

**Operations Manual**

# **County Boards of Equalization**



Washington State  
Department of Revenue  
Property Tax Division  
Updated June 2018

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## PART 1 – Introduction

The Department of Revenue's Board of Equalization Manual is published pursuant to RCW [84.48.046](#). RCW [84.48.046](#) states:

The department of revenue shall provide a manual for the operation procedures of the several boards of equalization so that uniformity of assessment may be obtained throughout the state, and the several boards of equalization shall follow such manual in all of its operations and procedures.

This manual represents the commitment by the Department of Revenue (Department) to develop a comprehensive operations manual for use by board of equalization members and clerks.

This manual's purpose is two-fold:

- The first purpose is to offer guidance on property tax issues that are brought before local boards of equalization. To accomplish this, the procedures applicable to county boards will be listed and supplemented with general information relevant to property taxation.
- The second purpose of the manual is to provide a reference resource for all board members and clerks. This reference contains the type of information members and clerks may need to refer to from time to time in the performance of their duties. Thus, in the Appendices, we have included relevant statutes and rules, forms used in proceedings before the board, and other miscellaneous items of interest.

Board members and their clerks should keep in mind that the goal of this manual and of the training seminars is to give boards of equalization all the tools necessary to perform their duties in an efficient and professional manner. To help the Department achieve this goal, we encourage comments on any changes which board members and their clerks would like to see made to the manual or to the seminars. Please direct your comments to:

Department of Revenue  
Property Tax Division  
Post Office Box 47471  
Olympia, WA 98504-7471  
Phone (360) 534-1427  
FAX (360) 534-1380

## PART 2 – Selected Statutes and Rules

### 2.1 The Department of Revenue

The Department of Revenue is the state agency charged with the responsibility of statewide administration of the property tax system. The Department's broad authority over county officials in general and local boards of equalization in particular is contained in RCW [84.08.010](#) and RCW [84.08.060](#), respectively.

RCW [84.08.010](#) provides that:

The department of revenue shall:

- (1) Exercise general supervision and control over the administration of the assessment and tax laws of the state, over county assessors, and county boards of equalization, and over boards of county commissioners, county treasurers and county auditors and all other county officers, in the performance of their duties relating to taxation, and perform any act or give any order or direction to any county board of equalization or to any county assessor or to any other county officer as to the valuation of any property, or class or classes of property in any county, township, city or town, or as to any other matter relating to the administration of the assessment and taxation laws of the state, which, in the department's judgment may seem just and necessary, to the end that all taxable property in this state shall be listed upon the assessment rolls and valued and assessed according to the provisions of law, and equalized between persons, firms, companies and corporations, and between the different counties of this state, and between the different taxing units and townships, so that equality of taxation and uniformity of administration shall be secured and all taxes shall be collected according to the provisions of law.
- (2) Formulate such rules and processes for the assessment of both real and personal property for purposes of taxation as are best calculated to secure uniform assessment of property of like kind and value in the various taxing units of the state, and relative uniformity between properties of different kinds and values in the same taxing unit. ... The department of revenue may, from time to time make such changes in the rules and processes so formulated as it deems advisable to accomplish the purposes thereof, and it shall inform all county assessors of such changes.

RCW [84.08.060](#) addresses the Department's relationship with local boards of equalization and provides in relevant part:

The department of revenue shall have power to direct and to order any county board of equalization to raise or lower the valuation of any taxable property, or to add any property to the assessment lists, or to perform or complete any other duty required

by statute. The department of revenue may require any such board of equalization to reconvene after its adjournment for the purpose of performing any order or requirement made by the department of revenue and may make such orders as it shall determine to be just and necessary. The department may require any county board of equalization to reconvene at any time for the purpose of performing or completing any duty or taking any action it might lawfully have performed or taken at any of its previous meetings. No board may be reconvened later than three years after the date of adjournment of its regularly convened session. If such board of equalization shall fail or refuse forthwith to comply with any such order or requirement of the department of revenue, the department of revenue shall have power to take any other appropriate action, or to make such correction or change in the assessment list, and such corrections and changes shall be a part of the record of the proceedings of the said board of equalization.

