

**C85E00**  
**Maryland Tax Court**

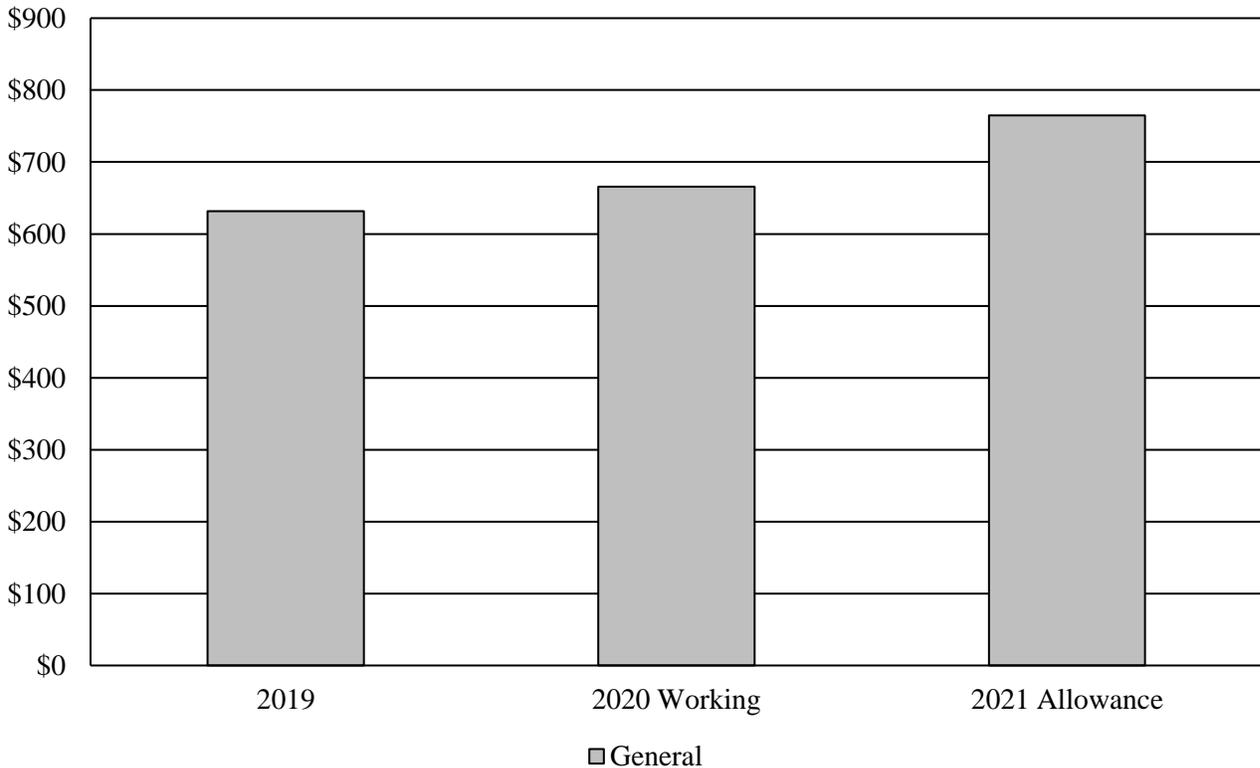
**Program Description**

The Maryland Tax Court (MTC) is an independent State agency that provides the highest level of administrative review on the decisions of taxing authorities of Maryland. Decisions of the Comptroller of Maryland, the State Department of Assessments and Taxation (after being heard first by the Property Tax Assessment Appeal Boards (PTAAB)), and local collectors are among those appealed to the court. Appeals from MTC are directed to the circuit courts. MTC is composed of 5 part-time judges appointed for six-year terms by the Governor. MTC’s goal is to provide the taxpayer and taxing authority with efficient and fair hearings regarding any tax issue.

