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DEPARTMENT OF
ASSESSMENTS & TAXATION

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Department of Assessments and Taxation

Response to Operating Budget Analysis

Senate Subcommittee Hearing: February 19, 2016

House Subcommittee Hearing: February 22, 2016

Since July 1, 2015, the Department has implemented changes which include cost saving measures and a focus on customer service improvement.

Cost savings have been achieved through the following:

- **\$870,000** over the next three years with the elimination of overtime expenses.
- **\$300,000** annually by ceasing scanning of certain Business Personal Property documents.
- **\$300,000** over the next ten years as a result of reduction in leased space at our Towson office.

As a result of House Bill 940, passed during the 2015 General Assembly Session, the Department created a customer service policy, implemented uniform work hours for the customer service area, enacted a dedicated customer service email and online customer feedback capabilities.

In an effort to respond to the needs of the Department's business customers, the Associate Director of Taxpayer Services has created work groups for the various sections of business filings. These workgroups include stakeholders such as accounting associations and business law groups. It should be noted the Department now accepts credit card payments at the customer service counter located in the Baltimore headquarters.

The Governor's Allowance includes funding for an oblique aerial imaging system to aid in the assessment of real property. This system will allow the Department to change the way assessments are done by utilizing modern technology. Senate Bill 115 was filed to eliminate certain circumstances under which the Department is required to conduct physical inspections and clarifies that the Department can utilize modern technological means to perform its assessment functions. One common concern regarding the use of oblique aerial imaging technology is the potential use of drones; please note the flyovers are accomplished with piloted aircraft, not drones.

DLS recommends that the agency comment on the benefits and reliability of oblique aerial imagery as an assessment tool and the effect that this program, if authorized, would have on the agency's ability to conduct timely property assessments.

Among the many benefits to the Department, property owners, and the State are:

- **Efficiency**: Aerial imagery readily accessible from the desktop allows assessors to spend more time working on assessing properties versus: (1) physically traveling to the property, (2) taking tape measurements, (3) drawing property sketches, (4) taking pictures, (5) making notes, and (6) transcribing the field notes, measurements and sketches into the system when back at the office.
- **Transparency**: For property owner appeals, the oblique aerial imagery will allow the assessor to work from a three dimensional model of the property, as opposed to notes, sketches and sometimes flat pictures from a property that was visited many months prior. Additionally, the property owner will have the ability to see the same imagery the assessor is using, thus providing more transparency and confidence in the assessment and appeal process.
- **Accuracy**: The oblique aerial imagery pilot conducted by the Department demonstrated that the measurements taken from the imagery were extremely accurate and reliable.
- **Increased Tax Base**: As the Department lacks the manpower to physically inspect every property once during each assessment cycle, its assessors focus inspections on properties for which building permits were properly obtained and the Department notified. The use of oblique aerial imagery allows the Department to inspect far more properties that were not flagged for review owing to the issuance of permits, and identify properties which were improved without such permits, thus increasing the State's assessable tax base.
- **County Support**: It should be noted that while the Governor's Allowance shows an amount of \$2.2 million for FY'17, the cost to the General Fund will only be 50% of that, as the counties will be responsible for the remaining 50%; the Maryland Association of Counties strongly supports Senate Bill 115 and the Governor's Allowance for this funding.
- **Positive ROI**: The investment in oblique aerial imaging technology is a sound business decision; see ROI chart on DLS Analysis page 13.
- **Industry Standard**: Every jurisdiction surrounding the State currently utilizes oblique aerial imagery in the assessment of its properties, and implementation of this technology will create a uniform statewide process that will inspire greater confidence in assessments, which leads to decreased appeal rates.

The Department respectfully requests the approval of the Governor's Allowance.