

**E50C**  
**State Department of Assessments and Taxation**

***Executive Summary***

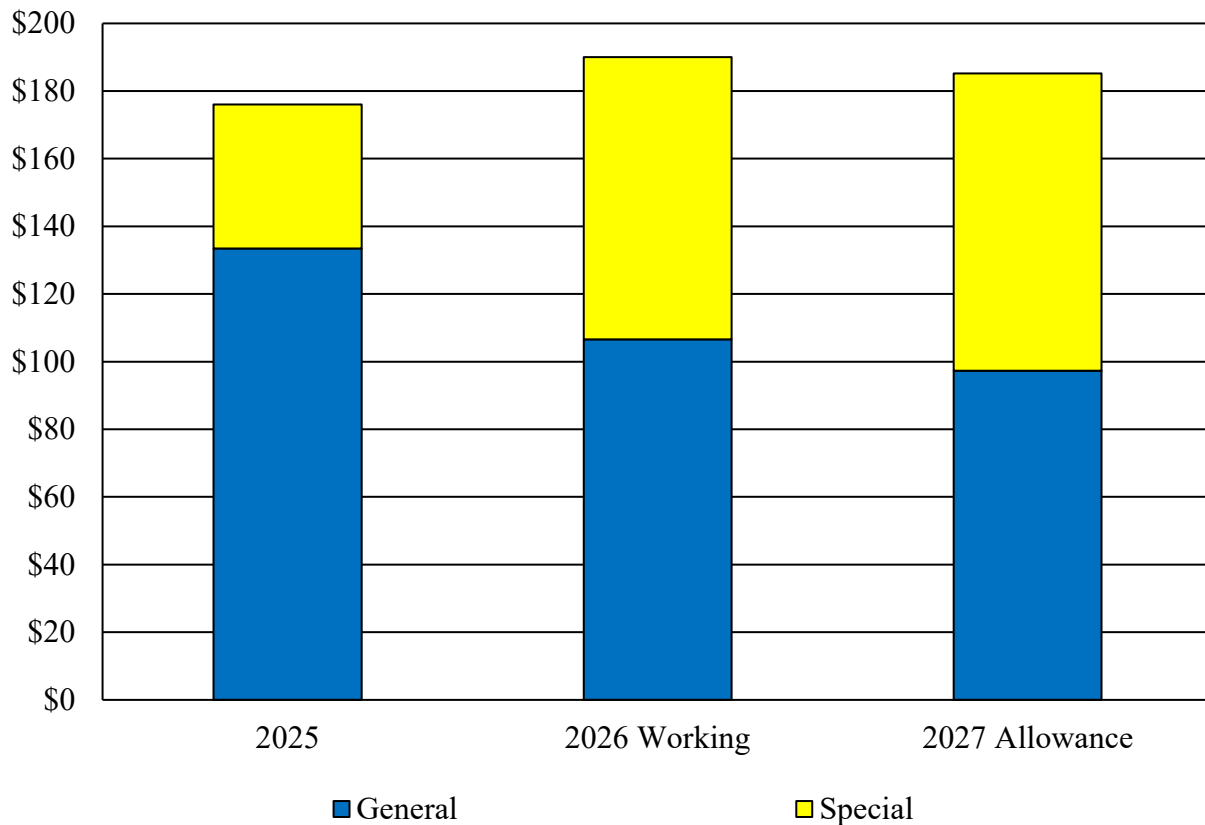
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The State Department of Assessments and Taxation (SDAT) is responsible for conducting property assessments statewide, administering property tax credit programs, and processing business filings in the State.

***Operating Budget Summary***

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**Fiscal 2027 Budget Decreases \$4.8 Million, or 2.5%, to \$185.2 Million  
(\$ in Millions)**



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.

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- The fiscal 2027 allowance decreases by \$4.8 million compared to the fiscal 2026 working appropriation after accounting for deficiency appropriations. SDAT receives a total of \$15.2 million in fiscal 2026 deficiencies, including \$15.9 million in general funds partially offset by a reduction of \$733,713 in special funds. The Homeowners' Tax Credit (HTC) has needed a deficiency appropriation in three of the last four fiscal years. The fiscal 2027 allowance includes general fund deficiencies of \$7.0 million under the HTC for Baltimore County credits owed based on applications from fiscal 2023 and 2025 and \$4.2 million for increased spending on Enterprise Zone tax credits.
- The special fund share of the SDAT budget increases to 47% of the fiscal 2027 allowance from 24% of fiscal 2025 actual spending. This change in fund split is largely due to a provision in the Budget Reconciliation and Financing Act (BRFA) of 2025, which changed the county-State cost share for expenses associated with real property valuation, business personal property valuation, and SDAT's Office of Information Technology from 50/50 to 90/10 beginning in fiscal 2026. Another provision in the BRFA of 2025 also allowed up to \$11 million in special funds from the Expedited Service Fund to be used for general operating expenses in fiscal 2026 and 2027 only.

## ***Key Observations***

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- ***Participation in the Enterprise Zone Tax Credit Program Remains Level Although New Participants Decreased for a Third Consecutive Year:*** Fiscal 2025 had 652 participants in the Enterprise Zone Tax Credit Program, which is 1 less participant than in fiscal 2024. The number of new participants peaked in fiscal 2021 at 85 and has decreased each fiscal year since; fiscal 2025 had 51 new participants.
- ***Turnover in the Real Property Assessment Program Mostly Improves:*** Salary increases for the Real Property Assessment Program were provided in the fiscal 2025 Budget Bill due to high rates of turnover in previous years. Following the enactment of these salary enhancements, turnover remained lower for 11 months but then temporarily returned to the levels experienced prior to fiscal 2025 before declining again.
- ***Audit Reveals Misuse of Corporate Purchasing Card (CPC):*** The Office of Legislative Audits (OLA) determined that SDAT did not identify questionable transactions or establish comprehensive controls over its CPC Program as required.
- ***Expenditures for Major Information Technology Development Projects (MITDP) Continue to Be Less Than the Appropriated Level:*** Special funds from the Expedited Service Fund are the primary source of funding for the agency's MITDPs, and a total of \$7.5 million has been canceled at the end of recent fiscal years due to the projects not advancing on schedule.

**Operating Budget Recommended Actions**

	<b><u>Amount Change</u></b>
1. Delete 1.0 long-term vacant position.	-\$116,423
2. Add language restricting funds pending a report on the status of the Cloud Revenue Integrated System development project.	
<b>Total Net Change to Fiscal 2027 Allowance</b>	<b>-\$116,423</b>

**E50C**  
**State Department of Assessments and Taxation**

***Operating Budget Analysis***

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**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:

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

HST 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. The Tax Sale Ombudsman's Office administers the Homeowner Protection Program (HPP), which provides loans to enrolled homeowners to avoid tax sale. SDAT also operates the Ground Rent Department, which assists in the registry and redemption of ground rent.

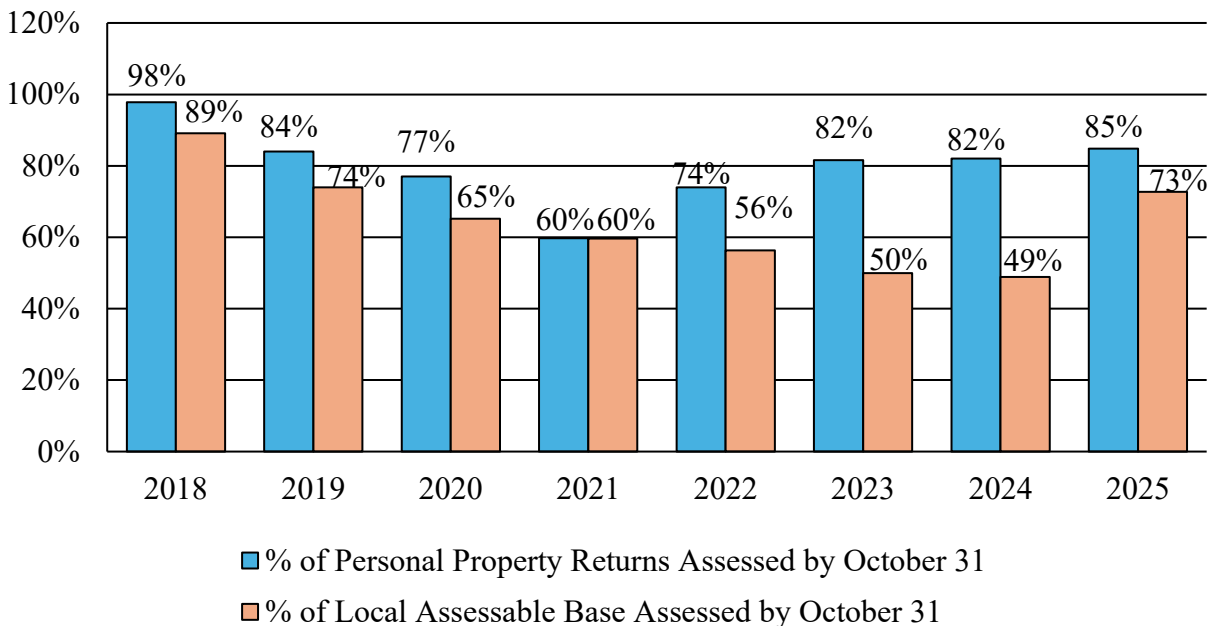
SDAT collects public service company franchise taxes and assesses all public utility companies in the State. It serves as the filing place for businesses operating in the State and registers companies, corporations, and partnerships in Maryland and generates certificates and certified documents. The 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.

