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Washington Department of Revenue
Property Tax Division

**2011 Review
of the
Yakima County Board of
Equalization**



December 2011

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Overview

Introduction	<p>The Department of Revenue (Department) conducted an on-site interview with the Clerk of the Yakima County Board of Equalization (Clerk). The interview focused on the Yakima County Board of Equalization's (Board) processes and procedures.</p>
Purpose	<p>The primary purpose of this review by the Department is to assist the Board in their processes and procedures to ensure compliance with state statutes and regulations.</p> <p>Once the Board and county legislative authority receive a final copy of this report, the Department will conduct a follow-up interview on or before November 2012 to examine the implemented changes. This will give the Board and the county legislative authority an opportunity to provide information to the Department about any issues they encountered during the implementation process.</p>
Scope of Review	<p>The review is limited in scope. We reviewed administrative procedures for compliance with state statutes and regulations. We did not review the individual decisions made by the Board.</p>
Information Reviewed	<p>To complete our review, we gathered information about the administration of the Board through interviews, documents provided by the Clerk, and independent verification. The areas we reviewed included (but were not limited to):</p> <ul style="list-style-type: none">• Petitions for appeal (2010 assessment year for taxes payable in 2011)• Hearing procedures• Deliberation process• Board orders• Board members and hearing examiners qualifications• Regular convened session• Reconvening processes• Publications, forms, literature, and website• Board policies

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Overview, Continued

Categories of Results

The Department has completed its review and grouped the results into two categories:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the Clerk and the Board. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the Clerk and the Board. We note recommendations as being in the best interest of all parties. We believe if improvements in these areas can be made, it will improve service to the public.

The Department based the requirements and recommendations contained in this report on our review of the administrative procedures employed, existing state statutes and regulations, and areas we saw opportunities to improve processes, procedures, and communication.

Results

In this section The Department identified five requirements and four recommendations directed toward improving the Board's methods.

The items identified may be specific to the Clerk's duties, the Board's duties, county legislative authority duties, or they may have shared components of responsibility. We have listed a summary of these items below.

Requirements The Department identified five procedures that the Board must change to comply with the law.

1. The Board is required to request the approval of the county legislative authority to continue hearings after the regular 28-day convened session. (RCW 84.48.010, WAC 458-14-046)
2. The Board is required to accept complete petitions (RCW 84.40.038, WAC 458-14-056)
3. The Board is required to provide the appellant a petition form prescribed or approved by the Department (RCW 84.40.038, WAC 458-14-056)
4. The Board is required to keep confidential information in a separate sealed envelope. (RCW 84.40.340, WAC 458-14-095)
5. The Board is required to issue orders stating the facts and evidence upon which the decision is based and the reason(s) for the decision. (RCW 84.48.010, WAC 458-14-116)

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Results, Continued

Recommendation

The Department identified four recommendations to improve the performance of the Board.

The following recommendations require the attention of the Clerk, the Board, and the county legislative authority.

1. The Department recommends the Clerk does not delay scheduling hearings for the sole purpose of waiting for the Assessor to issue a response to the taxpayer's petition.
2. The Department recommends the Board develop a desk reference manual for the Board's administrative duties.
3. The Department recommends that the Board request the county legislative authority update the Yakima County Commissioner's website page titled "*Board of Equalization Facts and Information.*"
4. The Department recommends that the Board update the publication titled "*Appealing Your Property Tax Valuation to the Yakima County Board of Equalization.*"

The following table lists the page number of the Department's requirements and recommendations:

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Regular Convened Sessions

Requirement	The Board is required to request the approval of the county legislative authority to continue hearings after the regular 28-day convened session. (RCW 84.48.010, WAC 458-14-046)
What the law says	Boards of equalization meet on July 15 for a minimum of three days but for not more than 28 calendar days. The county legislative authority may reconvene the board of equalization when petitions filed exceed 25 or 10 percent of the number of appeals filed in the preceding year, whichever is greater.
What we found	The Clerk stated the Board had not requested the county legislative authority to reconvene the Board. It is unclear if the county legislative authority granted authorization to the Board to reconvene and continue hearings after their 2010 regular 28-day session or if the Board reconvened on their own.
Recommendation to remedy	The Board must request the authorization of the county legislative authority to be reconvened after their regular 28-day session. The Department recommends the authorization is in writing. <i>Notice of Approval to Hear Property Tax Appeals</i> (form REV 64 0049e) is available on the internet at www.dor.wa.gov .
Why is it important	Proper authorization ensures that the county legislative authority is aware of the Board's workload.

