

C85E00
Maryland Tax Court

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$573	\$629	\$648	\$19	3.0%
Contingent & Back of Bill Reductions	0	0	-6	-6	
Adjusted General Fund	\$573	\$629	\$642	\$13	2.1%
Adjusted Grand Total	\$573	\$629	\$642	\$13	2.1%

- The allowance increases by \$13,000, or 2.1%, above the fiscal 2009 working appropriation.
- Contingent reductions include \$4,103 to delete the deferred compensation match.
- Across-the-board reductions include a \$1,925 reduction for contractual full-time equivalents (FTEs).

Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.60</u>	<u>1.00</u>	<u>0.80</u>	<u>-0.20</u>
Total Personnel	9.60	10.00	9.80	-0.20

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.10	1.16%
Positions and Percentage Vacant as of 12/31/08	1.00	11.11%

- The fiscal 2010 allowance contains no changes to the number of regular positions and includes a 0.2 contractual FTE reduction.
- As of December 31, 2008, one position was vacant.

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

For further information contact: Flora M. Arabo

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Case Clearance Trends Continue to Improve: The Maryland Tax Court 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.

Tax Court's Efficiency Measurements Indicate Mixed Results: The number of efficiency complaints increased slightly over fiscal 2007. The number of fairness complaints, however, was down significantly from seven in fiscal 2007 to three in fiscal 2008.

Recommended Actions

1. Concur with Governor's allowance.

C85E00
Maryland Tax Court

Operating Budget Analysis

Program Description

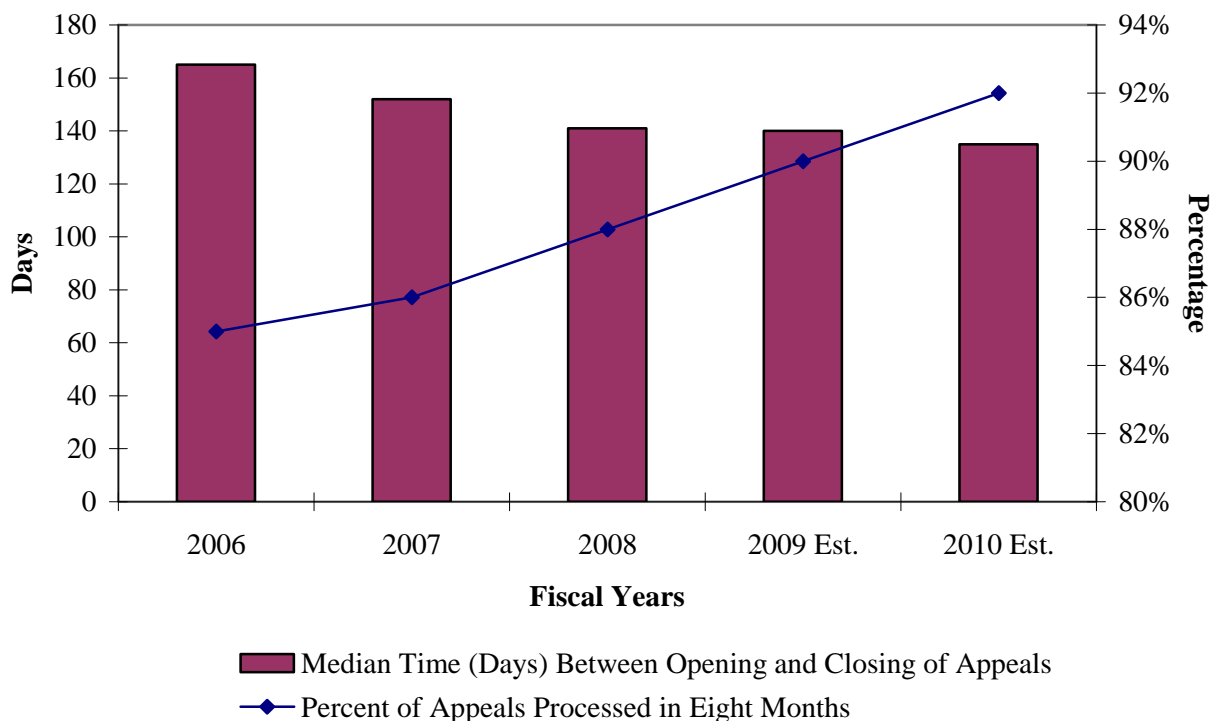
The Maryland Tax Court (MTC) provides the final administrative hearing for appeals from taxing authorities in Maryland. Decisions of the Comptroller, Property Tax Assessment Appeals Boards, and local collectors are among those appealed to the court. Decisions of the Tax Court may be appealed to the circuit 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 continued 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. In fiscal 2008, the percentage of cases closed within eight months reached 88%, putting MTC within reach of its goal of 90%. MTC attributes this success to several factors, including prompt scheduling, reducing time between initial letter and Petition of Appeal filings, and increased scrutiny of postponement requests.

