

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 395 (Senators Glassman and Peters)
Budget and Taxation

Task Force to Review Property Tax Assessment Procedure and the Assessment Appeals Process

This bill establishes a Task Force to Review Property Tax Assessment Procedure and the Assessment Appeals Process. The task force must: (1) study the current three-step process by which a property owner may appeal a property assessment or reassessment for property taxation purposes; (2) evaluate the effectiveness of the current process, taking into account the ease of access, degree of transparency, and difficulty navigating the process; and (3) recommend any process or procedural updates based on task force findings. The State Department of Assessments and Taxation (SDAT) must provide staff support to the task force. The task force must submit a report of its findings and recommendations to the Governor and the General Assembly by January 1, 2010.

The bill takes effect July 1, 2009 and terminates June 30, 2010.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to staff the task force and develop the report may not be absorbable within the existing budgeted resources of SDAT. Instead, general fund expenditures may increase in FY 2010 for contractual staff to support the task force and complete the required evaluation as well as for reimbursements for task force members. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Real property is valued and assessed once every three years. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Under this process, assessors from SDAT physically inspect each property every three years. No adjustments are made in the interim, except in the case of (1) a zoning change; (2) a substantial change in property use; (3) extensive improvements to the property; or (4) a prior erroneous assessment. The assessor determines the current “full market value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

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 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 2005	Actual 2006	Actual 2007	Est. 2008	Est. 2009
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

Additional Information

Prior Introductions: HB1578 of 2006 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: HB 1101 (Delegate Norman, *et. al.*) – Ways and Means.

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

Fiscal Note History: First Reader - March 2, 2009
ncs/hlb

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