

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 6
Ways and Means

(Delegate F. Turner, *et al.*)

Budget and Taxation

Property Tax - Notice - 60-Day Appeal

This bill requires a sales contract for specified single-family residential real property to contain notice of the purchaser's right to appeal the classification or valuation of the property by the State Department of Assessments and Taxation (SDAT) within 60 days of the sale if the property is transferred after January 1 but before July 1.

Fiscal Summary

State Effect: Potential minimal decrease in general fund revenues, to the extent that additional appeals are filed due to an increased awareness of existing State law and such appeals are favorable to property owners.

Local Effect: Potential minimal decrease in local property tax revenues to the extent that additional appeals are filed due to an increased awareness of existing State law and such appeals are favorable to property owners.

Small Business Effect: None.

Analysis

Current Law: A taxpayer may appeal the valuation or classification of real property to the SDAT supervisor of assessments (1) by submitting a written appeal within 45 days of receipt of an assessment notice; (2) by requesting a petition for review before the date of finality for the next taxable year; or (3) within 60 days of the purchase of a property that was transferred after January 1 but before July 1.

Background: SDAT establishes a value for each property in the State through a uniform system of assessments. If a taxpayer disagrees with the assessment, an appeal may be filed with the supervisor of assessments (assessor) where information is exchanged at an informal hearing. Under current procedure, the petitioner in an appeal bears the burden of proving why a property tax assessment is incorrect. At an informal hearing, the assessor either affirms or adjusts the initial assessment, and a final notice of the decision is ultimately mailed to the taxpayer.

If a taxpayer disagrees with the assessor's property valuation, a second appeal may be filed with a Property Tax Assessment Appeal Board (PTAAB) within 30 days of receipt of the assessor's notice. There is one PTAAB in each county and Baltimore City comprising four members appointed by the Governor for five-year terms. If a taxpayer is dissatisfied with the appeal board's decision, a subsequent appeal may be filed with the Maryland Tax Court (MTC). MTC is an independent body appointed by the Governor and provides the final administrative hearing for appeals from taxing authorities in Maryland. An MTC ruling may be appealed further to the circuit court.

Exhibit 1 shows the number of real property transfers between January and June of 2007 through 2009 and the percentage of property tax appeals from 2006 to 2009.

Exhibit 1
State Department of Assessments and Taxation
Real Property Transfers and Property Tax Assessment Appeals

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Real property transfers (January through June)	103,697	77,234	67,073

<u>Year/Group</u>	<u>Assessment Notices Sent</u> (000s)	<u>Number Appealed</u> (000s)	<u>Percent Appealed</u>
2006 – Group 3	710.6	33.4	4.7%
2007 – Group 1	677.1	32.5	4.8%
2008 – Group 2	735.8	49.3	6.7%
2009 – Group 3	673.2	38.0	5.6%

Note: The 2009 number of appeals is an approximation of the actual total.

Source: State Department of Assessments and Taxation.

In Exhibit 1, real property transfer totals include transactions involving private improved lots, private vacant lots, multiple parcels, and not-at-arms-length transactions. Although the total transfers of real property have decreased sharply in the past three years, the number of property owners filing property tax assessment appeals with SDAT has increased. SDAT last evaluated the property owners reassessed in 2009 three years earlier. In 2006, about 4.7% or 33,400 owners in Group 3 appealed their property assessment notice; those figures increased to approximately 5.6% or 38,000 owners in 2009.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2010
mpc/kdm Revised - House Third Reader - March 24, 2010

Analysis by: Jason F. Weintraub

Direct Inquiries to:
(410) 946-5510
(301) 970-5510