## Performance Analysis: Managing for Results

### 1. Timeliness of Assessments Improves

SDAT administers a property valuation system that assesses taxable properties across the State and processes property tax returns. The department has the stated objective of assessing tax returns accurately and promptly. **Exhibit 1** shows the percentages of business personal property tax returns and local assessable base assessed by October 31 of each fiscal year. While the State does not levy taxes on business personal property, counties and municipalities do, and personal property includes items such as computers, vehicles, and furniture. The percentage of personal property returns assessed by October 31 has improved each year since fiscal 2021, following a decline from fiscal 2018 to 2021. From fiscal 2023 to 2025, it was consistently between 82% and 85%. The percentage of the local assessable base assessed by October 31 reversed a trend in year-over-year declines in fiscal 2025 by improving to 73% from 49% in fiscal 2024. **SDAT should comment on the reasons for the improvement in the percentage of local assessable base assessed by October 31.**

**Exhibit 1**  
**Timeliness of Business Personal Property Returns and**  
**Local Assessable Base Assessed**  
**Fiscal 2018-2025**

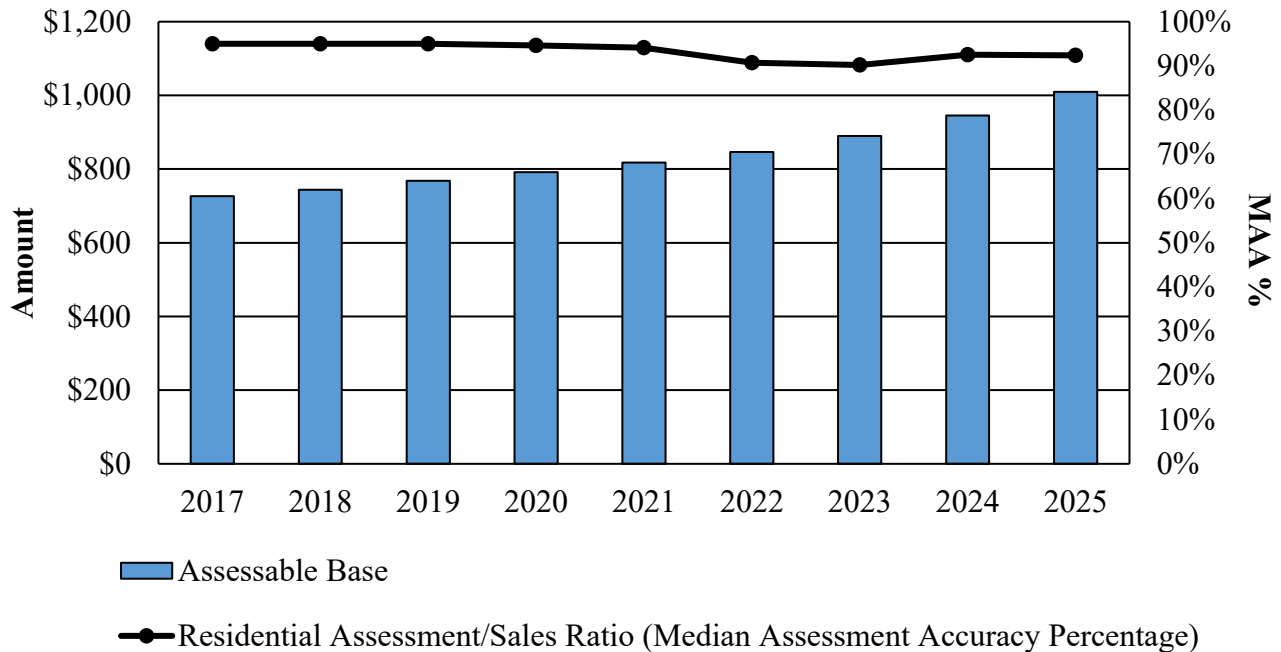


Source: Department of Budget and Management

## 2. Residential Assessment Accuracy Remains Level

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. The closer the ratio is to 100%, the closer assessments are to sales prices. A ratio higher than 100% would signal that assessments were higher than market value and vice versa. The recognized standard objective adopted by SDAT is a median assessment-to-sales ratio between 90% and 110%. As shown in **Exhibit 2**, the assessable base has increased substantially since fiscal 2020. Fiscal 2025 saw the highest year-over-year growth in this period (6.7%), going from \$945.6 billion in fiscal 2024 to \$1,009.4 billion in fiscal 2025. Assessment accuracy was consistently between 94% and 95% from fiscal 2017 through 2021, which was followed by a decline in fiscal 2022 and 2023 as the rate of growth for residential property values accelerated. In fiscal 2023, assessment accuracy was very close to falling below the 90% threshold with a value of 90.2%. However, accuracy improved in fiscal 2024, and fiscal 2025 maintained the same accuracy level of 92%.

**Exhibit 2**  
**Accuracy of Residential Real Property Assessments**  
**Fiscal 2017-2025**  
**(\$ in Billions)**

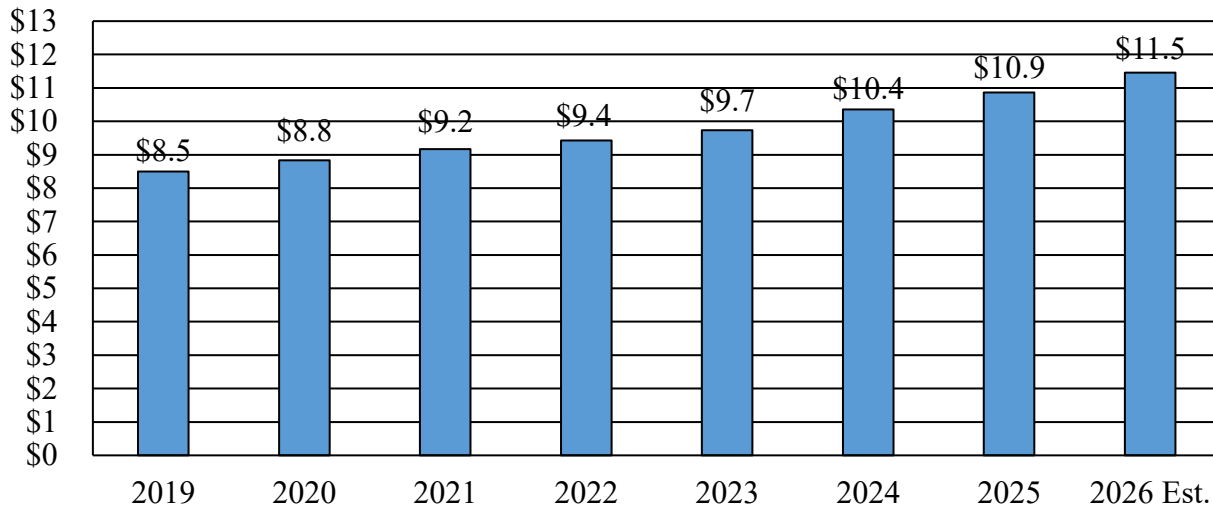


MAA: Median Assessment Accuracy

Source: Department of Budget and Management

Although property tax revenues are a relatively minor revenue source to the State, the State is responsible for the valuation and assessment of property. Local governments, on the other hand, levy and collect property taxes. **Exhibit 3** shows the total property tax revenue among all counties and Baltimore City from fiscal 2019 to 2026 estimated. Over this period, property tax revenue is estimated to increase by about \$3.0 billion (34.9%), which is an average annual growth of approximately 4%. From fiscal 2025 to 2026, revenues are projected to increase by \$592 million (5.4%).

