Executive Summary

The State Department of Assessments and Taxation (SDAT) is responsible for conducting property assessments statewide, administering property tax credit programs, and processing business filings in the State.

Operating Budget Summary

Fiscal 2024 Budget Increases $4.0 Million, or 2.5%, to $162.8 Million
($ in Millions)

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations and targeted reversions 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. The fiscal 2024 allowance accounts for contingent reductions.

For further information contact: Ryan M. Green Ryan.Green@mlis.state.md.us
The fiscal 2024 budget includes a proposed deficiency appropriation of $7.3 million to repay the Local Reserve Account as the agency mistakenly reverted general funds intended for this purpose in fiscal 2022; this funding is contingent on legislation authorizing full repayment in one year. In addition, in fiscal 2024, SDAT has a general fund appropriation of $529,836 for the second year of repayment of the Local Reserve Account as required under Chapter 717 of 2021. This funding will be reduced contingent on legislation passing to modify the repayment schedule for the Local Reserve Account.

The largest increase in the fiscal 2024 SDAT budget is $5.3 million to support a contract for auditing the Homestead Tax Credit.

Key Observations

- **SDAT Assessor Accuracy Falls in Fiscal 2022:** SDAT historically hovers around a 95% accuracy rate for real property assessments, but that rate fell to 90.7% in fiscal 2022.

- **SDAT Real Property Assessor Vacancies Remain High:** Despite undertaking new efforts to find and train qualified personnel for Real Property Assessor positions, SDAT has made little progress. The vacancy rate increased from 10.9% in fiscal 2022 to 14.2% in fiscal 2023.

- **More Qualified Homeowners and Renters Are Getting Tax Credits:** Despite seeing lower application rates compared to previous years, the percentage of people receiving tax credits increased for both the Homeowners’ Tax Credit and the Renters’ Tax Credit.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting an update on Real Property Valuation staffing.
2. Adopt committee narrative requesting a report on Homeowners’ and Renters’ Tax Credit eligibility.
3. Adopt committee narrative requesting a report on the status of the Cloud Revenue Integrated System project.
Operating Budget Analysis

Program Description

SDAT supervises the assessment of all property in the State. The department performs assessments on one-third of all real property and personal property in the State every year and certifies to the local taxing authorities the assessment of every piece of property. The department also administers four tax credit programs as follows:

- Homestead Tax Credit Program (HST);
- Homeowners’ Property Tax Credit Program (HTC);
- Renters’ Tax Credit Program (RTC); and
- Enterprise Zone Tax Credit Program.

The homestead program assists homeowners with large assessment increases on their principal residence to limit the increase in annual taxable assessments to a fixed percentage. The homeowners’ and renters’ programs provide property tax relief to all eligible homeowners and renters. The Enterprise Zone Tax Credit Program reimburses local governments for property tax credits given to businesses that are in or expand into enterprise zones.

In addition, SDAT operates the Tax Sale Ombudsman’s Office, which aims to provide homeowners across the State with information, assistance, and resources to assist with the tax sale system, and the Ground Rent Department, which assists in the registry and redemption of ground rent.

SDAT also collects public service company franchise taxes and assesses all public utility companies in the State. It serves as the filing place for businesses operating in the State and registers companies, corporations, and partnerships in Maryland and generates certificates and certified documents. The various forms that businesses must file with the department are available to the public for inspection. The goals of the department are to provide a consistently accurate property valuation system, run efficient and effective programs for property tax relief and business services, and operate convenient and professional facilities.
E50C – State Department of Assessments and Taxation

Performance Analysis: Managing for Results

1. SDAT Timeliness for Personal Property Tax Returns Improves but Remains Below Prepanademic Levels

SDAT administers a property valuation system that assesses taxable properties across the State and processes property tax returns. They aim to value properties at a level between 90% and 110% of each property’s actual market value, delivering assessments in a timely fashion. Exhibit 1 shows the percentage of personal property tax returns assessed in a timely fashion (by October 31 of each year). Personal property includes items such as computers, vehicles, and other personal objects. In fiscal 2022, SDAT assessed 74% of personal property returns by their goal of October 31, representing a 14.3 percentage point increase from the previous fiscal year. Although a substantial improvement from fiscal 2021, the level of timely assessment remains substantially below prepandemic levels. Low timeliness rates in prior years can be attributed to the Annual Report and Personal Property filing deadlines being pushed back from April 15 to July 15 in those years. The agency indicates the improvement was also the result of fewer impacts from the COVID-19 pandemic.

