

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

*Operating Budget Data*

(\$ in Thousands)

	<b>FY 05</b> <u>Actual</u>	<b>FY 06</b> <u>Working</u>	<b>FY 07</b> <u>Allowance</u>	<b>FY 06-07</b> <u>Change</u>	<b>% Change</b> <u>Prior Year</u>
General Fund	<u>\$852</u>	<u>\$882</u>	<u>\$910</u>	<u>\$28</u>	<u>3.2%</u>
<b>Total Funds</b>	<b>\$852</b>	<b>\$882</b>	<b>\$910</b>	<b>\$28</b>	<b>3.2%</b>

- The fiscal 2007 allowance increases \$27,803 from the fiscal 2006 working appropriation, largely for health and retiree health insurance cost increases and for clerk travel expenses.

*Personnel Data*

	<b>FY 05</b> <u>Actual</u>	<b>FY 06</b> <u>Working</u>	<b>FY 07</b> <u>Allowance</u>	<b>FY 06-07</b> <u>Change</u>
Regular Positions	9.00	9.00	9.00	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>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>

*Vacancy Data: Regular Positions*

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/05	0.00	0.00%

- Personnel remains at nine positions in fiscal 2007. No vacancies exist and no new positions are created.

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

For further information contact: Jody J. Sprinkle

Phone: (410) 946-5530

## ***Analysis in Brief***

---

### **Major Trends**

***Carry-forward Caseload Is Decreasing:*** The boards have fewer appeals pending at the end of each year.

***Expected Caseload Increase Fails to Materialize:*** Rising assessments did not result in an increase in the number of appeals to the Property Tax Assessment Appeals Boards (PTAABs).

***Reversals by the Maryland Tax Court Remain Low:*** Although the Tax Court is reversing a slightly higher number of appeals from PTAAB, the rate remains fairly low at 15%.

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce increase for travel.	\$ 1,800
<b>Total Reductions</b>	<b>\$ 1,800</b>

## E80E

# Property Tax Assessment Appeals Boards

## *Operating Budget Analysis*

---

### **Program Description**

The Property Tax Assessment Appeals Boards (PTAAB) hear appeals in matters relating to the assessment of property throughout the State. There is one board in each county and Baltimore City. Each board has four members who are appointed by the Governor for five-year terms. The first appeal of an assessment goes to the Department of Assessments and Taxation, which determines the original assessment. PTAABs are the second level of appeal, with subsequent appeals going to the Maryland Tax Court. Further appeals may be made through the judicial system.

PTAAB has the following goals:

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

### **Performance Analysis: Managing for Results**

The boards aim for timeliness and efficiency in their appeals process. In calendar 2004, the latest year for which actual data are available, PTAABs heard 87% of their cases, marking improvement toward their goal of hearing every appeal filed during the year. As shown in **Exhibit 1**, the number of appeals pending at the end of 2004 was 1,617, a significant drop from a recent high of 4,249 in 2001.

However, this progress may, in part, be due to a decrease in the number of cases heard in 2004 as illustrated in **Exhibit 2**. PTAABs expected that the increase in residential and commercial assessments over the last several years would be met with a commensurate increase in the number of appeals filed. Original estimates predicted a 26% caseload increase from calendar 2002 to 2005. However, the boards heard 6,875 appeals in 2004, far fewer than the 10,200 expected. In fact, this figure is a 9% average annual decrease since 2002.

PTAABs have since revised their out-year predictions downward to reflect the 2004 actual experience.

