

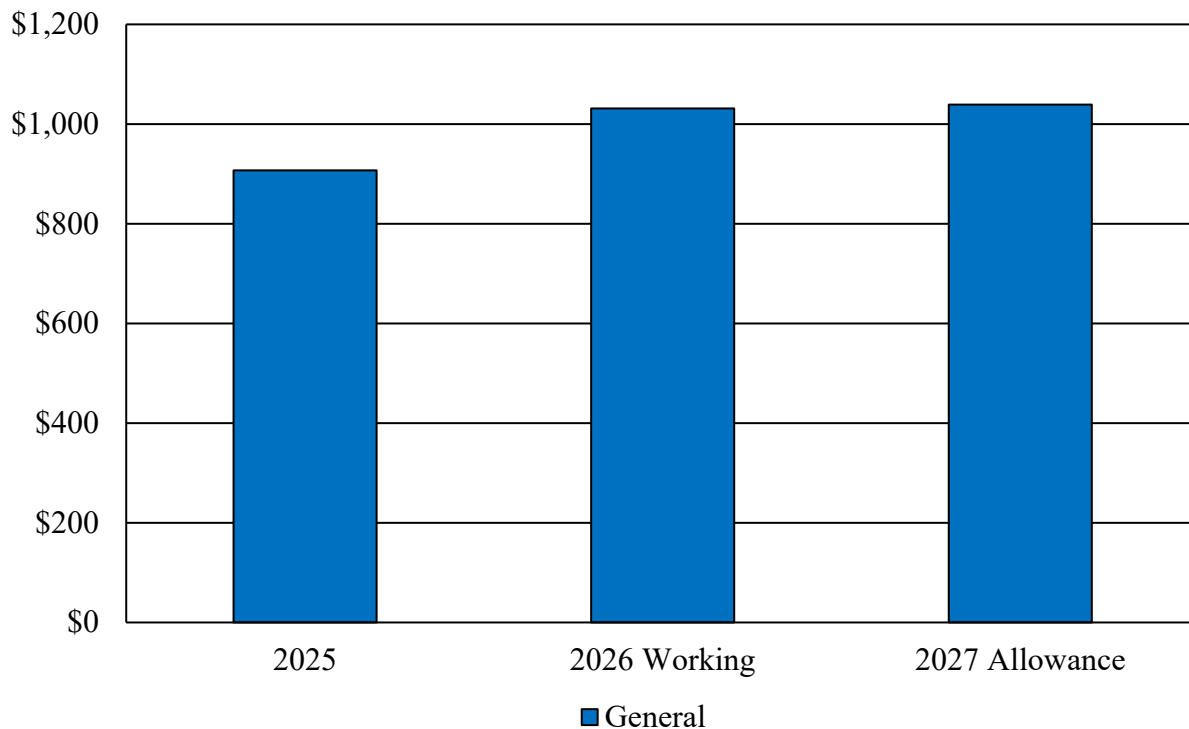
C85E00 Maryland Tax Court

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 5 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

**Fiscal 2027 Budget Increases \$7,579, or 0.7%, to \$1,038,914
(\$ in Thousands)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

