



Senate Bill 115

Property Tax Assessments – Inspection of Property

MACo Position: **OPPOSE**

To: Ways and Means Committee

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From: Andrea E. Mansfield or Michael Sanderson

The Maryland Association of Counties (MACo) **OPPOSES** SB 115. This bill, following dramatic Senate amendments, forbids the State Department of Assessments and Taxation (SDAT) and its local offices from using aerial photography or other similar technologies to perform property assessments.

Senate Action on SB 115

While the initial Departmental bill from SDAT sought explicit authority to use such technology, the Senate amendments inverted its posture. The bill now bans aerial assessments, and limits the tools available to professional assessors.

The Senate's unusual action on the bill appears to have been driven by two misconceptions:

"Tax Drones"

Senate floor discussion focused on "tax drones," suggesting an understandably troubling wave of unmanned aircraft traveling house-to-house, evaluating properties. This simply does not comport with current technology, nor the intent of the Department. SDAT used fly-over technology in a limited trial recently, and the vendor simply employed digital cameras from an ordinary airplane. This approach is analogous to that used by Google and other technology companies for use in real estate, mapping, and Geographic Information Systems.

Taxable Base Increases

Senate discussion also identified potential tax base increases arising from the technology. The debate again intimated an intrusive "through the window" approach, wholly inconsistent with the Department's practice or intent. Rather, the airplane-flyover merely captures properties whose overall footprint is greater than previously identified by the assessment office. The largest categories: commercial properties with development ahead of reported schedules, and property owners completing expansions without proper permits. In each case, it is only those whose lack of self-reporting has enabled an unfair under-assessment who would see an increase. This improved data promotes fairness.

Statutory Workgroup and Pilot Program Findings

Under current law, SDAT is required to perform an exterior physical inspection on all real property once every three years for assessment purposes. However, staffing levels prohibit SDAT from meeting this statutory requirement. The original intent of SB 115 – before the drastic Senate amendments – was to provide a fair solution to this issue, a solution based on workgroup findings and a successful pilot program.

An Assessment Workgroup (AWG), established pursuant to Senate Bill 172, *Budget Reconciliation and Financing Act of 2014*, examined this issue; in particular, whether a physical exterior inspection of each property is necessary to properly assess real property for tax purposes.

The AWG found that physical inspections are necessary on some periodic basis to ensure accuracies of assessments, but that new technology (oblique aerial photography) could be used to verify relevant property characteristics and update changes on properties without the need for a physical inspection. The use of this technology would also more easily identify properties requiring a physical inspection and allow SDAT to focus its time on property sales used in valuation, certain appeals, and new properties or those with significant changes.

As SDAT was just beginning a pilot on the use of this technology in Anne Arundel and Frederick Counties, the AWG recommended that no statutory changes be made to the timeframe for physical inspections at the time of the final AWG report and that the issue be revisited at the conclusion of the pilot. MACo understands that the pilot program was very successful in both jurisdictions and therefore, supports the use of this technology to assist with the assessment process.

The Senate version of SB 115 makes an inappropriate overreaction to mistaken impressions about the bill's intent. Rejecting this bill would not authorize the use of this technology, but would at least leave the matter open to further, more narrowly crafted, consideration.

Accordingly, MACo would urge the Committee to give SB 115 an **UNFAVORABLE** report.