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Washington Department of Revenue
Property Tax Division

**2012 Review
Of the
Island County Board of
Equalization**



July 2013

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Overview

Introduction

The Department of Revenue (Department) conducted an on-site interview with the Clerk of the Island County Board of Equalization (Clerk). The interview focused on Island County Board of Equalization's (Board) processes and procedures.

Purpose

The primary purpose of this review by the Department is to assist the Board in their processes and procedures to ensure the compliance with state statutes and regulations.

An effective review of the methods employed by the Board in administering the assessment appeal process will promote fair, timely, and uniform property tax assessments.

Scope of Review

The review is limited in scope. We interviewed the Clerk, reviewed petition files, and listened to audio tapes of hearings for compliance with state statutes and regulations.

Information Reviewed

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:

- Petitions for appeal (2011 assessment year for taxes payable in 2012)
 - Hearing procedures
 - Deliberation process
 - Board orders
 - Regular convened session
 - Reconvening processes
 - Publications, forms, literature, and website
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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 three requirements and three recommendations directed towards 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 three 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 provide the appellant a petition form prescribed or approved by the Department. (RCW 84.40.038 , WAC 458-14-056)
 3. 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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Recommendation

For the items listed as *Recommendations*, the Department believes the Board could improve their performance and service to the public by making voluntary changes in procedure.

The Department identified three recommendations the Board should consider as areas for improvement.

1. The Department recommends that the Board include the Personal Property, Exemption, and Current Use petition forms on their website.
 2. The Department recommends the Board develop a desk reference manual for the Board's administrative duties.
 3. The Department recommends posting notice of session in the office of the county assessor, on the courthouse bulletin board, and publishing it in an official newspaper.
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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 the number of petitions filed exceeds 25, or 10 percent of the number of appeals filed in the preceding year, whichever is greater.
What we found	<p>The Clerk stated that the Board has 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 2012 regular 28 day session, or if the Board reconvened on their own.</p> <p>During the review of the draft report, the Clerk replied that he will request formal approval by the county legislative authority.</p>
Recommendation to remedy	<p>The Board must request the authorization of the county legislative authority to be reconvened after their regular 28-day session.</p> <p>The Department recommends the authorization be in writing. <i>Notice of Approval to Hear Property Tax Appeals</i> (form REV 64 0049e) is available on Property Tax Resource website located by clicking on the following link http://propertytax.dor.wa.gov/.</p>
Why is it important	Proper authorization ensures that the county legislative authority is aware of the Board's workload.

Island 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 458-14-087)

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

What we found The Board is using a customized petition form. The Board’s customized Real Property Petition Form B does not meet one of the Department’s requirements:

The following sentence on their petition form displays incorrect information, and is not written according to statute:

- ❖ Most recent sales of comparable property within the *5 years prior to the assessment date*.

May 6, 2013, the Clerk sent the Department a revised form changing *assessment date* to petition date. However, after reviewing the petition we recommended two additional requirements.

Recommendation to remedy

Island County Petition Form must include the following:

- The petition must be filed or postmarked by July 1 of the current assessment year or 30 days after the date of mailing the assessment notice, or change of value notice.
- A Date Received line in the “For BOE Official Use Only” box.

The Department recommends that you revise the petition form and submit it to the Department for review and approval.

Why is it important

A petition must be submitted to boards of equalization on the form either provided by the Department or approved by the Department.

It is important that the Board consider evidence that meets the requirements of statutes and regulations. By providing the correct requirements for comparable sales on the petition form, appellants will be more likely to submit comparable sales that meet statutory requirements.

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. A majority vote of the Board decides all orders. (RCW 84.48.010, 84.48.018 WAC 458-14-116, 458-035)

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.

A majority vote, a quorum of the board, decides all orders. Moreover, the decision of the Board can be appealed to the BTA.

What we found **Well reasoned decision**
The orders reviewed did not give a well-reasoned decision of why the Board either sustained or changed the Assessor's value.

In the following example from a petition we reviewed, it is unclear why the petitioner's evidence was not sufficient to overcome the Assessor's presumption of correctness:

"The Appellant has failed to provide the Board with clear, cogent, or convincing evidence of value to overcome the presumption of the assessment."

The order should explain how the Board arrived at their decision. During our interview with the Clerk he stated that the Board is developing a new Board Order template.

Quorum of the Board

The Board consists of five members and two alternate members.

The Clerk stated during our interview that due to economic reasons the full Board has not been present during the hearings. Two members have been attending the hearings acting as a "mini board." The Clerk also stated the petitions were reviewed by the "full" Board, including the alternate members, during their mandatory meetings each August during their regular session.

The six petitions reviewed during this audit were all received by the Board during October 2011. The Board issued orders for these six petitions on or before June 28, 2012. The petition files do not contain any information as to how many members attended these hearings or a record of the vote decided to either sustain or overturn the Assessor's valuation. Thus, it is unclear if the

decision in the orders was arrived at using a quorum of the Board.

Following our interview with the Clerk, he started posting the Board Clerk's Record of Hearing on the county's website. This document demonstrates which three Board members (quorum) are attending each hearing.

State Board of Tax Appeals (BTA)

The Board's orders and the form letter we reviewed denying appeals do not include the address to the BTA's website or contact information.

