

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

Senate Bill 215 (Senator Glassman)
 Budget and Taxation

Property Tax Assessment Appeals - Comparable Properties - Internet Access to Worksheets

This bill requires the State Department of Assessments and Taxation (SDAT) to maintain a database, available to the public on the department’s website, that contains information on any property that may be used as a comparable for a property tax assessment appeal to a Property Tax Assessment Appeals Board (PTAAB). The database must, at a minimum, include for each property (1) the type of construction; (2) the number of rooms; (3) the square footage of the property; (4) a description of any amenities that affect the property assessment; and (5) any other information relevant to the assessment. The bill also repeals SDAT’s authority to charge a reasonable fee for copies of specified comparable information as allowed under current law.

Fiscal Summary

State Effect: General fund expenditures increase by \$21,000 in FY 2013 and by \$5,000 annually beginning in FY 2014. General fund revenues decrease by approximately \$4,400 annually beginning in FY 2013.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
GF Revenue	(\$4,400)	(\$4,400)	(\$4,400)	(\$4,400)	(\$4,400)
GF Expenditure	\$21,000	\$5,000	\$5,000	\$5,000	\$5,000
Net Effect	(\$25,400)	(\$9,400)	(\$9,400)	(\$9,400)	(\$9,400)

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

Local Effect: Local expenditures increase by \$189,000 in FY 2013 and by \$5,000 annually beginning in FY 2014. County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: For a hearing before a PTAAB, the person making the appeal may submit a written request to the county Supervisor of Assessments, at least 15 days before the hearing, for a list of other properties that will be used as comparables by the supervisor at the scheduled hearing. The supervisor must supply the list at least 30 days before the date that the hearing has been scheduled for a written request made at least 35 days before the hearing; or within 5 days from the request for a request made between 35 days and 15 days before the hearing. The list of comparables must identify the location and owner of each property. If the supervisor will use the information in the appeal, the list must also include for each property on the list (1) the sale price and date of sale; (2) the assessment and the year or years to which the assessment applied; and (3) the construction costs and the date of construction. SDAT is authorized to charge a reasonable fee for copies of this information.

Background: The following is a discussion on how property tax assessments are conducted and the assessment appeals process in Maryland.

Triennial Assessment Process in Maryland

Under 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.

Assessment Appeals Process

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 SDAT, which determines the original assessment. To the extent a property owner receives an unsatisfactory ruling he or she may appeal to PTAABs, which hear appeals in matters relating to the assessment of property throughout the State. There is one board located 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. Further appeals may be made to the Maryland Tax Court.

State Fiscal Effect: SDAT reports that total expenditures associated with implementing the bill will increase by \$210,000 in fiscal 2013. This estimate reflects the cost of updating and modifying the department's website to provide access to approximately 2.1 million real property account assessment worksheets, as well as annual website maintenance and hosting charges. SDAT reports that annual costs of \$10,000 will be required beginning in fiscal 2014 to host and maintain the database. SDAT's website is hosted and maintained by the Center for Applied Technology at Towson University.

Chapter 397 of 2011 required the counties and Baltimore City to reimburse SDAT for (1) 90% of the costs of real property valuation; (2) 90% of the costs of business personal property valuation; and (3) 90% of costs incurred by SDAT with regards to information technology in fiscal 2012 and 2013. Beginning in fiscal 2014, the counties and Baltimore City are required to reimburse SDAT for 50% of these costs. Local expenditures are calculated on the basis of each county's share of real property accounts and business personal property as a percentage of the total. As a result, general fund expenditures will increase by \$21,000 in fiscal 2013 and by \$5,000 annually thereafter.

The bill also repeals SDAT's authorization to charge a reasonable fee for comparable data worksheets. SDAT reports that the following numbers of appeals were made at the PTAAB level: 19,520 in 2009; 15,231 in 2010; and 13,684 in 2011. SDAT collected \$5,847 in fees from requests for maps, worksheets, and other documents related to assessment appeals. However, the department does not have data for the amount in fee revenue collected from copies of assessment worksheets alone. If it is assumed the worksheets represent 75% of the amount of fee revenue collected in fiscal 2011, it is estimated the general fund revenues will decrease by \$4,400 annually beginning in fiscal 2013. To the extent that charges for assessment worksheet are more or less than estimated, the effect on general fund revenues will vary accordingly.

Local Fiscal Effect: As noted, county governments are required to reimburse SDAT for 90% of the department's costs in fiscal 2013 and 50% of the department's costs beginning in fiscal 2014. Based on the expenditures associated with implementing the bill, county expenditures will increase by \$189,000 in fiscal 2013 and by \$5,000 annually beginning in fiscal 2014. **Exhibit 1** shows the estimated expenditures for each county, based on total real property accounts for fiscal 2012.

Exhibit 1
County Expenditure Increases Under SB 215
FY 2013 and FY 2014

County	FY 2013	FY 2014
Allegany	\$3,437	\$91
Anne Arundel	17,148	454
Baltimore City	19,584	518
Baltimore	24,567	650
Calvert	3,510	93
Caroline	1,387	37
Carroll	5,496	145
Cecil	3,888	103
Charles	5,154	136
Dorchester	1,912	51
Frederick	7,701	204
Garrett	2,430	64
Harford	8,066	213
Howard	8,430	223
Kent	1,112	29
Montgomery	27,577	730
Prince George's	24,070	637
Queen Anne's	2,133	56
St. Mary's	3,964	105
Somerset	1,425	38
Talbot	1,752	46
Washington	4,885	129
Wicomico	3,860	102
Worcester	5,514	146
Total	\$189,000	\$5,000

Source: State Department of Assessments and Taxation; Department of Legislative Services

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

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mc/hlb

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