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## **DEPARTMENT OF ASSESSMENTS AND TAXATION**

### **FY 2027 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 12, 2026

House Appropriations Committee  
House Public Safety and Administration Subcommittee  
Delegate Gabriel Acevero, Chair  
Delegate Julian Ivey, Vice Chair  
February 13, 2026

## **I. Introduction**

The State Department of Assessments and Taxation (SDAT) is a customer-focused, revenue-generating agency dedicated to providing accurate property assessments, efficient business filing services, and property tax-related assistance to Marylanders across the state.

The Department is organized into three primary divisions:

**Business Services.** This division ensures Maryland business filings are legally compliant and their property is accurately valued. The Business Charter Unit facilitates the creation of new businesses and ensures all legal filings meet Maryland statutory requirements. The Business Personal Property Unit values equipment and assets owned, leased, or used by businesses to determine local tax obligations.

**Real Property Valuation.** The Real Property Division manages the valuation of over two million residential and commercial accounts statewide. It certifies values to local governments to facilitate the collection of property taxes. The Department is committed to uniform assessment standards and provides a fair, transparent appeal process for all property owners.

**Housing Affordability Services.** This division provides critical financial protections and resources for Maryland residents. The Property Tax Credit Unit administers the Homeowners', Renters', and Homestead Tax Credits to provide direct financial relief. The State Tax Sale Ombudsman's Office helps homeowners navigate the tax sale system, connects at-risk residents with legal and financial counseling, and manages the Homeowner Protection Program.

**Vision & Values.** SDAT continually strives to be a more modern, responsive, and fiscally responsible agency. Our mission is to provide the best possible service across all divisions while establishing a meaningful workplace for our employees. We are guided by the values of fairness, transparency, and innovation to ensure that our processes, which affect household budgets and local government revenues, are handled with the utmost integrity.

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## **II. Requests for Comment**

The Department of Legislative Services draft analysis requested that the Department comment on several areas of concern. Those answers are consolidated below:

- 1. SDAT should comment on the reasons for the improvement in the percentage of local assessable base assessed by 10/31**

The percentage of the local assessable base assessed by October 31 reversed a trend in year-over-year declines in fiscal 2025 by improving to 73% from 49% in fiscal 2024.

- This occurred due to earlier assessor assignments strategies, cross-training assessors, enhancing supervisor and manager involvement, improved capabilities in our online filing system, and a robust marketing campaign by our vendor.
  - Assessment assignments were **distributed to our assessment teams earlier in the year**, in April instead of late May, as had been the practice in recent years.
  - **Assigned Supervisors and Program Managers** assessment duties.
  - There was an **uptick in online filings** in FY24 with a 75% adoption rate, up from 70%, due to images being readily available for assessments and a **vigorous online marketing campaign** by Tylertech, SDAT's online filing vendor.
  - **Cross-trained** Utility and Railroad assessors and Franchise Tax Auditor teams on Business Personal Property assessments, as well as answering calls and emails, optimizing resources.
  - **Set targeted date goals** emphasizing the importance of getting certifications to counties as close to July 1 as possible for tax bills and before January 15 license renewal.

## 2. SDAT should discuss the factors that led to the increase in eligible RTC applications in fiscal 2025

The significant surge in Maryland Renters' Tax Credit (RTC) applications in 2025 was primarily driven by a highly coordinated, multi-channel awareness strategy involving state agencies, local governments, and community advocates.

- Central to this effort was the effort by counties and specifically Baltimore City's Department of Housing and Community Development.
- This was bolstered by SDAT's annual Tax Credit Awareness Campaign, which targeted known renters and non-subsidized rental companies through large-scale postcard mailings.
- At the local level, counties like Howard and Montgomery intensified their communications to highlight expanded eligibility rules and increased net worth limits.

- Non-profit organizations such as Economic Action Maryland (via the SOAR program) and the Maryland Volunteer Lawyers Service (MVL) provided critical, hands-on application assistance.

By framing the credit as an essential tool for housing stability amidst rising living costs, these stakeholders successfully bridged the information gap, turning increased public awareness into a record-breaking volume of official filings.

### Key Drivers of the 2025 Application Surge

Contributor	Specific Impact & Tactics
<b>Baltimore City DHCD</b>	Launched awareness campaigns through social media, their website and through associated non-profits.
<b>SDAT Outreach</b>	Mailed over <b>100,000 postcards</b> directly to potential applicants and collaborated with rental companies.
<b>Non-Profits</b>	<b>SOAR</b> and <b>MVLS</b> provided in-person "barrier removal" by assisting seniors with complex documentation. Economic Action MD ( <a href="http://econaction.org">econaction.org</a> ) awareness campaigns.
<b>County Initiatives</b>	Local awareness of <b>supplemental credits</b> and legislative expansions (e.g., Howard County's CB60-2025).
<b>Digital Integration</b>	Promotion of the <b>OneStop online portal</b> , making the submission process faster and more accessible.