Exhibit 1
Personal Property Returns Assessed Timely
Fiscal 2018-2022

Source: Department of Budget and Management
2. Assessment Accuracy Declines

The accuracy of market valuation is measured as the ratio of assessed value to the sales price of the property, or the assessment-to-sales ratio, as shown in Exhibit 2. The closer the ratio is to 100%, the closer the assessments are to the sales price. A ratio higher than 100% signals assessments were higher than market value and vice versa. Between fiscal 2018 and 2021, SDAT maintained an assessment accuracy rate of around 95%. However, in fiscal 2022, assessment accuracy declined to 90.7%. SDAT attributes the decline in fiscal 2022 to the high turnover of real property assessors in SDAT, as newer assessors are generally less accurate in their assessments.

Exhibit 2
Assessment Accuracy of Real Property
Fiscal 2018-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Accuracy</th>
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<tbody>
<tr>
<td>2018</td>
<td>97.5%</td>
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<tr>
<td>2019</td>
<td>96.8%</td>
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<tr>
<td>2020</td>
<td>95.9%</td>
</tr>
<tr>
<td>2021</td>
<td>90.7%</td>
</tr>
<tr>
<td>2022</td>
<td>90.7%</td>
</tr>
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</table>

Source: Department of Budget and Management

3. Enterprise Zone Participation Continues to Rise

Enterprise zones are areas designed to increase capital investment and attract new businesses zones using property tax incentives. Exhibit 3 provides information on the number of participants whose businesses were in these areas as well as the total amount of capital investments in the enterprise zones. In fiscal 2022, there were 609 participants that invested a total of $4.4 billion. Compared to fiscal 2021, this is an increase of 50 participants (8.9%) and a $232 million (5.6%) investment increase.
Chapter 717 of 2021 required SDAT to determine whether a homeowner was owed additional property tax credits due to changes made in the way their HTCs were calculated. SDAT was then required to notify the homeowner and the county of the amount of any refund owed. After certification by SDAT, these refunds were to be paid from the Local Reserve Account. Chapter 717 required the Governor to provide an appropriation to reimburse the Local Reserve Account from fiscal 2023 through 2037 in an amount equal to 1/15 of the total refunds paid during fiscal 2022.

Source: Department of Budget and Management

**Fiscal 2023**

**Proposed Deficiency**

Chapter 717 of 2021 required SDAT to determine whether a homeowner was owed additional property tax credits due to changes made in the way their HTCs were calculated. SDAT was then required to notify the homeowner and the county of the amount of any refund owed. After certification by SDAT, these refunds were to be paid from the Local Reserve Account. Chapter 717 required the Governor to provide an appropriation to reimburse the Local Reserve Account from fiscal 2023 through 2037 in an amount equal to 1/15 of the total refunds paid during fiscal 2022.
The fiscal 2023 Budget Bill included two deficiency appropriations in SDAT. One deficiency was for $9.9 million in special funds from the Local Reserve Account, which was the estimated amount of refunds that would be repaid to homeowners. The other was $9.2 million of general funds to repay 14/15 of the total estimated refund amounts to the Local Reserve Account. The fiscal 2023 budget also included $660,000 to make the final estimated payment. In fiscal 2022, refunds totaling $7.95 million were paid to homeowners under Chapter 717. These funds were paid as required from the Local Reserve Account. However, the funds for the 14/15 amount of repayment to the Local Reserve Account were reverted in error.

The fiscal 2024 budget includes one proposed deficiency appropriation for SDAT totaling $7.3 million, which is to be used in conjunction with the $660,000 already in the fiscal 2023 budget to complete the repayment to the Local Reserve Account. The deficiency appropriation is contingent upon the enactment of legislation to allow for the full repayment of the Local Reserve Account for refunds paid to homeowners in fiscal 2022 under Chapter 717.