***Operating Budget Summary***

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**Budget Increases by \$98,966 or 14.9% to \$764,586 in Fiscal 2021**  
**(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

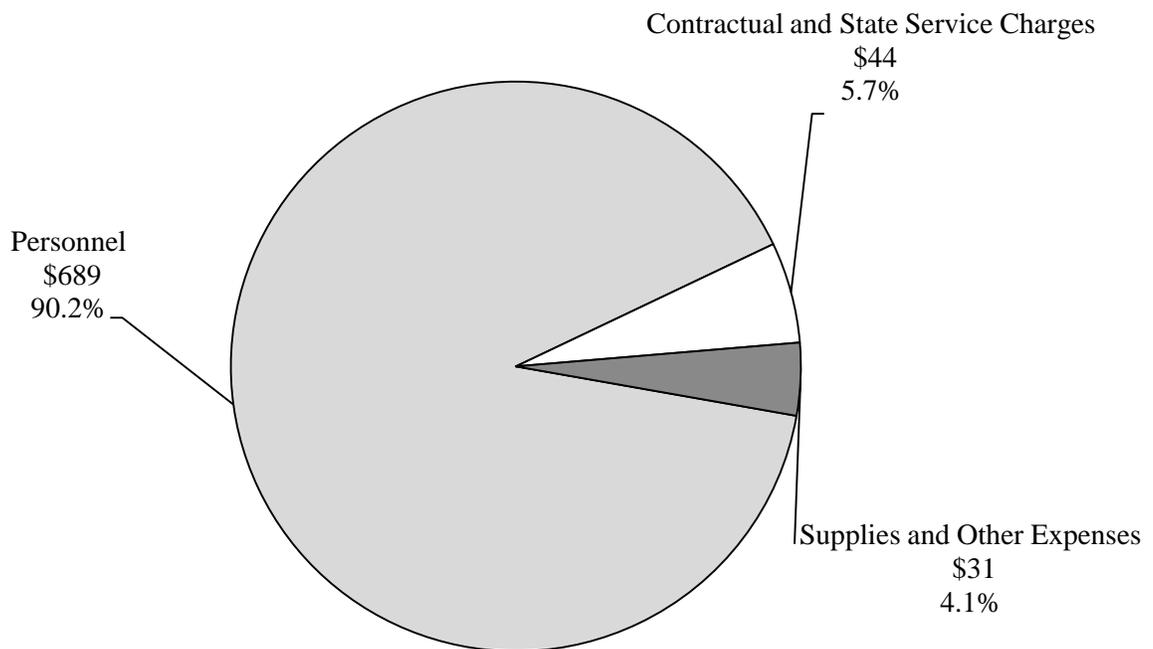
For further information contact: Kenneth B. Weaver

Phone: (410) 946-5530

## Fiscal 2021 Overview of Agency Spending

As depicted in **Exhibit 1**, the vast majority (90.2%) of the MTC fiscal 2021 allowance is for personnel expenditures, including \$10,144 in salary enhancements. In the previous fiscal year, the agency had just 8 regular positions – 5 part-time judges, and 3 office positions led by the clerk of the tax court, along with a management associate and a secretary. In fiscal 2021, MTC adds 1 full-time administrator position, which will function as a deputy clerk of the tax court. The associated salary spending for this position is a relatively large piece of MTC’s budget – leaving the agency with a nearly 15% increase overall.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2021 Allowance**  
**(\$ in Thousands)**



Source: Department of Legislative Services

**Proposed Budget Change**

The fiscal 2021 allowance for MTC grows 14.9% from the fiscal 2020 working appropriation, as shown in **Exhibit 2**.

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**Exhibit 2**  
**Proposed Budget**  
**Maryland Tax Court**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
Fiscal 2019 Actual	\$632	\$632
Fiscal 2020 Working Appropriation	666	666
Fiscal 2021 Allowance	<u>765</u>	<u>765</u>
Fiscal 2020-2021 Amount Change	\$99	\$99
Fiscal 2020-2021 Percent Change	14.9%	14.9%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
New administrator position.....	\$94
Fiscal 2021 2% cost-of-living adjustment (COLA).....	5
Employee retirement system.....	4
Net annualization of fiscal 2020 1% COLA .....	3
Health insurance.....	-1
Retiree health insurance premiums .....	-3
Turnover expectancy.....	-24
<b>Other Changes</b>	
Department of Information Technology service charges and contractual services .....	18
Office equipment .....	2
Other .....	1
<b>Total</b>	<b>\$99</b>

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

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*C85E00 – Maryland Tax Court*

While MTC is one of the smallest State agencies by budget size, it receives a relatively substantial 14.9% increase in its fiscal 2021 allowance. This increase is largely due to the addition of a new administrator position and higher projected spending for information technology (IT) related system programming. The agency’s other, nearly level-funded expenses are for routine State services and office supplies. Similar to prior years, MTC spending remains measured and consistent with no reversions, cancellations, or out of the ordinary expenses. However, the agency notes that IT equipment upgrades may be an area of need in the coming years.