In accordance with this delegation of authority, the Department has adopted rules of administrative procedure. The rules most frequently used by county taxing officials are:

- WAC [458-07](#) Valuation and Revaluation of Real Property
- WAC [458-12](#) Property Tax Division – Rules for Assessors
- WAC [458-14](#) County Boards of Equalization
- WAC [458-16](#) Property Tax – Exemptions
- WAC [458-18](#) Property Tax – Abatements, Credits, Deferrals, and Refunds
- WAC [458-30](#) Open Space Taxation Act Rules

In addition to the broad delegations of authority, the Legislature has given the Department of Revenue specific directions in some areas. For example:

RCW [84.48.042](#) provides that:

The department of revenue shall establish a school for the training of members of the several boards of equalization throughout the state. Sessions of such schools shall, so far as practicable, be held in each district of the Washington state association of counties. Every member of the board of equalization of each county shall attend such school within one year following appointment or reappointment.

RCW [84.48.046](#) provides that:

The department of revenue shall provide a manual for the operation procedures of the several boards of equalization so that uniformity of assessment may be obtained throughout the state, and the several boards of equalization shall follow such manual in all of its operations and procedures.

The Legislature has also vested local boards with specific authority to function as both an appeals board and an equalization board. This means that local boards hear appeals brought by taxpayers on matters of valuation or exemption status and, in addition, have the power and responsibility to unilaterally equalize the value of property in their counties.

The following material briefly outlines the statutory powers and duties of a local board concerning the different subject areas in which boards are involved.

**2.2 Regular Convened Session  
(RCW 84.48.010/SSB 5122)**

Boards of equalization must meet on July 15 and remain in session for 28 days. During this 28-day regular convened session, the board of equalization must meet at least three times. The county legislative authority may reconvene the board of equalization at any time when the petitions filed exceed 25 or 10 percent of the number of appeals filed in the preceding year, whichever is greater to complete timely filed appeals.

Effective July 23, 2017, SSB 5133 provides for an alternate 28-day regular convened session depending on when the assessor certifies the assessment roll to the board of equalization. If the assessor does not certify the assessment roll to the board of equalization at least 14 days before July 15, the board of equalization’s regular 28-day convened session does not start until 14 days after the assessment roll is certified, as of the 2018 assessment year and thereafter.

The following are examples of when a board of equalization may have their regular convened session:

If the certification occurs on:	Then the regular convened session starts on:	Regular convened session ends on:
Any time in 2017	July 17, 2017*	August 13, 2017
June 8, 2018	July 16, 2018**	August 12, 2018
June 30, 2018	July 16, 2018**	August 12, 2018
July 6, 2018	July 19, 2018	August 15 2018
August 8, 2018	August 21, 2018	September 17, 2018

\*July 15, 2017 falls on a Saturday, thus the regular convened session starts on the following business day.

\*\*July 15, 2018 falls on a Sunday, thus the regular convened session starts on the following business day.

**2.3 Valuation Appeals  
(RCW 84.48.010 and 84.40.038)**

For some time, local boards have had the authority to hear appeals of an assessor's determination concerning the assessed value of property in the county. [SSB 5133](#)(4) provides in part that:

However, the county board of equalization with the approval of the county legislative authority may convene at any time when petitions filed exceed twenty-five, or ten percent of the number of appeals filed in the preceding year, whichever is greater.

Curiously, however, until the 1988 amendments to chapter [84.40](#) RCW, there was no specific statutory authority for taxpayers to file appeals with local boards.

RCW [84.40.038](#) provides that:

- 1) The owner or person responsible for payment of taxes on any property may petition the county board of equalization for a change in the assessed valuation placed upon such property by the county assessor or for any other reason specifically authorized by statute. Such petition must be made on forms prescribed or approved by the department of revenue and any petition not conforming to those requirements or not properly completed may not be considered by the board. The petition must be filed with the board:
  - (a) On or before July 1st of the year of the assessment or determination;
  - (b) Within thirty days after the date the assessment, value change notice, or other notice was mailed;
  - (c) Within thirty days after the date that the assessor electronically (i) transmitted the assessment, value change notice, or other notice, or (ii) notified the owner or person responsible for payment of taxes that the assessment, value change notice, or other notice was available to be accessed by the owner or other person; or
  - (d) Within a time limit of up to sixty days adopted by the county legislative authority, whichever is later. If a county legislative authority sets a time limit, the authority may not change the limit for three years from the adoption of the limit.
- (2) The board of equalization may waive the filing deadline if the petition is filed within a reasonable time after the filing deadline and the petitioner shows good cause for the late filing. However, the board of equalization must waive the filing deadline for the circumstance described under (f) of this subsection if the petition is filed within a reasonable time after the filing deadline. The decision of the board of equalization regarding a waiver of the filing deadline is final and not appealable under RCW [84.08.130](#). Good cause may be shown by one or more of the following events or circumstances:
  - (a) Death or serious illness of the taxpayer or his or her immediate family;
  - (b) The taxpayer was absent from the address where the taxpayer normally receives the assessment or value change notice, was absent for more



