

**E80E**  
**Property Tax Assessment Appeals Boards**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$909	\$945	\$1,008	\$63	6.6%
<b>Total Funds</b>	<b>\$909</b>	<b>\$945</b>	<b>\$1,008</b>	<b>\$63</b>	<b>6.6%</b>

- The allowance increases by \$62,831, or 6.6%, 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, the fiscal 2009 allowance decreases by \$1,249, or 0.1%.
- Personnel expenditures increase by \$67,797 mostly due to employee health insurance (\$30,699) and post employment benefits (\$33,381).

***Personnel Data***

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>

***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 2008 allowance does not include any new positions.
- 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***

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### **Major Trends**

***Carry-forward Caseload Remains Constant:*** Despite an increase in the percentage of cases heard in calendar 2007, over 4,000 appeals remained pending at the conclusion of 2007.

***Reversals by the Maryland Tax Court Remain Low:*** Reversals by the Maryland Tax Court decline to 9% in fiscal 2007.

### **Issues**

***Audit Findings:*** The Property Tax Assessment Appeals Boards' April 2007 audit disclosed that the agency had a backlog of over 4,000 cases awaiting hearings as of December 2006. **The boards should comment on the current number of vacant seats on local boards and what actions will be taken to reduce the backlog of cases.**

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funding for customer surveys.	\$ 2,000
<b>Total Reductions</b>	<b>\$ 2,000</b>

**E80E**  
**Property Tax Assessment Appeals Boards**

***Operating Budget Analysis***

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**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 (three members and one alternate) who are appointed by the Governor for five-year terms. The first appeal of an assessment goes to the State Department of Assessments and Taxation which determines the original assessment. PTAAB 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 have the following goals:

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

**Performance Analysis: Managing for Results**

One of PTAAB's primary goals is to conduct appeals in a timely and efficient fashion. As shown in **Exhibit 1**, PTAAB heard over 80% of their cases in calendar 2007. Despite the marked increase in the percentage of cases heard in calendar 2007 as compared to 2006, 4,000 appeals remained pending at the conclusion of 2007. According to the boards, the backlogs of cases were due, in large part, to board member vacancies.

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**Exhibit 1**  
**Timeliness and Efficiency Measures**  
**Calendar 2005-2009**

	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2007</u>	<u>Est.</u> <u>2008</u>	<u>Est.</u> <u>2009</u>	<u>Ann.</u> <u>Chg.</u> <u>2005-2007</u>
Appeals Filed	6,940	8,788	8,963	9,500	9,500	13.6%
Appeals Heard	4,787	5,847	7,281	8,200	8,200	23.3%
Clearance Rate	69%	67%	81%	86%	86%	8.5%
Number of Appeals Pending at Year-end	2,527	4,084	4,000	3,400	2,800	25.8%

Source: Property Tax Assessment Appeals Boards

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*E80E – Property Tax Assessment Appeals Boards*

The boards determine the accuracy and fairness of their decisions based upon the percentage of appeals filed annually with the Maryland Tax Court (MTC) and the percentage of board appeals reversed by MTC. As shown in **Exhibit 2**, approximately 7% of the boards' decisions were appealed to MTC in calendar 2007. Of those cases, approximately 9% were reversed by MTC. **In order to adequately assess the boards' performance, the Department of Legislative Services (DLS) recommends that the boards modify its Managing for Results measures to include trend data related to the number of appeals filed in Baltimore City and the metropolitan counties. DLS also recommends that the boards include the number of appeals filed with MTC (as opposed to merely the percentage of appeals filed with MTC).**

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**Exhibit 2**  
**Appeal Rates for the Property Tax Assessment Appeals Boards (PTAAB)**  
**Calendar 2005-2009**

	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2007</u>	<u>Est.</u> <u>2008</u>	<u>Est.</u> <u>2009</u>
% of PTAAB Decisions Appealed to Tax Court	7%	7%	7%	7%	7%
% of PTAAB Decisions Reversed by Tax Court	13%	10%	9%	9%	9%

Source: Property Tax Assessment Appeals Boards

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### **Governor's Proposed Budget**

As illustrated in **Exhibit 3**, PTAAB's fiscal 2009 allowance increases by \$62,831, or 6.6%, above the fiscal 2008 working appropriation. This increase is primarily driven by a \$67,797 increase in personnel expenditures.