***Personnel Data***

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	<b><u>FY 19</u></b> <b><u>Actual</u></b>	<b><u>FY 20</u></b> <b><u>Working</u></b>	<b><u>FY 21</u></b> <b><u>Allowance</u></b>	<b><u>FY 20-21</u></b> <b><u>Change</u></b>
Regular Positions	8.00	8.00	9.00	1.00
Contractual FTEs	<u>0.00</u>	<u>0.40</u>	<u>0.40</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>8.00</b>	<b>8.40</b>	<b>9.40</b>	<b>1.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.37	4.61%
Positions and Percentage Vacant as of 12/31/19	n/a	n/a
Vacancies Above (Below) Turnover	n/a	

**Succession Plan: New Deputy Clerk Position Has Been Authorized**

MTC has continued to provide strong and consistent service to the State at a relatively low cost. In addition, the agency’s staff and daily operations workload is led by the clerk of the tax court, who has extensive experience and started at MTC as a deputy clerk. Since then, the agency was never authorized to hire another deputy clerk, and the position was eliminated in fiscal 2013. In previous years, the Department of Legislative Services highlighted the fact that it would be prudent for MTC to develop a succession plan, as both the agency and the Executive Branch recognized that a deputy position could help ensure continuity of MTC operations – particularly because the agency is so small in terms of personnel. Currently, the agency has a new deputy clerk position authorized in fiscal 2021. The deputy clerk will be a member of the Maryland Bar Association and will provide services that include court management, State/local tax law, case management, and furnishing counsel and legal advice to the judges of the tax court. The deputy clerk will also likely succeed the current clerk when he chooses to retire, thus ensuring that a succession plan is now in place.

