

# C85E00 Maryland Tax Court

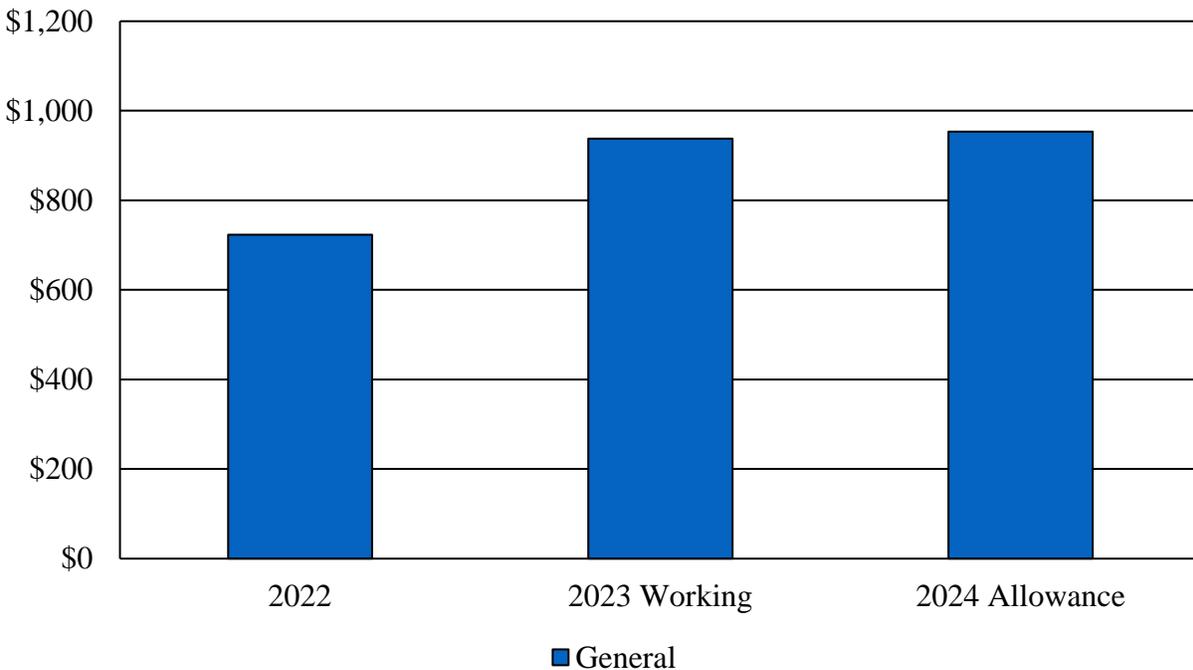
## Program Description

The Maryland Tax Court (MTC) is an independent State agency tasked with providing the highest level of administrative review on the decisions of Maryland’s taxing authorities. Decisions appealed to MTC include those from the Comptroller of Maryland, the State Department of Assessments and Taxation (after first being heard by the Property Tax Assessment Appeals Boards) and local collectors, among others. Appeals from MTC are directed to the circuit courts. MTC is composed of five judges who are appointed by the governor for six-year terms. MTC’s goal is to provide taxpayers and taxing authorities with efficient and fair hearings regarding any tax issue.

## *Operating Budget Summary*

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**Fiscal 2024 Budget Increases \$15,885, or 1.7%, to \$953,714  
(\$ in Thousands)**



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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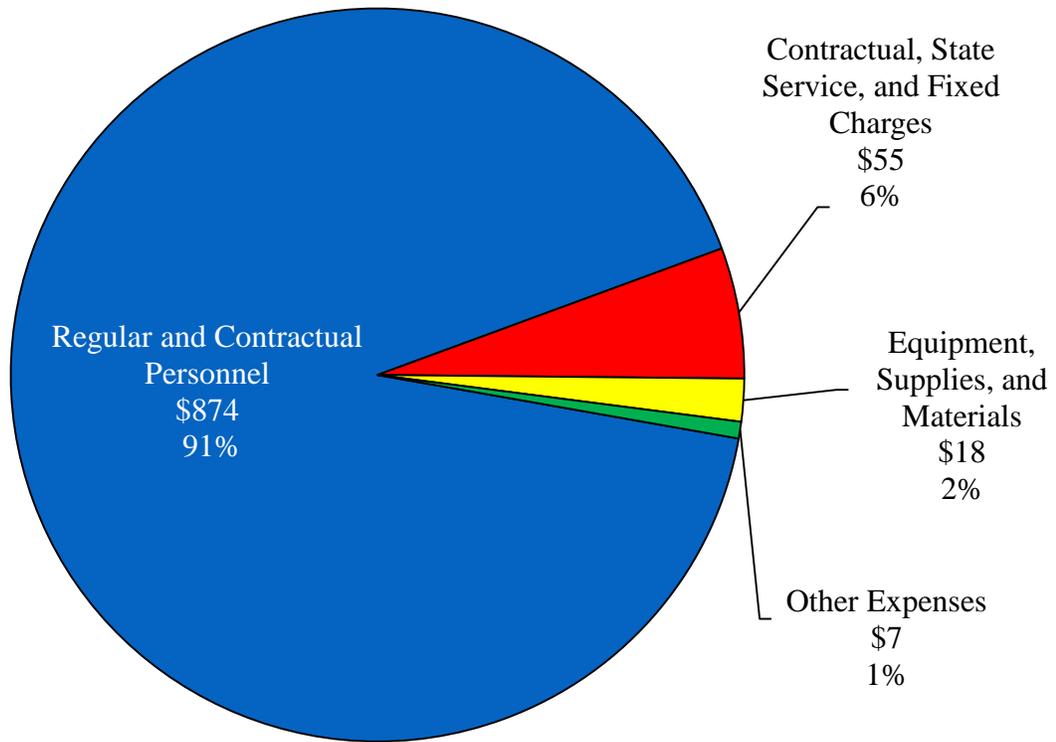
For further information contact: Jacob L. Pollicove

