

**C85E00**  
**Maryland Tax Court**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 05</b> <b><u>Actual</u></b>	<b>FY 06</b> <b><u>Working</u></b>	<b>FY 07</b> <b><u>Allowance</u></b>	<b>FY 06-07</b> <b><u>Change</u></b>	<b>% Change</b> <b><u>Prior Year</u></b>
General Fund	<u>\$551</u>	<u>\$574</u>	<u>\$610</u>	<u>\$36</u>	<u>6.2%</u>
<b>Total Funds</b>	<b>\$551</b>	<b>\$574</b>	<b>\$610</b>	<b>\$36</b>	<b>6.2%</b>

- The fiscal 2007 allowance increases by \$35,533, or 6.2% above the fiscal 2006 working appropriation. The majority of this increase is related to health care expenses.

***Personnel Data***

	<b>FY 05</b> <b><u>Actual</u></b>	<b>FY 06</b> <b><u>Working</u></b>	<b>FY 07</b> <b><u>Allowance</u></b>	<b>FY 06-07</b> <b><u>Change</u></b>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/05	0.00	0.00%

- The fiscal 2007 allowance does not include any new positions.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Managing for Results Performance Measures Show Continued Success:*** The Tax Court continues to improve its clearance rate.

***The Tax Court Improves Its Efficiency:*** The number of efficiency complaints decline in fiscal 2005.

### **Recommended Actions**

1. Concur with Governor's allowance.

### **Updates**

***Time Period Extended for Appeals from the Property Tax Assessment Appeals Board:*** The time period within which the Maryland Tax Court must hear and determine appeals from the Property Tax Assessment Appeals Boards has been extended to 120 days.

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***Operating Budget Analysis***

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**Program Description**

The Maryland Tax Court (MTC) provides the final administrative hearing for appeals from taxing authorities in Maryland. Decisions of the Comptroller, Property Tax Assessment Appeals Boards, and local collectors are among those appealed to the court. Decisions of the Tax Court may be appealed to the circuit court. MTC is composed of five part-time judges appointed for six-year terms by the Governor.

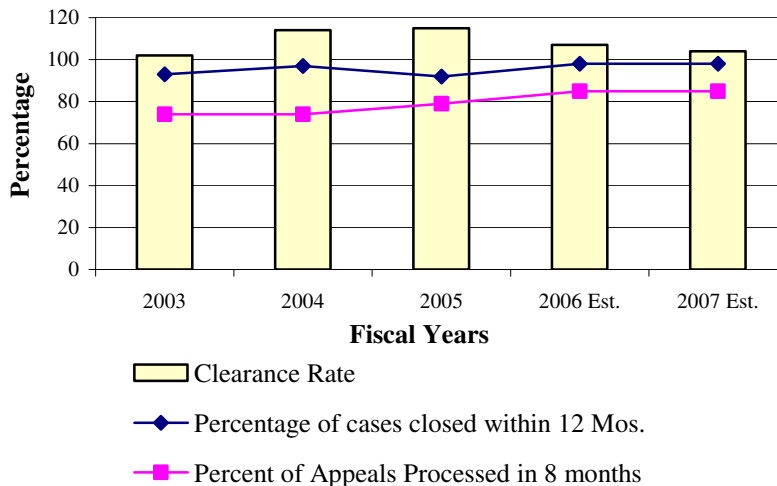
The Tax Court's goal is to provide the taxpayer and the taxing authority with efficient and fair hearings regarding any tax issue.

**Performance Analysis: Managing for Results**

Overall, MTC's Managing for Results performance measures show continued success within its Administration and Appeals Division. As shown in **Exhibit 1**, MTC has continued to increase its clearance rate as well as the overall percentage of cases closed within eight months. The clearance rate is defined as the number of cases disposed in a given fiscal year divided by the total number of cases filed from taxing authorities within that year. By contrast, the percentage of cases closed within 12 months decreased slightly in fiscal 2005. MTC attributes this decline to closing approximately 50 income tax appeals that were issued a stay in judicial proceedings dating as far back as 1997.

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**Exhibit 1**  
**Percentage of Cases Closed and Cleared\***  
**Fiscal 2003 – 2007**

