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DEPARTMENT OF ASSESSMENTS AND TAXATION
FY 2024 OPERATING BUDGET
RESPONSE TO DEPARTMENT OF LEGISLATIVE SERVICES ANALYSIS

Senate Budget and Taxation Committee
Senate Health and Human Services Subcommittee
Senator Cory McCray, Chair
February 10, 2023

House Appropriations Committee
House Public Safety and Administration Subcommittee
Delegate Tony Bridges, Chair
Delegate Julian Ivey, Vice Chair
February 9, 2023

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Introduction

The Maryland State Department of Assessments and Taxation continues its mission as a customer-focused agency that works to ensure property is accurately assessed, business records are appropriately maintained, and necessary property tax credit and other tax-related information is conveyed to state agencies and local jurisdictions. SDAT boasts a 98.35% service rating for FY 2022.

	Very Satisfied/Somewhat Satisfied - Total	Percentage
Feedback from Customer Service Survey Cards	412/410	99.54%
Feedback from MBE Online Customer Service Survey	25403/25488	96.53%
FY22 Customer Service Feedback Total	25815/25900	98.35%

FY 2024 Operating Budget Testimony: Real Property

- Preparing to implement a pilot program that would replace the current paper-based, duplicate data entry process for on-site property assessments by providing a more efficient, accurate, and timely data collection solution that will also offer time-saving features like optimized travel routing, instant photo association, and touch screen sketching.
- 2023 Property Value Assessments for “Group 2” properties rose 20.6% statewide, which represented an average increase in value of 22.2% for all residential properties and 15.8% for all commercial properties over the three-year period since the last “Group 2” reassessment for January 2020 prior to the pandemic.
- All assessment metrics remain strong (assessment-to-sales ratio, coefficient of dispersion, and price-related differential); these metrics continue to fall within industry standards measuring accuracy, but are increasingly coming under pressure, as noted below.
- The Real Property Database Search continues to be a very popular, useful and *free* tool that averages approximately 1.2 million views per month.
- Turnover in the program remains high (as noted below) and salaries are not competitive with neighboring jurisdictions.

FY 2024 Operating Budget Testimony: Business Services

- As of June 2022, 95% of all new business registrations with SDAT are completed online through Maryland Business Express (MBE). Over the last eight years, the functionality of Maryland Business Express has expanded exponentially and SDAT's customers now rely on the portal as the central hub for filing documents with the Department.
- Released enhanced processing speeds for online business filings: customers can now request an immediate review, or a less expensive filing speed, matching all of the options they have when filing by paper but with the added efficiency of filing online.
- In 2022 a more simplified **ground rent redemption system** for Maryland homeowners who are subject to ground rent was launched. The new process is designed to reduce the obstacles a homeowner must overcome, as well as the number of documents a homeowner must procure, for them to redeem their ground rent through SDAT.
- The Business Services Unit took a collaborative approach with SDAT's MBE online vendor, Tyler Technologies, to create an internal flow chart for the “high-volume” contact drivers simplifying the process of filing documents with SDAT and helping agents respond to calls and emails in a more timely and accurate manner.

Charter Services

- Revamped and reorganized the procedures for the scanning of hard copy documents into SDAT's database. As such, quality control and timeliness of document scanning has improved remarkably, ensuring that both SDAT's staff and customers can access the information they need in a timely manner.

Business Assessments

- The Business Personal Property team has repeatedly finished each calendar year having assessed at or over 90% of all pending business personal property returns ensuring that a backlog of assessments has never existed as the Department enters each new filing season.
- Several employees have used the training offered by LinkedIn, and the department enrolled several assessors in IAAO training.
- The Business Services Unit has provided informational sessions to several of SDAT's professional stakeholders, such as the Maryland State Tax Study Group, the Maryland Society of Accounting and Tax Professionals, the Secretary of State, and the Attorney General.
- SDAT helped raise the exemption from personal property assessment for all Maryland businesses from \$2,500 to \$20,000. This legislation will save 14,217 businesses from paying taxes on \$44.2 million in assessed business personal property, and is an extension of Chapter 102 of 2018, which SDAT sponsored in 2018 that exempted 28,493 businesses from paying taxes on \$10.8 million in assessed business personal property.

