



Wes Moore | Governor  
Aruna Miller | Lt. Governor  
Michael Higgs | Director  
Marcus Alzona | Deputy Director

**DEPARTMENT OF ASSESSMENTS AND TAXATION**  
**FY 2025 OPERATING BUDGET**  
**RESPONSE TO DEPARTMENT OF LEGISLATIVE SERVICES ANALYSIS**

Senate Budget and Taxation Committee  
Senate Health and Human Services Subcommittee  
Senator Cory V. McCray, Chair  
February 2, 2024

House Appropriations Committee  
House Public Safety and Administration Subcommittee  
Delegate Jazz Lewis, Chair  
Delegate Julian Ivey, Vice Chair  
February 8, 2024

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# I. Introduction

The Maryland Department of Assessments and Taxation (also known as the State Department of Assessments and Taxation, or SDAT) is a customer-focused agency that works to ensure property is accurately assessed, business records are appropriately maintained, and necessary tax-related information is conveyed to state agencies and local jurisdictions. The Department's responsibilities can generally be split into three main areas: Business Services, Real Property Valuation and Property Tax Credits.

The Business Services Division is comprised of the Business Charter Unit and Business Property Valuation Unit. The Business Charter Unit helps create businesses and ensures that the documents filed by customers meet the requirements of Maryland law. The Business Property Valuation Unit values items that businesses own, lease, or use in order to operate and are subject to taxation by some of Maryland's local jurisdictions.

The Real Property Valuation (Assessments) Division values more than two million residential and commercial property accounts throughout the state. Those values are then certified to local governments, which use the assessments to collect real property taxes. The Department is committed to ensuring uniform and accurate assessments statewide, as well as providing a fair and prompt appeal process.

The Taxation Division includes the Property Tax Credit Unit and the State Tax Sale Ombudsman's Office. The Property Tax Credit Unit helps administer the Maryland Property Tax Credit Programs, including the Homeowners' Tax Credit, the Renters' Tax Credit, and the Homestead Tax Credit. The Office of the Maryland State Tax Sale Ombudsman helps homeowners understand the tax sale process and navigate the tax sale system, connecting them to housing and financial counseling, legal services, and other benefits programs.

SDAT had an 85% positive customer service rating for FY 2023.

	Good, Somewhat Satisfied, Satisfied & Very Satisfied	Percentage
Feedback from Customer Service Survey Cards	204/204	100%
Feedback from MBE Online Customer Service Survey	26057/27158	96%
Feedback from QLIK Online Customer Service Survey*	1301/2179	60%
<b>FY23 Customer Service Feedback Total</b>	<b>27562/29541</b>	<b>85%</b>
*SelectSurvey experienced an interruption in their service in April of 2023.		
Plus a total of 404 Misdirected Surveys via Customer Error.		
Correct & Precise totals for QLIK Data is unavailable.		

## II. FY 2025 Operating Budget Testimony

### a. Real Property

- 2024 Property Value Assessments for “Group 3” properties rose 23.4% statewide, which represented an average increase in value of 25.6% (8.5% per year) for all residential properties and 17.6% (5.9% per year) for all commercial properties over the three-year period since the last “Group 3” reassessment for January 2021 during 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.
- All new assessment notices were created this year, the first major update to the notices in decades, with far more information about how the assessment figure was reached, an easier to read format, and a plethora of helpful information for the State’s property owners.
- 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 in Section III.a.) and salaries are not competitive with neighboring jurisdictions.
- The Department is implementing a pilot program to 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.
- The Department also implemented a pilot program to use AI to read property transfer deeds and extract transfer data for importing into the current SDAT AAVS. The pilot was tested in Montgomery County and successfully reduced the data entry time by 50% while increasing the accuracy of data to over 99% accurate. This pilot was successful and we are considering opportunities to expand.

### b. Business Services

- Improvements to the online filing process made in 2023 included a comprehensive examination and overhaul of instructions, as well as adding a Resident Agent search-and-select option. These enhancements greatly improved the customer filing experience, reduced the number of rejected filings, and removed some of our most frequent customer call drivers.
- The Ground Rent program, in 2023, successfully helped several hundred homeowners redeem their ground rent after a more simplified ground rent redemption system was launched. The Ground Rent [website](#) provides an easy four-step redemption process to make certain that homeowners are aware of all legal requirements associated with redeeming ground rent. These combined efforts have resulted in a significant increase in ground rent redemptions through SDAT.
- The Business Services Division 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.