Incomplete Petitions

Requirement The Board is required to only accept complete petitions. (RCW 84.40.038 , WAC 458-14-056)

What the law says The sole method of appealing an assessor’s determination to boards of equalization, as to valuation of property, or as to any other types of assessor determinations is by means of a properly completed taxpayer petition. All relevant questions on the petition form provided or approved by the Department must be answered. The answers must contain sufficient information or statements to apprise the board and the assessor of the reasons of the appeal.

A petition is properly completed when the following information is included:

1. Account/parcel number
2. Owner, address, and phone number
3. Assessor’s value and taxpayer’s estimate of value
4. Specific reason why the petitioner believes the assessor’s value does not reflect the true value
5. Power of Attorney
6. Signature and date of the petition

Without this information, the petition for review should not be considered.

The petitioner is not required to include their market-based evidence at the time they submit their petition to be considered a complete petition. This information may be submitted with the petition or at least seven days prior to the hearing.

What we found During the interview with the Clerk, we randomly selected two appeal files to review. We found that answers to some of the questions on the taxpayer’s petition form were not complete.

The taxpayer’s petition did not contain sufficient information to apprise the Board and Assessor of the reason for the appeal. The reason must specifically indicate why the petitioner believes the Assessor’s value does not represent the true and fair value of the property.

Petition	Finding
Petition No. 1	Incomplete Petition - The taxpayer did not list a reason why he believes the Assessor’s valuation does not reflect true and fair value of his property.
Petition No. 2	Did not state a <i>valid reason</i> why the petitioner believes the Assessor’s valuation did not reflect

	the true and fair value of his property.
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What we found
(Continued)

The following statement was written on Petition No. 2:

“I have an average quality type home like the property on Sara Loop and it has 1,000 square feet more and 4 baths. The only other sale I could find that sold in the last year shows the higher quality.”

A petition which merely states that the Assessor’s valuation is too high or that property taxes are excessive or, as stated in Petition No. 2, is not properly completed, must not be considered by the Board.

Recommendation to remedy

Incomplete petitions should be returned to the appellant with a letter explaining the situation. An appropriate amount of time must be given to the appellant to complete the petition and return it to the Board. If a completed petition is not returned within the timeline given, the petition must be rejected as incomplete.

For example, the taxpayer could have stated :

- I have three comparable sales that support a reduction in my value.
- The Assessor has incorrectly listed the quality and size of my home, thus the assessed value is too high.
- I know of sales in my neighborhood that are similar in quality and size, but sold for less money than what the Assessor valued my property.

The appellant must be notified in writing of their appeal rights to the Washington State Board of Tax Appeals.

Why is it important

To ensure equity and uniform treatment of Yakima County stakeholders (taxpayers, taxing districts, and the assessor).

Yakima County Real Property Petition Form

Requirement The Board is required to provide the appellant a petition form prescribed or approved by the Department. (RCW 84.40.038 , WAC 458-14-056)

What the law says Appeals must be submitted to boards of equalization on either the form provided by the Department or approved by the Department.

What we found The Board's customized real property petition form does not meet one of the Department's requirements. We discovered that the petition form does not include the question as to whether or not the taxpayer would like the information the Assessor used in valuing their property.

Recommendation to remedy Include the following statement in the Board's customized taxpayer petition form:

I request the information the assessor used in valuing my property.

Yes or No

Submit the revised petition form to the Department for review and approval.

Why is it important The taxpayer may have a better understanding of the Assessor's value after reviewing the information the Assessor used in establishing their value.

Confidential Evidence

Requirement The Board is required to keep confidential information in a separate sealed envelope. (RCW 84.40.340, WAC 458-14-095)

What the law says Confidential evidence and testimony is exempt from public disclosure and must be placed in an envelope which is sealed from public inspection and bears the notation "confidential evidence" and the case number.

What we found Presently, the Clerk retains petitions and evidence in file folders in a file cabinet. The Clerk stated she was not aware that confidential evidence should be kept separately and sealed from the public until she attended the Department's New Member and Clerk's Board of Equalization training in June 2011.

Recommendation to remedy The Clerk must keep a separate file for all confidential evidence. The Department recommends the Clerk keep the confidential records according to statute.

Why is it important Proper handling of evidence and testimony ensures confidential information will not be disclosed inappropriately and instills taxpayer confidence in the Board.

Board Orders

Requirement The Board is required to issue orders stating the facts and evidence upon which the decision is based and the reason(s) for the decision. (RCW 84.48.010, WAC 458-14-116)

What the law says The Board's order must be on a form provided by the Department or approved by the Department. The order must state the facts and evidence upon which the decision is based and the reason(s) for the decision.

