

E80E
Property Tax Assessment Appeals Board

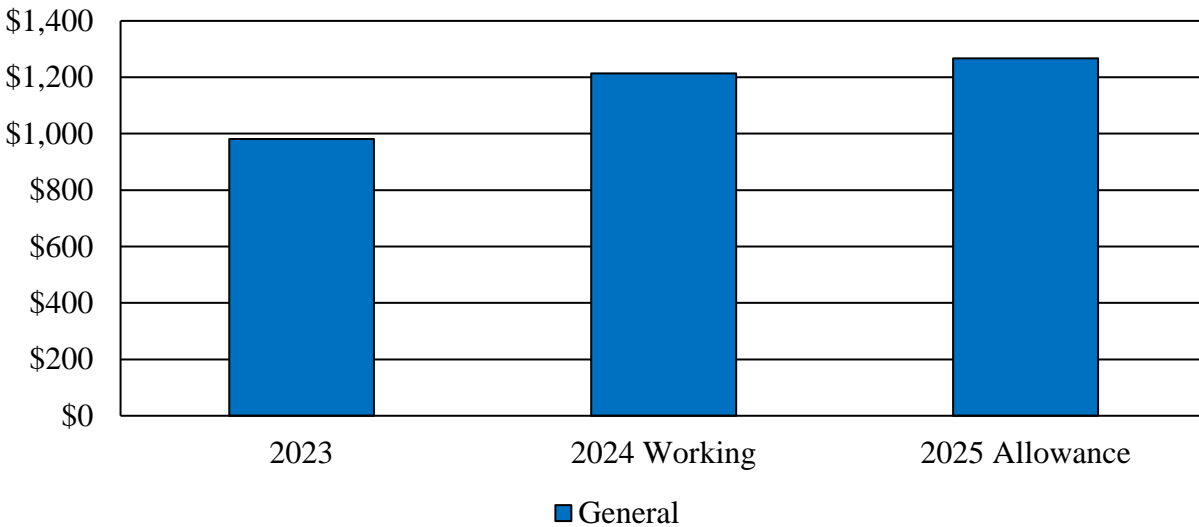
Program Description

The Property Tax Assessment Appeals Board (PTAAB) is an independent agency that hears appeals related to the assessment of property in the State. There are 24 boards (1 in each county and Baltimore City), all of which are supported by a central office and executive director. Each board has four to six members (three members and one to three alternatives) who are appointed by the Governor for five-year terms. The first level of assessment appeals is conducted by the State Department of Assessments and Taxation (SDAT), which also makes the initial property tax assessments. PTAAB hears appeals from SDAT decisions; PTAAB decisions can then be appealed to the Maryland Tax Court (MTC). Further appeals may be made through the judicial system at the circuit court level. PTAAB has the following goals:

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

Operating Budget Summary

Fiscal 2025 Budget Increases \$53,459, or 4.4%, to \$1.27 Million
(\$ in Thousands)



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

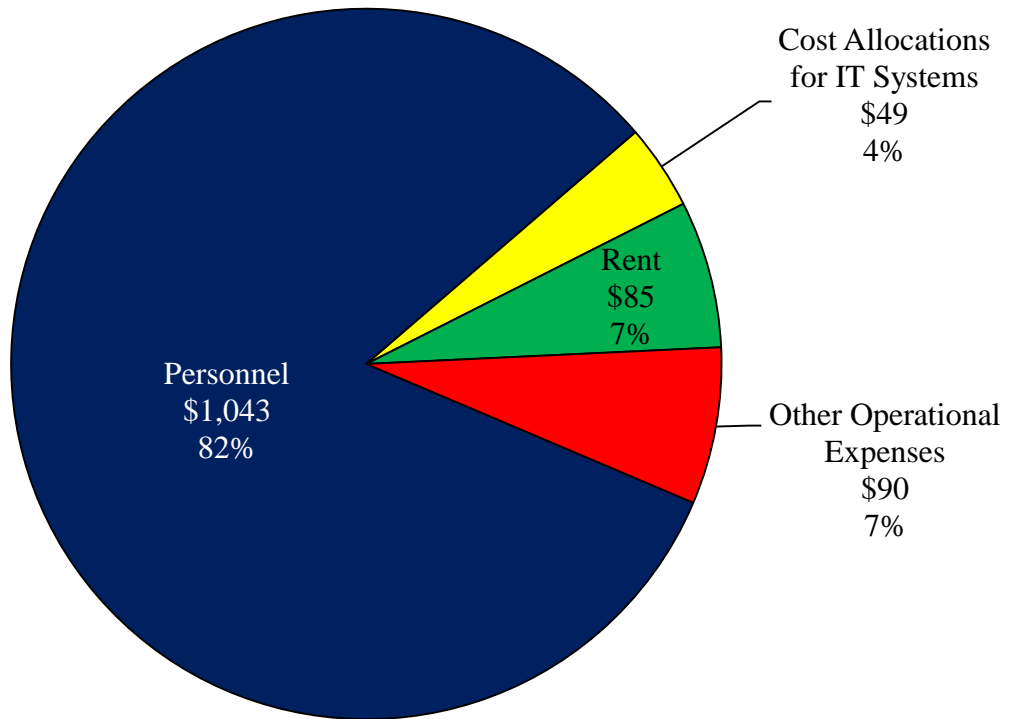
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Fiscal 2025 Overview of Agency Spending