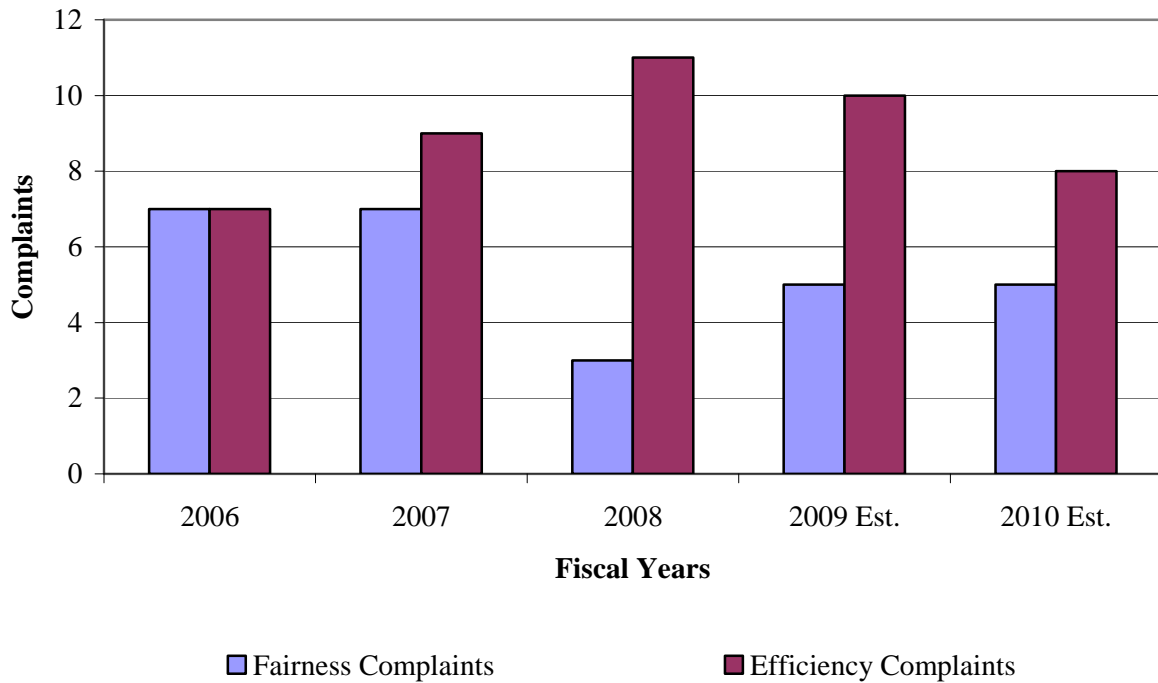
Exhibit 2 shows the number of efficiency and fairness complaints made to the court about its performance. Citizen surveys are mailed to all new users of the Tax Court hearing process upon the issuance of a final order. In fiscal 2008, the number of efficiency complaints increased slightly over fiscal 2007. According to the agency, the amount of time required to decide tax appeals varies on a case-by-case basis. The number of fairness complaints, however, was down significantly from seven in fiscal 2007 to three in fiscal 2008.

Exhibit 1
Percentage of Cases Closed and the
Median Number of Days to Close Appeals
Fiscal 2006-2010



Source: Maryland Tax Court

Exhibit 2
Complaints Made Per Year
Fiscal 2006-2010



Source: Maryland Tax Court

Fiscal 2009 Actions

Impact of Cost Containment

The Governor proposed and the Board of Public Works (BPW) adopted reductions to the fiscal 2009 appropriation. Cost containment actions taken in fiscal 2009 total \$15,984. Included in the actions were a \$3,331 general fund reduction for health insurance and a \$12,653 general fund across-the-board reduction for items such as health insurance and Other Post Employment Benefits (OPEB).

