

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 301

(Senator Glassman, *et al.*)

Budget and Taxation

Property Tax - Notice of Assessment - Appeal

This bill extends the time period, from 45 to 90 days, by which a taxpayer, local government, or the Attorney General may file an appeal with the State Department of Assessments and Taxation (SDAT) regarding the value or classification in an assessment notice.

Fiscal Summary

State Effect: General fund expenditures may increase by a minimal amount beginning in FY 2010. Revenues are not affected.

Local Effect: Potential increase in local government expenditures associated with mailing multiple property tax bills and processing tax abatements. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, taxpayers, local governments, and the Attorney General have up to 45 days from the date of the assessment notice to file an appeal with SDAT (the county supervisor of assessments) regarding the value or classification in an assessment notice. Provided all deadlines are met, the supervisor must hold a hearing on the assessment appeal.

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 the property owners receive an unsatisfactory ruling they may appeal to the Property Tax Assessment Appeals Boards (PTAAB), 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 Maryland Tax Court.

State Fiscal Effect: Extending the time period by which appeals may be submitted, may result in a minimal increase in general fund expenditures. SDAT indicates that for assessment notices sent out for assessments beginning July 1, 2008, all 49,300 appeals were received within the 45-day time period allowed under current law. SDAT notes that the current time period allows for the vast majority of appeals to SDAT, as well as some to PTAAB, to be heard and with the necessary assessment adjustments made in time for tax bills to be sent out in July. It is possible that extending the deadline by 45 days may reduce the number of appeals that can be heard and processed prior to tax bills being sent out by the counties.

SDAT sends the first round of tax billing information to the counties in May of each year. This includes data on properties that were assessed during the prior year that did not file an appeal as well as properties which have completed the appeal process (either to SDAT or to PTAAB). Supplemental billing data is sent at the end of July, and includes those properties in which appeals were completed after the first round of billing information was sent out.

If the legislation increases the number of appeals that are not finalized prior to these two rounds of tax billings, SDAT may realize increased costs associated with sending out additional billing notices and for processing abatements for properties that paid tax on an assessment that is later changed on appeal. However, the actual cost associated with this cannot be reliably estimated, but it is assumed to be minimal. As a point of reference, **Exhibit 1** shows the number of assessment notices sent out and the number of appeals for assessments effective July 1, 2000 through July 1, 2008.

Local Fiscal Effect: Local governments may incur increased costs associated with mailing out multiple tax bills to taxpayers and processing abatements. As discussed, if a tax bill is sent out to a taxpayer who is appealing an assessment, the county may have to issue a second tax bill after the appeal is completed if the assessment is adjusted. In addition, the county may have to abate a portion of the taxes already paid if the assessment is lowered on appeal. However, the amount of the local expenditure increase cannot be reliably estimated and depends on the number of properties that appeal and require abatement of taxes paid.

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 249 (Delegates Jennings and Frank) - 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
ncs/hlb

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