**Exhibit 3**  
**Total Property Tax Revenue for Counties and Baltimore City**  
**Fiscal 2019-2026 Estimated**  
**(\$ in Billions)**

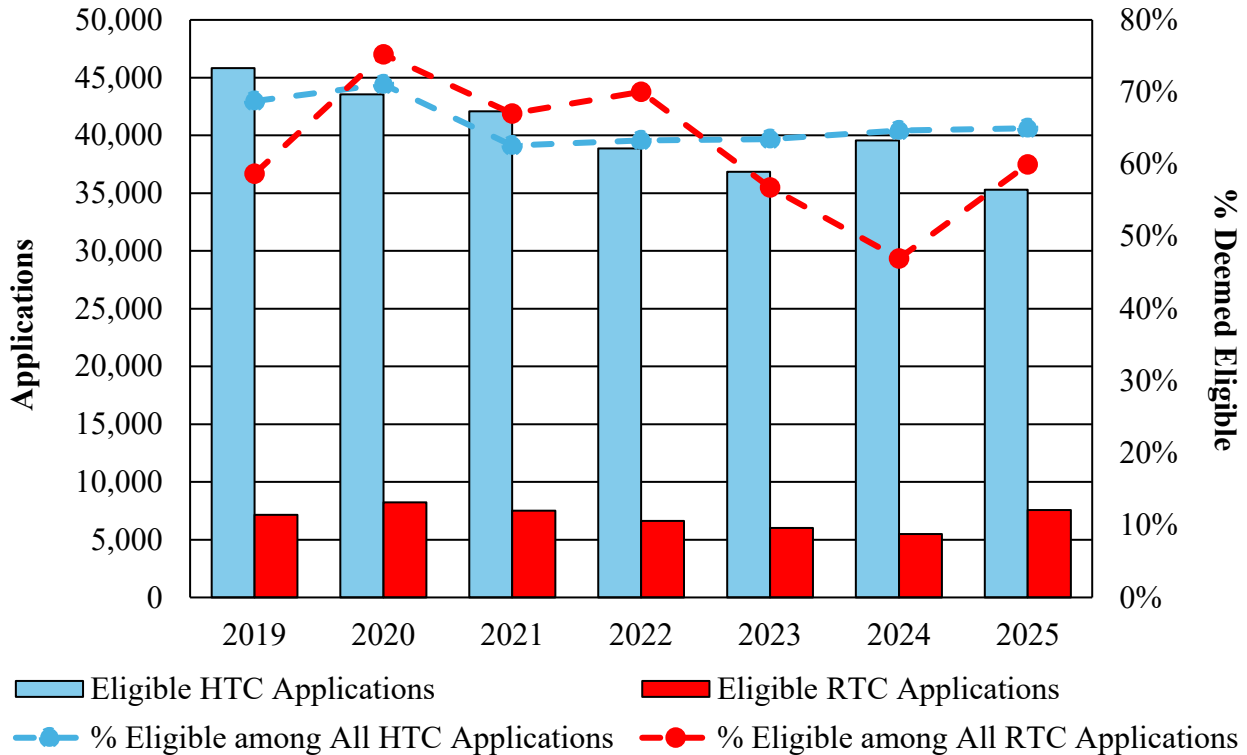


Source: Department of Legislative Services

### 3. Applications and Eligibility Rate for the Renters Tax Credit Increase

SDAT is required to work with the Comptroller to determine which homeowners may be eligible for a tax credit program and communicate with homeowners about the tax credit. As shown in **Exhibit 4**, the number of eligible HTC applications decreased by 10.7% in fiscal 2025 compared to fiscal 2024, while the eligibility rate slightly increased. Fiscal 2025 also had the lowest number of eligible applications over the time period. RTC applications increased by about 37.8% in fiscal 2025 compared to fiscal 2024, and the eligibility rate increased from 47% to 60% over the same period. Since fiscal 2020, eligible RTC applications decreased each fiscal year except for the notable increase in fiscal 2025, and eligible HTC applications have decreased every fiscal year since 2019 except for a year-over-year increase in fiscal 2024.

**Exhibit 4  
Eligible Homeowners’ and Renters’ Tax Credit Applications and Eligibility Rate  
Fiscal 2019-2025**



HTC: Homeowners’ Tax Credit

RTC: Renters’ Tax Credit

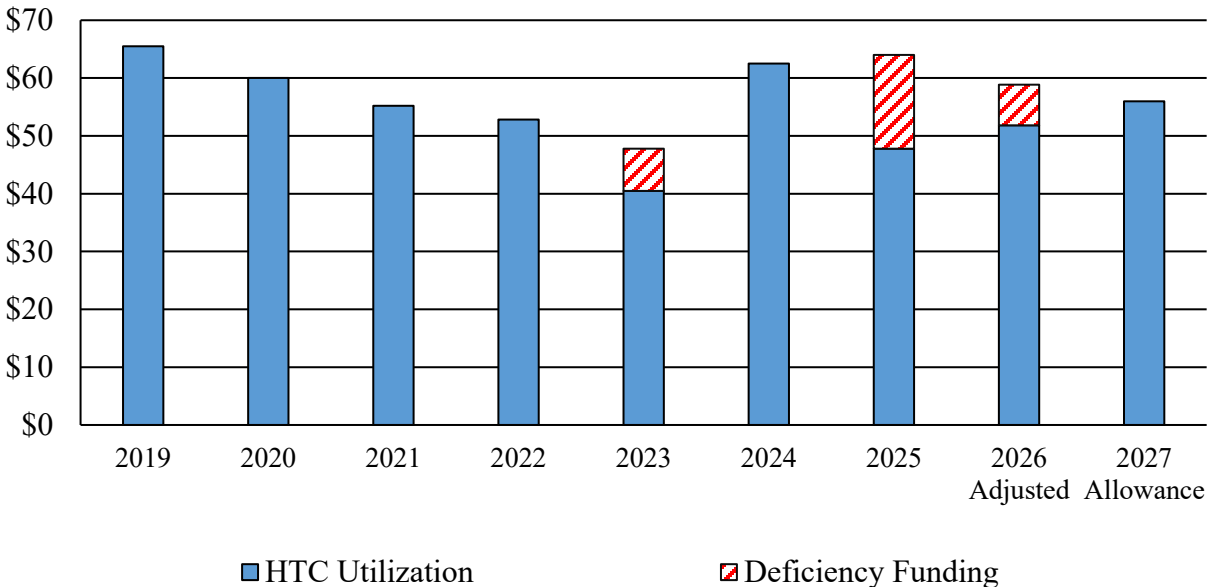
Source: Department of Budget and Management

Eligibility guidelines for both credits are set in statute. SDAT has previously noted that one long-term factor influencing eligibility levels could be that the income threshold determining eligibility trails behind wage and salary inflation, leading to a gradual decrease in the share of eligible applicants. For the HTC, combined gross household income cannot exceed \$60,000. For the RTC, the income threshold depends on age, disability status, number of dependents in the household, and whether other housing subsidies are being utilized. As of January 2026, the eligibility requirements for the HTC had been in place for over 19 years with RTC eligibility requirements in place for over 8 years. **SDAT should discuss the factors that led to the increase in eligible RTC applications in fiscal 2025.**

**Exhibit 5** shows HTC spending from fiscal 2019 to the 2027 allowance, including deficiencies. Utilization declined each year from fiscal 2019 to 2023 before increasing by 30%

(\$14.7 million) in fiscal 2024, and spending remained at this higher level in fiscal 2025. In three out of the last four fiscal years, deficiencies have been needed to fund this program at the required level, including a \$16.2 million deficiency in fiscal 2025, which is a 34% increase from the planned utilization level. SDAT reported in its budget hearing testimony during the 2025 session that fiscal 2024 and 2025 contained outstanding payments that were due to delays in receiving documentation from local jurisdictions. The fiscal 2027 allowance includes a \$7.0 million deficiency for fiscal 2026, which is a 13.5% increase above expected utilization. The agency reports this fiscal 2026 deficiency is entirely for Baltimore County credits owed based on applications from fiscal 2023 and 2025. The fiscal 2027 allowance contains \$56.0 million for the HTC, which is below recent historical trends. **SDAT should comment on how the HTC is forecasted for future years. The agency should also discuss how much of the fiscal 2023 and 2025 deficiencies were due to delays in receiving documentation from local jurisdictions and what can be done to improve this process to avoid future payment backlogs.**