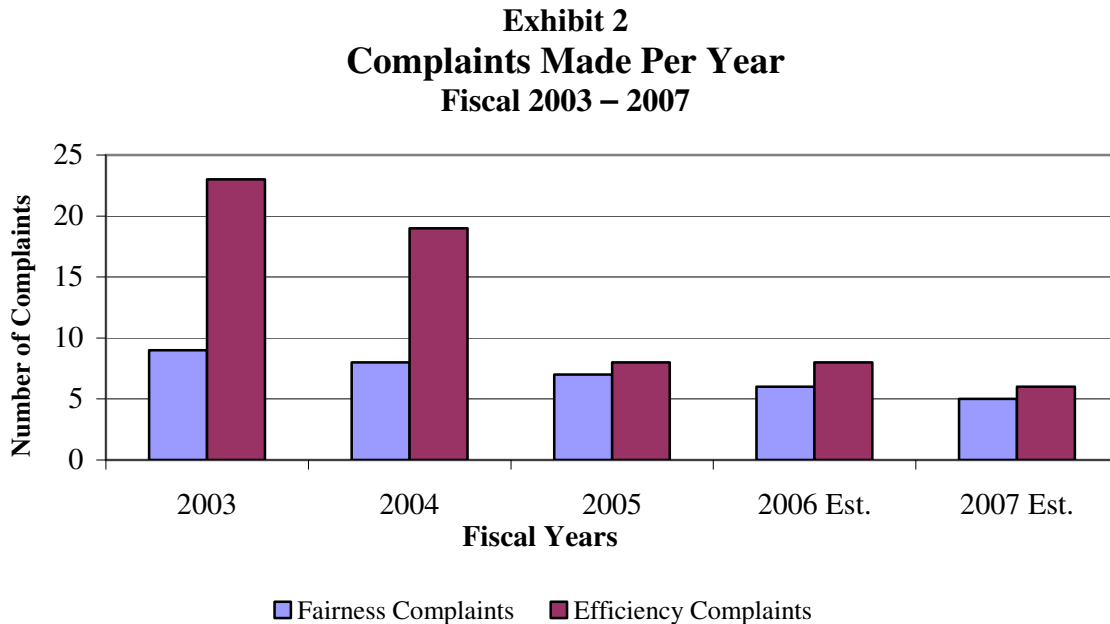


\*Benchmark is 90% of cases closed within 12 months.

Source: Maryland Tax Court

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**Exhibit 2** shows the number of efficiency and fairness complaints made to the court about its performance. Citizen surveys are mailed to all new users of the Tax Court hearing process upon the issuance of a final order. In fiscal 2005, the number of efficiency complaints made decreased significantly from that of fiscal 2004. The Tax Court attributes this success to fewer appeals and faster scheduling.



Source: Maryland Tax Court

## Governor's Proposed Budget

As illustrated in **Exhibit 3**, MTC's fiscal 2007 allowance increases by 6.2%, or \$35,533 above the fiscal 2006 working appropriation. This increase is primarily driven by retiree and employee health insurance.

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**Exhibit 3**  
**Governor's Proposed Budget**  
**Maryland Tax Court**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Total</u></b>
2006 Working Appropriation	\$574	\$574
2007 Governor's Allowance	<u>610</u>	<u>610</u>
Amount Change	\$36	\$36
Percent Change	6.2%	6.2%

**Where It Goes:**

**Personnel Expenses**

Employee health insurance .....	\$17
Retiree health insurance.....	9
Payments to employees' retirement system .....	5
Increments and unemployment compensation .....	3
Other fringe benefit adjustments .....	2

**Other Changes**

Department of Budget and Management telecommunications expenses .....	1
Other expenses.....	-1

<b>Total</b>	<b>\$36</b>
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Note: Numbers may not sum to total due to rounding.

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***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Time Period Extended for Appeals from the Property Tax Assessment Appeals Board**

An April 2004 report of the Office of Legislative Audits found that MTC did not generally hear and determine property tax assessment appeals within 60 days as mandated by State law. This finding was addressed by Chapter 39, Acts of 2005 which extended the time period within which the Maryland Tax Court must hear and determine an appeal from the Property Tax Assessments Appeals Board to 120 days.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Maryland Tax Court (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$551	\$0	\$0	\$0	\$551
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8	0	0	0	8
Reversions and Cancellations	-8	0	0	0	-8
<b>Actual Expenditures</b>	<b>\$551</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$551</b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$567	\$0	\$0	\$0	\$567
Budget Amendments	7	0	0	0	7
<b>Working Appropriation</b>	<b>\$574</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$574</b>

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

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**Fiscal 2005**

In fiscal 2005, the total budget for MTC remained at approximately \$551,000 despite a \$7,614 cost-of-living adjustment and a \$8,101 general fund reversion. The general fund reversion was due to a courtroom clerk vacancy and voluntary reductions in spending.

**Fiscal 2006**

The general fund working appropriation increased by \$6,611 due to a cost-of-living adjustment.

## ***Audit Findings***

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Audit Period for Last Audit:	January 22, 2001 – February 11, 2004
Issue Date:	April 2004
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	

***Finding 1:***    **The Maryland Tax Court generally did not hear and determine property tax assessment appeals within the 60 days as required by State law.**

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

**Object/Fund Difference Report  
Maryland Tax Court**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0	0%
02 Contractual	0.6	0.6	0.6	0	0%
<b>Total Positions</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 505,376	\$ 526,709	\$ 562,198	\$ 35,489	6.7%
02 Technical & Spec Fees	3,456	15,117	15,099	-18	-0.1%
03 Communication	10,720	8,489	9,308	819	9.6%
04 Travel	2,316	1,855	1,855	0	0%
08 Contractual Services	18,109	15,081	14,974	-107	-0.7%
09 Supplies & Materials	6,384	5,529	4,909	-620	-11.2%
10 Equip - Replacement	3,150	0	0	0	0.0%
13 Fixed Charges	1,026	1,330	1,300	-30	-2.3%
<b>Total Objects</b>	<b>\$ 550,537</b>	<b>\$ 574,110</b>	<b>\$ 609,643</b>	<b>\$ 35,533</b>	<b>6.2%</b>
<b>Funds</b>					
01 General Fund	\$ 550,537	\$ 574,110	\$ 609,643	\$ 35,533	6.2%
<b>Total Funds</b>	<b>\$ 550,537</b>	<b>\$ 574,110</b>	<b>\$ 609,643</b>	<b>\$ 35,533</b>	<b>6.2%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

