LARRY HOGAN
GOVERNOR

BOYD RUTHERFORD
LT. GOVERNOR

MARYLAND

DEPARTMENT OF
ASSESSMENTS & TAXATION

MICHAEL HIGGS
ACTING DIRECTOR

E50C

Department of Assessments and Taxation

Response to Operating Budget Analysis

House Public Safety & Administration Subcommittee Hearing: February 22, 2016

Senate Health & Human Services Subcommittee Hearing: February 23, 2016

Thanks to the dedication and hard work of our Department's staff, a new focus on improved customer service by management, and inspired leadership by the Governor's team, 2016 was an excellent year for the Maryland State Department of Assessments and Taxation (SDAT). While we go into detail about our individual programs below as requested by the Department of Legislative Services (DLS), we should highlight some of the projects under way or planned for the near future that are being managed by the Office of the Director.

SDAT has engaged a Business Process Analyst to examine many of its internal procedures to ensure that the most efficient and effective methods are being employed to meet our customers' needs. With goals of eventually creating a paperless environment, and improving the Department's technology infrastructure, it is vital that we map current processes, and determine the most expedient path to improving those given current resources.

The Department is currently transitioning to an in-house scanning operation utilizing optical character recognition (OCR) technology to limit the amount of paper files maintained on site, and to reduce the amount of keying / transcription needed for the processing of applications.

Finally, another important upgrade to the Department's operations made in the past year is the hiring of a Compliance Officer. Bringing with her years of invaluable experience as an auditor with the Department of Budget and Management, Kate Holmes has worked diligently to see that past legislative audit findings are quickly remedied, and that systems are instituted to prevent future findings.

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In the draft operating analysis, DLS recommended that our Department discuss three topics:

1. The Department's customer service initiatives and metrics used to track efficiency, especially within the Charter Unit;

2. Any impact to agency operations that may be created by the proposed fund swap and any effect on the Department's relationship with local jurisdictions; and

3. The impact of understaffing in assessment offices and strategies that could be employed to hire more assessors or increase the efficiency of our existing workforce.

1. DLS recommends that the Agency discuss its customer service initiatives and metrics it is using to track efficiency, specifically within the Charter Unit.

In 2016, SDAT was at the forefront of a statewide movement to improve customer service. In March of 2016, the Department developed a comprehensive Customer Service Strategic Plan, which was ultimately used as a model for several other state agencies. Some highlights of the plan include tracking inquiries from the time they are received to the time they are settled, setting deadlines for responding to all incoming communications, creating ongoing customer service training, and in general, setting out uniform guidelines for how to interact with customers.

When developing the Plan, our Department agreed that a successful customer service program not only sets guidelines for customer interactions, but also motivates and recognizes employees who meet and exceed customer standards. Last year, the Department had two internal awards ceremonies using four award categories: Innovation Award, People's Choice Award, "Pat on the Back" Award, and "STAR" Award (Service, Teamwork, Attitude, Reliability). Our Department also nominated Ella McDaniel for the Governor's Customer Service Award and she was invited to attend a ceremony in Annapolis where the Governor presented her with a Proclamation of Outstanding Service to the Citizens of Maryland. Both our internal and the Governor's customer service awards remain strong motivation for employees to provide excellent customer service.

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As the Department began implementing various parts of the Customer Service Plan, it also began tracking metrics to see how divisions within our Department were performing. First, in March we designed and distributed customer feedback cards to be placed at the Charter Filing Customer Service Counter. Since then, we have collected 816 cards, 95.2% of which are positive. The Governor's Office has also designed an agency specific online customer service survey, which our Department recently started tracking.

Whether negative, positive, or offering suggestions, our Department takes these survey results very seriously and ensures that all appropriate actions are taken to remedy complaints, respond to inquiries, and notify supervisors of positive feedback. In the coming months, we will be redesigning our customer service cards to better align with the Governor's survey and to be more useful to our Real Property division during appeal season. Our Department's goal is to maintain at least 95% overall customer satisfaction.

SDAT's Customer Feedback Card

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In addition to soliciting customer service feedback, nearly all of our divisions have realized significant accomplishments and related efficiencies in 2016, as outlined below:

Charter Filing & Legal

- **Reduced Charter Filing Customer Service Counter wait time:** Expedited document processing time reduced from 45 to 30 minutes or less during non-peak hours, and 35 minutes during peak hours.
- **Reduced non-expedited document processing time:** Processing time reduced from 10 to 4 weeks generally, and 6 weeks during high volume filing periods.
- **Credit card payments now accepted:** 11,166 credit card transactions were accepted in 2016, accounting for a total of $2,549,478.00.
- **Created an automated document ordering system:** Offline system allows documents to be scanned directly to the customer, resulting in faster service, usually within 72 hours, and decreased postage costs.
- **UCC filings automated:** Customers can now file online and receive an instant file number as soon as the document is created and payment is confirmed.
  - More than 42,000 transactions since its launch in April 2016.
  - In September 2016, "subscriber" profiles were added so businesses could have multiple users under the same account.
- **Monthly customer feedback meetings:** Held monthly meetings with representatives from law firms and other associations to solicit feedback to improve customer service.
- **Online services award winner:** Maryland Business Express, our online business portal, won the Center for Digital Government's 2016 Achievement Award in the Government-to-Business category.