**Exhibit 5**  
**Homeowners’ Tax Credit Utilization**  
**Fiscal 2019-2027 Allowance**  
**(\$ in Millions)**



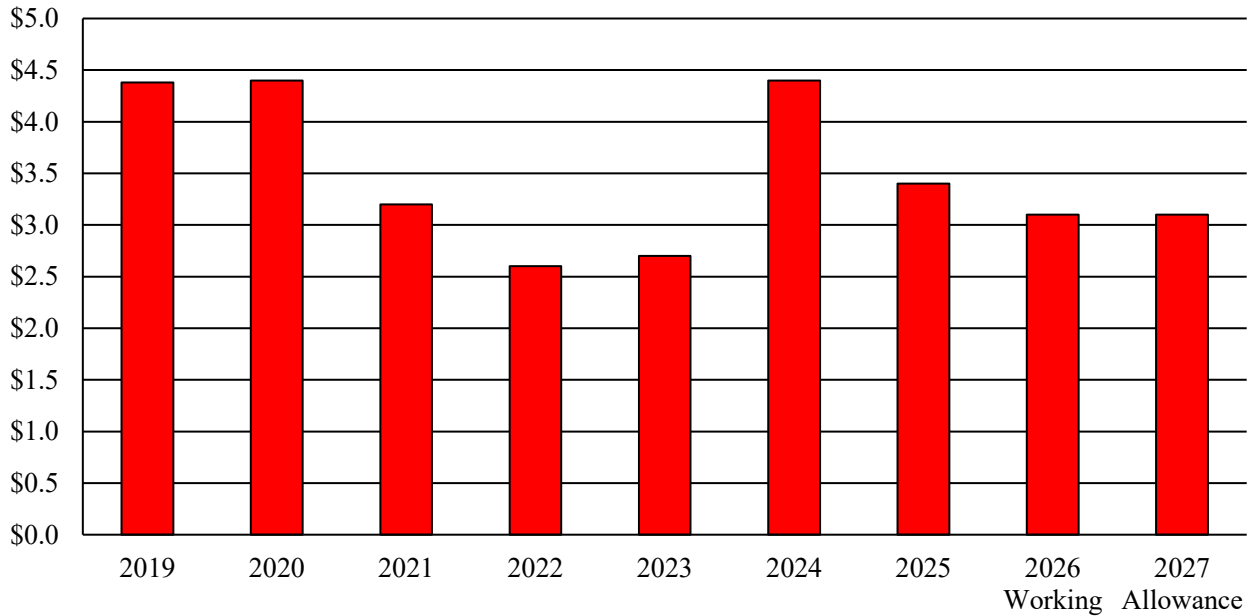
HTC: Homeowners’ Tax Credit

Note: Deficiency appropriations exclude adjustments prior to fiscal 2023 that account for refunds to homeowners resulting from Chapter 717 of 2021, which altered provisions for calculating the HTC. Fiscal 2026 adjusted contains a proposed deficiency in the fiscal 2027 allowance.

Source: Department of Budget and Management

**Exhibit 6** shows RTC utilization from fiscal 2019 to the 2027 allowance. Following a significant decrease in RTC spending from fiscal 2020 to 2023, there was an increase of 63% (\$1.7 million) in fiscal 2024, despite a reduction of 9.8% (516) in the number of eligible applicants. SDAT reported that this fiscal 2024 increase was due to an accumulation of payments stemming from prior fiscal years that were delayed because local jurisdictions were late to send required documentation. The RTC is level-funded in the fiscal 2027 allowance relative to the fiscal 2026 working appropriation and is slightly below fiscal 2025 utilization. **SDAT should comment on how many RTC applications are in the backlog due to a lack of requisite documentation from local jurisdictions.**

**Exhibit 6**  
**Renters’ Tax Credit Utilization**  
**Fiscal 2019-2027 Allowance**  
**(\$ in Millions)**



Source: Governor’s Budget Books, Fiscal 2021-2027

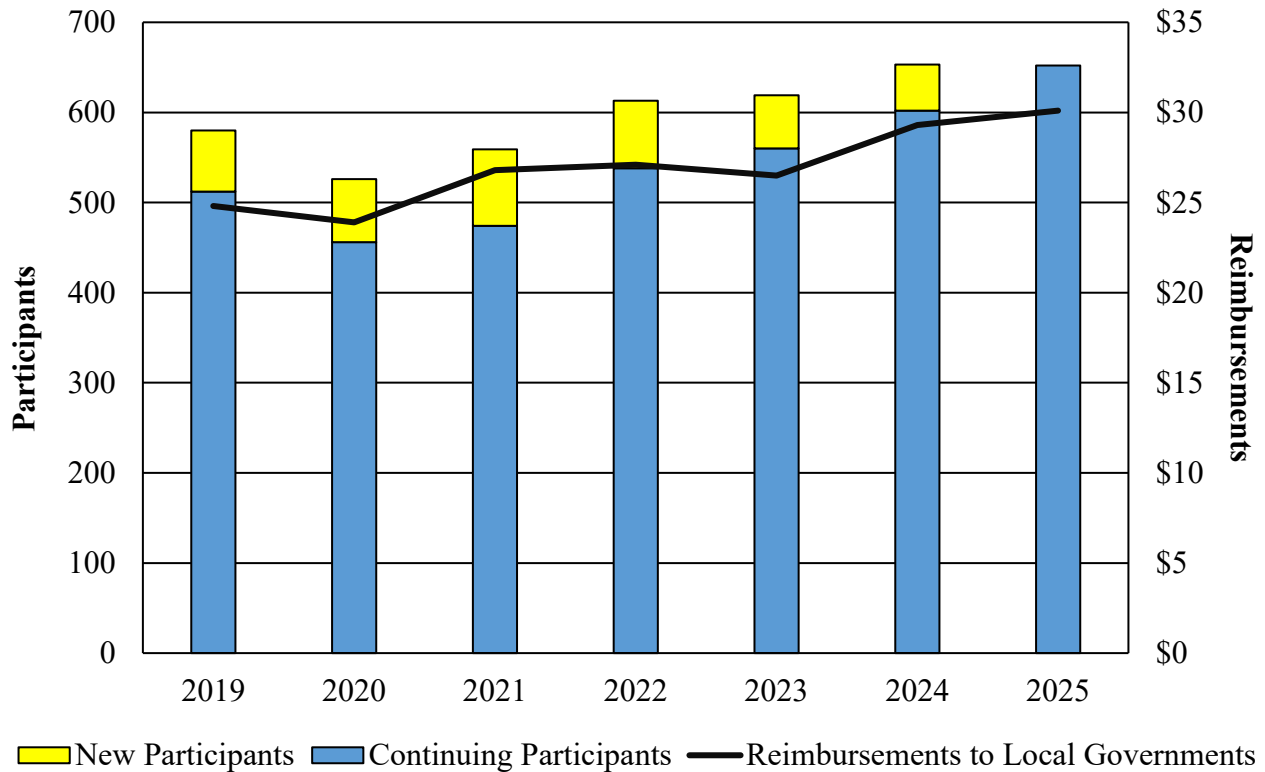
#### **4. Enterprise Zone Tax Credit Participation Remains Level**

The Enterprise Zone Tax Credit Program is intended to encourage economic growth within economically distressed areas of the State and to increase employment of the chronically unemployed. Businesses located within an enterprise zone are eligible for local property tax credits

and State income tax credits. Real property tax credits are 10-year credits against local real property taxes on a portion of the qualifying real property improvements in the enterprise zone; the State reimburses local jurisdictions for 50% of this lost tax revenue. The income tax credit is based on wages paid to newly hired employees and can be taken over a one- to three-year period.

The number of new and continuing participants in the Enterprise Zone Tax Credit Program along with the amount reimbursed to local jurisdictions each year is shown in **Exhibit 7**. The number of new participants peaked at 85 in fiscal 2021 and has declined each fiscal year since. From fiscal 2019 to 2024, there were 17 (25%) fewer new participants. The number of total participants grew by 72 (27%) from fiscal 2019 to 2025, and the amount reimbursed to local governments increased by \$5.3 million (21%).

**Exhibit 7**  
**Enterprise Zone Tax Credit Participants and Reimbursements**  
**Fiscal 2019-2025**  
**(\$ in Millions)**



Note: New participant data is not yet available for fiscal 2025.

Source: State Department of Assessments and Taxation

Although the total number of participants steadily increased from fiscal 2020 onward, the payments to local jurisdictions did not increase at the same rate and even decreased from fiscal 2022 to 2023 despite additional participants. This can occur for several reasons. First, the timing cycle of each participant varies due to the fact that the credit diminishes over time. Additionally, the property tax credit is based on the portion of real property improvements made. There can be years when the number of participants increases but the value of improvements is less than a year with fewer participants. There was an 11% jump in reimbursements from fiscal 2023 to 2024, which corresponded with a 5.5% increase in participants. From fiscal 2024 to 2025, there was one less participant and reimbursements increased by \$800,000.

## **Fiscal 2026**

### **Proposed Deficiency**

The fiscal 2027 budget includes seven deficiency appropriations providing a net total of \$15,155,960 including \$15,889,673 of general funds partially offset by a reduction of \$733,713 of special funds. These deficiencies include:

- \$7,000,000 in general funds for the HTC Program and \$4,168,932 in general funds for the Enterprise Zone Tax Credit Program to fund projected expenditures;
- \$3,720,741 in general funds for refunds to local jurisdictions due to overcharging them for costs associated with administering the HST from fiscal 2014 to 2025;
- \$1,000,000 in general funds to replace an equivalent reduction of special funds for property tax credit administration costs that were incorrectly assigned as special funds;
- \$150,234 in special funds for salaries and wages in the Office of the Director;
- \$147,137 in special funds for 2 contractual positions within the HPP; and
- \$31,084 in special funds withdrawn to align with anticipated spending in the Charter Unit for salaries and fringe benefits.