In addition, in fiscal 2024, SDAT has a general fund appropriation of $529,836 for the second year of repayment of the Local Reserve Account as required under Chapter 717. This appropriation is to be reduced contingent upon the enactment of the legislation to modify the repayment schedule as the funds would be unneeded if full repayment is made in fiscal 2023.

**Planned Reversion**

There is a $16 million planned reversion for the HTC program. The reversion will bring the expenditures for the agency more in line with historical spending. See Issue 2 of this analysis for additional discussion of the HTC.

**Fiscal 2024 Overview of Agency Spending**

SDAT’s fiscal 2024 allowance totals $162.8 million. As shown in Exhibit 4, the tax credit programs, which include the Homeowners, Renters, and Enterprise Zone tax credits, account for 54% of total spending, or $87.3 million.
Exhibit 4
Overview of Agency Spending
Fiscal 2024 Allowance
($ in Millions)

MITDP: Major Information Technology Development Project

Note: Numbers may not sum due to rounding.

Source: Department of Budget and Management

Agency Spending by Function

As shown in Exhibit 5, the various tax credits and the costs of administering those programs encompass the majority of SDAT’s budget, utilizing 60%, or $97.8 million, of the fiscal 2024 allowance. Assessments of properties account for another 27% of the allowance, with administration/information technology and the Charter Unit taking up the remaining 13%. The Charter Unit is responsible for business filings and records and is funded entirely with revenue generated by the unit’s expedited service charges.
Exhibit 5
Agency Spending by Function
Fiscal 2024 Allowance
($ in Millions)

- **Charter Unit**: $8
- **Assessments**: $44
- **Administration/IT**: $13
- **Tax Credit Programs**: $98

IT: information technology

Note: numbers may not add due to rounding

Source: Department of Budget and Management

**Tax Credit Breakdown**

Of the $87.3 million in the allowance allocated to tax credit payments, the largest, the HTC, accounts for slightly less than two-thirds of total funding, as shown in Exhibit 6. The smallest, the RTC, is budgeted at $4.4 million, or 5%, of the fiscal 2024 allowance.
Proposed Budget Change

As shown in Exhibit 7, the fiscal 2024 allowance increases by $3.9 million (or 2.5%) compared to the fiscal 2023 working appropriation after accounting for proposed deficiency appropriations, planned reversions, and contingent reductions. The fiscal 2024 allowance provides an increase of $5.3 million for a contract to audit the HST. This audit will evaluate properties actively receiving an HST. SDAT notes that there is a substantial impact on State and local revenues if ineligible households are receiving the credit. The audit will look at the current year and three years of prior accounts. SDAT will use the resources currently conducting Homestead audits to speed up other audit functions in fiscal 2024.

An additional significant change from fiscal 2023 is a $1.3 million decrease in funding for the Homeowners’ Protection Program, representing enhanced funding provided in fiscal 2023 from the Dedicated Purpose Account. The fiscal 2024 allowance includes $350,867 for grants to buy liens on behalf of struggling homeowners as part of the Homeowners’ Protection Program.
Exhibit 7

Proposed Budget
State Department of Assessments and Taxation
($ in Thousands)

<table>
<thead>
<tr>
<th>How Much It Grows:</th>
<th>General Fund</th>
<th>Special Fund</th>
<th>Total</th>
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<tbody>
<tr>
<td>Fiscal 2022 Actual</td>
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<td>$37,008</td>
<td>$139,866</td>
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<td>Fiscal 2023 Working Appropriation</td>
<td>117,828</td>
<td>41,052</td>
<td>158,879</td>
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<tr>
<td>Fiscal 2024 Allowance</td>
<td>123,993</td>
<td>38,843</td>
<td>162,836</td>
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<tr>
<td>Fiscal 2023-2024 Amount Change</td>
<td>$6,165</td>
<td>-$2,209</td>
<td>$3,956</td>
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<tr>
<td>Fiscal 2023-2024 Percent Change</td>
<td>5.2%</td>
<td>-5.4%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Where It Goes: Change

