

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1040 (Delegate McConkey, *et al.*)
 Ways and Means

Property Tax Assessment Appeal Boards

This bill requires the Property Tax Assessment Appeals Board (PTAAB) to hear and determine all appeals within 120 days from the date the appeal is entered, unless extended by the board, at the request of a party. If any PTAAB cannot determine all appeals with the 120-day time period, additional board members must be appointed, so that membership of a board totals 12.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: General fund expenditures increase by \$183,700 in FY 2010 and 2011 for additional staffing and board members at PTAABs. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	183,700	183,700	0	0	0
Net Effect	(\$183,700)	(\$183,700)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: PTAABs 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. There are three levels in the appeals process that property owners may pursue when appealing a property tax assessment. The first appeal of an assessment goes to the State Department of Assessments and Taxation (SDAT), which determines the original assessment. PTAABs are the second level of appeal, with subsequent appeals going to the Maryland Tax Court. PTAAB has the following goals: to conduct appeals in a timely and efficient manner; and to render fair and accurate decisions.

Background: PTAABs heard over 80% of their cases in calendar 2007, as shown in **Exhibit 1**. Despite the marked increase in the percentage of cases heard in calendar 2007, as compared to 2006, 4,000 appeals remained pending at the conclusion of 2007. According to the boards, the backlogs of cases were due, in large part, to board member vacancies.

Exhibit 1
Timeliness and Efficiency Measures
Calendar 2005-2009

	Actual <u>2005</u>	Actual <u>2006</u>	Actual <u>2007</u>	Est. <u>2008</u>	Est. <u>2009</u>
Appeals Filed	6,940	8,788	8,963	9,500	9,500
Appeals Heard	4,787	5,847	7,281	8,200	8,200
Clearance Rate	69%	67%	81%	86%	86%
Number of Appeals Pending at Year-end	2,527	4,084	4,000	3,400	2,800

Source: Property Tax Assessment Appeals Boards

State Fiscal Effect: Current staffing for PTAAB includes 1 administrator, 1 executive assistant, 5 secretaries, 2 clerks, and 96 board members. Board members are paid \$25 per hour and may only work 6 hours per day and a total of 30 hours per week. In addition, PTAAB currently provides clerical personnel and office space in Baltimore City and four counties (Baltimore, Montgomery, Prince George's, and Washington). In the other counties, clerical personnel and office space is provided by SDAT. The bill allows for a total of 288 board members.

PTAAB indicates that it currently has a backlog of approximately 6,000 cases, and that with increased staffing it will take 18 months to eliminate the backlog, which includes at least 6 months for additional board members to be appointed. The bill takes effect

July 1, 2009; therefore, any additional board members are expected to be appointed by January 1, 2010. As a result, PTAAB's general fund expenditures increase by \$183,700 in both fiscal 2010 and 2011. This estimate reflects the cost of hiring four temporary contractual clerical staff (\$100,000), salaries for additional board members (\$255,600), and office supplies (\$11,800). The additional costs will be evenly allocated over two fiscal years. After the current backlog is eliminated in fiscal 2011, PTAAB indicates that it would no longer need the additional staff or additional board members. However, in future years expenditures may increase to the extent that existing boards cannot determine all appeals within the 120-day time period pursuant to the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Property Tax Assessment Appeals Board, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2009
mam/hlb

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