As shown in **Exhibit 1**, 82% (approximately \$1.04 million) of PTAAB’s \$1.27 million fiscal 2025 allowance is allocated for personnel. Rent totaling approximately \$85,000 accounts for another 7% of PTAAB’s budget. Other operational and information technology expenses comprise the remaining 11% of the budget.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



IT: information technology

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 2**, PTAAB’s fiscal 2025 allowance increases by \$53,459 compared to the fiscal 2024 working appropriation. This increase is driven primarily by statewide cost allocations for services provided by the Department of Information Technology.

**Exhibit 2
Proposed Budget
Property Tax Assessment Appeals Board
(\$ in Thousands)**

How Much It Grows:	General Fund	Total
Fiscal 2023 Actual	\$981	\$981
Fiscal 2024 Working Appropriation	1,214	1,214
Fiscal 2025 Allowance	<u>1,267</u>	<u>1,267</u>
Fiscal 2024-2025 Amount Change	\$53	\$53
Fiscal 2024-2025 Percent Change	4.4%	4.4%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	\$50
Accrued leave payout.....	13
Other fringe benefits	-49
Other Changes	
DoIT services allocation	32
Salaries for contractual personnel	4
In-state conferences and training	2
Garage space rental	1
Enterprise Budget System allocation	-3
Other.....	1
Total	\$53

COLA: cost-of-living adjustment
DoIT: Department of Information Technology

Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 23 Actual</u>	<u>FY 24 Working</u>	<u>FY 25 Allowance</u>	<u>FY 24-25 Change</u>
Regular Positions	8.00	8.00	8.00	0.00
Contractual FTEs	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
Total Personnel	8.00	10.00	10.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/23	0.00	0.00%
Vacancies Above Turnover	0	

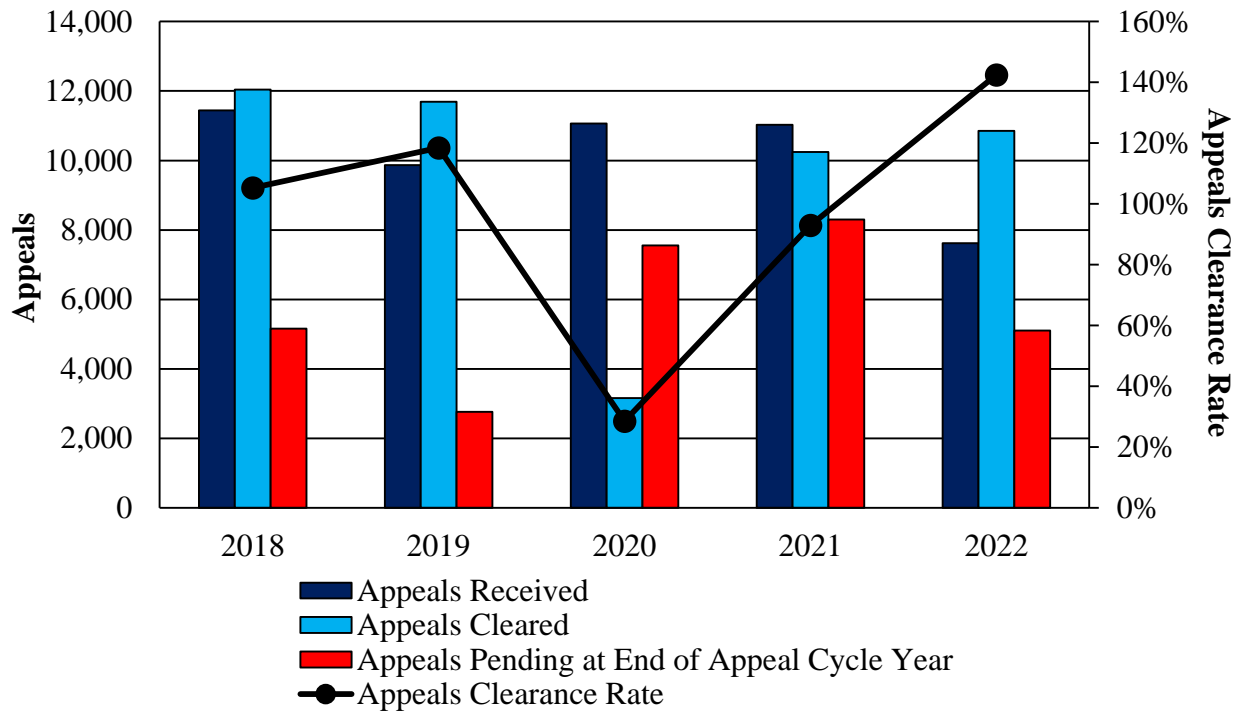
- Although personnel among local boards is not reflected in the data, PTAAB reported fiscal 2023 operational impacts from staffing changes such as retirements and other vacancies in some county boards, which contributed to case backlogs in those jurisdictions. **PTAAB should provide an update on local board staffing levels and vacancies.**