- than fifteen days of the days allowed in subsection (1) of this section before the filing deadline, and the filing deadline is after July 1;
- (c) Incorrect written advice regarding filing requirements received from board of equalization staff, county assessor's staff, or staff of the property tax advisor designated under RCW [84.48.140](#);
  - (d) Natural disaster such as flood or earthquake;
  - (e) Delay or loss related to the delivery of the petition by the postal service, and documented by the postal service;
  - (f) The taxpayer was not sent a revaluation notice under RCW 84.40.045 for the current assessment year and the taxpayer can demonstrate both of the following:
    - (i) The taxpayer's property value did not change from the previous year; and
    - (ii) The taxpayer's property is located in an area revalued by the assessor for the current assessment year; or
  - (g) Other circumstances as the department may provide by rule.
- (3) The owner or person responsible for payment of taxes on any property may request that the appeal be heard by the state board of tax appeals without a hearing by the county board of equalization when the assessor, the owner or person responsible for payment of taxes on the property, and a majority of the county board of equalization agree that a direct appeal to the state board of tax appeals is appropriate. The state board of tax appeals may reject the appeal, in which case the county board of equalization shall consider the appeal under RCW [84.48.010](#). Notice of such a rejection, together with the reason therefor, must be provided to the affected parties and the county board of equalization within thirty days of receipt of the direct appeal by the state board.

Under RCW [84.40.030](#), the appraised value or fair market value of property is to be determined using the market, income, or cost approaches. Residential property is usually appraised using the market approach to value.

Under the market approach, value is determined from sales of similar property. Thus, when boards hear valuation appeals, they must look at actual sales of similar property. Boards cannot consider the appraised values of comparable properties when establishing the market value of the subject.

The appraised values of other properties can only be considered when the board is performing its unilateral equalization function and then only as a basis for selecting properties for review. The appraised value of other property has no relevance on the market value of a subject property.

## 2.4 Equalization (RCW 84.48.010)

RCW [84.48.010](#) vests county boards of equalization with the power to "equalize" property values. Although the term "equalize" is not defined in statute, it is commonly understood to refer to the boards' responsibility to ensure that all properties are valued on an equal level at 100 percent of market value. This means that comparable properties are appraised at comparable values. (See WAC [458-14-005\(12\)](#).)

Boards can unilaterally raise or lower the values of individual parcels of property, subject to potential review by the State Board of Tax Appeals and the local superior courts, during their regular convened 28-day session. Outside of the 28-day equalization time frame, boards can use their equalization power when authorized to do so by the Department of Revenue.

While RCW [84.48.010](#) provides that local boards have the power and duty to equalize, the statute is silent concerning how this equalization function is to be accomplished. Since everyone acknowledges that inspection of each parcel of property in the county is simply not possible, the task is to come up with a procedure for equalization that can be used by large and small counties alike. (See Part 7 of this manual for the Department's guidelines for equalizing property values.)

## 2.5 Exemptions, Deferrals, and Special Valuations (RCW 84.48.010, 84.38.040, 84.36.400, 84.26.130, 84.36.385, and 84.14.110)

RCW [84.48.010](#) establishes a board's general authority to review exemption determinations and provides:

The board [of equalization] may review all claims for either real or personal property tax exemption as determined by the county assessor, and shall consider any taxpayer appeals from the decision of the assessor thereon to determine (1) if the taxpayer is entitled to an exemption, and (2) if so, the amount thereof.

The types of exemption decisions made by an assessor are deferrals for senior citizens under RCW [84.38.040](#), exemptions for senior citizens under RCW [84.36.385](#), deferrals for homeowners with limited income under RCW [84.37.040](#), special valuation of historic property under RCW [84.26.130](#), multi unit dwellings in urban centers under RCW [84.14.110](#), and automatic sprinkler systems in night clubs under RCW [84.36.660](#).

