

E80E
Property Tax Assessment Appeals Boards

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$1,038	\$1,049	\$1,050	\$0	
Adjustments	0	-13	5	18	
Adjusted General Fund	\$1,038	\$1,036	\$1,055	\$18	1.7%
 Adjusted Grand Total	 \$1,038	 \$1,036	 \$1,055	 \$18	 1.7%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 allowance for the Property Tax Assessment Appeals Boards (PTAAB) increases by \$18,106, or 1.7%, above the fiscal 2018 working appropriation.
- The fiscal 2018 working appropriation includes a reduction of \$12,846 due to an across-the-board reduction for employee and retiree health insurance.

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

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Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
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>
Total Personnel	8.00	8.00	8.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/17	0.00	0.00%

- The fiscal 2019 allowance includes 8 regular positions, the same as the fiscal 2018 working appropriation.
- Turnover is budgeted at 0% in fiscal 2019 for this agency, and as of December 31, 2017, it had no vacant positions.

Analysis in Brief

Major Trends

Unusually High Number of Appeals Perpetuates Case Backlog: PTAAB received 36.8% more appeals in calendar 2015 than in calendar 2014, leading the case backlog at the end of the year to reach nearly 10,000 cases. While the agency made significant progress on the backlog in calendar 2016, there were still over 7,500 cases awaiting decisions at the end of 2016.

Appeals to Maryland Tax Court Remain Steady: About 7% of PTAAB decisions were appealed to the Maryland Tax Court (MTC) in calendar 2015. This figure increased to 10% in calendar 2016, but the total number of appeals to MTC was similar because there were many more total PTAAB cases in calendar 2015.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

E80E
Property Tax Assessment Appeals Boards

Operating Budget Analysis

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 to six members (three members and one to 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 hears appeals from SDAT decisions, and PTAAB decisions can be appealed to the Maryland Tax Court (MTC). Further appeals may be made through the judicial system.

PTAAB has the following goals:

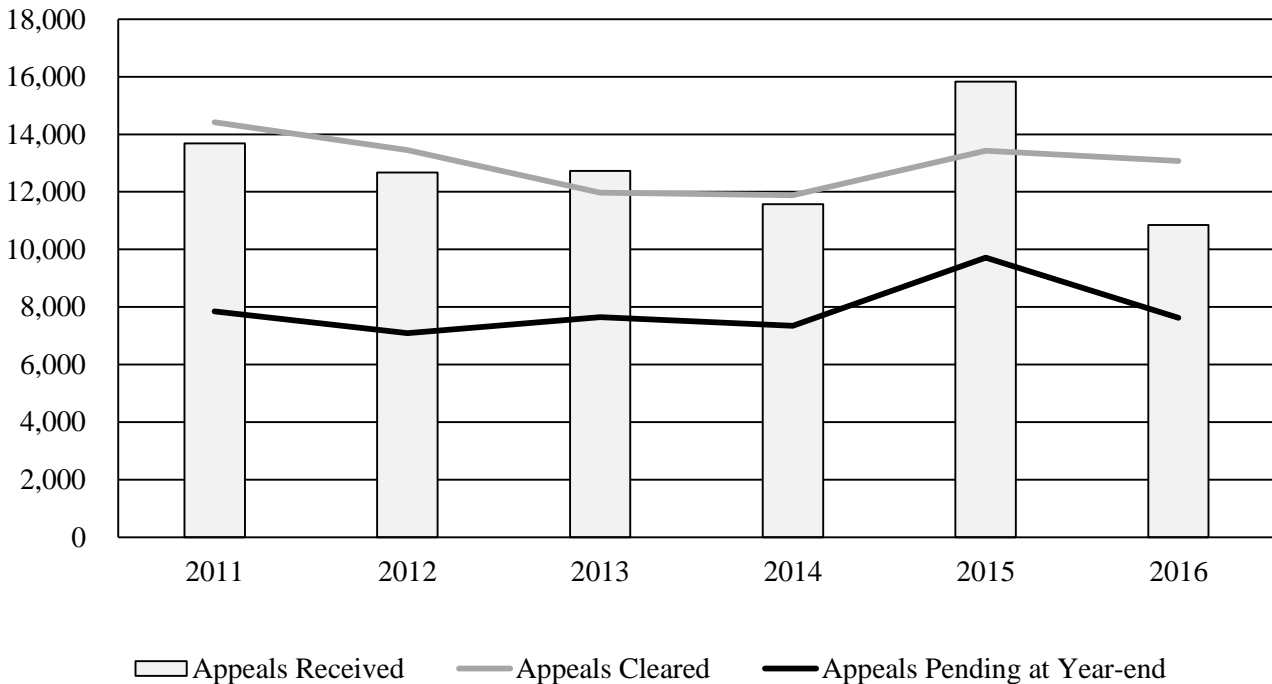
- to conduct appeals in a timely and efficient manner; and
- to render fair and accurate decisions.