**Personnel Expenses**
- November 2022 4.5% cost-of-living adjustment .................................................. $582
- Employees’ retirement system ................................................................. 404
- Employee and retiree health insurance ...................................................... 146
- Accrued leave payout .................................................................................. 138
- Salary and wage adjustments ..................................................................... 118
- Social Security contributions ................................................................. 105
- Workers’ and unemployment compensation .................................................. 33
- Turnover expectancy .................................................................................. -152

**Other Changes**
- Homeowners’ Tax Credit ........................................................................... 8,000
- Audit of the Homestead Tax Credit .......................................................... 5,319
- Cost allocations ......................................................................................... 202
- Office equipment ....................................................................................... 189
- New software purchases ........................................................................... 112
- Printing handouts and documents ............................................................ 58
- Telephones .................................................................................................. 54
- Equipment rentals ....................................................................................... 48
- Office rent .................................................................................................. -172
- One-time enhancement funding for the Homeowners’ Protection Program from the Dedicated Purpose Account .................................................. -1,300
- CRIS project based on project schedule .................................................... -2,138
- Repayment to the Local Reserve Account to finalize Chapter 717 of 2021 obligations ........................................................................... -7,948
- Other .......................................................................................................... 157

**Total** ....................................................................................................... $3,956

CRIS: Cloud Revenue Integrated System

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. The fiscal 2024 allowance figure includes contingent reductions in pending legislation.
### Personnel Data

<table>
<thead>
<tr>
<th></th>
<th>FY 22 Actual</th>
<th>FY 23 Working</th>
<th>FY 24 Allowance</th>
<th>FY 23-24 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Positions</td>
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<td>570.30</td>
<td>570.30</td>
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<tr>
<td>Contractual FTEs</td>
<td>15.36</td>
<td>14.20</td>
<td>14.20</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
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<td><strong>584.50</strong></td>
<td><strong>584.50</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

**Vacancy Data: Regular Positions**

- Turnover and Necessary Vacancies, Excluding New Positions: 29.26, 5.13%
- Positions and Percentage Vacant as of 12/31/22: 58.00, 10.17%

- Vacancies Above Turnover: 28.74

- Of the 58 vacancies within SDAT, 26, or 44.8%, have been vacant less than six months and 6, or 10.3%, have been vacant more than one year.
Issues

1. Real Property Vacancies Remain a Problem

High turnover for real property assessor positions has troubled SDAT for many years, primarily due to competitive salaries for similar positions in other jurisdictions. Moreover, the statewide hiring freeze during the COVID-19 pandemic negatively impacted recruitment efforts. The assessor vacancy rate has increased from 10.9% in fiscal 2022 to 14.2% in fiscal 2023. The high level of vacancies impacts SDAT’s ability to conduct assessments and impacts other agencies as well. The lack of assessors has impacted the timeliness of property assessment appeal hearings held by the Property Tax Assessment Appeals Boards, which has contributed to a backlog of cases. This is primarily because SDAT assessors were understaffed and unable to attend hearings. To address the backlog, after a four-month moratorium on commercial hearings to provide time to determine a solution, SDAT brought in a retired supervisor to assist.

SDAT has undertaken an effort to combat the vacancy issue, however, as noted in their response to committee narrative in the 2022 Joint Chairmen’s Report (JCR). These efforts include a number of recruitment attempts, including attending job fairs and posting notices about assessor vacancies on social media and in local newspapers. In their October 2022 report, SDAT noted that they had 258 applicants for 17 positions, averaging out to 15.2 applicants per posting. Additionally, SDAT altered their training program for new hires and current staff of the Real Property Division the previous year to expedite the process so that assessors can begin working more quickly. Ultimately, however, these efforts have not produced sufficient positive change in the vacancy rates for these positions within SDAT. The Department of Legislative Services (DLS) notes that the report on Real Property Valuation staffing due in January 2023 has not been submitted as of January 31, 2023.