Jacob.Pollicove@mlis.state.md.us

## Fiscal 2024 Overview of Agency Spending

As illustrated in **Exhibit 1**, the majority (91%) of MTC’s fiscal 2024 allowance is allocated toward personnel expenses. Other categories of spending are contractual, State service, and fixed charges (6%) and equipment, supplies, and materials (2%). The remaining 1% of the allocation is spent on communication and travel.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**  
**(\$ in Thousands)**



Source: Department of Budget and Management; Department of Legislative Services

**Proposed Budget Change**

The fiscal 2024 allowance for MTC grows 1.7% over the fiscal 2023 working appropriation, as shown in **Exhibit 2**.

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

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
Fiscal 2022 Actual	\$723	\$723
Fiscal 2023 Working Appropriation	938	938
Fiscal 2024 Allowance	<u>954</u>	<u>954</u>
Fiscal 2023-2024 Amount Change	\$16	\$16
Fiscal 2023-2024 Percent Change	1.7%	1.7%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Reclassification.....	\$15
Employee and retiree health insurance .....	11
Annualization of November 2022 4.5% cost-of-living adjustment.....	10
Turnover adjustments .....	2
Other fringe benefit adjustments .....	2
Salary increases .....	-8
Accrued leave payout .....	-27
<b>Other Changes</b>	
Department of Information Technology services allocation .....	3
Replacement data processing equipment.....	3
Office, library, and data processing supplies.....	3
In and out-of-state travel.....	2
<b>Total</b>	<b>\$16</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

***Personnel Data***

	<b><u>FY 22</u></b> <b><u>Actual</u></b>	<b><u>FY 23</u></b> <b><u>Working</u></b>	<b><u>FY 24</u></b> <b><u>Allowance</u></b>	<b><u>FY 23-24</u></b> <b><u>Change</u></b>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.40</u>	<u>0.40</u>	<u>0.40</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>	<b>0.00</b>

***Vacancy Data: Regular***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/22	1.00	11.11%
Vacancies Above Turnover	n/a	