State Tax Sale Ombudsman

- Since launching the State Tax Sale Ombudsman's Office (TSO) on January 1, 2020, the Office has helped over 6,000 homeowners access tax credits and grants, housing and financial counseling, legal services and other programs to pay their delinquent property taxes and keep their homes.
- Homeowners throughout the state can access personal, individualized assistance with their delinquent property taxes and related issues by calling the Ombudsman's Tax Sale Helpline at (410) 767-4994, (833) 732-8411 toll-free, or by emailing sdattaxsale@maryland.gov.
- The Office has referred over 4,500 homeowners to counseling and legal services, and other benefits programs. And it has helped facilitate the payment of over \$18M in delinquent property taxes to county finance offices across the state.
- The TSO's Homeowner Follow-Up Initiative found that 96% of homeowners contacted for follow-up in 2022 successfully avoided tax sale the year after the Office helped them.
- The TSO successfully championed a series of strategic legislative changes to improve homeowners' access to tax credits, grant them critical extra time to redeem a sold tax lien, and provide a second chance when they missed an application deadline or weren't aware of it. There are more solutions on the way in 2023.
- The TSO's Maryland Homeowners' Tax Sale Help Center website dat.maryland.gov/taxsale has been a centralized source of information and updates on each county's tax sale process, the up-to-date county-by-county tax sale schedule, and over 150 federal, state, and local resources to help homeowners in every Maryland county pay their property taxes and improve their financial situations.
- Each year the Office undertakes a major collaborative effort with county finance offices and treasurers across the state to conduct the Annual Tax Sale Survey of the counties. In the fall it publishes the Maryland Annual Tax Sale Report. The results inform strategies to help homeowners, and stakeholders use the report to better understand the tax sale process each year.
- This year, the Office launched the new Homeowner Protection Program, which provides an alternative pathway for homeowners to the tax sale system; providing enrollees an affordable repayment plan, a customized assistance strategy, and ongoing communications and support.

Tax Credits

- The Tax Credit team has launched its new Renters' Tax Credit system being developed by SDAT's partners at Ernst & Young, with the revamped Homeowners' and Homestead systems scheduled to go live in February 2024. The multi-year project will culminate in SDAT's Renters', Homeowners', and Homestead Tax Credit applications being accessible through a streamlined, customer-friendly online filing experience.
- 2022 Tax Credit Awareness Campaign: postcards sent to Maryland residents who may be eligible but haven't yet applied (113,529 sent to homeowners and 10,322 to renters).
- In FY 2022, 37,805 homeowners saved an average of \$1,464.62 and 6,636 renters saved an average of \$446.37 through the tax credit program; note that the eligibility formulas for these programs have not changed in many years.

FY 2024 Operating Budget Testimony: Procurement

- All Procurement Officers have completed their Certified Maryland Procurement Officer (CMPO) Training and earned their certification.
- Continues to serve SDAT in all facets of procurement, purchasing of services and commodities, fleet management, facilities management, inventory, security, competitive solicitations, contract management, lease management, IRS compliance, FMIS, ADPICS, credit card reports and the timely submission of all reports due to governing agencies; DBM, DGS and DOIT.
- Continues a 5-year streak of no appeals/protests of a procurement award.
- To date, has fulfilled all ADA requests for employees that need assistance with equipment, parking, and special needs to fulfill work duties.
- Honored with the Customer Service Crusaders Award in 2022.
- SDAT Maryland Charities goals have been surpassed for the past 4 years with the assistance of the Procurement Team and MCC Coordinator.

FY 2024 Operating Budget Testimony: Office of the Director

Information Technology

- Project SAPIR (SDAT Adobe Printing Improvement & Replacement) - the new printing/ mailing procurement project approved by BPW on 6/8/22 with imminent full launch of the transition from NearStar to Adobe AEM Forms. This move will not only replace SDAT's current letter-printing system with a more advanced system, and allow the tracking of mailings, but will also allow the addition of new letters and forms in a more expedient fashion.

Customer Service Contact Center/Office of Customer Experience

- Over 98% of individuals who filled out SDAT Customer Service Survey Cards in FY 2022 reported a positive experience.
- In FY 2022 the CSCC also integrated its phone system with Freshdesk to track customer information, emails, knowledge-based articles/solution guides, automate call event notes, and recording of calls, allowing the CSCC to collaborate with programs to streamline and simplify customer interactions.
- Utilized LinkedIn Learning licenses and created a new learning curriculum for Customer Service to include 30 items of learning and 15 hours of content; also created a database/access training curricula as a part of a "leadership development program" with 12 courses to assist in learning and using Microsoft Access.