As shown in Exhibit 8, the vacancies for the Real Property assessor I position have generally decreased since the information provided in the 2022 session, from 40 to 23. However, vacancies and turnover in the department remain high. In both years, Baltimore City and Prince George’s County had the highest number of vacant positions.
SDAT should comment on its progress and challenges in hiring and retaining assessors as well as provide an update on when the quarterly report on Real Property Valuation staffing due January 15, 2023, will be submitted. DLS recommends adopting committee narrative requesting that SDAT continue to provide quarterly updates on its Real Property Valuation Program and discuss initiatives to improve recruitment and retention.

2. Homeowners’ and Renters’ Tax Credits

SDAT is required to work with the Comptroller to determine which homeowners may be eligible for a tax credit program and contact those homeowners about the tax credit. As shown in Exhibit 9, from fiscal 2021 to 2022, HTC applications decreased by 8.7%, and RTC applications decreased by 15.5%. However, the percentage of eligible applicants increased from the previous fiscal year for both credits, by 0.7% for the HTC and 3% for the RTC. SDAT indicates the higher

**Exhibit 8**
Real Property Assessor I Vacancies by County
Fiscal 2022-2023

Note: The data used to generate this report is from December 2022.

Source: State Department of Assessments and Taxation
number of applications and impacts on the share of eligible applicants receiving a tax credit are due to people applying during the pandemic, believing that they may qualify for tax relief. Following the initial surge, SDAT received fewer applications from those that were determined to be ineligible. Looking at the averages for fiscal 2018 through 2021, there were 4,300 less applicants for the HTC and 2,100 fewer for the RTC in fiscal 2022 than in the preceding period.

Exhibit 9
Homeowners’ and Renters’ Tax Credit Utilization
Fiscal 2018-2022

Exhibit 10 and Exhibit 11 highlight HTC and RTC spending from fiscal 2018 through the fiscal 2024 allowance in greater detail, adjusted for a planned reversion in fiscal 2023. Utilization of the HTC peaked during this period in fiscal 2019, before declining through fiscal 2022. The fiscal 2023 appropriation for the program was $64 million; however, as noted, a planned reversion would reduce this anticipated spending level to $48 million, bringing the funding more in line with fiscal 2022. The fiscal 2024 allowance anticipates a return to the fiscal 2021 level of spending. The RTC has experienced a similar trend. In both programs, the fiscal 2024 allowance exceeds the fiscal 2023 working appropriation.
Exhibit 10

Homeowners’ Tax Credit Utilization
Fiscal 2018-2024 Allowance
($ in Millions)

Note: Fiscal 2023 has been adjusted to reflect a planned reversion.

Source: Department of Budget and Management; Governor’s Fiscal 2024 Budget Books

Exhibit 11

Renters’ Tax Credit Utilization
Fiscal 2018-2024 Allowance
($ in Thousands)

Source: Department of Budget and Management; Governor’s Fiscal 2024 Budget Books
In their response to committee narrative in the 2022 JCR regarding these tax credit programs, SDAT noted that increased levels of inflation impacts the number of individuals that meet the eligibility criteria for the programs. The current eligibility requirements for the HTC are more than 16 years old, while the current RTC eligibility requirements are more than 5 years old, and neither can be changed without legislative approval. **DLS recommends adopting committee narrative requesting SDAT submit a report on options to alter eligibility requirements to increase the pool of eligible applicants.**

### 3. Cloud Revenue Integrated System Staffing Instability

SDAT has one Major Information Technology Development Project, the Cloud Revenue Integrated System (CRIS). Previously the Strategic Enterprise Application Network project, CRIS will allow for the migration/redevelopment of its mainframe applications onto a cloud-based platform to develop user-centric applications for both internal and external customers. This will streamline customer interactions, such as letting customers check on the status of their own applications or receive direct communications from SDAT on their tax returns. CRIS will also replace numerous paper-based processes, allowing for better management and tracking of documents while reducing the risk of data loss. Ongoing since fiscal 2018, the project has made significant progress toward completion. Four of six phases of development have been completed with the most recent being the RTC mainframe replacement processing in August 2022. However, the agency has indicated that it struggles to maintain technical mainframe specialists on staff, citing salary concerns. In the last year, several have been hired and left the agency. The ability to maintain proper staffing leads to some concern about the project status. **The agency should comment on how it plans to improve retention of the technical mainframe specialists and how retention challenges might delay progression of the CRIS project.**

