

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

***Operating Budget Data***

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(\$ in Thousands)

	<b><u>FY 13</u></b> <b><u>Actual</u></b>	<b><u>FY 14</u></b> <b><u>Working</u></b>	<b><u>FY 15</u></b> <b><u>Allowance</u></b>	<b><u>FY 14-15</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$982	\$1,056	\$1,071	\$15	1.4%
Contingent & Back of Bill Reductions	0	-18	-7	10	
<b>Adjusted General Fund</b>	<b>\$982</b>	<b>\$1,039</b>	<b>\$1,064</b>	<b>\$25</b>	<b>2.4%</b>
Special Fund	7	0	0	0	
<b>Adjusted Special Fund</b>	<b>\$7</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$989</b>	<b>\$1,039</b>	<b>\$1,064</b>	<b>\$25</b>	<b>2.4%</b>

- The fiscal 2015 allowance increases by \$25,152 net of contingent and across-the-board reductions.

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

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***Analysis of the FY 2015 Maryland Executive Budget, 2014***

## ***Personnel Data***

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	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
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 and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/13	1.00	11.11%

- There are no new positions in the fiscal 2015 allowance.
- Turnover is budgeted at 0.0% in the fiscal 2015 allowance. As of December 31, 2013, there was 1 position vacant, which equates to a vacancy rate of 11.11%.

## ***Analysis in Brief***

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### **Major Trends**

***Carry-forward Caseload Declines:*** The clearance rate for cases in calendar 2012 was 106%, and the number of cases pending at year-end declined to 7,093, the lowest total since calendar 2009.

***Reversals by the Maryland Tax Court Increase:*** The Maryland Tax Court reversed 13% of the boards' decisions in calendar 2012, up from 10% in calendar 2011.

### **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) 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**

**1. Carry-forward Caseload Declines**

One of PTAAB's primary goals is to conduct appeals in a timely and efficient fashion. As shown in **Exhibit 1**, PTAAB report that more cases were heard than cases received in calendar 2012, which resulted in a 106% clearance rate. This is the second year with a clearance rate above 100%, and as a result the number of carried forward cases decreased to 7,093, which is the lowest total since calendar 2008. PTAAB are further projecting a continued decline in cases pending at year-end through calendar 2014.

**Exhibit 1**  
**Timeliness and Efficiency Measures**  
**Calendar 2007-2014 Est.**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Est.</u> <u>2013</u>	<u>Est.</u> <u>2014</u>
Appeals Filed	8,963	14,062	19,520	15,231	13,684	12,670	12,500	11,500
Appeals Heard	7,281	8,618	11,971	12,231	14,414	13,446	13,500	13,500
Clearance Rate	81%	61%	61%	80%	105%	106%	108%	117%
Appeals Pending at Year-end	4,000	5,993	10,130	7,242	7,852	7,093	6,093	4,000

Source: Property Tax Assessment Appeals Boards

## **2. Reversals by the Maryland Tax Court Increase**

The other primary goal for PTAAB is to render fair and accurate decisions, which the boards determine based upon the percentage of appeals filed annually with MTC and the percentage of board appeals reversed by MTC. As shown in **Exhibit 2**, 10% of the boards' decisions were appealed to MTC in calendar 2012. Of those cases, approximately 13% were reversed by MTC, which is an increase from 10% in calendar 2011. However, PTAAB expect this percentage to return to 10% going forward.

**Exhibit 2**  
**Appeal Rates for PTAAB**  
**Calendar 2007-2014 Est.**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Est.</u> <u>2013</u>	<u>Est.</u> <u>2014</u>
Appeals filed with Tax Court	7%	7%	8%	7%	10%	10%	8%	8%
Appeals Reversed by Tax Court	9%	12%	12%	15%	10%	13%	10%	10%

PTAAB: Property Tax Assessment Appeals Boards

Source: Property Tax Assessment Appeals Boards

## **Fiscal 2014 Actions**

### **Cost Containment**

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology (DoIT), and the State Retirement Agency (SRA), respectively.

## **Proposed Budget**

As shown in **Exhibit 3**, the fiscal 2015 allowance for PTAAB increases by \$25,152 above the fiscal 2014 working appropriation net of contingent and across-the-board reductions. Most of the increases are for nonpersonnel-related expenditures.