### c. Charter Services

- Filers are now able to change the filing type from non-expedited to expedited, or a Rush filing online.
- 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, ensuring that both SDAT's staff and customers can access the information they need in a timely manner.
- The MBES Task Order Request for Proposals (TORFP) was recently awarded to three vendors for a Proof of

Concept project. SDAT will convert the entire mainframe Maryland Business Express System to JAVA over the next two years, allowing SDAT to fully migrate from the mainframe into the cloud.

#### **d. Business Personal Property**

- The Business Personal Property (BPP) team has repeatedly finished each calendar year having assessed at or over 90% of well over 300,000 pending business personal property returns, ensuring that a backlog of assessments does not exist 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. Over half of the assessors can be considered Personal Property Specialists under current IAAO standards.
- The Business Services Division 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.
- The Utility Valuation unit of the Business Personal Property division has a seat at the table of the Task Force to Study Solar Incentives, providing preliminary information regarding the impact on county / municipal budgets.
- The Franchise Tax unit has successfully completed the 2021 audits (deadline 12/2023) and is on track for the same completion rate of 2022 Audits (deadline 12/2024) with a benchmark of 75% by March 2024.
- The BPP division has implemented a cross training process that allows assessors and clerical staff to successfully provide and independently perform special projects assigned by Program Managers from other units.

#### **e. State Tax Sale Ombudsman's Office & Homeowner Protection Program**

- Since launching the State Tax Sale Ombudsman's Office (TSO) on January 1, 2020, the Office's Tax Sale Helpline has helped thousands of homeowners access tax credits and grants, housing and financial counseling, legal services and other programs to help pay their delinquent property taxes and retain their homes. In FY23, 1,514 individuals used the Tax Sale Helpline, an increase from 959 in FY22. In January 2024 alone, the Helpline received 1,293 inquiries.
- 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 [sdat.taxsale@maryland.gov](mailto:sdat.taxsale@maryland.gov).
- The TSO launched the Homeowner Protection Program (HPP), an alternative pathway to tax sale that provides enrollees an affordable repayment plan for their taxes, customized assistance strategy, and ongoing communications and support. The HPP became fully staffed and operational for the first time in September 2023, and expects full enrollment by the end of 2024.
- The Maryland General Assembly, legislative sponsors, and 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 2024.
- The [FY23 Annual Tax Sale Ombudsman Report](#) was released, providing insight on planned improvements to the TSO and HPP, and recommendations on how the tax sale process can be improved to benefit homeowners. Every year the TSO undertakes a major collaborative effort with county finance offices and treasurers across the state to collect data for this Report.
- The TSO's Maryland Homeowners' Tax Sale Help Center website [dat.maryland.gov/taxsale](http://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.

#### **f. Property Tax Credits**

- The Property Tax Credits team launched its new Renters' Tax Credit system with SDAT's partners Ernst &

Young in February 2023; the revamped Homestead system went live in August 2023 and the Homeowners' system will go live in February 2024 . This multi-year project culminates in SDAT's Renters', Homeowners', and Homestead Tax Credit applications being accessible through a streamlined, customer-friendly online filing experience.

- 2023 Tax Credit Awareness Campaign: postcards sent to Maryland residents who may be eligible but haven't yet applied (140,000 sent to homeowners and 5,800 to renters).
- In FY 23, 36,862 homeowners saved an average of \$1,501.22 and 6,004 renters saved an average of \$450.29 through the respective tax credit programs; note that the eligibility formulas for these programs are set by statute and have not changed in many years.

#### **g. 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 6-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 2023.
- SDAT Maryland Charities goals have been surpassed for the past 5 years with the assistance of the Procurement Team and MCC Coordinator.

#### **h. Information Technology**

- Project SAPIR (SDAT Adobe Printing Improvement & Replacement) - the new printing / mailing modernization project is now complete, with department correspondence and documents being processed through the Adobe AEM System instead of directly through the mainframe. This provides both immediate improvements today and future mainframe transition capability for ongoing modernization efforts.

#### **i. Office of Customer Experience / Customer Service Contact Center**

- The *Office of Customer Experience* celebrated its first anniversary in FY 2024 of evaluating how SDAT employees interact with customers and making internal recommendations for management and staff to streamline services, provide support, and ensure overall satisfaction so that no Marylander needing assistance is left behind. Efforts of the Office of Customer Experience includes so far:
- Performing Customer Experience Jam Sessions with each location/division.
- Gaining valuable insight on the existing culture to promote an engaged workforce and fostering new activities for recognition and teamwork such as Customer Service Appreciation Week (CSAW) and Employee Appreciation Week.
- Performing professional analysis of all programs' public content, processes, and procedures.
- Providing Interactive Customer Service training to explain and demonstrate techniques on how to deal with different customer interactions by phone, email, in person, or at an appeal. Training includes role plays to show the best way to handle different customer types and how to build trust through transparency and empathy.
- Revising the Department's Customer Service Policy to deliver even better customer service than FY 2023. We are focused on using innovation and service to create solutions for current and future Marylanders that promote change and leave no one behind.
- Facilitating Diversity and Inclusivity and personality-driven communications training throughout the department.
- Recommending improvement including the use of Performance Metrics and the integration of SMART Goals to create effective workflow management and performance strategies to increase productivity.