For further information contact: Scott Benson

scott.benson@mga.maryland.gov

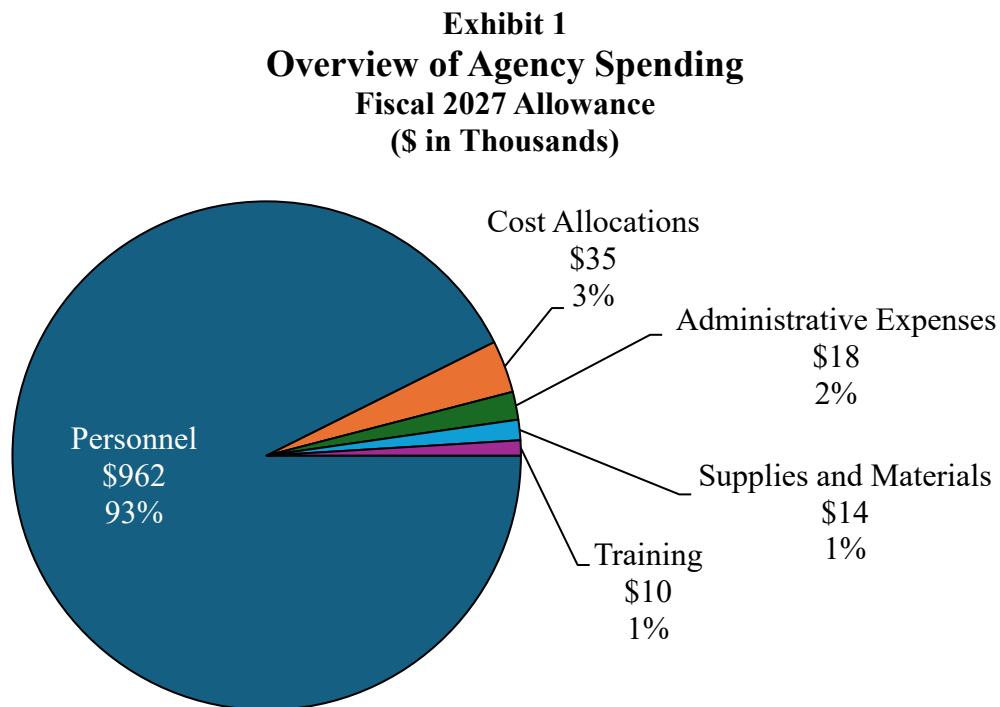
Fiscal 2026

Proposed Deficiency

There are two proposed deficiencies included in the fiscal 2027 budget for MTC, which provide a total of \$76,627 in general funds. MTC has a personnel deficiency of \$42,944, which covers shortfalls related to lower than expected vacancy savings. The second deficiency appropriation adds \$33,683 for one-time information technology (IT) services related to upgrades through networkMaryland (the State’s high-speed network managed by the Department of Information Technology (DoIT)) and spending on hardware associated with MTC computers and telephones.

Fiscal 2027 Overview of Agency Spending

As shown in **Exhibit 1**, the majority of MTC’s fiscal 2027 allowance (93%) is allocated to personnel expenses, which include 5 judges, 4 regular administrative positions, and 0.4 contractual full-time equivalent administrative staff.



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2027 allowance for MTC increases by 0.7%, or \$7,579, compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations.

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

How Much It Grows:	General Fund	Total
Fiscal 2025 Actual	\$907	\$907
Fiscal 2026 Working	1,031	1,031
Fiscal 2027 Allowance	1,039	1,039
Fiscal 2026-2027 \$ Change	\$8	\$8
Fiscal 2026-2027 % Change	0.7%	0.7%
Where It Goes:		Change
Personnel Expenses		
Employee and retiree health insurance		\$47
Deferred compensation match due to change in statewide budgeting.....		2
Salary increases and associated fringe benefits		4
Reclassification to reduce agency operating expenses		-10
Other Changes		
Contractual personnel costs, driven by salary increases.....		6
Routine in-state travel.....		-1
Communications and printing expenses		-2
Cost allocations.....		-5
One-time fiscal 2026 deficiency for networkMaryland services and computer and telephone hardware		-34
Total		\$8

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
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>
Total Personnel	9.40	9.40	9.40	0.00

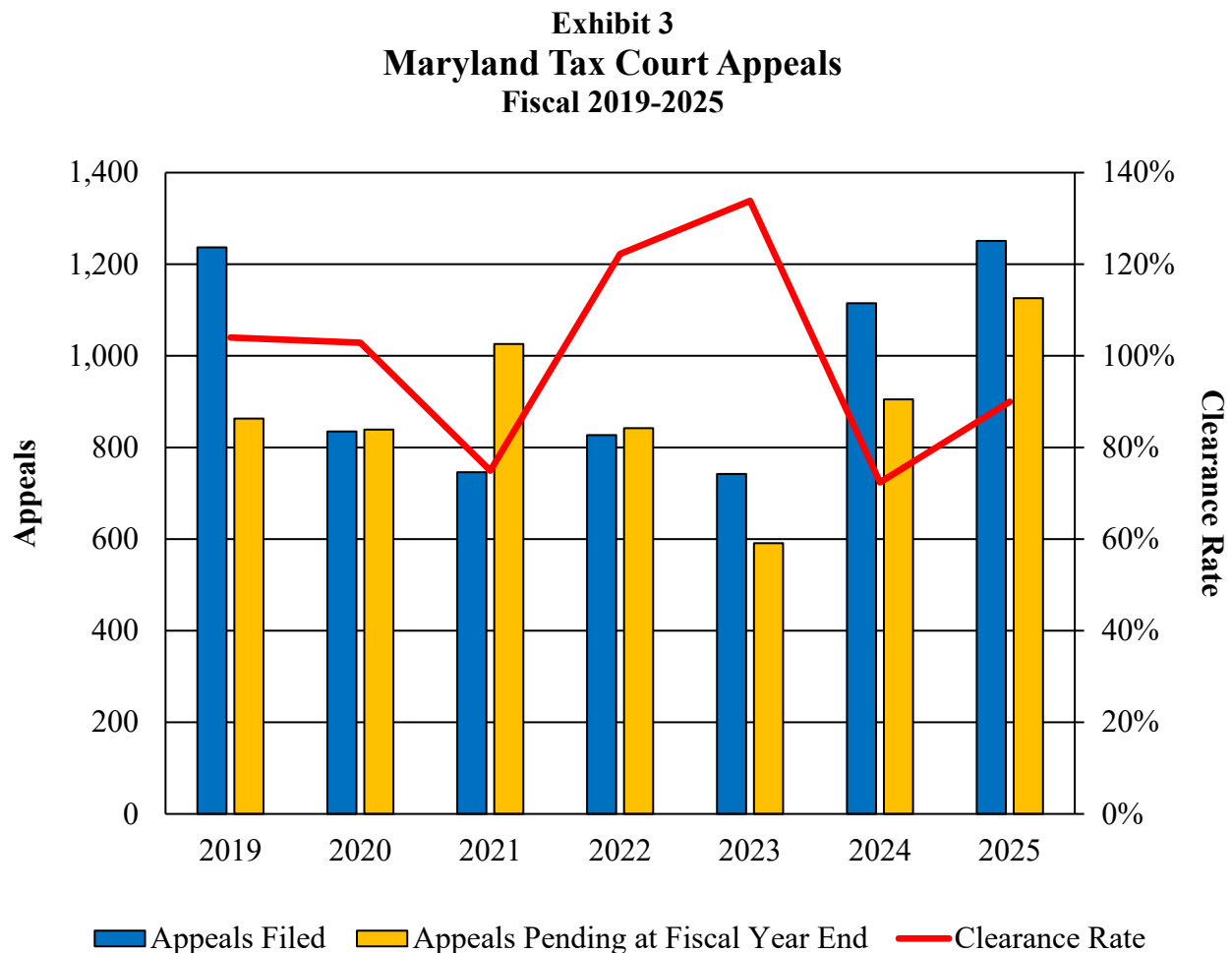
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/2025	0.00	0.00%
Vacancies Above Turnover	0.00	