What we found The orders reviewed did not explain how the Board arrived at their decision. For example, the Board's following statement does not offer a reason for the decision made.

“Our justification for this decision is that given the assessor’s presumption of correctness, the evidence provided by the petitioner was not sufficient to overcome this presumption.”

It is unclear why the petitioner's evidence was not sufficient to overcome the Assessor's presumption of correctness.

Recommendation to remedy A well-reasoned explanation of the Board's decision must be included in the order.

For example, the Board could state why:

- The sales or evidence provided by the appellant are not considered similar to the subject property.
 - The comparison of assessed values of other parcels does not demonstrate market value.
 - The sales provided by the appellant are not a valid comparison to the assessed value of the subject property.
 - The “percentage of change” in the Assessor's value from the current assessment year and prior assessment year does not demonstrate market value.
 - The appellant's private appraisal did not demonstrate the market value of the subject property as of the assessment date in question.
 - A private appraisal of another property was not considered as evidence in the appeal of the subject property.
 - The appellant's sales are more comparable to the subject property than the Assessor's sales.
 - The appellant's cost to cure estimates demonstrates a different market value.
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Board Orders, Continued

Why is it important

The Board's order should explain to the audience why the Board members reached their decision.

A well written order:

- Is understood by all, whether they attend the hearing or not.
 - Credits the petitioner for the arguments and evidence they presented.
 - Proves that the Board listened.
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Scheduling of Board Hearings

Recommendation	<p>The Department recommends the Clerk does not delay scheduling hearings for the sole purpose of waiting for the Assessor to issue a response to the taxpayer's petition.</p>
What we found	<p>During our interview in June the Clerk indicated she waits to schedule a hearing until the Assessor provides their response to the appellant's petition.</p> <p>For clarification of the Clerk's response we spoke with her again in December. She stated hearing schedules are based on a combination of events, parcel classification, and receipt of the Assessor's Response to the Petition.</p> <p>For example, hearings may be scheduled based on certain types of parcel classification, such as commercial properties. There are times when additional information is necessary and must be provided by either the taxpayer or assessor before a hearing is scheduled. At the time of our interview in June, the Clerk stated that she waits for the Assessor's Response to the Petition to schedule the hearing. However, during our follow up discussion in December, the Clerk stated she has on occasion scheduled a hearing based on a taxpayer request prior to receipt of the Assessor's Response to the Petition.</p>
What our concern is	<p>By waiting until the Board receives the Assessor's Response to the Petition, taxpayers could perceive that the Assessor has an undue influence over the Board's hearing schedule. Several taxpayers expressed this concern to us.</p>
Recommendation to remedy	<p>Hearings should not be delayed in scheduling due to not having the Assessor's response or waiting for additional supporting data from either the taxpayer or Assessor. In fact, the Assessor is not statutorily required to offer a response to the taxpayer's petition.</p> <p>The Department recommends the Clerk prepare hearing schedules according to procedures set up by the Board.</p> <p>For example:</p> <ul style="list-style-type: none">• Date petition was received.• Property type or classification such as: commercial, residential, current use, or vacant land.• Location (appeals in the same subdivision or neighborhood). <p>The Department understands the desire of the Clerk to work with the Assessor in grouping similar appeal hearings together, but the Board must also consider</p>

the appellant's right to a timely hearing.

**Why is it
important**

Boards of Equalization are appointed by the county legislative authority as an independent, quasi-judicial entity. It is important for boards to demonstrate the separation between the Assessors's Office and the Board in order to maintain their impartiality.

Desk Reference Manual

Recommendation The Department recommends the Board develop a desk reference manual for the Board's administrative duties.

What we found The Board does not currently have a desk reference manual. However, they do, at times, refer to the Department's *Operations Manual for County Boards of Equalization in Washington State*.

What our concern is In the event of a short- or long-term staff absence, the duties, processes, and procedures of the Board are not documented.

Recommendation to remedy Construct desk reference manuals which may include policy information and specific step-by-step procedures on how to administer the duties of the Board.

The goal of a desk reference manual is to provide the tools necessary to perform the duties of the Board in an efficient and professional manner. The Board should follow such manual in all its operations and procedures.

Why is it important Desk reference manuals are useful for training staff and a good tool in preventing the loss of institutional knowledge.

Website

Recommendation

The Department recommends that the Board request the county legislative authority update the Yakima County Commissioner's website page titled "*Board of Equalization Facts and Information.*"

What we found

This website page contains a lot of useful information; however, we would like you to include some additional information. In addition, the phone number contained in the contact folder for the Department's Property Tax Division is listed as (360) 570-5866, rather than (360) 534-1400.