- Performing follow-up reviews to ensure that all suggested improvements are functioning as expected and customer's needs are being met.
- In the past 12 months the Customer Contact Center answered 73,412 calls and 54% of the calls were answered within a 45 second service level agreement. Robust analytics and real time data reporting, call monitoring, and customer experience tools have been transformative in improving our customer interactions in the Customer Service Contact Center.
- For FY 2025, the Department is putting digital implementation and modernization at the forefront to improve all customer interactions and avenues for collaboration. Getting that right requires software that can bridge the gaps between the Customer Service Contact Center and all divisions, with insight and customer history information traveling between chatbots, phone calls, email, and more.
- Procuring new VoIP, CRM, and XM platforms is a priority. It is our goal to procure a new contact center solution with options for leveraging AI to provide self service capabilities, increase agent efficiency, workflow management, and increase first call resolution.

### **III. Rebuilding State Government: Assessor Vacancies and MAAVS 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.

#### **a. Assessor Vacancies**

- SDAT's Real Property (RP) Division 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.
- Resignation exit interviews steadily reveal that an increasing number of assessors are accepting lateral positions in local jurisdictions with significantly higher earning potential. Other jurisdictions have twice the number of assessors per parcel as Maryland; for example, Massachusetts has a similar number of assessable parcels and a similarly sized economy, and their assessing jurisdictions employ more than twice the number of assessors that Maryland does.
- SDAT estimates that it could lose approximately 20 percent of its Real Property staff due to retirements and employee termination / resignation during Fiscal Year 24. Many other state and local agencies rely heavily on SDAT's data, and it is becoming increasingly more important to have knowledgeable staff to maintain quality property records and ensure the fundamental fairness and equitable nature of the assessment process.
- SDAT continues to make retention and hiring in Real Property a central focus and, in reaction to staff feedback, hired a dedicated Real Property trainer in 2023. The trainer has created and continues to maintain a training manual that will standardize assessor training across all 24 counties in order to unify and streamline training processes across the Division.

#### **b. Maryland Assessment Administration and Valuation System (MAAVS) Modernization**

- The Maryland Assessment Administration and Valuation System (MAAVS) is a statewide Computer Assisted Mass Appraisal (CAMA) system, which will be used to maintain records for each parcel of land in the state and value each parcel for ad valorem property taxes,
- Property assessments are performed by county or city governments across most of the country - in fact, Maryland is one of only two states performing this function at the state level. As such, Maryland requires a CAMA system that supports this core agency function statewide - MAAVS.
- Our current system has a user interface eerily reminiscent of Windows 3.1, it is slow to accept data and

move between the dozens of screen tabs involved in any one account, performs extremely poorly during times of heavy usage leading to much user frustration, has no built-in mobile component, is extremely expensive to maintain (from the monthly fee to the two dedicated in-house support staff), is not built to interface with our county and municipal government stakeholders, and has often been cited as reasons for employee departures from the agency. It is imperative that this antiquated system be replaced with a modern system that can better assist in performing Maryland's property valuations.

- MAAVS Modernization will enable functional mobile tablet applications for field data collection of property data, have improved ability to process tax credit approvals and records, and be able to extract, ingest, and exchange all data utilizing international land administration open geospatial data standards usable by the local county and municipal governments for tax billing purposes, while eliminating usage of the outdated legacy mainframe systems. When complete, MAAVS will be scalable, provide enhanced cybersecurity and privacy controls, and be expandable for potential future applications of additional data sets (such as Oblique Imagery) and new technologies such as distributed ledgers (e.g. blockchain) and machine learning / artificial intelligence processes.

#### **IV. Recommended Actions:**

1. Add language restricting funds pending quarterly reports on staffing in the Real Property Valuation program.
2. Add language restricting funds pending quarterly reports on staffing in the Real Property

#### **V. Agency Response**

SDAT has no objection to these recommended actions. However, the Department requests that Action Item 1 be modified to remove the request that SDAT find the average and median salaries for comparable positions in surrounding states. This is outside the scope of the Department.