Recommendation to remedy

A well written order

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 is 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 Assessor's sales are more comparable to the subject property than the appellant's sales.
- The appellant's cost to cure estimates demonstrates a different market value.

Quorum of the Board

If the county legislative authority continues to use a five-member board of equalization, a minimum of three members must participate in the deliberation process of the appeal.

If the county legislative authority continues to experience economic issues, the number of board of equalization members could be reduced to three and have two alternates. By doing this, a quorum of the board would only require two members. If the two members hearing the case are unable to agree on the outcome of the appeal, then they must present the appeal to the third member or one of the alternate members to break the tie vote.

To clarify which Board members attended the hearing and/or participated in

the deliberation process, the appeal file should contain the Board Clerk's Record of Hearing form (REV 60 0003). This form is a summary of the appeal stating contact information for the appellant, date and time of the hearing, Board members present at the hearing, if the value was sustained or corrected, and tape number of the audio tape.

State Board of Tax Appeals

The Department recommends that the Board update their orders and their form letter denying appeals to include the BTA's website address or the link to the site.

BTA forms are available from the clerk of the board at (360) 753-5446 or at www.bta.state.wa.us.

Why is it important

The Board's order should explain to the parties 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.

Having the majority, or quorum, of the Board participate in the decision ensures a well-represented action is being taken by the Board.

Having the BTA website address listed on the orders and the denial letters offers another means of communication with the BTA, and improves public access to the appeal process

Board of Equalization Website

Recommendation	<p>The Department recommends that the Board include the Personal Property, Exemption, and Current Use petition forms to their website.</p>
What we found	<p>The Island County website offers guidance concerning appealing your property assessment. Information on the website includes:</p> <ul style="list-style-type: none">• Downloadable version of the Taxpayer Petition for Real Property form.• How to contact the Clerk.• How to obtain appeal forms.• Information concerning appeal deadlines.• How to apply for a Board Member position. <p>The site does not include the petition forms when appealing personal property assessments, exemption issues, or current use issues.</p> <p>During the review of the draft report, the Clerk replied that the forms will be posted to the website. We reviewed the website and the forms were available.</p>
What our concern is	<p>Without access to the specific appeal forms, taxpayers may submit their appeal on an incorrect appeal form.</p>
Recommendation to remedy	<p>The Department recommends that the Board include the option of downloading the Personal Property Appeal Form, Exemption Petition Form, and Current Use Petition Form.</p> <p>If the Board does not use a customized appeal form for these purposes, a link to the Department's website could be added to the county website allowing access to these forms.</p>
Why is it important	<p>It is important that the appellant use the correct appeal form to notify both the Board and Assessor of their concerns. Having all appeal forms available on the county website or links to the Department's website allows access to appeal forms at any time of day.</p>

Desk Reference Manual

Recommendation	The Department recommends the Board develop a desk reference manual for the Board's administrative duties.
What we found	<p>The Board does not have a desk reference manual. However, they do at times refer to the Department's <i>Operations Manual for County Boards of Equalization in Washington State</i>. The Clerk mentioned that they are currently in the process of developing instructions to access hearing and appeal forms.</p> <p>During the review of the draft report, the Clerk replied the Board would begin developing a desk reference manual.</p>
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	<p>Develop a desk reference manual, which may include policy information and specific step-by-step procedures on how to administer the duties of the Board.</p> <p>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.</p>
Why is it important	Desk reference manuals are useful for training staff and a good tool in preventing the loss of institutional knowledge.

Post Notice of Session

Recommendation The Department recommends posting the Board's Notice of Sessions in the office of the county assessor, on the courthouse bulletin board, and publishing in an official newspaper.

What we found The Clerk stated he does not believe that notices of the session are required to be posted, and that they do not currently post notices.

During the review of the draft report, the Clerk replied that he would post the regular meeting notices on the courthouse bulletin board, county website, and in the Assessor's office.

What our concern is Interested parties may not be aware of the meeting dates, time, and location of the Board's regular session.

Recommendation to remedy The Department recommends the Board notify all interested parties of their scheduled meetings during the regular convened sessions.

Suggested items for the notice may include:

- The meeting place;
- Time of the meeting;
- Meeting dates of the least three days of the Boards regular session;
- Where a petition may be obtained;
- Where to file the petition.

The Department provides form REV 64 0050 for this purpose. Publish and post the notice once each week for two successive weeks on or prior to June 1.

Why is it important While this notification is not required by law, posting this notice gives interested parties the opportunity to attend and observe the Boards meetings.

Next Steps

**Prioritizing
Requirements and
Recommendations**

Once the Clerk and Board receive a final copy of this review, the Department will (if requested) consult with them to prioritize the items listed in the report.

Questions

For questions about specific requirements or recommendations in our report, please contact the contributing staff member listed below.

Levy and Appeals Specialist	Diann Locke	(360) 534-1427
Levy and Appeals Auditor	Annette Hargadon	(360) 534-1429

Follow up

The Department will follow up in six months to review the changes implemented. This will give the Board an opportunity to provide information to the Department about any issues they encountered during the implementation process.

**For Additional
Information
Contact**

Washington State Department of Revenue
Property Tax Division
P.O. Box 47471
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www.dor.wa.gov

Closing Statement

Good-will

It is apparent that the Clerk and Board members take great pride in serving Island 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 opportunities to improve the uniformity and administration of the assessment appeal process.

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