

E80E
Property Tax Assessment Appeals Boards

Operating Budget Data

(\$ in Thousands)

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>	<u>% Change Prior Year</u>
General Fund	\$945	\$968	\$981	\$14	1.4%
Adjusted General Fund	\$945	\$968	\$981	\$14	1.4%
Adjusted Grand Total	\$945	\$968	\$981	\$14	1.4%

- The fiscal 2013 allowance is \$14,000 higher than the current year working appropriation. The Property Tax Assessment Appeals Boards (PTAAB) budget is funded entirely from general funds.

Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 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>
Total Personnel	9.00	9.00	9.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.39	4.30%
Positions and Percentage Vacant as of 12/31/11	1.00	11.11%

- The number of positions for PTAAB remains unchanged between the current year working appropriation and the fiscal 2013 allowance.
- Turnover is budgeted at 4.30% equating to less than half a position. As of December 31, 2011, there was 1 position vacant which equates to a vacancy rate of 11.11%.

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

For further information contact: Steven D. McCulloch

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Carry-forward Caseload Declines: The clearance rate for cases in calendar 2010 was 80%, and the number of cases pending at year-end declined from 10,130 in calendar 2009 to 7,242 in 2010.

Reversals by the Maryland Tax Court Tick Upward: The Maryland Tax Court reversed 15% of the PTAAB decisions in calendar 2010, up from 12% the prior year.

Recommended Actions

1. Concur with Governor's allowance.

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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 (three members and one alternate) who are appointed by the Governor for five-year terms. The first appeal of an assessment goes to the State Department of Assessments and Taxation which determines the original assessment. PTAAB are the second level of appeal with subsequent appeals going 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

One of PTAAB's primary goals is to conduct appeals in a timely and efficient fashion. As shown in **Exhibit 1**, PTAAB report that 80% of cases were heard in calendar 2010. As a result, 7,242 appeals remained pending at the conclusion of 2010. This is a decrease from the 10,130 cases remaining at the end of 2009, which was the highest backlog of cases in at least five years. PTAAB are projecting a continued decline in cases pending at year-end.

Exhibit 1
Timeliness and Efficiency Measures
Calendar 2006-2012

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Est.</u> <u>2011</u>	<u>Est.</u> <u>2012</u>
Appeals Filed	8,788	8,963	14,062	19,520	15,231	14,000	13,000
Appeals Heard	5,847	7,281	8,618	11,971	12,231	12,000	12,000
Clearance Rate	67%	81%	61%	61%	80%	92%	109%
Number of Appeals Pending at Year-end	4,084	4,000	5,993	10,130	7,242	6,274	4,274

Source: Property Tax Assessment Appeals Boards

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The boards determine the accuracy and fairness of their decisions based upon the percentage of appeals filed annually with MTC and the percentage of board appeals reversed by MTC. As shown in **Exhibit 2**, 7% of the boards' decisions were appealed to MTC in calendar 2010. Of those cases, approximately 15% were reversed by MTC. PTAAB expect this percentage to return to 12% going forward.

Exhibit 2
Appeal Rates for PTAAB
Calendar 2006-2013

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Est.</u> <u>2011</u>	<u>Est.</u> <u>2012</u>	<u>Est.</u> <u>2013</u>
% of Appeals Filed with Tax Court	7%	7%	7%	8%	7%	8%	8%	8%
% of Appeals Reversed by Tax Court	10%	9%	12%	12%	15%	12%	12%	12%

Source: Property Tax Assessment Appeals Boards

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2013 allowance for PTAAB is \$14,000 (1.4%) higher than the current year working appropriation. Overall personnel expenses decrease by \$9,000 with increases in board member compensation, employee and retiree health insurance, and retirement contributions more than offset by the removal of funding for the one-time employee bonuses and increased turnover.

Cost allocations for Department of Information Technology services, retirement services, and the statewide personnel system total \$19,000. Finally, increases for postage meters and board-related routine travel are partially offset by decreases in funding for telephone service, office supplies, and rent.

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

How Much It Grows:	General Fund	Total
2012 Working Appropriation	\$968	\$968
2013 Allowance	<u>981</u>	<u>981</u>
Amount Change	\$14	\$14
Percent Change	1.4%	1.4%
 Contingent Reductions	 \$0	 \$0
Adjusted Change	\$14	\$14
Adjusted Percent Change	1.4%	1.4%
 Where It Goes:		
Personnel Expenses		
Board member compensation		\$9
Employee and retiree health insurance		9
Retirement contributions		9
One-time employee bonus payments		-6
Turnover adjustments		-31
Other personnel expenses		1
Other Changes		
Equipment rental – postage meters		5
Routine travel		4
Rent		-1
Office supplies		-2
Telephone		-3
Cost Allocations		
Department of Information Technology services allocation		14
Statewide personnel system allocation		4
Retirement administrative fee		1
Other		1
Total		\$14

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

Recommended Actions

1. Concur with Governor's allowance.

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>
Fiscal 2011					
Legislative Appropriation	\$955	\$0	\$0	\$0	\$955
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	-10	0	0	0	-10
Actual Expenditures	\$945	\$0	\$0	\$0	\$945
Fiscal 2012					
Legislative Appropriation	\$961	\$0	\$0	\$0	\$961
Budget Amendments	6	0	0	0	6
Working Appropriation	\$968	\$0	\$0	\$0	\$968

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

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Fiscal 2011

PTAAB completed fiscal 2011 below the legislative appropriation due to \$9,724 in reverted general funds.

Fiscal 2012

The fiscal 2012 working appropriation for PTAAB is \$6,456 higher than the legislative appropriation and reflects funds added by budget amendment for the one-time \$750 employee bonuses.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0.00	0%
Total Positions	9.00	9.00	9.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 786,703	\$ 826,404	\$ 817,076	-\$ 9,328	-1.1%
02 Technical and Spec. Fees	120	0	120	120	N/A
03 Communication	20,385	21,309	18,819	-2,490	-11.7%
04 Travel	14,790	10,115	14,000	3,885	38.4%
07 Motor Vehicles	11,148	11,270	11,135	-135	-1.2%
08 Contractual Services	30,907	18,628	42,927	24,299	130.4%
09 Supplies and Materials	7,500	8,000	6,034	-1,966	-24.6%
10 Equipment – Replacement	1,614	0	190	190	N/A
13 Fixed Charges	72,002	71,825	70,932	-893	-1.2%
Total Objects	\$ 945,169	\$ 967,551	\$ 981,233	\$ 13,682	1.4%
Funds					
01 General Fund	\$ 945,169	\$ 967,551	\$ 981,233	\$ 13,682	1.4%
Total Funds	\$ 945,169	\$ 967,551	\$ 981,233	\$ 13,682	1.4%

Note: The fiscal 2012 appropriation does not include deficiencies.

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