What our concern is

With issues of property tax limitations and levy limits, we found that the information on this website page is outdated and inaccurate. In addition, internet users are provided with inaccurate contact information for the Department with the phone number that is currently posted.

Recommendation to remedy

The Department recommends that the Board request the county legislative authority update the website page and contact information.

In the section titled "Property Tax Limitations," please include the following statements: *Regular property tax levies are generally considered to be those levies that are subject to several statutory limitations.*

The Assessor must adhere to the following statutory limitations:

- Levy limit (a.k.a., 101 percent)
- Statutory dollar rate limit
- Amount authorized by resolution/ordinance
- District budget
- \$5.90 aggregate limit
- One percent constitutional limit

For current and accurate information, the county legislative authority may link Yakima County's publication and website to the Department's "*Homeowners Guide to Property Tax*" publication at this link: http://dor.wa.gov/docs/Pubs/Prop_Tax/HomeOwn.pdf.

Why is it important

The county's website should provide an accurate overview of the property tax assessment and appeal process. Relevant data and information should be listed accurately according to the statutes.

Appeals Publication

Recommendation The Department recommends that the Board update their publication titled *Appealing Your Property Tax Valuation to the Yakima County Board of Equalization*.

What we found This publication is given to the taxpayer with the petition form. It contains a lot of useful information; however, some information is outdated.

The following sections in the publication titled *Appealing Your Property Tax Valuation to the Yakima County Board of Equalization* contains inaccurate information:

- Where can I get an appeal form?
- What information must I provide for a completed petition?
- How does the assessor value my property?
- Property Tax Limitations
- The Levy Limit
- Property Tax Exemption Program
- Reductions, Exemptions, Deferrals

What our concern is Incorrect information concerning appeals and property tax topics is being provided to Yakima County stakeholders.

Recommendation to remedy The Department recommends that the Board update the publication titled *Appealing Your Property Tax Valuation to the Yakima County Board of Equalization*.

Listed in the table below are the Department's suggestions:

Section	Suggestion
Where can I get an appeal form?	Include the Department of Revenue's correct address, phone number, and website.
What information must I provide for a completed petition?	Include a heading or title in the section that discusses issues of equalization.

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Appeals Publication, Continued

Recommendation to remedy (continued)

Section	Suggestion
What information must I provide for a completed petition?	Revise the bullet that states: <i>“Comparable sales or other supporting evidence you wish to include.”</i> Evidence is not required for a complete petition.
How does the Assessor value my property?	Remove the word “taxable” property. Assessors are required to value all property.
Property Tax Limitations	List the following six property tax limitations rather than two: <ul style="list-style-type: none"> • Levy limit • Statutory maximum • Amount authorized by the resolution • Budget • \$5.90 aggregate limit • One percent constitutional limit
The Levy Limit	The first sentence in this section is unclear. Please consider revising the following statement: <i>“The Levy Limit applies to a taxing districts budget and not to increases in the assessed value or tax bill of the individual properties.”</i> Refer to the condensed levy language from the Department’s <i>“Homeowner’s Guide to Property Tax”</i> publication at this link: http://dor.wa.gov/docs/Pubs/Prop_Tax/HomeOwn.pdf
Reductions, Exemptions, Deferrals	Consider adding the following language: <i>“If your property is damaged or destroyed, taxes levied for collection in the year assessed value has been reduced may be eligible for abatement in whole or part.”</i>

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Appeals Publication, Continued

Recommendation to remedy (continued)

Section	Suggestion
Property Tax Exemption Program	<p>Update the combined disposal income of \$30,000 to \$35,000.</p> <p>Revise the following sentence: <i>“Your household income determines the amount of exemption.”</i> Please consider replacing the word <i>amount</i> with the word <i>level</i>.</p> <p>Refer to the Department’s <i>“Property Tax Exemption for Senior Citizens and Disabled Persons”</i> publication at this link: http://dor.wa.gov/docs/Pubs/Prop_Tax/SeniorExempt.pdf</p>

Why is it important

This publication should provide an accurate overview of the property tax assessment and appeal process. Relevant data and information should be listed accurately according to the statutes.

Closing Statement

Goodwill

It is apparent that the Clerk and Board members take great pride in serving Yakima County stakeholders. They are committed to providing uniform treatment while adjudicating in a timely and professional manner. The Clerk is both organized and detailed.

We commend the Clerk, the Board, and the county legislative authority for their willingness to look at changes to improve the administration of the appeals process.

The Department is committed to the success of your Board by ensuring the members are in compliance with state statutes and regulations.