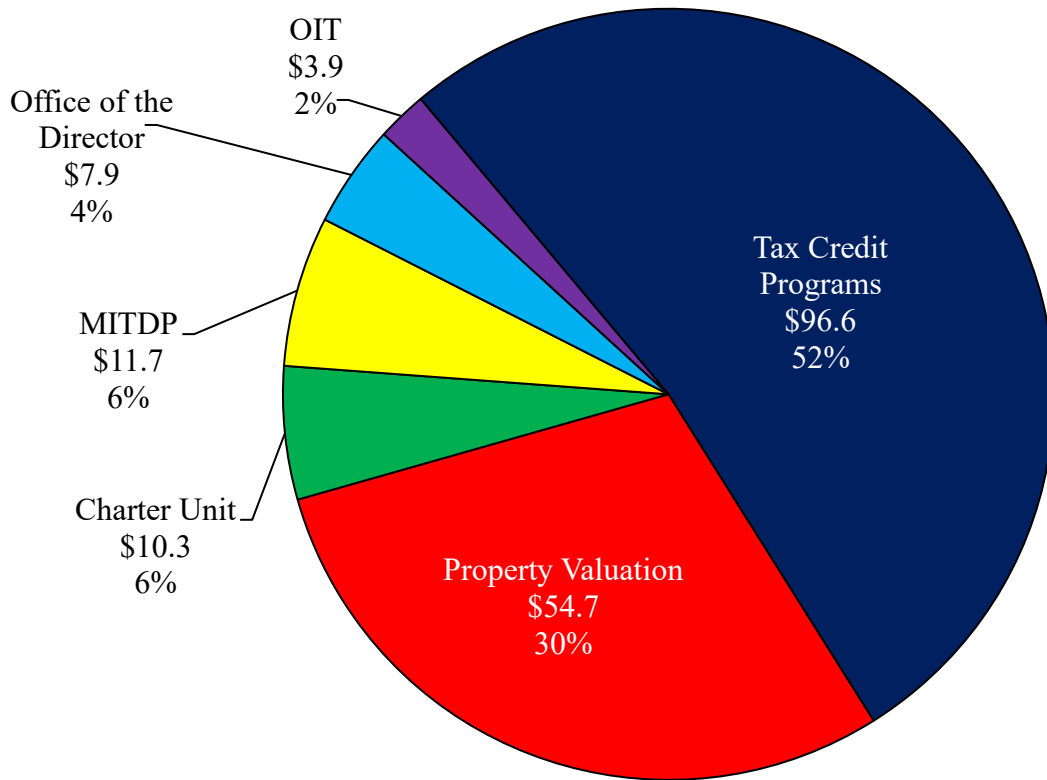
## **Fiscal 2027 Overview of Agency Spending**

As shown in **Exhibit 8**, the fiscal 2027 allowance for SDAT totals \$185.2 million. The tax credit programs, which include payments for the HTC, RTC, Enterprise Zone tax credits, and administrative costs, account for the majority of spending at 52% (\$96.6 million). The real property and business property valuation programs comprise 30% (\$54.7 million). Cumulatively, the

Charter Unit (6%), MITDPs (6%), Office of the Director (4%), and the Office of Information Technology (2%) account for the remaining 18% (\$33.9 million).

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**Exhibit 8**  
**Overview of Agency Spending**  
**Fiscal 2027 Allowance**  
**(\$ in Millions)**



MITDP: Major Information Technology Development Project  
OIT: Office of Information Technology

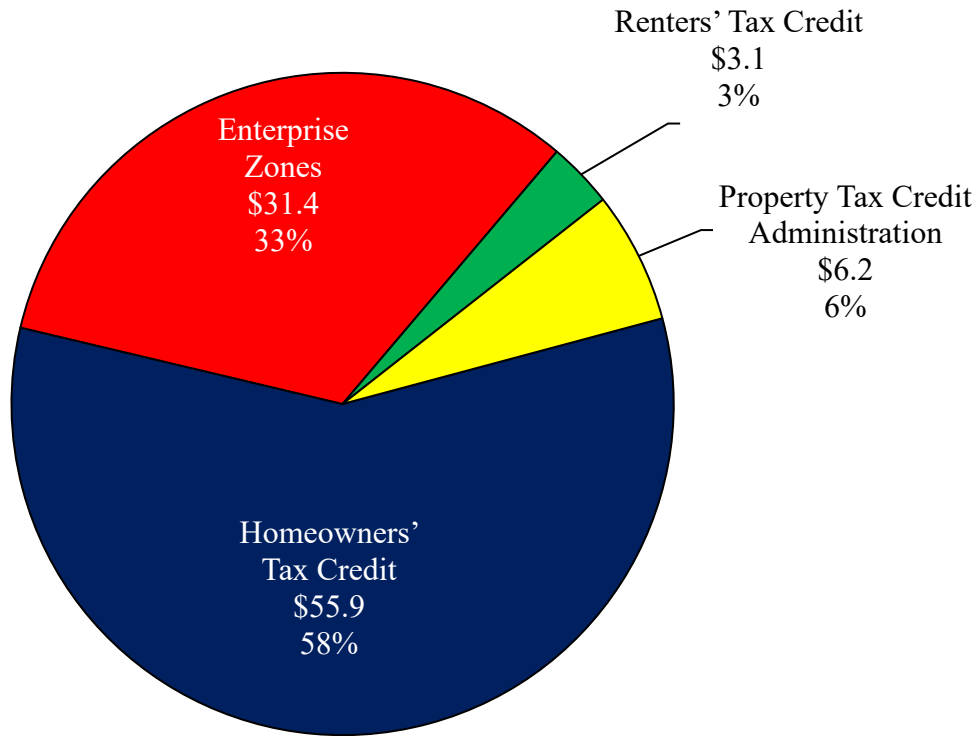
Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management

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As shown in **Exhibit 9**, out of the \$96.6 million in the allowance allocated to tax credit programs, the HTC accounts for \$55.9 million, or 58%. Enterprise Zone tax credits account for 33% (\$31.4 million), and the RTC comprises 3% (\$3.1 million). Administrative costs make up the remaining 6% (\$6.2 million).

**Exhibit 9**  
**Tax Credit Program Spending**  
**Fiscal 2027 Allowance**  
**(\$ in Millions)**



Source: Department of Budget and Management

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### Proposed Budget Change

As shown in **Exhibit 10**, the fiscal 2027 allowance decreases by \$4.8 million compared to the fiscal 2026 working appropriation after accounting for deficiencies. Major increases include \$4.0 million for salary increases and associated fringe benefits for existing positions and \$2.9 million for employee and retiree health insurance. These increases are offset by decreases of \$1.95 million for MITDPs, \$2.8 million for the HTC, \$3.7 million in one-time deficiency costs due to overcharging local jurisdictions for administrative costs in SDAT's tax credit programs, and \$4.9 million for the Enterprise Zone Tax Credit payments.

**Exhibit 10**  
**Proposed Budget**  
**State Department of Assessments and Taxation**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Total</u></b>
Fiscal 2025 Actual	\$133,422	\$42,573	\$175,995
Fiscal 2026 Working	106,571	83,452	190,023
Fiscal 2027 Allowance	97,341	87,872	185,212
Fiscal 2026-2027 \$ Change	-\$9,230	\$4,419	-\$4,811
Fiscal 2026-2027 % Change	-8.7%	5.3%	-2.5%
 <b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
Salary increases and associated fringe benefits .....			\$4,027
Employee and retiree health insurance .....			2,884
Turnover decreases from 5.26% to 4.65%.....			323
Deferred compensation match due to change in statewide budgeting.....			103
Accrued leave payouts .....			72
Workers' compensation premium assessment .....			50
<b>Other Changes</b>			
Real property appraisal software contracts.....			799
Homeowner Protection Program due to Chapter 647 of 2025 .....			750
Wages and benefits for a net increase of 2.85 new contractual employees .....			27
State cost allocations.....			-411
CRIS and MAAVS MITDPs.....			-1,951
Payments for the Homeowners' Tax Credit after accounting for a fiscal 2026 deficiency of \$7,000,000.....			-2,831
One-time deficiency for refunds to local jurisdictions due to overcharging for costs associated with administering the HST from fiscal 2014 to 2025 .....			-3,721
Enterprise Zone Tax Credit payments after accounting for a fiscal 2026 deficiency .....			-4,931
<b>Total</b>			<b>-\$4,811</b>

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CRIS: Cloud Revenue Integrated System  
HST: Homestead Tax Credit  
MAAVS: Maryland Assessment Administration and Valuation System  
MITDP: Major Information Technology Development Project

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.

Chapter 647 of 2025 requires the Governor to include \$250,000 in special funds from the interest on overdue State property tax in the annual budget bill for the HPP. Chapter 647 also requires the counties and Baltimore City to provide \$500,000 for the HPP, for a total annual appropriation of \$750,000.