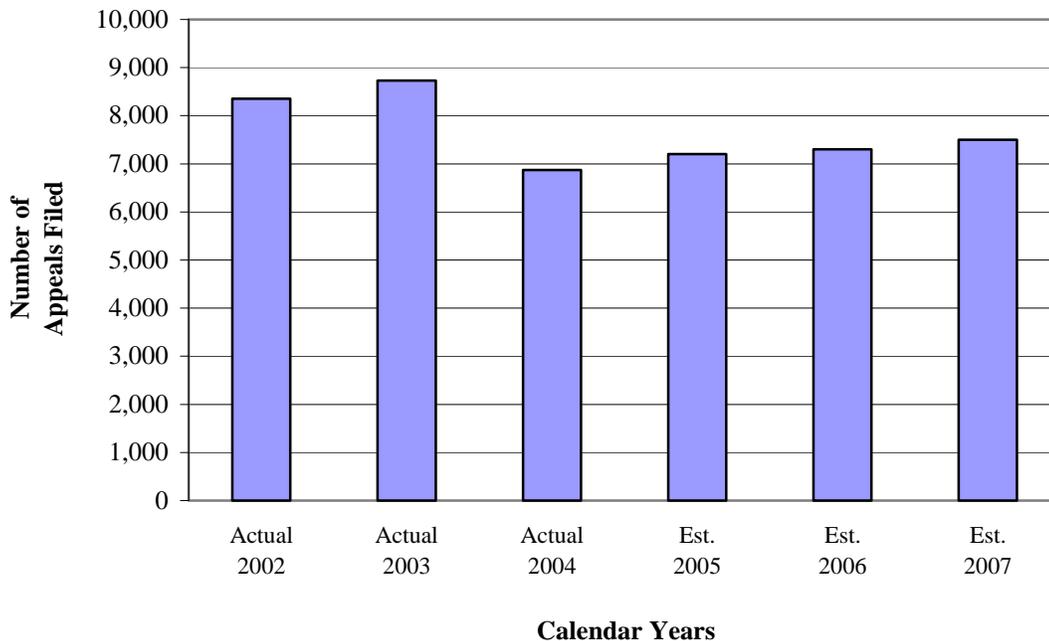
PTAABs determine the accuracy of their decisions by how many are appealed to the Maryland Tax Court and by how many of these appealed decisions are reversed by the court. Measuring by the number of appeals, PTAABs are doing well. As shown in **Exhibit 3**, only about 9% of PTAABs' decisions are appealed annually to the Maryland Tax Court. Of those cases, approximately 15% are reversed. Although it is expected that the Tax Court will reverse a slightly higher number of appeals from PTAABs in future years, the rate is expected to remain fairly low at 16%.

**Exhibit 1  
Selected Timeliness and Efficiency Measures  
Calendar 2002 – 2007**

	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Est.</u> <u>2006</u>	<u>Est.</u> <u>2007</u>	<u>Ann.</u> <u>Chg.</u> <u>02-04</u>
Appeals Filed	8,350	8,728	6,875	10,200	7,200	7,300	7,500	-9.3%
Appeals Heard	6,637	6,516	6,012	7,300	6,200	6,250	6,500	-4.8%
Clearance Rate	79%	75%	87%	71%	86%	86%	87%	4.9%
Number of Appeals Pending at Year End	2,907	2,822	1,617	3,420	1,500	1,500	1,500	-25.4%

Source: Property Tax Assessment Appeals Boards

**Exhibit 2  
Appeals Filed  
Calendar 2002 – 2007**



Source: Property Tax Assessment Appeals Boards

**Exhibit 3**  
**Appeal Rates for PTAAB**  
**Calendar 2003 – 2007**

	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Est.</u> <u>2006</u>	<u>Est.</u> <u>2007</u>
% of Appeals Filed with Tax Court	7%	9%	9%	9%	7%
% of Appeals Reversed by Tax Court	11%	15%	16%	16%	16%

Source: Property Tax Assessment Appeals Boards

---

To further measure their performance, PTAABs have developed a survey tool that is distributed to each property owner in an assessment appeals case. The survey asks the property owner (1) if a copy of the PTAAB brochure was received; (2) if certain rights were understood; (3) if there was enough time to present the case; and (4) how to rate the courtesy and knowledge of the boards. The survey was used for the first time in the second half of 2004. PTAABs report a 10:1 satisfaction rating. The boards expect to improve that ratio in the out-years.