### 3. SDAT should comment on how the HTC is forecasted for future years.

SDAT forecasts HTC demand by integrating statewide reassessment trends with shifting economic indicators. Since Maryland operates on a three-year, triennial reassessment cycle, the Department projects future expenditures by analyzing the following:

- **Historical Application Volume:** SDAT uses participation data from previous years as a baseline for future demand.
- **Triennial Cycle Trends:** Data is weighted based on which of the three assessment groups is currently being reassessed.
- **Economic & Legislative Adjustments:** To refine the forecast, SDAT applies adjustments based on:

- **Growth Rates:** Changes in property values and market velocity.
- **Net Income Trends:** Shifts in household income that may affect eligibility or credit impact.
- **Legislative Changes:** Any new laws or policy updates that alter credit limits or qualification criteria.

**The agency should also discuss how much of the FY23 and FY25 deficiencies were due to delays in receiving documentation from local jurisdictions and what can be done to improve this process to avoid future payment backlogs.**

#### *FY23 and FY25 Deficiencies*

All deficiencies observed in FY23 and FY24 were due to delays in receiving certification from the local taxing authority.

HTC Outstanding Disbursements - \$7.6M

FY23 = \$2.4M

FY25 = \$5.2M

The Department is prohibited from paying out reimbursements for the Homeowner's Tax Credit unless the local taxing authority certifies the amount owed by submitting the following reports:

1. Verification Report - Form HTC-103
2. Recapture Form - Form AT8-71
3. A spreadsheet reflecting the tax credits paid

The Department does not have the ability to enforce this requirement beyond restriction of reimbursable Homeowner's Tax Credit funds. The Department is addressing this issue by improving communications with its local partners, reminding them both of their reporting requirements and potential consequences for non-compliance.

#### *Process Improvements*

To avoid future payment backlogs, SDAT is implementing the following measures:

- Digital Integration via Maryland OneStop: Transitioning more applicants to the OneStop portal allows for real-time validation of data, reducing the 30–90 day approval window.

- Automated Smart Reminder System: To avoid delays caused by missing county documentation, SDAT is launching a systematic notification sequence. Instead of waiting for a backlog to occur, the system triggers alerts based on a set schedule.
- Exploring a Real-Time Tracking Dashboard: A centralized dashboard could allow both SDAT staff and county officials to view the status of pending reimbursements in real-time.

**4. SDAT should comment on how many RTC applications are in the backlog due to a lack of requisite documentation from local jurisdictions.**

There are currently no RTC applications in the backlog. SDAT reported that the fiscal 2024 increase was due to an accumulation of payments stemming from prior fiscal years that were delayed because local jurisdictions were late to send required documentation. Upon further review, this was found not to be the case, and all eligible applications have been processed.

**5. The agency should provide the estimated fiscal 2026 closing balance for the Expedited Service Fund.**

As of the end of FY25, the fund balance was approximately \$32.4 million. Based on expected inflows and outflows in the agency's FY26 working budget, the projected fund balance at the end of FY26 is approximately \$14.6 million. The primary drivers of projected outflows are spending on Major IT projects and the legislative fund swap.

**6. The agency should also work with the Department of Budget and Management and the Department of Information Technology to update the MITDP Appendix submission in future years to account for canceled funds.**

SDAT will work with the Department of Budget and Management and the Department of Information Technology to update the MITDP Appendix submission in future years to reflect any canceled funds.

**7. SDAT should discuss whether a technical writer has been hired and the new timeline for the MAAVS project.**

*Technical Writer Recruitment*

Current Status: Four interviews are scheduled for Tuesday and Wednesday of this week. We will submit our top candidate choice to the vendor immediately following the interviews. For background, this follows several previous attempts to fill this position. Securing this hire is a high priority.

#### *MAAVS Project Timeline*

The current projected timeline is:

Procurement Phase: 2026 - 2027

Implementation Phase: 2028 - 2030

Operations & Maintenance: 2030 - 2031

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### **III. Recommended Actions**

#### **1. Delete 1.0 long-term vacant position**

SDAT concurs with the Governor's Allowance. The agency respectfully disagrees with the Department of Legislative Services' (DLS) recommendation to delete the long-term vacant agency budget specialist position. The Agency Budget Specialist position will be reclassified as an Accountant II position. SDAT will recruit an experienced Accountant II to perform a critical fiscal function: assisting the agency in reconciling and tracking its revenues, including ensuring that county reimbursement payments are collected and processed in a timely manner, and revenues from expedited fees are reconciled. In FY25, SDAT's total revenues were approximately \$363 million. A Special Funded Accountant II position to assist with reconciling and tracking these revenues will reduce the risk of under-collection and billing errors for cost-share reimbursements from the counties.

#### **2. Add language restricting funds pending a report on the status of the Cloud Revenue Integrated System (CRIS) development project**

SDAT concurs with this recommendation.