***Personnel Data***

	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	574.30	569.30	569.30	0.00
Contractual FTEs	<u>9.20</u>	<u>13.20</u>	<u>16.05</u>	<u>2.85</u>
<b>Total Personnel</b>	<b>583.50</b>	<b>582.50</b>	<b>585.35</b>	<b>2.85</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	26.28	4.62%
Positions and Percentage Vacant as of 12/31/2025	32.00	5.62%
 Vacancies Above Turnover	 5.72	

- In October 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In fiscal 2026, a total of 7 positions were abolished in SDAT, including 3 vacant positions (executive associate, information technology analyst, office clerk) and 4 positions (3 office clerks, 1 administrative supervisor) as part of the VSP.
- In fiscal 2027, 4 contractual positions were added and 1.15 were abolished, leading to a net increase of 2.85 contractual positions. The main duties of the new contractual positions are to compile lists of properties sold in annual tax sales for all local jurisdictions, format the

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lists efficiently, facilitate data sharing, and collect telephone numbers for owner-occupied dwellings.

- Of SDAT's 32.00 vacant positions, 2.0 have been vacant for more than one year as of December 31, 2025. An assessor supervisor position in the Real Property Valuation Office has been vacant since December 2024, and an agency budget specialist position in the Office of the Director has been vacant since August 2024. **The Department of Legislative Services (DLS) recommends deleting the long-term vacant agency budget specialist position.**

Language in the fiscal 2026 Budget Bill restricted \$25,000 in general funds pending a report on the status of 5 positions that were vacant for more than one year as of December 31, 2024. SDAT submitted the report on January 12, 2026. Among the 5 positions (2 assessor managers, 1 programmer, and 2 office clerks), all of these positions were filled as of August 8, 2025.

**Upon review, DLS determined the report to be in compliance with the budget language and therefore recommends that the \$25,000 in withheld general funds be released. DLS will process a letter to that effect if no objections are raised by the committees.**

## ***Issues***

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### **1. Turnover in Real Property Assessment Program**

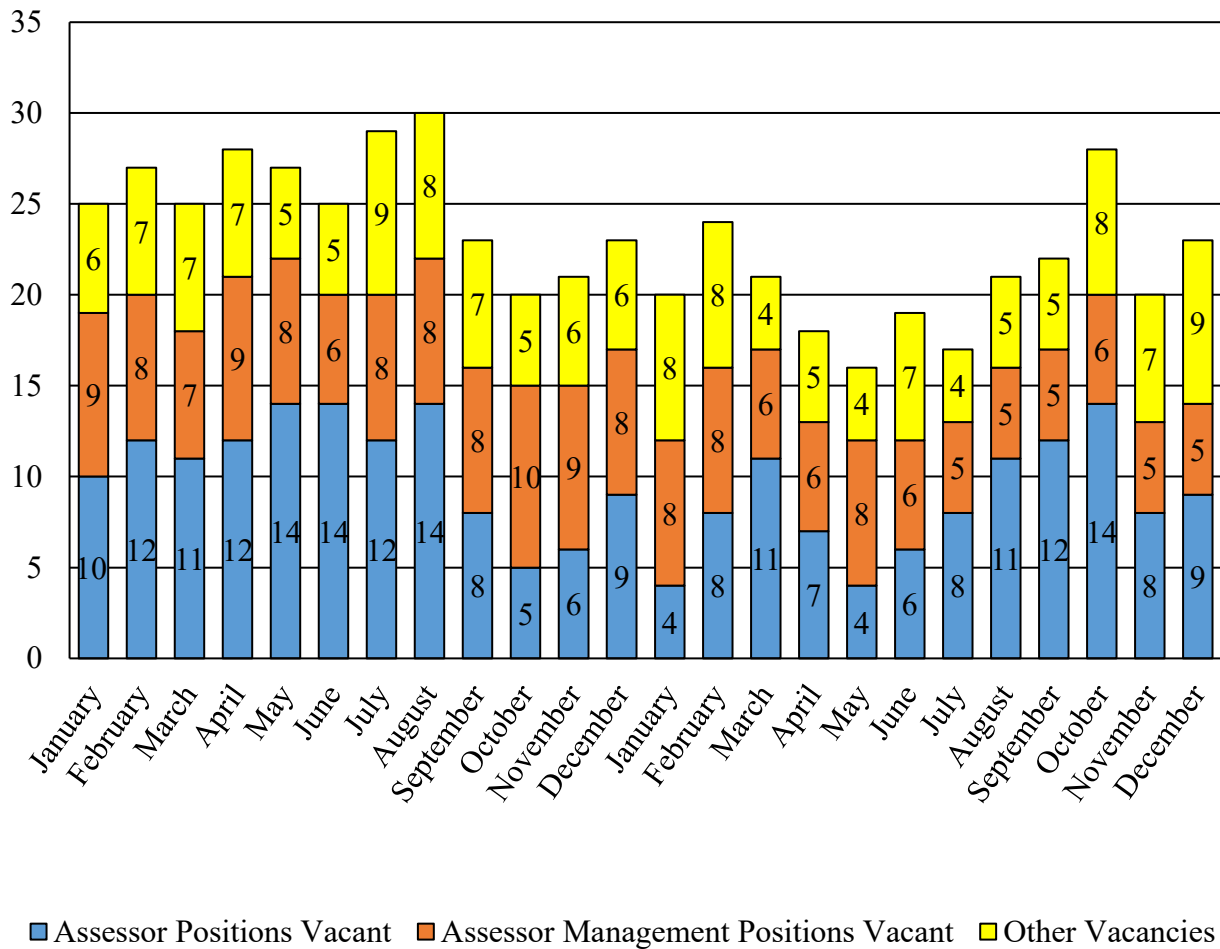
SDAT has reported high turnover and vacancies for real property assessor positions for many years, primarily due to competitive salaries for similar positions in nearby states. The lack of assessors can impact the timeliness of property assessment appeal hearings held by local Property Tax Assessment Appeals Boards due to the need for assessors to be present at these hearings. In response to narrative in the 2025 *Joint Chairmen's Report* (JCR), SDAT submitted two reports on the status of vacancies in its Real Property Valuation program for calendar 2025. The agency responded to most of the following information requests:

- ***The Number of Employees in the Program That Have Left State Service (by Employee Class Title and Jurisdiction):*** 39 employees left the program between January 1, 2025, and December 31, 2025;
- ***The Number of New Hires (by Employee Class Title and Jurisdiction):*** 17 assessors and 12 administrative positions were filled (net loss of 10 employees in calendar 2025);
- ***The Number of Positions Posted:*** 34 job postings were created;
- ***The Number of Qualifying Applicants Received in Response to Each Posting:*** there was an average of 35 qualifying applicants per posting;
- ***The Length of Time from the Posting of Each Position to the Acceptance of an Offer of Employment:*** there was an average of 113 days between the posting of a position and an offer of employment;
- ***The Amount of Time It Takes for the Average Hire to Finish the Training and Probationary Period:*** one year for assessors, six months for administrative staff, and 31 days for supervisors;
- ***The Average and Median Salaries for Listed Positions:*** not included with SDAT's submission; and
- ***Average and Median Salaries for Comparable Positions in Surrounding States:*** not included with SDAT's submission.

Due to high turnover among real property assessors, an annual salary review and other salary increases provided in the fiscal 2025 budget took effect in July 2024. As seen in **Exhibit 11**, beginning in September 2024, there was a downward trend in the overall number of vacancies, which was primarily driven by assessor positions being filled. Openings dropped from a high of

14 assessor vacancies in August 2024 to a low of 4 in May 2025. Over this same period, assessor management vacancies hovered between 6 and 10, while other vacancies (mostly administrative positions) fluctuated between 4 and 8. However, from June to October 2025, vacancies increased substantially among real property assessors and returned to the same levels experienced before the salary increases. Other vacancies also increased, although management vacancies remained lower than average. As of December 31, 2025, assessors comprise 32% of all regular personnel (184 of 569.3) and 28% of vacancies (9 of 32); assessor managers and supervisors make up 16% of all regular personnel (92.7 of 569.3) and 16% of vacancies (5 of 32).

**Exhibit 11**  
**Real Property Valuation Program Vacancies by Month**  
**Calendar 2024-2025**



Source: Department of Budget and Management

## 2. Misuse of CPC Program

OLA’s Special Investigation Unit received a tip on its fraud, waste, and abuse hotline pertaining to misuse of a CPC by an SDAT employee. Upon investigation, from July 1, 2021, through June 30, 2025, SDAT processed approximately 7,650 CPC transactions totaling \$2.3 million. The reported cardholder made approximately 530 CPC payments totaling \$118,000 during the period from May 2019 through August 2024. SDAT was unable to provide documentation, such as itemized receipts, to support the cardholder’s payments for at least 230 payments (43%) totaling approximately \$41,400, and 16 payments totaling \$1,400 had illegible documentation. Among others, OLA identified the following specific instances of misuse:

- two vacation properties were rented in Ocean City, Maryland with related costs totaling approximately \$6,800. Available documentation disclosed that two management employees directed the cardholder to pay for the rentals where they attended a conference, and one of the management employees approved the transaction log related to these purchases. However, the vacation properties were rented four nights beyond the timing of the conference. In addition, each vacation rental property was reserved for two adults and two children. SDAT could not provide justification for the nights rented prior to the conference and/or whether the cost of the vacation rental property with the additional guests was consistent with the cost of a standard hotel room;
- a purchase from one vendor totaling \$376 that included items SDAT management advised were questionable, such as dog food and steaks; and
- at least six transactions totaling \$190 were questionable based on the supporting documentation provided by the cardholder. For example, a purchase totaling \$23 included tumblers, nail polish, and other personal items. The supervisors approved the logs for all of these transactions despite the questionable nature of the items that were listed in the supporting documentation.