In addition, claims for exemption for improvements made to a single family dwelling under RCW [84.36.400](#) are to be submitted to the assessor. By implication, these claims are reviewable by a local board although an assessor has no authority to deny a properly filed application.

RCW [84.38.040](#) provides in relevant part that:

- (3) The county assessor shall determine if each claimant shall be granted a deferral for each year but the claimant shall have the right to appeal this determination to the county board of equalization, in accordance with the provisions of RCW [84.40.038](#), whose decision shall be final as to the deferral of that year.

RCW [84.36.385](#) provides in relevant part that:

- (1) A claim for exemption under RCW [84.36.381](#) as now or hereafter amended, may be made and filed at any time during the year for exemption from taxes payable the following year and thereafter and solely upon forms as prescribed and furnished by the department of revenue. However, an exemption from tax under RCW [84.36.381](#) continues for no more than six years unless a renewal application is filed as provided in subsection (3) of this section.
- (5) If the assessor finds that the applicant does not meet the qualifications as set forth in RCW [84.36.381](#), as now or hereafter amended, the claim or exemption must be denied but such denial is subject to appeal under the provisions of RCW [84.48.010](#) and in accordance with the provisions of RCW [84.40.038](#). If the applicant had received exemption in prior years based on erroneous information, the taxes must be collected subject to penalties as provided in RCW [84.40.130](#) for a period of not to exceed five years.

RCW [84.26.130](#) concerns appeals of decisions of local historic property review boards, and provides that:

Any decision by a local review board on an application for classification as historic property eligible for special valuation may be appealed to superior court under RCW [34.05.510](#) through [34.05.598](#) in addition to any other remedy at law. Any decision on the disqualification of historic property eligible for special valuation, or any other dispute, may be appealed to the county board of equalization, in accordance with RCW [84.40.038](#).

RCW [84.36.400](#) concerns applications for exemption for new improvements. This statute provides in relevant part that:

Any physical improvement to single family dwellings upon real property shall be exempt from taxation for the three assessment years subsequent to the completion of the improvement to the extent that the improvement represents thirty percent or less of the value of the original structure.

A taxpayer desiring to obtain the exemption granted by this section must file notice of his or her intention to construct the improvement prior to the improvement being made on forms prescribed by the department of revenue and furnished to the taxpayer by the county assessor: *Provided*, that this exemption cannot be claimed more than once in a five year period.

The inquiry for an assessor in these circumstances is whether the taxpayer timely filed an application for exemption. If so, the assessor has no authority to deny the exemption.

Chapter [84.14](#) RCW provides a 10-year exemption for the value of new housing construction, conversion, and rehabilitation improvements of certain multiple-unit housing. The owner of the property makes application for the exemption to the governing authority for the city in which the property is located. If the application is denied, the property owner may appeal the denial to the governing authority.

If improvements have been exempted under chapter [84.14](#) RCW and the exemption is subsequently cancelled, the owner may appeal the cancellation to superior court. However, the valuation of the property may be appealed to the county board of equalization.

RCW [84.14.110\(3\)](#) provides in relevant part that:

The owner may appeal the valuation to the county board of equalization under chapter [84.48](#) RCW and according to the provisions of RCW [84.40.038](#).

## 2.6 Designated Forest Land (Chapter [84.33](#) RCW)

Chapter [84.33](#) RCW governs the taxation of forest lands. The 2011 Legislature adopted legislation significantly changing this area of taxation. Essentially, the Legislature combined “classified forest land” and “designated forest land” into one category known as “designated forest land.”

Designated forest land means any parcel of land that is 5 or more contiguous acres devoted primarily to growing and harvesting of timber. Designated forest land means the land only and does not include a residential homesite. The term also includes land used for incidental uses that are compatible with the growing and harvesting of timber, but no more than 10 percent of the land may be used for such incidental uses.

RCW [84.33.140](#) concerns appeals for removal from designated forest land. Subsection (9) provides in relevant part that:

Within thirty days after the removal of designation as forest land, the assessor must notify the owner in writing, setting forth the reasons for the removal. The seller, transferor, or owner may appeal the removal to the county board of equalization in accordance with the provisions of RCW [84.40.038](#).