**DLS recommends adopting committee narrative requesting that SDAT submit quarterly reports on the CRIS project progress.**
1. Adopt the following narrative:

**Real Property Valuation:** The committees continue to be concerned about the number of vacancies within the Real Property Valuation Program. While the State Department of Assessments and Taxation (SDAT) has reported on this issue quarterly, the committees wish to remain briefed on this situation. The committees request that SDAT continue to submit quarterly reports, which should outline SDAT’s efforts to increase hiring, improve training processes, as well as the following for the quarter preceding the due date of the report:

- the number of employees in the program that have left State service (by employee class title and jurisdiction);
- the number of new hires (by employee class title and jurisdiction);
- the number of positions posted;
- the number of qualifying applicants received in response to each posting;
- the length of time from the posting of each position to the acceptance of an offer of employment;
- the amount of time it takes for the average hire to finish the training and probationary period;
- the average and median salaries for listed positions; and
- average and median salaries for comparable positions in other surrounding states.

<table>
<thead>
<tr>
<th>Information Request</th>
<th>Author</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Status updates on staffing in the Real Property Valuation Program</td>
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<td>January 15, 2024</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 15, 2024</td>
</tr>
</tbody>
</table>
2. Adopt the following narrative:

**Homeowners’ (HTC) and Renters’ Tax Credits (RTC) Eligibility:** The committees are concerned that the significant amount of time since eligibility requirements for the HTC and RTC were last altered is impacting the effectiveness of these programs by limiting eligibility because of the failure to keep up with inflation. The committees request that the State Department of Assessments and Taxation (SDAT) submit a report detailing recommendations for new requirements, including potential estimates of how altering the requirements will impact applications.

<table>
<thead>
<tr>
<th>Information Request</th>
<th>Author</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Report on HTC and RTC eligibility requirements</td>
<td>SDAT</td>
<td>September 1, 2023</td>
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3. **Cloud Revenue Integrated System (CRIS) Status:** The committees are concerned about how the impact of retention difficulties for technical staff may impact the completion of the CRIS project. The committees request the State Department of Assessments and Taxation (SDAT) submit quarterly reports on the project status that include a description of project milestones and the date that each milestone is planned to be achieved, and a description of anticipated contingency planning activities throughout the year. In addition, each report should include the following:

- any vacancies within the project and how long those vacancies have been open;
- any actions taken by SDAT to fill the vacancies specified above; and
- how or if the vacancies within the project have affected project progression.

<table>
<thead>
<tr>
<th>Information Request</th>
<th>Author</th>
<th>Due Date</th>
</tr>
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<tr>
<td>CRIS quarterly status report</td>
<td>SDAT</td>
<td>July 15, 2023</td>
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<td>October 15, 2023</td>
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<td>April 15, 2024</td>
</tr>
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Appendix 1

2022 Joint Chairmen’s Report Responses from Agency

The 2022 JCR requested that SDAT prepare six reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **Quarterly Reports on Real Property Valuation Staffing:** SDAT has submitted two of the three requested reports. As of this writing in February 2023, SDAT has not produced the third report due on January 15, 2023. The final report is requested on April 15, 2023. Further discussion of these reports can be found in Issue 1 of this analysis.

- **Report on Utilization of the HTC and the RTC:** SDAT submitted the report on November 22, 2022. Further discussion of this report can be found in Issue 2 of this analysis.