During the period from July 1, 2023, to July 25, 2024, SDAT identified \$300 in questionable purchases (personal utilities, gas, and phone bills) made by the cardholder and terminated the employee in August 2024. However, OLA determined that SDAT did not take sufficient corrective action because, although the agency terminated the cardholder, it did not process the termination as a “termination with prejudice” as indicated in its termination letter, which meant the cardholder was eligible to be rehired by another State agency. Furthermore, the matter was not referred to the Office of the Attorney General (OAG) – Criminal Division and the Governor’s Chief Counsel, as required. The agency also could not document that it attempted to recover the improper payments identified.

Based on the information gathered during the investigation, OLA determined that SDAT did not sufficiently investigate questionable CPC charges or establish comprehensive procedures to monitor CPC activity as required by the Comptroller’s *CPC Program Policies and Procedures Manual*. OLA issued the following recommendations.

Recommendation 1 was for SDAT to:

- consult with the OGA – Criminal Division before taking any action related to the questionable activity identified in the audit;
- ensure all terminations are accurately processed in the State’s records, including for the employee identified above; and
- ensure any future instances of possible criminal or unethical conduct are subject to documented investigation and referred to the OAG – Criminal Division and the Governor’s Chief Legal Counsel, as required.

Recommendation 2 was for SDAT to:

- ensure CPC cardholders prepare and complete accurate CPC logs and include documentation to support the related transactions;
- perform documented independent supervisory reviews of all CPC logs and transactions, including reviews of supporting documentation;
- use available Level-3 (detailed line-item information) data as part of the monthly supervisory review to aid in the assessment of the propriety of CPC transactions; and
- take appropriate action when supervisors approve CPC logs that lack required support or contain questionable purchases.

The agency agreed with the findings and recommendations. Pertaining to recommendation one, SDAT reported that it referred the matter to the OAG – Criminal Division, will comply with all rules and regulations for processing terminations, and will properly document future internal investigations. Regarding recommendation 2, SDAT created a CPC training presentation that aligns with the Comptroller’s standards, provided all CPC-holding employees with training, added new independent reviewers for documentation logs, and established a process where cardholders need to request permission before making purchases.

### **3. MITDPs and the Expedited Service Fund**

Language in the fiscal 2026 Budget Bill restricted \$50,000 of general funds pending the submission of the second of two reports on the development status of the Cloud Revenue Integrated Project (CRIS). SDAT submitted the reports on August 8, 2025, and January 9, 2026, respectively. CRIS is a 10-part project to redevelop outdated mainframe applications onto a cloud-based platform that will host user-friendly applications for both internal and external customers. This will streamline customer interactions, such as allowing them to check on the status of their

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. Overall, CRIS will modernize many internal and external processes handled by SDAT.

As seen in **Exhibit 12**, parts 1 through 7, which comprise the RTC, HTC, HST, and HPP, have been successfully developed and deployed, while part 8 (refinements to these programs) is almost complete. Parts 9 and 10 involve modernizing the Maryland Business Entity System (MBES), which is a State database that contains important tax and legal information and documentation for businesses. Vendor selection for part 9 is expected to occur by the end of March 2026. Part 10, the final phase, is not expected to begin its procurement process until the beginning of fiscal 2027. In a previous CRIS status report submitted on December 24, 2024, the agency stated that five different delays had occurred during the development of this project. Since then, no further delays have been reported. **Upon review, DLS determined the reports to be in compliance with the budget language and therefore recommends that the \$50,000 in withheld general funds be released. DLS will process a letter to that effect if no objections are raised by the committees.**

**Exhibit 12  
CRIS Timeline  
Fiscal 2019-2027 Allowance**

<b>CRIS OneStop and MBES (Parts 1 - 10)</b>					
Formal Name	Specific Name	Procurement	Development	Deployment	Final Transfer
CRIS Part 1	Renters Tax Credit "RTC"	Completed	Completed	Completed	No estimate
CRIS Part 2	Homeowners Protection Program "HPP"	Completed	Completed	Completed	No estimate
CRIS Part 3	Homestead Tax Credit "HST"	Completed	Completed	Completed	No estimate
CRIS Part 4	Homeowners Tax Credit "HTC"	Completed	Completed	Completed	No estimate
CRIS Parts	Tax Credit Program End	Completed	Completed	Completed	No estimate

CRIS OneStop and MBES (Parts 1 - 10)					
5-7	User Refinement/Audit Development/HPP Development				
CRIS Part 8	Tax Credit Program End User Refinement/Audit Development/HPP Development	Completed Sprints 1-92	In-Process Sprints 93-100 & Training Planned	In-Process Agile Deployments by Sprint	No estimate
CRIS Part 9	Maryland Business Entity System (MBES) Proof-of-Concept	In-Process 3 vendors submitted final proposals for MBES Ph I POC in Q2 FY26 / SDAT OIT & Business Unit Review of POC is in progress for the selection of 1 vendor by the end of Q3 FY26	In-Process MBES Ph II Planning	No estimate	No estimate
CRIS Part 10	Maryland Business Entity System (MBES) Modernization (Mainframe Transition)	Not Started Scheduled to begin Q1 FY27	No estimate Estimate will be provided at the conclusion of POC/Part 9	No estimate	No estimate

CRIS: Cloud Revenue Integrated System

Note: Final transfer means that the State Department of Assessments and Taxation’s Office of Information Technology will assume full responsibility for maintaining the new system.

Source: State Department of Assessments and Taxation

The primary source of funding for SDAT’s MITDPs is the Expedited Service Fund, which receives deposits from expedited processing fees that businesses can elect to use for various filings. Including the MITDP appropriation in the fiscal 2027 allowance, total budgeted funding currently exceeds the maximum estimated total cost of the project by \$7.1 million as reported in the MITDP Appendix that accompanied the fiscal 2027 allowance. SDAT reports that there have been unspent special funds that were canceled and then reappropriated in later fiscal years. The reappropriation of the unused special funds caused those funds to be double counted. The agency has stated that the total estimated project cost is \$39.6 million, not \$47.1 million as listed in the MITDP Appendix. **The agency should provide the estimated fiscal 2026 closing balance for the Expedited Service Fund. Additionally, the agency should also work with the Department of Budget and Management and the Department of Information Technology to update the MITDP**

**Appendix submission in future years to account for canceled funds. DLS recommends adding language restricting funds in the fiscal 2027 budget for the purpose of administration until SDAT submits a report updating the committees on the status of the CRIS project.**

SDAT's other MITDP is the Maryland Assessment Administration and Valuation System (MAAVS). MAAVS will be a computer-assisted mass appraisal system that will be used to maintain records for every property in the State. In fiscal 2025, \$1.95 million was appropriated for this project, but none of it was spent so the funds were canceled. In fiscal 2026, \$4.9 million was appropriated and only \$1.95 million, which is the amount of funding from fiscal 2025, is planned to be spent. In its budget hearing testimony during the 2025 session, SDAT indicated it was in the process of hiring a technical writer to create a request for proposals. As of September 3, 2025, a technical writer still had not been hired, which has delayed the project. **SDAT should discuss whether a technical writer has been hired and the new timeline for the MAAVS project.**

## Operating Budget Recommended Actions

	<u>Amount Change</u>		<u>Position Change</u>
1. Reduce special funds to delete 1.0 long-term vacant position within the Office of the Director. This position has been vacant since August 2024.	-\$116,423	SF	-1.0

2. Add the following language to the general fund appropriation:

, provided that \$50,000 of this appropriation made for the purpose of administration in the Office of Information Technology may not be expended until the State Department of Assessments and Taxation submits a report to the budget committees on the status of the Cloud Revenue Integrated System (CRIS) development project as of October 1, 2026. The reports shall include:

(1) a description of CRIS project milestones achieved, remaining milestones, and the overall project schedule; and

(2) how much funding was appropriated and spent in each fiscal year by fund type.