Key Observations

1. Case Backlog Begins to Decrease

PTAAB aims to conduct appeals in a timely and efficient manner. **Exhibit 3** shows the agency’s appeals caseload between calendar 2018 and 2022. The total number of appeals received by PTAAB was relatively consistent from calendar 2018 to 2021, averaging 10,852 cases per year, until the caseload decreased to 7,618 in calendar 2022. During this period with reduced incoming appeals, PTAAB cleared 3,236 more cases than it received in calendar 2022, for a clearance rate of 142%. As a result, the board was able to address part of the backlog of appeals pending at the end of the cycle year. The backlog decreased in calendar 2022 by 3,206 cases, a 38.6% reduction from calendar 2021. However, despite recent favorable trends in reducing the case backlog, PTAAB projects increasing appeals caseloads in calendar 2023 that could negatively impact the clearance rate and overall backlog.

Exhibit 3
PTAAB Appeals Caseloads
Calendar 2018-2022



PTAAB: Property Tax Assessment Appeals Board

Source: Department of Budget and Management; Property Tax Assessment Appeals Board

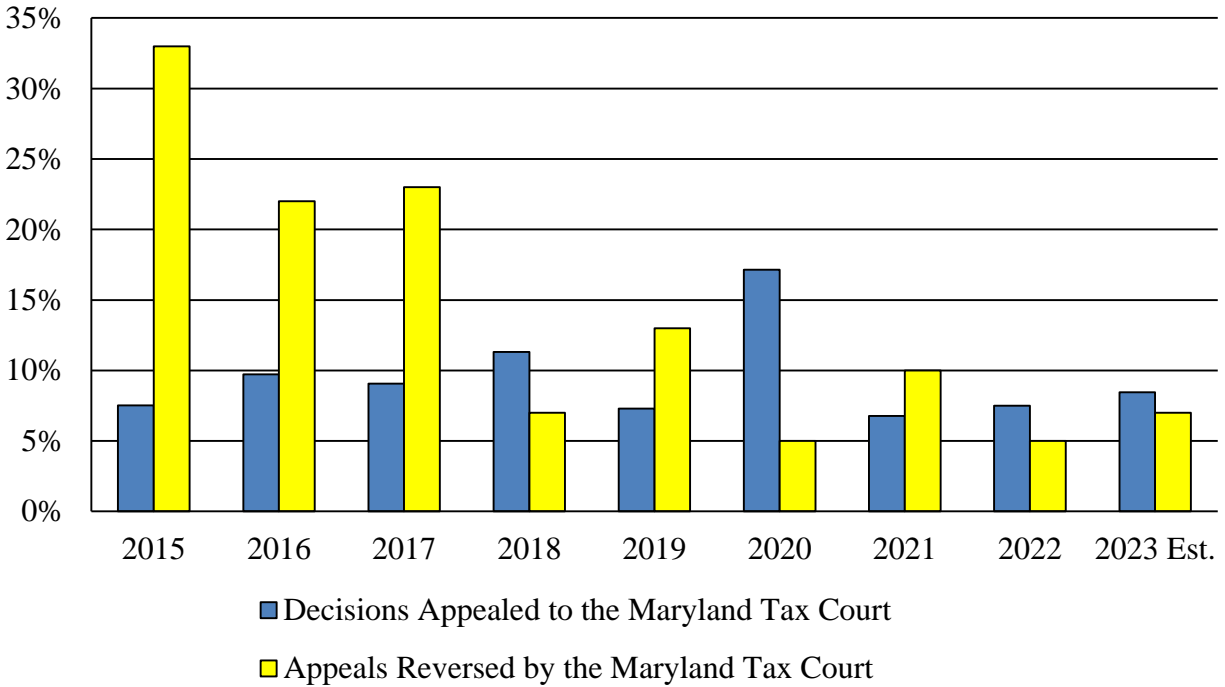
Committee narrative in the 2023 *Joint Chairmen’s Report* (JCR) requested that PTAAB submit a report regarding the case backlog in Baltimore City in particular. In the report submitted on September 1, 2023, PTAAB noted that in calendar 2022, Baltimore City started with a backlog of 1,075 cases and closed the year with a backlog of 516 cases. As of July 2023, Baltimore City’s board had received an additional 2,111 cases and cleared 943 of those cases. PTAAB reported multiple factors contributing to ongoing case backlogs, including staffing shortages in certain appeals boards and at SDAT, which must provide assessors to attend decision hearings. The report attributed the Baltimore City backlog to court closures and the slower pace of written and remote communications during the COVID-19 pandemic as well as the higher number of appeals cases generally received in Baltimore City. In combination with total caseload, PTAAB noted that Baltimore City cases, as in most jurisdictions, primarily consist of commercial cases that are filed by tax representatives and have hearing dates frequently postponed.