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

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$1,039	\$1,039
2015 Allowance	<u>1,064</u>	<u>1,064</u>
Amount Change	\$25	\$25
Percent Change	2.4%	2.4%

### **Where It Goes:**

#### **Personnel Expenses**

Annualized salary increases .....	\$19
Employee retirement contributions .....	4
Other fringe benefit adjustments .....	1
Increments and other compensation .....	-13
Employee and retiree health insurance.....	-29

#### **Other Changes**

New vehicles .....	18
Printer costs.....	11

## *E80E – Property Tax Assessment Appeals Boards*

### **Where It Goes:**

New computers.....	8
Travel .....	6
<b>Total</b>	<b>\$25</b>

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

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### **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the DBM – Personnel and SRA.

### **Personnel**

For personnel-related expenditures, the largest increase is for the annualization of the cost-of-living adjustment (COLA) and increments from fiscal 2014, which increase the allowance by \$18,904. However, personnel-related expenses overall decrease by \$17,575, largely due to lower payments for employee and retiree health insurance premiums, which decrease by \$28,639.

### **Other Changes**

Most of the fiscal 2015 allowance increases for PTAAB are for nonpersonnel-related expenses, the largest being \$18,327 for PTAAB to replace one of their vehicles which has reached over 100,000 miles driven. Other increases include \$10,500 for printer, copier, and postage machine leases due for renewal, \$8,300 for new computers to replace aging systems, and \$6,301 for increasing travel costs.

## ***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 Board (\$ 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 2013</b>					
Legislative Appropriation	\$979	\$0	\$0	\$0	\$979
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	20	7	0	0	27
Reversions and Cancellations	-16	0	0	0	-16
<b>Actual Expenditures</b>	<b>\$982</b>	<b>\$7</b>	<b>\$0</b>	<b>\$0</b>	<b>\$989</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$1,043	\$0	\$0	\$0	\$1,043
Budget Amendments	14	0	0	0	14
<b>Working Appropriation</b>	<b>\$1,056</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,056</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

PTAAB completed fiscal 2013 \$10,363 above the legislative appropriation. Budget amendments added \$19,641 in general funds for unanticipated annual leave payouts and \$51 in general funds for telecommunications costs. A total of \$6,995 in special funds was also added for the COLA from the Budget Restoration Fund. These increases were offset by \$16,324 in reversions, including \$13,677 for an unspent allocation from DoIT and \$2,647 related to the assessed fee for the development of a new Statewide Personnel System, which spent approximately 48% of this major IT project's appropriated budget.

## **Fiscal 2014**

To date, the fiscal 2014 working appropriation is \$13,796 above the legislative appropriation due to budget amendments adding funds for the COLA and increment payments.

## ***Audit Findings***

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Audit Period for Last Audit:	August 21, 2009 – July 29, 2012
Issue Date:	October 2012
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

The audit did not disclose any findings.

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

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0.00	0%
<b>Total Positions</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 847,708	\$ 904,316	\$ 878,771	-\$ 25,545	-2.8%
02 Technical and Spec. Fees	0	190	190	0	0%
03 Communication	17,926	17,972	18,901	929	5.2%
04 Travel	12,995	9,200	15,501	6,301	68.5%
06 Fuel and Utilities	0	1,800	1,600	-200	-11.1%
07 Motor Vehicles	11,907	12,220	29,197	16,977	138.9%
08 Contractual Services	22,483	28,496	38,005	9,509	33.4%
09 Supplies and Materials	5,794	7,204	6,000	-1,204	-16.7%
10 Equipment – Replacement	0	4,500	12,800	8,300	184.4%
13 Fixed Charges	70,446	70,447	70,277	-170	-0.2%
<b>Total Objects</b>	<b>\$ 989,259</b>	<b>\$ 1,056,345</b>	<b>\$ 1,071,242</b>	<b>\$ 14,897</b>	<b>1.4%</b>
<b>Funds</b>					
01 General Fund	\$ 982,264	\$ 1,056,345	\$ 1,071,242	\$ 14,897	1.4%
03 Special Fund	6,995	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 989,259</b>	<b>\$ 1,056,345</b>	<b>\$ 1,071,242</b>	<b>\$ 14,897</b>	<b>1.4%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.