

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1252
Ways and Means

(Delegate Solomon, *et al.*)

Property Tax - Appeals of Assessments - Commercial Real Property

This bill authorizes a county to submit a written appeal to the Supervisor of Assessments regarding a commercial real property assessment within 180 days of the assessment notice. In addition, a county may appeal a final value or classification in the notice of assessment to the property tax assessment appeal board (PTAAB) where the property is located within 180 days from the date of the notice.

Fiscal Summary

State Effect: General fund expenditures at the State Department of Assessments and Taxation (SDAT) may increase depending on the number of additional assessment appeals resulting from the extended appeals deadline. To the extent that additional property tax assessment appeals result in higher commercial property assessments, the State could realize an increase in property tax revenues.

Local Effect: Potential increase in local expenditures due to the reimbursement of higher assessments costs at SDAT resulting from additional assessment appeals. To the extent that additional property tax assessment appeals result in higher commercial property assessments, local governments could realize an increase in property tax revenues.

Small Business Effect: None.

Analysis

Current Law: Generally, any taxpayer, county, municipality, or the Attorney General may submit a written appeal to the Supervisor of Assessments as to a value or classification in a notice of assessment within 45 days from the date of the notice. For real property

transferred after January 1 and before the beginning of the next taxable year to a new owner, the new owner may submit a written appeal as to a value or classification on or before 60 days after the date of the transfer.

The date of transfer of any real property is the effective date of the deed. If the date of recordation of the deed evidencing the transfer is after June 30, the taxpayer must submit a copy of the executed deed evidencing the date of transfer as a condition to maintaining its right to appeal. If a copy of the executed deed is not presented at or before the appeal hearing, the appeal may be dismissed by the Supervisor of Assessments.

A taxpayer, county, municipality, or the Attorney General may appeal a value or classification in the final notice of assessment to the PTAAB where the property is located within 30 days of the notice. The PTAAB may waive the 30-day requirement for a taxpayer on good cause shown because of the physical inability of the taxpayer to meet the 30-day requirement.

State Fiscal Effect: The bill extends the time period in which a county can appeal a commercial real property tax assessment from 30 days to 180 days. SDAT advises that Baltimore City files between 200 to 250 commercial appeals per year; Anne Arundel and Montgomery counties file approximately 5 appeals per year; and the remaining 21 jurisdictions rarely file appeals on commercial property assessments.

SDAT reports that the Real Property Assessment Office in Baltimore City currently has 10 commercial property employees, which includes, 2 part-time commercial assessors, 6 full-time commercial assessors, 1 office services clerk, and 1 assessor manager. The department advises that if the number of commercial property assessment appeals in Baltimore City doubles as a result of the bill, the department would have to hire 2 commercial assessors and 1 office services clerk to handle the increased number of assessment appeals. The additional staff would be responsible for scheduling hearings with the city government and separate hearings for the property owner, as well as tracking the appeals. SDAT estimates that expenditures would increase by \$163,000 in fiscal 2021 and by \$208,600 in fiscal 2025. County governments would be responsible for reimbursing the State for 50% of these additional costs.

The Department of Legislative Services advises that until the actual number of additional commercial real property assessment appeals resulting from the extended time period under the bill is known, SDAT can likely handle any additional workload with existing budgeted resources. To the extent the additional number of appeals becomes unmanageable with existing staff, the department can seek additional personnel through a deficiency appropriation for fiscal 2021 or during the annual budget process for fiscal 2022.

Local Fiscal Effect: County governments are required to reimburse SDAT for 50% of real property assessment costs. As a result, any increase in assessment costs will require a reimbursement of 50% of that amount by local governments. To the extent that additional property tax assessment appeals result in higher commercial property assessments, local governments could realize an increase in property tax revenues.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Anne Arundel, Charles, Frederick, and Montgomery counties; Property Tax Assessment Appeals Board; State Department of Assessments and Taxation; Department of Legislative Services

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