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**Exhibit 3**  
**Governor’s Proposed Budget**  
**Property Tax Assessment Appeals Boards**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2008 Working Appropriation	\$945	\$945
2009 Governor’s Allowance	<u>1,008</u>	<u>1,008</u>
Amount Change	\$63	\$63
Percent Change	6.6%	6.6%

**Where It Goes:**

**Personnel Expenses**

Health insurance – ongoing costs .....	\$31
Health insurance – Other Post Employment Benefits .....	33
Increments, merit increases, and other pay adjustments.....	3
Other .....	1

**Other Changes**

Postage.....	2
Surveys .....	2
Training and development .....	-9
New computers .....	-2
Other .....	2

**Total** **\$63**

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

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## ***Issues***

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### **1. Audit Findings**

PTAAB's April 2007 audit disclosed that the agency had a backlog of over 4,000 cases awaiting hearings as of December 2006. In response to this finding, the boards report that the backlogs of cases were due, in large part, to postponements resulting from insufficient staff at the boards and the State Department of Assessments and Taxation. The budget envisions the number of pending cases to reduce to 3,400 in fiscal 2008 and 2,800 in fiscal 2009. At that pace the backlog will linger for decades. **The boards should comment on the current number of vacant seats on local boards and what actions will be taken to reduce the backlog of cases.**

***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funding for customer surveys. The boards distributed 4,850 surveys in calendar 2006. Only 165 surveys, or 3%, were returned.	\$ 2,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 2,000</b>	

## *Current and Prior Year Budgets*

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### 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>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$908	\$0	\$0	\$0	\$908
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1	0	0	0	1
Reversions and Cancellations	-1	0	0	0	-1
<b>Actual Expenditures</b>	<b>\$908</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$908</b>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$931	\$0	\$0	\$0	\$931
Cost Containment	0	0	0	0	0
Budget Amendments	14	0	0	0	14
<b>Working Appropriation</b>	<b>\$945</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$945</b>

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

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## **Fiscal 2007**

In fiscal 2007, the total budget for the boards increased by \$584. This increase was the net result of the following: (1) a \$8,613 cost-of-living adjustment (COLA) that was centrally budgeted in the Department of Budget and Management; (2) a \$7,131 reduction in health insurance pursuant to Section 40 of the fiscal 2007 budget bill; (3) a \$793 general fund reversion due to unrealized communications expenditures; and (4) a \$105 general fund reallocation to the Department of Budget and Management (DBM) to perform a salary study pursuant to Section 40 of the fiscal 2007 budget bill.

## **Fiscal 2008**

The fiscal 2008 working appropriation increased by \$14,259 due to the statewide 2% COLA that was centrally budgeted in DBM.

## ***Audit Findings***

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Audit Period for Last Audit:	October 16, 2003 – November 30, 2006
Issue Date:	April 2007
Number of Findings:	1
Number of Repeat Findings:	None
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

**Finding 1:** The boards had a significant backlog of cases awaiting hearings as of December 2006.

**Object/Fund Difference Report  
Property Tax Assessment Appeals Boards**

<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>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0	0%
<b>Total Positions</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 758,450	\$ 798,752	\$ 866,549	\$ 67,797	8.5%
02 Technical and Spec. Fees	379	10,000	634	-9,366	-93.7%
03 Communication	12,327	11,696	13,746	2,050	17.5%
04 Travel	8,735	10,000	11,500	1,500	15.0%
07 Motor Vehicles	26,010	11,160	12,205	1,045	9.4%
08 Contractual Services	17,823	15,312	19,475	4,163	27.2%
09 Supplies and Materials	8,126	7,759	6,300	-1,459	-18.8%
10 Equipment – Replacement	1,189	4,400	2,650	-1,750	-39.8%
13 Fixed Charges	75,584	76,210	75,061	-1,149	-1.5%
<b>Total Objects</b>	<b>\$ 908,623</b>	<b>\$ 945,289</b>	<b>\$ 1,008,120</b>	<b>\$ 62,831</b>	<b>6.6%</b>
<b>Funds</b>					
01 General Fund	\$ 908,623	\$ 945,289	\$ 1,008,120	\$ 62,831	6.6%
<b>Total Funds</b>	<b>\$ 908,623</b>	<b>\$ 945,289</b>	<b>\$ 1,008,120</b>	<b>\$ 62,831</b>	<b>6.6%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.