryland Tax Court

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies, cost containment, and contingent reductions.