

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 59

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Assessments and Taxation)

Budget and Taxation

Ways and Means

State Department of Assessments and Taxation - Notices and Orders - E-Mail

This departmental bill authorizes the State Department of Assessments and Taxation (SDAT) to send specified real and personal property notices by email, if within the past three years the recipient has provided the department an email address and requested to receive the notices by email. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures decrease beginning in FY 2020 to the extent SDAT sends more notices to property owners by email. Based on one set of assumptions, general fund expenditures decrease by \$105,400 annually. Special fund revenues and expenditures decrease by a commensurate amount beginning in FY 2020.

Local Effect: Local government expenditures decrease beginning in FY 2020 to the extent SDAT sends more notices to property owners by email.

Small Business Effect: The State Department of Assessments and Taxation has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) disagrees with this assessment as discussed below.

Analysis

Current Law: Generally, SDAT is required to deliver or mail real property and personal property assessment notices to property owners to the address provided by the property owner. SDAT is required to send the owner of specified income producing real property a

valuation notice by first class certified mail. The department is required to send real property assessment notices either by delivery to the person's residence or by sending a copy of the notice by U.S. mail to the property owner's mailing address. Personal property notices must be sent to the property owner by U.S. mail. Notices that indicate a change of assessment must also be sent by mail.

For any proceeding held by the department, county assessment supervisors, and Property Tax Assessment Appeals Boards, any party of interest may request that documents be sent to their address. These documents are required to be delivered or mailed, postage paid, to the address specified by the party.

Background: SDAT reports that the department sends out the following to property owners by U.S. mail every year: 750,000 real property assessment notices; 86,500 other real property notices; 120,000 personal property assessment notices; and 71,250 other personal property notices. The department indicates that about 70% of charter documents are filed online through the Maryland Business Express.

State Fiscal Effect: The department estimates that, on average, it spends \$0.20 on printing and \$0.25 for postage for each notice that it sends to property owners. If, beginning in fiscal 2020, all notices are sent to property owners by email, the department would save approximately \$462,500 in printing and postage costs. If, *for illustrative purposes only*, SDAT sends out 40% of real property notices and 70% of personal property notices by email, departmental savings would total approximately \$210,800 annually.

Under current law, the State and county governments share the cost for SDAT's assessment operations (both real property and personal property) as well as the department's information technology operations. Based on the example above, general fund expenditures would decrease by \$105,400 annually. Special fund revenues and expenditures from county government reimbursements decrease by a commensurate amount.

Local Fiscal Effect: As noted, county governments are required to reimburse SDAT for 50% of the department's real and personal property assessment costs. Therefore, county expenditures decrease beginning in fiscal 2020 to the extent that SDAT sends out more real and personal property notices by email.

Small Business Effect: While DLS generally concurs that the bill will have a positive impact on small businesses in terms of increased business efficiency, DLS estimates that the bill will have a minimal overall impact on small business revenues and expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles County; Frederick County; Property Tax Assessment Appeals Board; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 16, 2019
mm/hlb Third Reader - March 13, 2019
Revised - Amendment(s) - March 13, 2019

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Assessment Notices – Use of Electronic Means**

BILL NUMBER: **SB0059**

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_____ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 X WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This proposed legislation will benefit Maryland's business community in that business owners can opt-in to receive notices by email instead of mail.