**PTAABs should be prepared to discuss how caseload affects their efficiency and accuracy. PTAABs should further discuss why they have not seen the expected increase in appeals and how they can reliably estimate caseloads in the future. Additionally, PTAABs should discuss how they will use the results of their customer survey to improve services.**

### **Governor's Proposed Budget**

As shown in **Exhibit 4**, the fiscal 2007 allowance is \$909,839, an increase of \$27,803, or 3.2% over the fiscal 2006 working appropriation. The majority of the increase is attributable to costs associated with health insurance, retirees' health insurance, and the employees' retirement system. Other increases include travel costs for an employee who staffs boards in multiple counties and for garage rent. The increase is slightly offset by decreases in cell phone and office supply expenses.

---

**Exhibit 4**  
**Governor's Proposed Budget**  
**Property Tax Assessment Appeals Boards**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2006 Working Appropriation	\$882	\$882
2007 Governor's Allowance	<u>910</u>	<u>910</u>
Amount Change	\$28	\$28
Percent Change	3.2%	3.2%
 <b>Where It Goes:</b>		
<b>Personnel Expenses</b>		
Increments and other compensation .....		\$3
Employee and retiree health insurance .....		15
Employees' Retirement System .....		5
<b>Other Changes</b>		
Increase in in-state travel expenses for clerk to staff multiple county boards .....		4
Increase in rates for garage rent .....		2
Decrease in cell phone expenses .....		-1
Decrease in offices supplies consistent with actual expenditures .....		-1
Other changes .....		1
<b>Total</b>		<b>\$28</b>

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

---

***Recommended Actions***

---

	<b><u>Amount Reduction</u></b>	
1. The boards' 2007 allowance for travel increases by more than 41% over the fiscal 2006 working appropriation. This reduction still allows for a 20% increase over the prior year.	\$ 1,800	GF
<b>Total General Fund Reductions</b>	<b>\$ 1,800</b>	

## *Current and Prior Year Budgets*

---

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$854	\$0	\$0	\$0	\$854
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8	0	0	0	8
Reversions and Cancellations	-9	0	0	0	-9
<b>Actual Expenditures</b>	<b>\$852</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$852</b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$872	\$0	\$0	\$0	\$872
Budget Amendments	10	0	0	0	10
<b>Working Appropriation</b>	<b>\$882</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$882</b>

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

---

**Fiscal 2005**

The fiscal 2005 budget changes include an \$8,000 general fund budget amendment for the \$752 employee cost-of-living adjustment that was budgeted in the Department of Budget and Management budget and subsequently distributed to each agency and a \$9,000 general fund reversion.

## ***Audit Findings***

---

Audit Period for Last Audit:	November 13, 2000 – October 15, 2003
Issue Date:	January 2004
Number of Findings:	0
Number of Repeat Findings:	n/a
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

The audit did not disclose any significant deficiencies in the design or operation of PTAAB's internal control or any significant instances of noncompliance with applicable laws, rules, or regulations.

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

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0	0%
<b>Total Positions</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 726,434	\$ 748,585	\$ 771,373	\$ 22,788	3.0%
02 Technical & Spec Fees	57	0	0	0	0.0%
03 Communication	13,941	14,578	14,664	86	0.6%
04 Travel	8,524	8,500	12,000	3,500	41.2%
07 Motor Vehicles	4,406	8,000	9,920	1,920	24.0%
08 Contractual Services	15,833	18,380	17,730	-650	-3.5%
09 Supplies & Materials	7,999	10,117	8,700	-1,417	-14.0%
10 Equip - Replacement	646	0	650	650	N/A
13 Fixed Charges	74,126	73,876	74,802	926	1.3%
<b>Total Objects</b>	<b>\$ 851,966</b>	<b>\$ 882,036</b>	<b>\$ 909,839</b>	<b>\$ 27,803</b>	<b>3.2%</b>
<b>Funds</b>					
01 General Fund	\$ 851,966	\$ 882,036	\$ 909,839	\$ 27,803	3.2%
<b>Total Funds</b>	<b>\$ 851,966</b>	<b>\$ 882,036</b>	<b>\$ 909,839</b>	<b>\$ 27,803</b>	<b>3.2%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.