In response to insufficient staffing to efficiently reduce backlogs, in fiscal 2023, PTAAB received a deficiency appropriation to support the hiring of 2 contractual full-time equivalent positions. To address the issue of hearing postponements delaying case processing, PTAAB implemented new regulations allowing local boards to limit hearing postponements to no more than one without cause, with additional postponements at the discretion of the boards. This change took effect July 1, 2023. **PTAAB should comment on the factors contributing to the recent high clearance rate and reduced backlog, including any contributions of the new contractual personnel and any preliminary impact of the change in policy regarding hearing postponements. The board should also discuss any ongoing impacts of local board and SDAT staffing shortages on the appeals clearance rate and backlog.**

2. Reversals by the Tax Court Decrease in Calendar 2022

PTAAB’s second primary goal is to ensure that its decisions are accurate and fair, with less than 10% of decisions appealed to MTC. As shown in **Exhibit 4**, PTAAB has met this goal in most years since calendar 2015. The percentage of decisions appealed to MTC is relatively consistent over the period shown, in the range of 7% to 11%, except for an increase to 17% in calendar 2020. An additional goal of PTAAB is to reduce the number of MTC reversals, as a reversal may indicate an oversight by PTAAB in fairness or accuracy. After decreasing from highs of over 20% of appeals reversed in calendar 2015 through 2017, MTC reversals have generally been less than or equal to 10% since calendar 2018 as well, except for calendar 2019 when the reversal rate was 13%. The reversal rate in calendar 2022 was 5% and is estimated to be 7% in calendar 2023. The overall downward trend in the percentage and number of reversals suggests that PTAAB decisions have been increasingly accurate and fair, as determined by MTC.

Exhibit 4
Maryland Tax Court Appeals and Reversals
Calendar 2015-2023 Estimated



Source: Department of Budget and Management; Property Tax Assessment Appeals Board

PTAAB should comment on the factors contributing to the improvement in the percentage of MTC reversals from calendar 2015 to 2022.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that PTAAB prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Baltimore City PTAAB Backlog:*** On September 1, 2023, PTAAB submitted a report regarding the backlog of property tax assessment appeals cases in Baltimore City, which totaled 516 cases at the end of calendar 2022. Further discussion of this issue can be found in Key Observation 1 of this analysis.

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**Appendix 2
Audit Findings**

Audit Period for Last Audit:	March 25, 2019 – June 30, 2023
Issue Date:	October 2023
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating:	n/a

The Office of Legislative Audits did not report any findings.

**Appendix 3
Object/Fund Difference Report
Property Tax Assessment Appeals Board**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 – FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	8.00	8.00	8.00	0.00	0%
02 Contractual	0.00	2.00	2.00	0.00	0%
Total Positions	8.00	10.00	10.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 818,923	\$ 952,674	\$ 966,996	\$ 14,322	1.5%
02 Technical and Special Fees	357	71,210	75,843	4,633	6.5%
03 Communication	18,489	21,373	21,373	0	0%
04 Travel	10,359	13,215	15,711	2,496	18.9%
06 Fuel and Utilities	919	1,200	1,200	0	0%
07 Motor Vehicles	8,235	9,560	11,000	1,440	15.1%
08 Contractual Services	36,667	52,593	81,831	29,238	55.6%
09 Supplies and Materials	5,685	3,670	5,000	1,330	36.2%
12 Grants, Subsidies, and Contributions	2,750	0	0	0	0.0%
13 Fixed Charges	78,716	88,176	88,176	0	0%
Total Objects	\$ 981,100	\$ 1,213,671	\$ 1,267,130	\$ 53,459	4.4%
Funds					
01 General Fund	\$ 981,100	\$ 1,213,671	\$ 1,267,130	\$ 53,459	4.4%
Total Funds	\$ 981,100	\$ 1,213,671	\$ 1,267,130	\$ 53,459	4.4%

Note: The fiscal 2024 appropriation does not include across-the-board reductions. The fiscal 2025 allowance does not include cost-of-living adjustments.