

E80E
Property Tax Assessment Appeals Boards

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$978	\$933	\$942	\$8	.9%
Contingent & Back of Bill Reductions	0	-2	-4	-1	
Adjusted General Funds	\$978	\$931	\$938	\$7	.8%
Adjusted Grand Total	\$978	\$931	\$938	\$7	.8%

- The fiscal 2004 allowance provides an \$8,000 increase for employee and retiree health insurance.
- There is a \$4,000 increase in payments to board members in the fiscal 2004 allowance.
- Office assistance decreases by \$3,000 in the fiscal 2004 allowance.

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	9.00	9.00	9.00	0.00

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	0.00	0.00%
Positions Vacant as of 12/31/02	0.00	0.00%

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Number of Appeals Expected to Increase: As assessments have increased, the Property Tax Assessment Appeals Boards expect the number of appeals to increase.

Recommended Actions

	<u>Funds</u>
1. Reduce allowance for postage.	\$ 2,136
Total Reductions	\$ 2,136

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Operating Budget Analysis

Program Description

The Property Tax Assessment Appeals Boards (PTAAB) hear appeals in matters relating to the assessment of property throughout the State. There is one board in each county and Baltimore City. Each board has four members who are appointed by the Governor for five-year terms. The first appeal of an assessment goes to the Department of Assessments and Taxation, which determines the original assessment. The Property Tax Assessment Appeals Boards are the second level of appeal, with subsequent appeals going to the Maryland Tax Court. Further appeals may be made through the judicial system.

PTAAB has the following goals:

- to conduct appeals in a timely and efficient manner; and
- to render fair and accurate decisions.

Performance Analysis: Managing for Results

Timely and Efficient Appeals

PTAAB has developed a set of measures to assess the timeliness and efficiency of its appeal process. **Exhibit 1** presents some selected measures.

Exhibit 1

Selected Timeliness and Efficiency Measures
(Calendar Years)

<u>Measure</u>	<u>2001</u>	<u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Est.</u> <u>2004</u>
Appeals filed	7,463	9,810	8,988	9,886
Appeals heard	4,992	4,851	5,704	6,920
Number of appeals pending at year end	4,249	4,226	3,284	2,500

Source: Governor's Budget Books

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There is a significant increase (24%) in the number of appeals filed between fiscal 2001 and 2002. PTAAB expects the number of appeals to remain at this higher level; however, at the same time, PTAAB estimates that the number of appeals still pending at year end will decrease by over 40% from fiscal 2002 to 2004. **PTAAB should explain how it will accomplish this increase in productivity without additional resources.**

Fair and Accurate Hearings

PTAAB determines the accuracy of its decisions by how many of the decisions are appealed to the Maryland Tax Court and by how many of these appealed decisions are upheld. About 7% of PTAAB's decisions are appealed annually to the Tax Court, and about 50% of its decisions are upheld. PTAAB has also recently started conducting customer satisfaction surveys, but no data are yet available.

The Department of Legislative Services (DLS) does note that the Maryland Tax Court and PTAAB report different actuals and estimates for the number of cases appealed to the Tax Court. **DLS recommends that these two agencies reconcile their figures in the future.**

Fiscal 2003 Actions

Impact of Cost Containment

Fiscal 2003 cost containment reflects the reversion of appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003. This reduction is approximately \$2,000 for PTAAB.

Governor's Proposed Budget

Exhibit 2 details the fiscal 2004 allowance, which increases by \$7,000 (.75%) over the fiscal 2003 working appropriation.

Impact of Cost Containment

The fiscal 2004 allowance reflects the elimination of the appropriation (\$4,000) for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003.

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Exhibit 2

**Governor's Proposed Budget
Property Tax Assessment Appeals Boards
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$978	\$933	\$942	\$8	.9%
Contingent & Back of Bill Reductions	0	-2	-4	-1	52.5%
Adjusted General Funds	\$978	\$931	\$938	\$7	.8%
Adjusted Grand Total	\$978	\$931	\$938	\$7	.8%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$8
Increase in payments for the 96 board members and alternates	4
Social security payments	2
Deferred compensation.....	-2

Other Changes

Postage and postage machine leases	3
Rent for local offices including a new office for Baltimore County	3
Two additional phone lines for the Baltimore County office.....	2
Contractual services for carpet cleaning, trash service, etc.	-3
Temporary office assistance for Montgomery County due to temporary re-assignments of staff from other PTAAB offices.....	-3
Decrease in capital lease payments	-3
Data processing upgrades to equipment will be minimal in fiscal 2004	-1
Out-of-state travel due to no travel needs anticipated in fiscal 2004	-1
Other changes	-2

Total **\$7**

Note: Numbers may not sum to total due to rounding.