Key Observations

1. Appeals and Overall Clearance Rate Increase

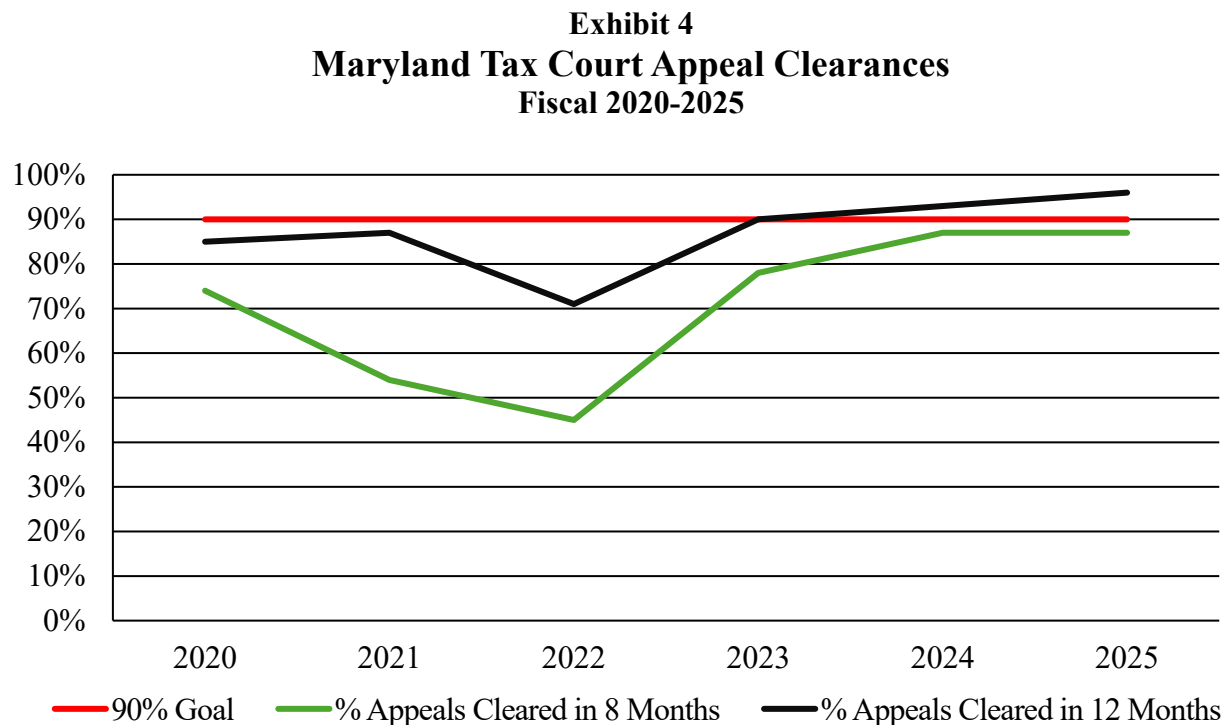
As shown in **Exhibit 3**, there were 1,251 appeals filed with MTC in fiscal 2025, an increase of 136 appeals (12%) compared to fiscal 2024 and a return to prepandemic levels. Additionally, there were 1,126 pending appeals at the end of fiscal 2025, an increase of 221 appeals (24%) from fiscal 2024. MTC achieved its goal of a 90% clearance rate in fiscal 2025, which is calculated as the number of cases disposed in a fiscal year divided by the total cases filed in that fiscal year, after that rate dropped substantially to 72% in fiscal 2024. **MTC should discuss (1) the factors causing the increase in the number of filed and pending appeals and (2) actions that the agency is taking to increase the clearance rate.**