- Designed and implemented a “thinking problem solving approach” to create and train employees to use the new customer service call flow guide. This call guide was put in place of scripts and is used as a conversational road map to help agents handle calls to ensure delivery on the customer service promise from beginning to the end. Each part of the call is outlined, using bullet points to identify key points to make and demonstrate in each portion of the call.
- The Office of Customer Experience, newly formed in 2022, will continually evaluate how SDAT employees interact with customers and make internal recommendations for management and staff to streamline services, provide support, and ensure overall satisfaction to improve both the internal and external customer service experience.
- Efforts of the department include performing professional analysis of all programs’ public content, processes, and procedures; recommending improvements including the use of new technologies; management training; and performing follow-up reviews to ensure that all suggested improvements are functioning as expected and customers’ needs are being met.

Rebuilding State Government: Assessor Vacancies and AAVS Modernization

SDAT leadership is especially eager to collaborate with the Moore Administration on its commitment to rebuilding state government. Together, we can provide a solid foundation for our state workforce to be successful, so we in turn can serve the people of Maryland to the best of our ability.

SDAT’s Real Property (RP) unit represents approximately two-thirds of the entire department and plays the critical role of performing real property assessments of residential, commercial, industrial, and agricultural properties throughout the State. The division’s mission is to promote fairness in taxation for Maryland property owners by performing uniform assessments of real property based on fair market value and providing certified assessment data to local governments.

However, SDAT estimates that it could lose approximately 20% of the Real Property team within the next 12 months due to impending retirements and employee terminations/resignations. Resignation exit interviews steadily reveal that an increasing number of assessors are accepting lateral positions in local jurisdictions with exponentially hiring earning potential. Other jurisdictions have twice the number of assessors per parcel as Maryland; for example, Massachusetts, which has a similar number of assessable parcels and a similarly sized economy, and their assessing jurisdictions employ more than twice the assessors that Maryland does.

The current shortage of assessors coupled with the projected loss of staff will make the department unlikely to complete critical assessment functions in a timely and effective manner, which may affect the integrity of assessment records. Numerous other state agencies and local jurisdictions rely on SDAT’s real property data, and it is becoming increasingly more important to have knowledgeable staff to maintain quality property records. Commercial assessments in particular are in grave danger of falling below minimally acceptable levels if action isn’t taken soon.

FY 2022 and FY 23 Turnover Data for the Real Property Division:

- 36 Residential Assessors: 28.1% of RP vacancy rate
 - 5 retired; 8 transferred to another state agency; 23 left state service.
- 12 Commercial Assessors: 25.5% of RP vacancy rate
 - 3 retired; 1 transferred to another state agency; 8 left state service.
- 5 Assessor Supervisors: 12.1% of RP vacancy rate
 - 2 retired; 2 transferred to another state agency; 1 left state service.
- 33 Clerical personnel: 26.1% of RP vacancy rate
 - 6 retired; 7 transferred to another state agency; 20 left state service.

Vacancy information for the Real Property Division as of 1/27/2023:

- Residential Assessor vacancy rate: 17.1%
- Commercial Assessor vacancy rate: 12.7%
- Assessor supervisor and manager vacancy rate: 14.6%
- Clerical position vacancy rate: 4.7%

SDAT continues to ramp up recruitment efforts for this department and, in reaction to staff feedback, HR is preparing to reclass a pin to create a dedicated RP trainer. The trainer will create a training manual that will standardize assessor training across all 24 counties. Providing access to the best tools in the industry is also paramount to running a department that is as effective and efficient as possible. To that end, SDAT is researching options to upgrade its Assessment Administrative & Valuation System (AAVS), which is the system that manages and administers all administrative entities for the RP division. Not only could an alternative system be more cost-effective for monthly service and support, but an upgraded Cloud-based system would also place less strain on our network services, and greatly aid in employee retention.

Recommended Actions

1. Adopt committee narrative requesting an update on Real Property Valuation staffing.
2. Adopt committee narrative requesting a report on Homeowners' and Renters' Tax Credit eligibility.
3. Adopt committee narrative requesting a report on the status of the Cloud Revenue Integrated System project.

Agency Response

SDAT has no objection to this recommended action.