

C85E00
Maryland Tax Court

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$606	\$613	\$647	\$34	5.5%
Total Funds	\$606	\$613	\$647	\$34	5.5%

- The allowance increases by \$33,745, or 5.5%, above the fiscal 2008 working appropriation. However, when you adjust the allowance to reflect changes in the allocation of health insurance and Other Post Employment Benefits (OPEB), the fiscal 2009 allowance increases by \$2,083, or 0.4%.
- Personnel expenditures increase by \$36,160 mostly due to OPEB expenditures.
- Notable decreases include a \$3,238 reduction in computer equipment expenditures.

Personnel Data

	FY 07	FY 08	FY 09	FY 08-09
	<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>0.25</u>	<u>0.60</u>	<u>0.50</u>	<u>-0.10</u>
Total Personnel	9.25	9.60	9.50	-0.10

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/07	1.00	11.11%

- The fiscal 2009 allowance contains no changes to the number of regular positions and includes a 0.10 courtroom clerk contractual full-time equivalent reduction.
- As of December 31, 2007, one position of nine authorized was vacant.

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

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Analysis in Brief

Major Trends

Case Clearance Trends Continue to Improve: The Maryland Tax Court continues to increase the overall percentage of cases closed within eight months.

Managing for Results Indicate a Slight Decline in the Tax Court's Efficiency: The number of efficiency complaints increased in fiscal 2007.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

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.

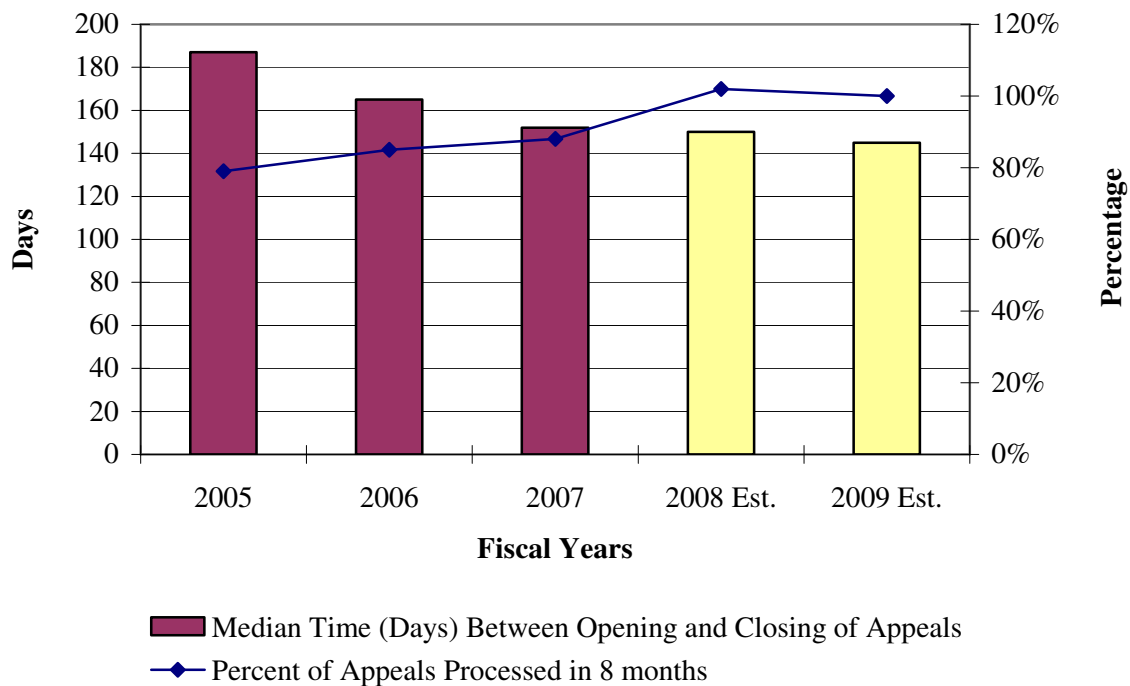
MTC's goal is to provide the taxpayer and the taxing authority with efficient and fair hearings regarding any tax issue.

Performance Analysis: Managing for Results

Overall, MTC's Managing for Results performance measures indicate mixed success within its Administration and Appeals Division. As shown in **Exhibit 1**, MTC has continued to increase the overall percentage of cases closed within eight months while also decreasing the median number of days between the opening and closing of appeals cases. MTC attributes this success to an increase in the number of property valuation cases decided in a timely manner. Chapter 39 of 2005 increased the time frame in which MTC must hear and determine property valuation appeals to 120 days.