The report shall be submitted by November 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** This language restricts funds budgeted for administrative purposes until the State Department of Assessments and Taxation (SDAT) submits a report updating the budget committees on the status of the CRIS project and how much funding has been appropriated and spent in each fiscal year.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>	
CRIS Project Status Update	SDAT	November 1, 2026	
<b>Total Net Change to Fiscal 2027 Allowance</b>		<b>-\$116,423</b>	<b>-1.0</b>

**Appendix 1**  
**2025 Joint Chairmen’s Report Responses from Agency**

The 2025 JCR requested that SDAT prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***CRIS Status Reports:*** Language in the fiscal 2026 Budget Bill restricted \$50,000 of general funds pending the submission of two reports on the development status of CRIS that were due July 15, 2025, and December 15, 2025, respectively. The reports were submitted on August 8, 2025, and January 9, 2026. Further information can be found in Issue 4 and Appendix 3 of this analysis.
- ***Status of Long-term Vacancies:*** Language in the fiscal 2026 Budget Bill restricted funds pending a report on the status of 5 positions that were vacant for more than one year as of December 31, 2024. The report was due September 1, 2025, and was submitted on January 12, 2026. Among the 5 positions that were vacant for more than a year, all of these positions were filled as of August 8, 2025.
- ***Real Property Valuation Turnover:*** Narrative in the 2025 JCR requested two reports on staffing in the Real Property Valuation program due by July 15, 2025, and December 15, 2025, respectively. The reports were submitted on August 8, 2025, and January 13, 2026. Further information can be found in Issue 1 of this analysis.

**Appendix 2**  
**Audit Findings**

Audit Period for Last Audit	May 8, 2019 – January 31, 2025
Issue Date	October 2025
Number of Findings	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating (if applicable)	n/a

**Finding 1:** SDAT could not document that it investigated questionable CPC charges processed by one SDAT cardholder, did not identify certain questionable transactions, and did not take appropriate follow-up action.

**Finding 2:** SDAT did not establish comprehensive procedures and controls over CPC activity as required by the Comptroller’s *CPC Program Policies and Procedures Manual*, which may have contributed to the aforementioned questionable activity going undetected.

\*Bold denote item repeated in full or part from preceding audit report.

**Appendix 3**  
**Cloud Revenue Integrated System**  
**Major Information Technology Development Project**  
**State Department of Assessments and Taxation**

Further discussion of this project can be found in Issue 3 of this analysis.

<b>New/Ongoing:</b> Ongoing					
<b>Start Date:</b> Fiscal 2019			<b>Est. Completion Date:</b> Fiscal 2033		
<b>Implementation Strategy:</b> Agile					
<b>(\$ in Millions)</b>	<b>Prior Year</b>	<b>2026</b>	<b>2027</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$1.482	\$0.000	\$0.000	\$0.000	\$1.482
<b>SF</b>	28.192	9.036	8.423	0.000	45.650
<b>Total</b>	<b>\$29.674</b>	<b>\$9.036</b>	<b>\$8.423</b>	<b>-\$17.100--\$7.100</b>	<b>\$47.132</b>

- **Project Summary:** CRIS will allow for the migration and redevelopment of mainframe applications onto a cloud-based platform that will host user-friendly 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. There are two distinct components of the CRIS project. The first involves the RTC, HTC, HST, and HPP (parts 1 through 8), which will make the application and review process more efficient. The second involves MBES (parts 9 and 10), which will make it easier for business owners to submit and manage their required filings with the State.
- **Need:** SDAT historically operated using manual, paper-based processes. This is inefficient and 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:** The RTC, HPP, HST, and HTC components are all operational with refinements in progress. The MBES component is still in its procurement phase.
- **Concerns:** The total funding to date, including the fiscal 2027 allowance, exceeds the estimated total cost range of \$30 million to \$40 million. SDAT reports there have been unspent special funds that were canceled and then reappropriated in later fiscal years. The reappropriation of the same special funds caused them to be double counted. The agency reports that the total estimated project cost is \$39.6 million.

**Appendix 4**  
**Maryland Assessment Administration and Valuation System**  
**State Department of Assessments and Taxation**

<b>New/Ongoing:</b> Ongoing					
<b>Start Date:</b> Fiscal 2024				<b>Est. Completion Date:</b> Fiscal 2030	
<b>Implementation Strategy:</b> Agile					
<b>(\$ in Millions)</b>	<b>Prior Year</b>	<b>2026</b>	<b>2027</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$0.500	\$0.300	\$0.000	\$0.000	\$0.800
<b>SF</b>	1.450	4.600	3.262	0.000	9.312
<b>Total</b>	<b>\$1.950</b>	<b>\$4.900</b>	<b>\$3.262</b>	<b>-\$0.100-\$9.888</b>	<b>\$10.112</b>

- Project Summary:** MAAVS is a statewide Computer Assisted Mass Appraisal system that will be used to maintain records for each parcel of land in the State and value each parcel for ad valorem property taxes. MAAVS will enable field data collection of property data through mobile tablet applications and improve the ability to process tax credit approvals and records. The new system will be able to manage data utilizing international land administration open geospatial data standards that can then be utilized by local governments for tax billing purposes. MAAVS is expected to be scalable, provide enhanced cybersecurity and privacy controls, and be expandable for potential additional data sets and technologies such as machine learning or artificial intelligence processes.
- Need:** SDAT indicated that the current appraisal system is outdated, slow to process data, performs poorly during heavy usage, and does not have a built-in mobile component. Additionally, the system has limited capacity to interface with other systems and has been cited as a reason for employee attrition.
- Observations and Milestones:** There was a \$1.95 million appropriation in fiscal 2025 that went unspent, so all the funds were canceled. As of September 3, 2025, a request for proposals was not drafted because a technical writer still had not been hired, which has delayed the project.

**Appendix 5**  
**Object/Fund Difference Report**  
**State Department of Assessments and Taxation**

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
<b>Positions</b>					
01 Regular	574.30	569.30	569.30	0.00	0.0%
02 Contractual	9.20	13.20	16.05	2.85	21.6%
<b>Total Positions</b>	<b>583.50</b>	<b>582.50</b>	<b>585.35</b>	<b>2.85</b>	<b>0.5%</b>
<b>Objects</b>					
01 Salaries, Wages, and Fringe Benefits	\$60,742,054	\$57,849,459	\$65,308,367	\$7,458,908	12.9%
02 Technical and Special Fees	862,489	917,146	943,794	26,648	2.9%
03 Communications	1,026,976	1,386,712	1,385,139	-1,573	-0.1%
04 Travel	183,217	180,962	180,962	0	0.0%
06 Fuel and Utilities	45,760	39,235	45,760	6,525	16.6%
07 Motor Vehicle Operation and Maintenance	232,305	206,363	206,433	70	0.0%
08 Contractual Services	12,204,375	23,886,068	22,323,056	-1,563,012	-6.5%
09 Supplies and Materials	150,182	192,710	192,710	0	0.0%
10 Equipment – Replacement	72,427	274,867	274,867	0	0.0%
11 Equipment – Additional	128,618	0	0	0	N/A
12 Grants, Subsidies, and Contributions	97,661,821	102,271,040	91,537,917	-10,733,123	-10.5%
13 Fixed Charges	2,684,853	2,818,399	2,813,161	-5,238	-0.2%
<b>Total Objects</b>	<b>\$175,995,077</b>	<b>\$190,022,961</b>	<b>\$185,212,166</b>	<b>-\$4,810,795</b>	<b>-2.5%</b>
<b>Funds</b>					
01 General Funds	\$133,422,370	\$106,570,779	\$97,340,575	-\$9,230,204	-8.7%
03 Special Funds	42,572,707	83,452,182	87,871,591	4,419,409	5.3%
<b>Total Funds</b>	<b>\$175,995,077</b>	<b>\$190,022,961</b>	<b>\$185,212,166</b>	<b>-\$4,810,795</b>	<b>-2.5%</b>

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.

**Appendix 6  
Fiscal Summary  
State Department of Assessments and Taxation**

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27</u>	
				<u>\$ Change</u>	<u>% Change</u>
01 Office of the Director	\$7,476,337	\$7,333,288	\$7,946,358	\$613,070	8.4%
02 Real Property Valuation	47,014,119	45,669,490	51,130,295	5,460,805	12.0%
04 Office of Information Technology	2,673,524	3,427,620	3,911,924	484,304	14.1%
05 Business Property Valuation	3,164,744	3,004,273	3,554,300	550,027	18.3%
06 Tax Credit Payments	95,968,837	98,267,607	90,505,225	-7,762,382	-7.9%
08 Property Tax Credit Programs	6,074,012	9,060,582	6,137,595	-2,922,987	-32.3%
09 Major Information Technology Development Projects	5,917,549	13,635,696	11,684,600	-1,951,096	-14.3%
10 Charter Unit	7,705,955	9,624,405	10,341,869	717,464	7.5%
<b>Total Expenditures</b>	<b>\$175,995,077</b>	<b>\$190,022,961</b>	<b>\$185,212,166</b>	<b>-\$4,810,795</b>	<b>-2.5%</b>
General Funds	\$133,422,370	\$106,570,779	\$97,340,575	-\$9,230,204	-8.7%
Special Funds	42,572,707	83,452,182	87,871,591	4,419,409	5.3%
<b>Total Appropriations</b>	<b>\$175,995,077</b>	<b>\$190,022,961</b>	<b>\$185,212,166</b>	<b>-\$4,810,795</b>	<b>-2.5%</b>

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.