Source: Department of Budget and Management

2. Clearance Rates Slightly Increase for Appeals Opened and Closed within Certain Timeframes

As shown in **Exhibit 4**, the percentage of appeals opened and closed within 8 months remained level at 87% in fiscal 2025, slightly below the goal of 90%. MTC achieved the goal of 90% of appeals opened and closed within 12 months and increased the rate from 93% in fiscal 2024 to 96% in fiscal 2025. MTC has previously cited several factors contributing to the failure to clear 90% of cases within 8 months. These factors include an administrative process that is heavily reliant on paper records, postponements requested in appeal hearings (particularly among commercial real estate assessments), and a longer than needed time period between the end of an appeal and the issuance of a signed order from a judge that formally closes the case.



Source: Department of Budget and Management

MTC's administrative procedures utilize processes recorded on paper that are later entered by administrative staff into MTC's database. The database was designed for MTC by the Maryland Department of Planning (MDP) more than 20 years ago and lacks some features that a modern database would include, such as a method to receive appeals online and capabilities that would make the system more efficient for MTC staff by reducing the need for paper documents. To alleviate some of MTC's administrative challenges, MDP made changes to the system in calendar 2025 that included digital docket files linked to each appeal and email reminders regarding appeals.

MTC considered procuring a new system but ultimately decided against this approach, as the agency is currently transitioning from having its IT services managed by MDP to DoIT. MTC has signed a memorandum of understanding with DoIT, with the transition scheduled to occur in fiscal 2026. Once this transition has occurred, MTC may revisit the procurement of a new system.

Following a hearing, settlement, or withdrawal of an appeal, a judge must issue a signed order officially closing a case, which can take some time since paperwork must progress through the agency until it reaches the judge. MTC identified process changes during its most recent legislative audit, and continued efforts are being made to shorten the time between a hearing and the judge's signed order. During the 2025 session, MTC described the changes and efforts, such as having the Chief Judge in the office more frequently, reaching out to different parties to ensure settlement letters are sent on time, and having staff generate final orders more frequently.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Audit Findings

Audit Period for Last Audit	February 8, 2021 to November 17, 2024
Issue Date	March 2025
Number of Findings	0
Number of Repeat Findings	0
% of Repeat Findings	0%
Rating: (if applicable)	N/A

The Office of Legislative Audits did not report any findings.

Appendix 2
Object/Fund Difference Report
Maryland Tax Court

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Work Approp.</u>	<u>FY 27 Allowance</u>	<u>FY 26 – 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0.00	0.0%
02 Contractual	0.40	0.40	0.40	0.00	0.0%
Total Positions	9.40	9.40	9.40	0.00	0.0%
Objects					
01 Salaries, Wages and Fringe Benefits	\$824,154	\$899,670	\$943,005	\$43,335	4.8%
02 Technical and Special Fees	19,475	23,760	29,402	5,642	23.7%
03 Communications	1,273	3,510	2,300	-1,210	-34.5%
04 Travel	995	1,344	658	-686	-51.0%
08 Contractual Services	43,503	83,252	43,750	-39,502	-47.4%
09 Supplies and Materials	14,213	13,500	13,500	0	0.0%
10 Equipment – Replacement	0	1,300	1,300	0	0.0%
11 Equipment – Additional	0	1,100	1,100	0	0.0%
13 Fixed Charges	3,399	3,899	3,899	0	0.0%
Total Objects	\$907,012	\$1,031,335	\$1,038,914	\$7,579	0.7%
Funds					
01 General Funds	\$907,012	\$1,031,335	\$1,038,914	\$7,579	0.7%
Total Funds	\$907,012	\$1,031,335	\$1,038,914	\$7,579	0.7%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

C85E00 – Maryland Tax Court