Proposed Budget

As shown in **Exhibit 3**, the allowance increases by \$13,000, or 2.1%, above the fiscal 2009 working appropriation. The entire MTC budget is supported with general funds, and fiscal 2010 growth is driven by a \$27,000 increase to health insurance for employees and retirees and \$6,000 for retirement contributions. These increases are offset by decreases for OPEB, turnover and contractual full-time equivalents (FTEs) (\$12,000), contingent and across-the-board reductions (\$6,000), and communications expenditures (\$2,000).

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

How Much It Grows:	General Fund	Total
2009 Working Appropriation	\$629	\$629
2010 Allowance	<u>648</u>	<u>648</u>
Amount Change	\$19	\$19
Percent Change	3.0%	3.0%
Contingent Reductions	-\$6	-\$6
Adjusted Change	\$13	\$13
Adjusted Percent Change	2.1%	2.1%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance pay-as-you-go costs	\$27
Retirement contribution	6
Turnover adjustments	-6
Contractual full-time equivalent decrease	-4
Contingent reduction: elimination of deferred compensation match.....	-4
Reduction in Other Post Employments Benefits unfunded liability	-2
Across-the-board reduction: contractual full-time equivalents.....	-2

Other Changes

Communication expenses	-2
------------------------------	----

Total **\$13**

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

Impact of Cost Containment

Contingent and across-the-board reductions are effected in this agency budget to reduce \$4,103 general funds to delete the deferred compensation match and \$1,925 general funds to reduce contractual FTEs. Personnel reductions may occur in this agency as part of a statewide \$30.0 million unallocated across-the-board reduction.

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 2008					
Legislative Appropriation	\$604	\$0	\$0	\$0	\$604
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	10	0	0	0	10
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-40	0	0	0	-40
Actual Expenditures	\$574	\$0	\$0	\$0	\$574
Fiscal 2009					
Legislative Appropriation	\$635	\$0	\$0	\$0	\$635
Cost Containment	-16	0	0	0	-16
Budget Amendments	10	0	0	0	10
Working Appropriation	\$629	\$0	\$0	\$0	\$629

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

Fiscal 2008

The Maryland Tax Court finished fiscal 2008 \$30,000 below its legislative appropriation. This is the net result of a \$9,596 general fund increase for a cost-of-living adjustment (COLA) budgeted in the Department of Budget and Management (DBM) and a \$40,000 general fund reversion due to a vacant judgeship and reduced contractual FTE costs.

Fiscal 2009

MTC's fiscal 2009 working appropriation is \$6,000 lower than the legislative appropriation. This is primarily due to cost containment measures implemented by BPW in June and October 2008. Those actions deleted \$15,984 but were partially offset by a \$9,877 general fund increase for a COLA budgeted in DBM. Fringe benefit appropriations were reduced as OPEB prefunding of \$9,866 was ceased and statewide employee health insurance balances of \$2,787 were used in lieu of budgeted funds.

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

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0	0%
02 Contractual	0.60	1.00	0.80	-0.20	-20.0%
Total Positions	9.60	10.00	9.80	-0.20	-2.0%
Objects					
01 Salaries and Wages	\$ 525,254	\$ 576,706	\$ 601,467	\$ 24,761	4.3%
02 Technical and Spec. Fees	8,696	14,581	10,775	-3,806	-26.1%
03 Communication	8,702	10,690	8,893	-1,797	-16.8%
04 Travel	2,242	2,455	2,200	-255	-10.4%
08 Contractual Services	15,529	16,358	16,080	-278	-1.7%
09 Supplies and Materials	6,111	6,461	6,935	474	7.3%
10 Equipment – Replacement	4,669	0	0	0	0.0%
13 Fixed Charges	1,584	1,505	1,397	-108	-7.2%
Total Objects	\$ 572,787	\$ 628,756	\$ 647,747	\$ 18,991	3.0%
Funds					
01 General Fund	\$ 572,787	\$ 628,756	\$ 647,747	\$ 18,991	3.0%
Total Funds	\$ 572,787	\$ 628,756	\$ 647,747	\$ 18,991	3.0%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.