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Personnel

The net increase in the fiscal 2004 allowance for personnel is \$12,000, the majority of which is an \$8,000 increase in health insurance costs. There is a \$4,000 increase for board members' compensation as well. Each local jurisdiction has three board members and one alternate who hear appeals. The compensation for the board members is \$25 per hour. The fiscal 2004 allowance provides a pay increase that brings the average total annual compensation per board member to \$3,311. The increase in compensation reflects the expectation that the boards' workload will increase in fiscal 2004.

Other Changes

There is a \$3,000 decrease in office assistance in the fiscal 2004 allowance. Montgomery County is traditionally the busiest local office and regularly hires a temporary office worker to help during the busiest periods. **PTAAB should be prepared to comment on how this decrease will affect its operations.**

PTAAB's Baltimore County office is in the process of relocating. The new office will have two more phone lines than the current office; a \$2,000 increase in the fiscal 2004 allowance for telephones is primarily due to the extra lines in Baltimore County.

Recommended Actions

	<u>Amount Reduction</u>
1. Reduce the allowance for postage to be in line with the increase in first class postage rates. This reduction allows 8.8% growth over the fiscal 2003 working appropriation.	\$ 2,136 GF
Total General Fund Reductions	\$ 2,136

Current and Prior Year Budgets

**Current and Prior Year Budgets
Property Tax Assessment Appeals Boards
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$907	\$0	\$0	\$0	\$907
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	71	0	0	0	71
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$978	\$0	\$0	\$0	\$978
Fiscal 2003					
Legislative Appropriation	\$933	\$0	\$0	\$0	\$933
Budget Amendments	0	0	0	0	0
Contingent and Back of the Bill Reductions	-2	0	0	0	-2
Working Appropriation	\$931	\$0	\$0	\$0	\$931

Note: Numbers may not sum to total due to rounding.

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Appendix 2

Object/Fund Difference Report
Property Tax Assessment Appeals Boards

Object/Fund	FY 02	FY 03	FY 04	FY 03 - FY 04	Percent Change
	Actual	Working Appropriation	Allowance	Amount Change	
Positions					
01 Regular	9.00	9.00	9.00	0	0%
Total Positions	9.00	9.00	9.00	0	0%
Objects					
01 Salaries and Wages	\$ 763,117	\$ 765,519	\$ 779,242	\$ 13,723	1.8%
03 Communication	31,922	23,512	28,414	4,902	20.8%
04 Travel	24,518	15,800	14,500	-1,300	-8.2%
06 Fuel & Utilities	87	0	0	0	0.0%
07 Motor Vehicles	11,939	14,141	13,485	-656	-4.6%
08 Contractual Services	38,604	16,774	16,742	-32	-0.2%
09 Supplies & Materials	10,444	10,300	9,000	-1,300	-12.6%
10 Equip - Replacement	21,370	10,304	0	-10,304	-100.0%
11 Equip - Additional	3,281	0	0	0	0.0%
12 Grants, Subsidies, Contr	2,115	0	0	0	0.0%
13 Fixed Charges	70,830	77,029	80,191	3,162	4.1%
Total Objects	\$ 978,227	\$ 933,379	\$ 941,574	\$ 8,195	0.9%
Funds					
01 General Fund	\$ 978,227	\$ 933,379	\$ 941,574	\$ 8,195	0.9%
Total Funds	\$ 978,227	\$ 933,379	\$ 941,574	\$ 8,195	0.9%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

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Fiscal Summary						
Property Tax Assessment Appeals Boards						
<u>Unit/Program</u>	FY 02 Actual	FY 03 Legislative Appropriation	FY 03 Working Appropriation	FY 02 – FY 03 % Change	FY 04 Allowance	FY 03 – FY 04 % Change
01 Property Tax Assessment Appeals Boards	\$ 978,227	\$ 933,379	\$ 933,379	-4.6%	\$ 941,574	0.9%
Total Expenditures	\$ 978,227	\$ 933,379	\$ 933,379	-4.6%	\$ 941,574	0.9%
General Fund	\$ 978,227	\$ 933,379	\$ 933,379	-4.6%	\$ 941,574	0.9%
Total Appropriations	\$ 978,227	\$ 933,379	\$ 933,379	-4.6%	\$ 941,574	0.9%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.