- **Report on the HST:** SDAT submitted the report on December 1, 2022. It showed there were significant amounts of homeowners who qualified for the tax credit but were not receiving it from the State, county, or municipality of residence. It also included information on whether the owner of the homestead lived within the qualifying property and whether the property was considered “improved.”
Appendix 2
Cloud Revenue Integrated System
Major Information Technology Project
State Department of Assessments and Taxation

New/Ongoing: Ongoing
Start Date: Fiscal 2018
Est. Completion Date: Fiscal 2026
Implementation Strategy: Agile

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<th>($ in Millions)</th>
<th>Prior Year</th>
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<th>2024</th>
<th>2025</th>
<th>2026</th>
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<td>$0.045</td>
<td>$0.000</td>
<td>$0.000</td>
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<tr>
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- **Project Summary**: Previously the Strategic Enterprise Application Network project, Project CRIS will allow for the migration/redevelopment of its mainframe applications onto a cloud-based platform to develop user-centric applications for both internal and external customers. This will streamline customer interactions by allowing them to check on the status of their own applications, as well as receive direct communication from SDAT.

- **Need**: SDAT currently operates using manual, paper-based processes. This increases the risk of data loss in a disaster or errors when manually transferring the data to the current mainframe system. As individuals from the department retire, there is a knowledge gap with newer employees unable to support the legacy system.

- **Observations and Milestones**: Full automation of the RTC remains on target to deploy on February 3, 2023. The project schedule has been updated to reflect delivery of phase 5 (HST) in quarter 4 of fiscal 2023 and phase 6 (HTC) in quarter 1 of fiscal 2024, respectively. Extensive planning for training and final User Acceptance Testing of all three programs will occur by quarter 2 of fiscal year 2024. The revised deployment date for end-to-end automation of all tax credit programs is February 2, 2024. The Department of Information Technology recently provided the CRIS with an update that the Authorization to Operate (ATO) process can take up to three to four months for approval. The revised schedule now includes time for the ATO process to be complete.

- **Concerns**: SDAT has hired and lost 3 mainframe technical specialists in the past 12 months, and the agency has indicated that this is partially driven by salary concerns. DLS is concerned that this may delay progression of the project.
## Appendix 3
### Object/Fund Difference Report
State Department of Assessments and Taxation

<table>
<thead>
<tr>
<th>Object/Fund</th>
<th>FY 22 Actual</th>
<th>FY 23 Working Appropriation</th>
<th>FY 24 Allowance</th>
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<th>Percent Change</th>
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</thead>
<tbody>
<tr>
<td>Positions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 Regular</td>
<td>570.30</td>
<td>570.30</td>
<td>570.30</td>
<td>0.00</td>
<td>0%</td>
</tr>
<tr>
<td>02 Contractual</td>
<td>15.36</td>
<td>14.20</td>
<td>14.20</td>
<td>0.00</td>
<td>0%</td>
</tr>
<tr>
<td>Total Positions</td>
<td>585.66</td>
<td>584.50</td>
<td>584.50</td>
<td>0.00</td>
<td>0%</td>
</tr>
<tr>
<td>Objects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 Salaries and Wages</td>
<td>$45,848,937</td>
<td>$50,590,420</td>
<td>$53,130,063</td>
<td>$2,539,643</td>
<td>5.0%</td>
</tr>
<tr>
<td>02 Technical and Special Fees</td>
<td>572,968</td>
<td>610,372</td>
<td>600,245</td>
<td>-10,127</td>
<td>-1.7%</td>
</tr>
<tr>
<td>03 Communication</td>
<td>864,177</td>
<td>1,155,516</td>
<td>1,218,955</td>
<td>63,439</td>
<td>5.5%</td>
</tr>
<tr>
<td>04 Travel</td>
<td>116,564</td>
<td>203,915</td>
<td>208,163</td>
<td>4,248</td>
<td>2.1%</td>
</tr>
<tr>
<td>06 Fuel and Utilities</td>
<td>30,636</td>
<td>59,286</td>
<td>59,286</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>07 Motor Vehicles</td>
<td>67,528</td>
<td>98,432</td>
<td>98,432</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>08 Contractual Services</td>
<td>6,070,673</td>
<td>13,770,143</td>
<td>17,520,555</td>
<td>3,750,412</td>
<td>27.2%</td>
</tr>
<tr>
<td>09 Supplies and Materials</td>
<td>134,127</td>
<td>139,298</td>
<td>171,410</td>
<td>32,112</td>
<td>23.1%</td>
</tr>
<tr>
<td>10 Equipment – Replacement</td>
<td>126,054</td>
<td>75,083</td>
<td>232,410</td>
<td>157,327</td>
<td>209.5%</td>
</tr>
<tr>
<td>12 Grants, Subsidies, and Contributions</td>
<td>84,281,915</td>
<td>97,710,867</td>
<td>88,280,703</td>
<td>-9,430,164</td>
<td>-9.7%</td>
</tr>
<tr>
<td>13 Fixed Charges</td>
<td>1,752,405</td>
<td>1,998,854</td>
<td>1,873,853</td>
<td>-125,001</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Total Objects</td>
<td>$139,865,984</td>
<td>$166,412,186</td>
<td>$163,365,425</td>
<td>-$3,046,761</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 General Fund</td>
<td>$102,857,812</td>
<td>$125,963,928</td>
<td>$124,522,459</td>
<td>-$1,441,469</td>
<td>-1.1%</td>
</tr>
<tr>
<td>03 Special Fund</td>
<td>37,008,172</td>
<td>40,448,258</td>
<td>38,842,966</td>
<td>-1,605,292</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$139,865,984</td>
<td>$166,412,186</td>
<td>$163,365,425</td>
<td>-$3,046,761</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