Performance Analysis: Managing for Results

1. Unusually High Number of Appeals Perpetuates Case Backlog

One of the primary goals of PTAAB is to conduct appeals in a timely and efficient fashion. As shown in **Exhibit 1**, the PTAAB caseload spiked by over 4,200 cases in calendar 2015, a 36.8% increase, before declining by about 5,000 cases in calendar 2016 to a new recent low. PTAAB reports that this increase was due to an influx of cases from Baltimore City, which released several thousand cases to the local PTAAB in a very short period of time. While PTAAB increased the number of cases cleared in the face of these additional appeals in calendar 2015, the case backlog did increase to nearly 10,000 by the end of that calendar year. Even though progress was made to reduce this backlog in calendar 2016, the agency still carried over 7,626 cases from calendar 2016 to 2017.

Exhibit 1
PTAAB Caseload
Calendar 2011-2016



PTAAB: Property Tax Assessment Appeals Boards

Source: Department of Budget and Management

2. Appeals to Maryland Tax Court Remain Steady

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 2016, up from 7% in calendar 2015. The number of appeals was similar year to year, because there were significantly more total PTAAB cases in calendar 2015. In both calendar 2015 and 2016 the reversal rate for PTAABs was relatively high, at 33% and 22%, respectively.

Exhibit 2
Appeals of PTAAB Decisions to the Maryland Tax Court
Calendar 2011-2016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Appeals Filed with MTC	9%	8%	8%	10%	7%	10%
Appeals Reversed by MTC	10%	15%	28%	11%	33%	22%

PTAAB: Property Tax Assessment Appeals Boards

MTC: Maryland Tax Court

Source: Department of Budget and Management

Fiscal 2018 Actions

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$12,846 in general funds.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2019 allowance for PTAAB increases by \$18,106, or 1.7%. This increase is attributable to the effect of two across-the-board actions in the Governor's budget plan: the reduction in health insurance expenditures in fiscal 2018 and the cost-of-living adjustment for State employees for fiscal 2019.

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

How Much It Grows:	General Fund	Total
Fiscal 2017 Actual	\$1,038	\$1,038
Fiscal 2018 Working Appropriation	1,036	1,036
Fiscal 2019 Allowance	<u>1,055</u>	<u>1,055</u>
Fiscal 2018-2019 Amount Change	\$18	\$18
Fiscal 2018-2019 Percent Change	1.7%	1.7%
Where It Goes:		
Personnel Expenses		
Employee and retiree health insurance		\$13
Cost-of-living adjustment		5
Compensation for board members		-1
Other Changes		
Equipment rental and maintenance		1
Statewide service allocations		1
Communications		1
Vehicle upkeep		-1
Printing.....		-1
Total		\$18

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

General Salary Increase

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is \$4,896 in general funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Personnel

Personnel expenditures increase by \$16,906, due to the end of the fiscal 2018 health insurance savings (\$12,846) and a general salary increase for State employees (\$4,896), which are partially offset by a decline in board member compensation (\$836).

Other Changes

Other changes include increases for equipment rental and maintenance (\$875), statewide service allocations (\$792), and communications (\$748). These changes are offset by decreases for printing (\$1,419) and vehicle upkeep (\$532).

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
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 2017					
Legislative Appropriation	\$1,053	\$0	\$0	\$0	\$1,053
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	9	0	0	0	9
Reversions and Cancellations	-24	0	0	0	-24
Actual Expenditures	\$1,038	\$0	\$0	\$0	\$1,038
Fiscal 2018					
Legislative Appropriation	\$1,049	\$0	\$0	\$0	\$1,049
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	\$1,049	\$0	\$0	\$0	\$1,049

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The Property Tax Assessment Appeals Boards finished fiscal 2017 \$15,536 below its legislative appropriation, all in general funds. This decrease includes a total of \$24,401 in unspent funds that were reverted at the end of the fiscal year, which was partially offset by a budget amendment that increased the appropriation by \$8,865 for employee increments.

Fiscal 2018

To date, there have been no actions impacting the fiscal 2018 legislative appropriation for this agency.

Appendix 2
Audit Findings

Audit Period for Last Audit:	July 30, 2012 – November 11, 2015
Issue Date:	September 2016
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: The boards had a significant backlog of 9,717 appeals cases awaiting hearings as of December 2015.

Appendix 3
Object/Fund Difference Report
Property Tax Assessment Appeals Boards

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	8.00	8.00	8.00	0.00	0%
Total Positions	8.00	8.00	8.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 851,195	\$ 898,490	\$ 897,654	-\$ 836	-0.1%
02 Technical and Spec. Fees	185	210	210	0	0%
03 Communication	16,665	16,983	17,731	748	4.4%
04 Travel	12,747	12,426	12,566	140	1.1%
06 Fuel and Utilities	768	602	800	198	32.9%
07 Motor Vehicles	8,620	9,730	9,198	-532	-5.5%
08 Contractual Services	72,890	30,326	30,650	324	1.1%
09 Supplies and Materials	3,633	5,000	5,000	0	0%
10 Equipment – Replacement	0	4,050	4,050	0	0%
13 Fixed Charges	70,855	71,520	71,842	322	0.5%
Total Objects	\$ 1,037,558	\$ 1,049,337	\$ 1,049,701	\$ 364	0%
Funds					
01 General Fund	\$ 1,037,558	\$ 1,049,337	\$ 1,049,701	\$ 364	0%
Total Funds	\$ 1,037,558	\$ 1,049,337	\$ 1,049,701	\$ 364	0%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments. Numbers may not sum to total due to rounding.