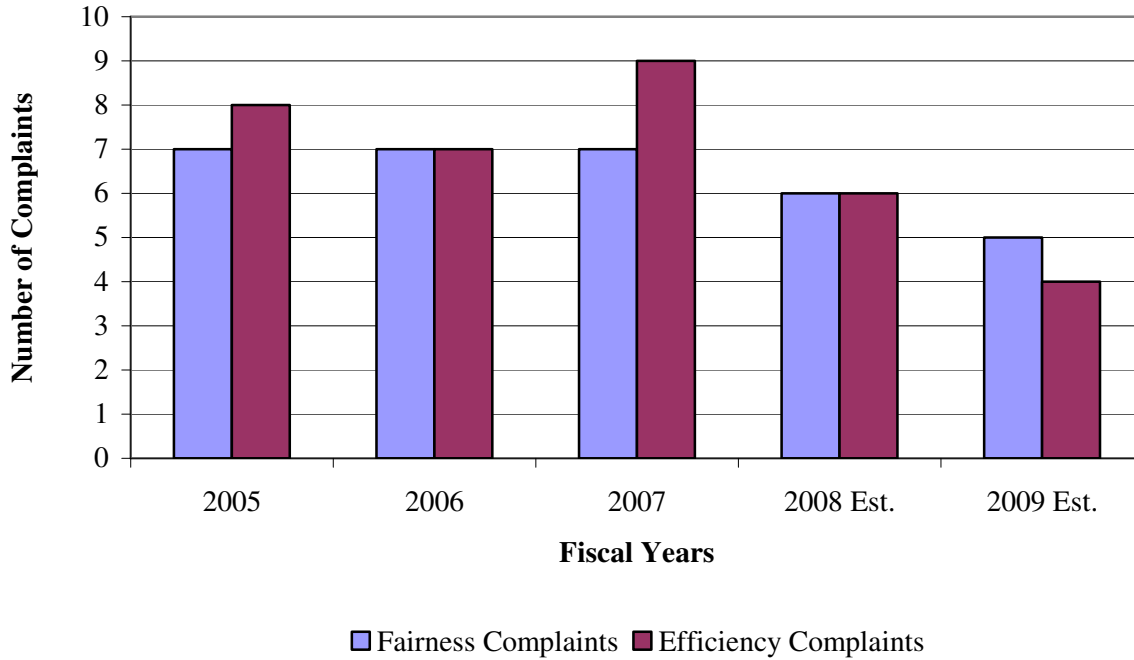
Exhibit 2 shows the number of efficiency and fairness complaints made to the court about its performance. Citizen surveys are mailed to all new users of the Tax Court hearing process upon the issuance of a final order. In fiscal 2007, the number of efficiency complaints increased slightly from that of fiscal 2006. According to the agency, the amount of time required to decide tax appeals varies on a case-by-case basis.

Exhibit 1
Percentage of Cases Closed and the
Median Number of Days to Close Appeals
Fiscal 2005-2009



Source: Maryland Tax Court

Exhibit 2
Complaints Made Per Year
Fiscal 2005-2009



Source: Maryland Tax Court

Governor’s Proposed Budget

As illustrated in **Exhibit 3**, the fiscal 2009 allowance increases by \$33,745, or 5.5%, above the fiscal 2008 working appropriation. This increase is primarily driven by a \$36,160 increase in personnel expenditures.

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

How Much It Grows:	General Fund	Total
2008 Working Appropriation	\$613	\$613
2009 Governor’s Allowance	<u>647</u>	<u>647</u>
Amount Change	\$34	\$34
Percent Change	5.5%	5.5%

Where It Goes:

Personnel Expenses

Health insurance – ongoing costs	\$7
Health insurance – Other Post Employment Benefits	24
Increments, merit increases, and other pay adjustments	3
Other	2

Other Changes

Two new computers and two new laser printers	-3
Other	1

Total **\$34**

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

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$610	\$0	\$0	\$0	\$610
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-1	0	0	0	-1
Reversions and Cancellations	-3	0	0	0	-3
Actual Expenditures	\$606	\$0	\$0	\$0	\$606
Fiscal 2008					
Legislative Appropriation	\$604	\$0	\$0	\$0	\$604
Cost Containment	0	0	0	0	0
Budget Amendments	10	0	0	0	10
Working Appropriation	\$614	\$0	\$0	\$0	\$614

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

Fiscal 2007

In fiscal 2007, the total budget for MTC decreased by \$4,133. The general fund appropriation decreased by \$758 due to the following: (1) a \$9,471 reduction in health insurance pursuant to Section 40 of the fiscal 2007 budget bill; (2) a \$8,853 cost-of-living adjustment (COLA) that was centrally budgeted in the Department of Budget and Management (DBM); and (3) a \$140 general fund reallocation to DBM to conduct a salary study pursuant to Section 40 of the fiscal 2007 budget bill. MTC also had a general fund reversion of \$3,375 due to unrealized contractual employee and health care expenditures.

Fiscal 2008

This fiscal 2008 working appropriation increased by \$9,596 due to the 2% COLA that was centrally budgeted in DBM.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0	0%
02 Contractual	0.25	0.60	0.50	-0.10	-16.7%
Total Positions	9.25	9.60	9.50	-0.10	-1.0%
Objects					
01 Salaries and Wages	\$ 560,942	\$ 558,804	\$ 594,964	\$ 36,160	6.5%
02 Technical and Spec. Fees	7,294	15,099	14,581	-518	-3.4%
03 Communication	8,684	9,970	10,690	720	7.2%
04 Travel	2,011	2,855	2,455	-400	-14.0%
08 Contractual Services	15,495	15,731	16,358	627	4.0%
09 Supplies and Materials	7,579	6,022	6,461	439	7.3%
10 Equip. – Replacement	2,135	3,238	0	-3,238	-100.0%
11 Equip. – Additional	120	0	0	0	0.0%
13 Fixed Charges	1,250	1,550	1,505	-45	-2.9%
Total Objects	\$ 605,510	\$ 613,269	\$ 647,014	\$ 33,745	5.5%
Funds					
01 General Fund	\$ 605,510	\$ 613,269	\$ 647,014	\$ 33,745	5.5%
Total Funds	\$ 605,510	\$ 613,269	\$ 647,014	\$ 33,745	5.5%

Note: The fiscal 2008 appropriation does not include deficiencies.