Business Personal Property

- **Reduction in business personal property return processing time:** Reduced from 97 to 69 days.
- **Reduction in abandoned call rate:** Reduced from 18.4% in 2015 to 3.0% year-to-date.
- **Cost savings by redesigning forms:** Personal Property Tax Return form was redesigned so new forms do not need to be printed every year, resulting in decreased printing costs.
- **Business Personal Property Workgroup:** Established to develop and implement quality control processes.
- **Ceased mailing business personal property tax returns:** Implemented in January 2016, this has resulted in online filings more than doubling from 13,564 to 32,052.

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Real Property Program

- **New assessment worksheet design:** Created a new, more user friendly property worksheet that includes value calculations.
- **Customer wait time less than 5 minutes:** Customer wait time at the Department's 24 local offices was, on average, under 5 minutes.
- **Howard County 2016 flood assistance:** Assisted property owners during the aftermath, abating more than $20 million in assessed value giving relief to more than 88 properties.

Homestead Tax Credit Program

- **Auditing homestead tax credit eligibility:** Audits completed in 2016 identified 3,803 real property accounts no longer eligible for the homestead tax credit, resulting in assessment value increases for State, County, and Municipal governments.

Homeowners' and Renters' Tax Credit Programs

- **Statewide tax credit promotion:** A statewide promotion of tax credit programs and eligibility awareness is ongoing through presentations and dissemination of information to Senior Centers, the Department of Aging, Department of Social Services, community associations, and tax preparers.
- **Improved scanning operations:** Increased staff for scanning tax credit applications, which will positively impact employee productivity and result in more timely audits.

Public Utility Valuation

- **Utility valuation forms available online:** 29% of public utility companies elected to receive valuation forms electronically.
- **Assessment certifications available online:** 64% of Maryland's local government jurisdictions opted to receive electronic assessment certifications.

Franchise Tax Program

- **Valuation forms available online:** 32% of public service companies elected to receive electronic forms.
- **Auditing goals exceeded:** Exceeded the requirement of auditing 70% of returns within one year, by completing 100% before the November 2016 deadline.

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Other Technology Initiatives:

- **Upgraded hardware:** 540 new computers and 620 new monitors were distributed and installed at headquarters and in our 24 local offices.
- **Upgraded software:** Completed a department-wide update from Windows XP to Windows 7.

There are also numerous initiatives planned for 2017, including:

Charter Filing & Legal

- In the process of accepting online filings for more document types, including certificates of status, resolutions, and articles of cancellation.
- Creating additional options and corresponding charges for requesting documents online, such as a standard request and an expedited request.
- Developing a tracking program for all documents which will pinpoint the exact location of each in the review process.
- Improving the workflow of documents between Charter Legal and Personal Property.

Business Personal Property

- Business Personal Property Workgroup is studying ways to develop new employee training materials, a quality control process, and additional performance measures.

Homestead Tax Credit Program

- Obtaining online access to Maryland Vital Records database to compare matches and increase the effectiveness of Homestead Tax Credit audits.

Homeowners' and Renters' Tax Credit Programs

- Actively pursuing new, innovative software as a service platform to allow for online filings and an in-house application process for the Homeowners' and Renters' Tax Credits.
- Promoting the Homeowners' Tax Credit Program through an Eligibility Awareness Campaign in cooperation with the Office of the Comptroller.

Franchise Tax & Public Utility Valuation Programs:

- Developing online filing applications to increase electronic participation to 100%.

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2. DLS recommends that the agency comment on any impact to agency operations that may be created by the proposed fund swap, and whether this change would affect its relationship with local jurisdictions.

Our Department fully supports the budget and the BRFA, and there will be no impact on departmental operations caused by the proposed fund swap. The Department's total allocated budget remains the same, only the source of funds changes.

As discussed above, the Department is heavily focused on providing excellent customer service to its customers, which includes not only the citizens, homeowners, and businesses of the State of Maryland, but also the County Finance Officers that rely on our services for the issuance of their tax bills. We strive to provide prompt, courteous, and efficient service to our County customers, working closely with them to ensure that their tax bills are accurate and timely. The Department maintains an open-door policy with regard to any questions, concerns or suggestions from the various County Finance Offices that it serves, and looks forward to not only continuing, but building upon, that productive relationship in the years to come.

3. DLS recommends that the agency comment on the impact of understaffing in its assessment offices and discuss strategies it could employ to hire more assessors or increase the efficiency of its existing workforce.

The Department is currently physically inspecting approximately 40% of properties in each reassessment cycle, prioritizing properties with permits and those that have sold in the three years previous to the reassessment date of finality. This represents an increase from 50,000 reviews in 2012 to 300,000 reviews in 2016. Continual improvement of management skills can achieve an inspection rate of 50% per reassessment cycle, which is in line with mass appraisal standards as outlined by the International Association of Assessing Officers. The impact of those properties not physically inspected is that additions or changes to property characteristics may not be accurately reflected on the property record because changes occurred without a trigger such as a permit or sale.

Over the past year, the Department has been hiring at a vigorous pace for vacated PINs to take full advantage of potential staffing levels. In our Real Property division, there were 53 vacant positions in June 2015, while now there are only 33. Additionally, the Department is always exploring opportunities and technologies that will increase the number of inspections performed. The Department believes that inspections combined with the use of oblique aerial imagery or similar technology, could increase productivity of existing staff.