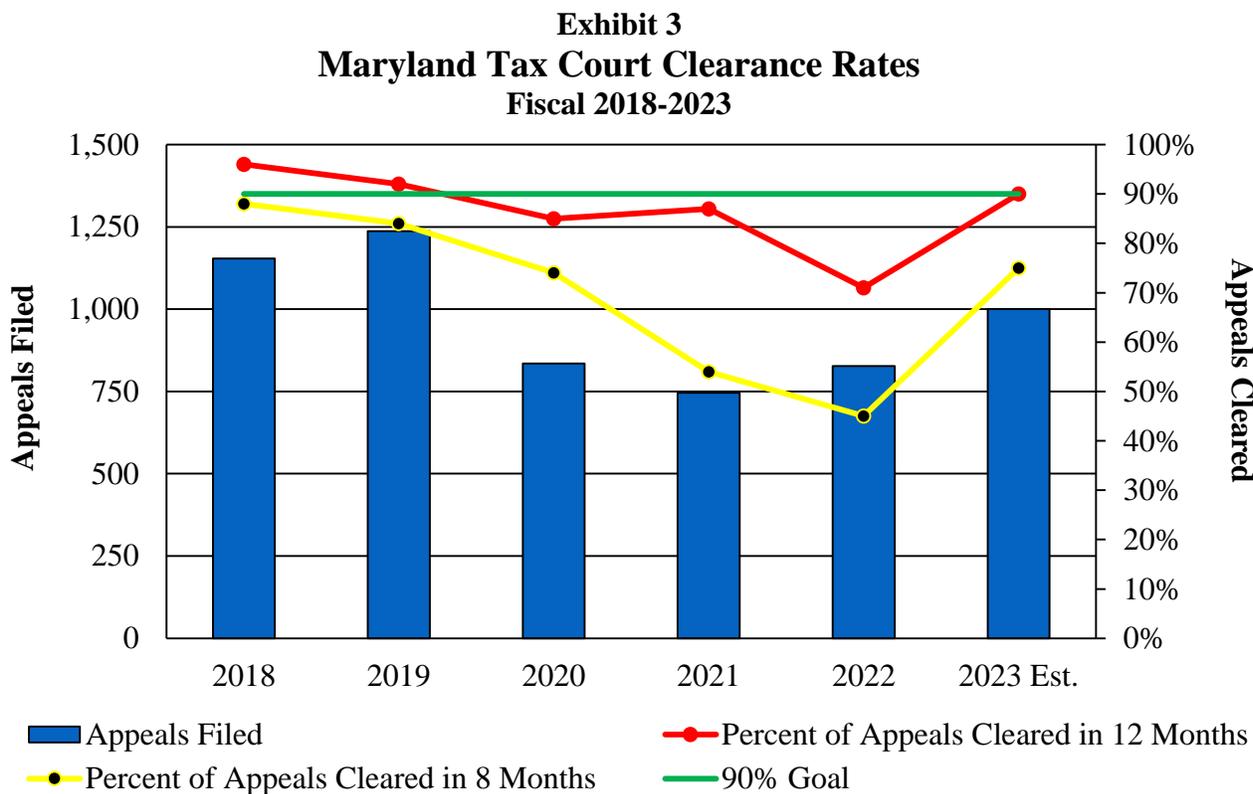
- The 1 vacancy was created by the retirement of the clerk of the tax court at the end of calendar 2022.

## Key Observations

### 1. MTC Clearance Rates Fall as Appeals Increase Slightly

After two years of decline, the number of appeals filed with MTC in fiscal 2022 increased by nearly 11% compared to fiscal 2021, as the agencies responsible for issuing decisions to be heard on appeal worked through COVID-19-related case backlogs. While MTC is not currently functioning with a backlog, cases are projected to further increase in fiscal 2023 to approximately 1,000 cases, which is still 20% below pre-pandemic levels, due to continued backlog reduction from referring agencies.

The increase in appeals seen in fiscal 2022 was accompanied by decreases in the 8- and 12-month clearance rates for cases, as shown in **Exhibit 3**. The 8-month clearance rate, which had previously fallen from 74% in fiscal 2020 to 54% in fiscal 2021, dropped again in fiscal 2022 as only 45% of cases were cleared within 8 months. The benchmark goal set by MTC for the 8-month clearance rate is 90%, which was last achieved in fiscal 2010. The 12-month clearance rate also decreased 16 percentage points, down to 71% of cases in fiscal 2022.



Source: Department of Budget and Management

**MTC should comment on how the remaining COVID-19 backlog in other agencies is impacting their ability to operate efficiently in terms of their benchmarks, and how clearance rates are expected to rise to meet these benchmarks absent any changes in operational procedure or organizational structure.**

## ***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 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0.00	0%
02 Contractual	0.40	0.40	0.40	0.00	0%
<b>Total Positions</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 645,630	\$ 836,964	\$ 860,298	\$ 23,334	2.8%
02 Technical and Special Fees	12,532	13,869	14,379	510	3.7%
03 Communication	2,614	3,500	3,500	0	0%
04 Travel	443	1,000	3,000	2,000	200.0%
08 Contractual Services	45,317	46,350	50,836	4,486	9.7%
09 Supplies and Materials	12,616	10,732	13,232	2,500	23.3%
10 Equipment – Replacement	1,685	367	3,610	3,243	883.7%
11 Equipment – Additional	0	1,100	1,100	0	0%
13 Fixed Charges	2,225	3,342	3,759	417	12.5%
<b>Total Objects</b>	<b>\$ 723,062</b>	<b>\$ 917,224</b>	<b>\$ 953,714</b>	<b>\$ 36,490</b>	<b>4.0%</b>
<b>Funds</b>					
01 General Fund	\$ 723,062	\$ 917,224	\$ 953,714	\$ 36,490	4.0%
<b>Total Funds</b>	<b>\$ 723,062</b>	<b>\$ 917,224</b>	<b>\$ 953,714</b>	<b>\$ 36,490</b>	<b>4.0%</b>

Note: The fiscal 2023 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.