Note: The fiscal 2023 appropriation does not include deficiencies or targeted reversions. The fiscal 2024 allowance does not include contingent reductions or salary adjustments budgeted within the Department of Budget and Management.
## Fiscal Summary

State Department of Assessments and Taxation

<table>
<thead>
<tr>
<th>Program/Unit</th>
<th>FY 22 Actual</th>
<th>FY 23 Wrk Approp</th>
<th>FY 24 Allowance</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Office of the Director</td>
<td>$ 4,256,755</td>
<td>$ 4,792,301</td>
<td>$ 4,917,150</td>
<td>$ 124,849</td>
<td>2.6%</td>
</tr>
<tr>
<td>02 Real Property Valuation</td>
<td>35,204,255</td>
<td>38,622,824</td>
<td>40,581,682</td>
<td>1,958,858</td>
<td>5.1%</td>
</tr>
<tr>
<td>04 Office of Information Technology</td>
<td>2,981,055</td>
<td>3,324,191</td>
<td>3,958,604</td>
<td>634,413</td>
<td>19.1%</td>
</tr>
<tr>
<td>05 Business Property Valuation</td>
<td>3,000,784</td>
<td>3,609,474</td>
<td>3,314,258</td>
<td>-295,216</td>
<td>-8.2%</td>
</tr>
<tr>
<td>06 Tax Credit Payments</td>
<td>84,184,189</td>
<td>96,060,000</td>
<td>87,929,836</td>
<td>-8,130,164</td>
<td>-8.5%</td>
</tr>
<tr>
<td>08 Property Tax Credit Programs</td>
<td>3,511,991</td>
<td>6,081,725</td>
<td>10,417,546</td>
<td>4,335,821</td>
<td>71.3%</td>
</tr>
<tr>
<td>09 Major Information Technology Development</td>
<td>308,044</td>
<td>6,543,968</td>
<td>4,405,476</td>
<td>-2,138,492</td>
<td>-32.7%</td>
</tr>
<tr>
<td>10 Charter Unit</td>
<td>6,418,911</td>
<td>7,377,703</td>
<td>7,840,873</td>
<td>463,170</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$ 139,865,984</strong></td>
<td><strong>$ 166,412,186</strong></td>
<td><strong>$ 163,365,425</strong></td>
<td><strong>- $ 3,046,761</strong></td>
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### General Fund

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### Special Fund

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### Total Appropriations

<table>
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<tr>
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<th>FY 22 Actual</th>
<th>FY 23 Wrk Approp</th>
<th>FY 24 Allowance</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Appropriations</td>
<td><strong>$ 139,865,984</strong></td>
<td><strong>$ 166,412,186</strong></td>
<td><strong>$ 163,365,425</strong></td>
<td><strong>- $ 3,046,761</strong></td>
<td><strong>-1.8%</strong></td>
</tr>
</tbody>
</table>

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.