

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

Senate Bill 300 (Senator Glassman, *et al.*)
 Budget and Taxation

State Department of Assessments and Taxation - Property Tax Assessment Appeals Ombudsman

This bill requires the Director of the State Department of Assessments and Taxation (SDAT) to designate a property tax assessment appeals ombudsman to serve as the primary point of contact for residential property assessment appeals. The ombudsman must provide independent assistance regarding property tax assessment appeals procedures and the property owner’s rights in the property tax assessment appeals process.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: General fund expenditures increase by \$129,100 in FY 2010. Future years reflect annualization and inflation. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	129,100	155,300	162,200	169,400	177,000
Net Effect	(\$129,100)	(\$155,300)	(\$162,200)	(\$169,400)	(\$177,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: There are three levels in the appeals process that property owners may pursue when appealing a property tax assessment. The first appeal of an assessment goes to SDAT, which determines the original assessment. To the extent a property owner receives an unsatisfactory ruling he or she may appeal to the Property Tax Assessment Appeals Boards (PTAABs), which hear appeals in matters relating to the assessment of property throughout the State. There is one board located 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. Further appeals may be made to the Maryland Tax Court.

State Fiscal Effect: The bill requires the property tax assessment appeals ombudsman to serve as the primary point of contact between homeowners seeking information about the assessment appeals process and SDAT. This may result in a significant increase in the department's workload and will require the department to hire one additional individual to serve as the ombudsman. SDAT indicates that in 2008 there were 39,234 residential appeals at the first appeal level. These appeals are currently handled by the department's county assessment offices. It is assumed that under the bill most of these questions regarding the appeals process would be directed to the ombudsman who would be based at the department's headquarters.

As a result, general fund expenditures will increase by \$129,100 in fiscal 2010, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one ombudsman to respond to questions and problems about the appeals process and two contractual positions to provide clerical and administrative support to the ombudsman. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$57,561
Contractual Services	52,648
Operating Expenses	<u>18,932</u>
Total FY 2010 State Expenditures	\$129,141

Future year expenditures reflect full salaries with 4.4% annual increases and 1% annual increases in ongoing operating expenses.

As a point of reference, **Exhibit 1** shows the number of appeals to SDAT for assessments conducted in calendar 2000 through 2008.

Exhibit 1
Property Tax Assessment Appeals – SDAT
(In Thousands)

<u>Group</u>	<u>Notices Sent</u>	<u>Number Appealed</u>	<u>Percent Appealed</u>
2000 – Group 3	632.4	23.4	3.7%
2001 – Group 1	686.1	24.7	3.6%
2002 – Group 2	690.9	30.4	4.4%
2003 – Group 3	646.3	26.5	4.1%
2004 – Group 1	647.5	25.9	4.0%
2005 – Group 2	702.3	30.9	4.4%
2006 – Group 3	710.6	33.4	4.7%
2007 – Group 1	677.1	32.5	4.8%
2008 – Group 2	735.8	49.3	6.7%

Source: State Department of Assessments and Taxation

Additional Information

Prior Introductions: None.

Cross File: HB 117 (Delegate Stifler) - Ways and Means.

Information Source(s): State Department of Assessments and Taxation, Property Tax Assessment Appeals Board, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2009
mcp/hlb

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