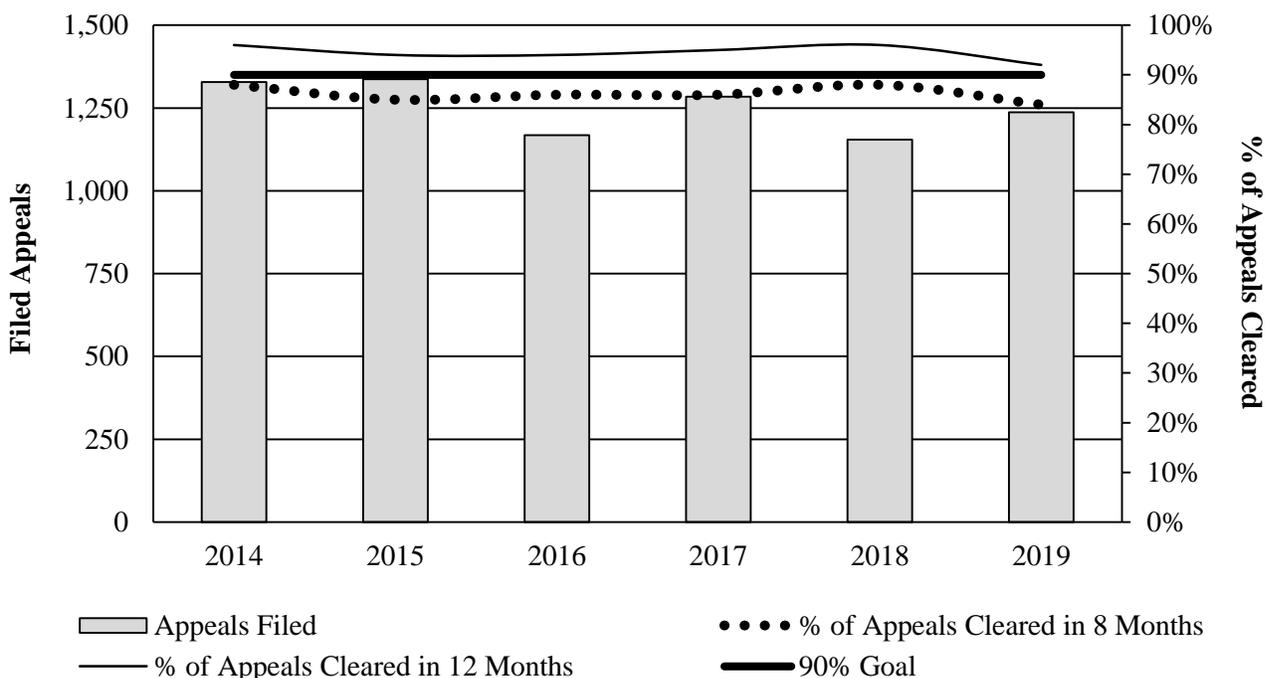
## Key Observations

### 1. MTC Clearance Rates Remain High and Consistent

#### Appeals Forwarded to the Maryland Tax Court

While MTC is one of the smallest agencies in State government, with 8 full-time employees, its relatively modest budget and 5 part-time judges have been able to manage caseloads without issue. Its budget is managed well, and so are its dockets. **Exhibit 3** illustrates MTC caseloads, which are based on assessments that are appealed in PTAAB. Each year, PTAAB receives over 10,000 appealed assessments, and each year, over 1,000 of these cases are appealed to MTC, which makes the final administrative decision in the State system. Since fiscal 2014, the number of appeals heard by MTC has remained relatively steady with 1,237 appeals filed in fiscal 2019. MTC was able to clear 84% of these cases in 8 months and over 92% within a year, which is above its 12-month goal of 90%.

**Exhibit 3**  
**MTC Court Clearance Rates**  
**Fiscal 2014-2019**



MTC: Maryland Tax Court

Source: Department of Budget and Management

## Post-clearance Appeal Rates

After an appeal to MTC, if a party is dissatisfied with the decision, they can appeal to the circuit court. Since fiscal 2015, very few taxpayers have taken their claims beyond MTC, which indicates that the agency continues to provide fair and consistent rulings, as shown in **Exhibit 4**.

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### Exhibit 4 Tax Assessment Appeals Fiscal 2015-2019

<u>Appeals</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Maryland Tax Court	1,337	1,168	1,284	1,154	1,237
Circuit Court	20	29	19	22	26
Percent Appealed to Circuit Court	1.5%	2.5%	1.5%	1.9%	2.1%

Source: Department of Budget and Management

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***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1  
Object/Fund Difference Report  
Maryland Tax Court**

<u>Object/Fund</u>	<u>FY 19 Actual</u>	<u>FY 20 Working Appropriation</u>	<u>FY 21 Allowance</u>	<u>FY 20 - FY 21 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	8.00	8.00	9.00	1.00	12.5%
02 Contractual	0.00	0.40	0.40	0.00	0%
<b>Total Positions</b>	<b>8.00</b>	<b>8.40</b>	<b>9.40</b>	<b>1.00</b>	<b>11.9%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 581,749	\$ 608,202	\$ 679,194	\$ 70,992	11.7%
02 Technical and Spec. Fees	10,776	11,613	11,613	0	0%
03 Communication	6,784	4,600	4,200	-400	-8.7%
04 Travel	748	1,294	1,500	206	15.9%
08 Contractual Services	19,960	25,682	43,788	18,106	70.5%
09 Supplies and Materials	9,869	10,253	10,064	-189	-1.8%
10 Equipment – Replacement	321	0	367	367	N/A
11 Equipment – Additional	0	0	1,500	1,500	N/A
13 Fixed Charges	1,463	1,440	2,216	776	53.9%
<b>Total Objects</b>	<b>\$ 631,670</b>	<b>\$ 663,084</b>	<b>\$ 754,442</b>	<b>\$ 91,358</b>	<b>13.8%</b>
<b>Funds</b>					
01 General Fund	\$ 631,670	\$ 663,084	\$ 754,442	\$ 91,358	13.8%
<b>Total Funds</b>	<b>\$ 631,670</b>	<b>\$ 663,084</b>	<b>\$ 754,442</b>	<b>\$ 91,358</b>	<b>13.8%</b>

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.