RCW [84.33.140\(5\)](#) lists the specific grounds for removal of property from designated forest land. The grounds for removal are:

(a) Receipt of notice of request to withdraw land classified under RCW [84.34.020](#)(3) within two years before the date of the merger under RCW [84.34.400](#). Land previously classified under chapter [84.34](#) RCW will be removed under the provisions of this chapter when two assessment years have passed following receipt of the notice as described in RCW [84.34.070](#)(1);

(b) Receipt of notice from the owner to remove the designation;

(c) Sale or transfer to an ownership making the land exempt from ad valorem taxation;

(d) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of forest land designation continuance, except transfer to an owner who is an heir or devisee of a deceased owner or transfer by a transfer on death deed, does not, by itself, result in removal of designation. The signed notice of continuance must be attached to the real estate excise tax affidavit provided for in RCW [82.45.150](#). The notice of continuance must be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated under subsection (11) of this section are due and payable by the seller or transferor at time of sale. The auditor may not accept an instrument of conveyance regarding designated forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (11) of this section to the county board of equalization in accordance with the provisions of RCW [84.40.038](#). Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(e) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that:

(i) The land is no longer primarily devoted to and used for growing and harvesting timber. However, land may not be removed from designation if a governmental agency, organization, or other recipient identified in subsection (13) or (14) of this section as exempt from the payment of compensating tax has manifested its intent in writing or by other official action to acquire a property interest in the designated forest land by means of a transaction that qualifies for an exemption under subsection (13) or (14) of this section. The governmental agency, organization, or recipient must annually provide the assessor of the county in which the land is located reasonable evidence in writing of the intent to acquire the designated land as long as the intent continues or within sixty days of a request by the assessor. The assessor may not request this evidence more than once in a calendar year;

(ii) The owner has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection,

insect and disease control, and forest debris provisions of Title [76](#) RCW or any applicable rules under Title [76](#) RCW; or

(iii) Restocking has not occurred to the extent or within the time specified in the application for designation of such land.

However, the compensating tax is not imposed if the removal of designation resulted solely from (RCW 84.33.140(13):

(a) Transfer to a government entity in exchange for other forest land located within the state of Washington;

(b)(i) A taking through the exercise of the power of eminent domain, or (ii) a sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power based on official action taken by the entity and confirmed in writing;

(c) A donation of fee title, development rights, or the right to harvest timber, to a government agency or organization qualified under RCW [84.34.210](#) and [64.04.130](#) for the purposes enumerated in those sections, or the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW [64.04.130](#), exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter [79.70](#) RCW or approved for state natural resources conservation area purposes as defined in chapter [79.71](#) RCW, or for acquisition and management as a community forest trust as defined in chapter [79.155](#) RCW. At such time as the land is not used for the purposes enumerated, the compensating tax specified in subsection (11) of this section is imposed upon the current owner;

(d) The sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;

(e) Official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present use of the land;

(f) The creation, sale, or transfer of forestry riparian easements under RCW [76.13.120](#);

(g) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW [76.09.040](#);

(h) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under this chapter, or classified under

chapter [84.34](#) RCW continuously since 1993. The date of death shown on a death certificate is the date used for the purposes of this subsection (13)(h); or

(i)(i) The discovery that the land was designated under this chapter in error through no fault of the owner. For purposes of this subsection (13)(i), "fault" means a knowingly false or misleading statement, or other act or omission not in good faith, that contributed to the approval of designation under this chapter or the failure of the assessor to remove the land from designation under this chapter.

(ii) For purposes of this subsection (13), the discovery that land was designated under this chapter in error through no fault of the owner is not the sole reason for removal of designation under subsection (5) of this section if an independent basis for removal exists. An example of an independent basis for removal includes the land no longer being devoted to and used for growing and harvesting timber.

RCW [84.33.130\(8\)](#) concerns appeals of denials of applications for designated forest land and provides in relevant part that:

An owner who receives notice that his or her application has been denied, in whole or in part, may appeal the denial to the county board of equalization.

## 2.7 Open Space, Agricultural, and Timber Appeals (Chapter 84.34 RCW)

A board's authority to review open space decisions of the assessor is contained in RCW [84.34.035](#) and [84.34.108](#).

Under RCW [84.34.030](#), applications for open space or timber classifications are submitted to the local county legislative authority. Under RCW [84.34.035](#), applications for agricultural classification are submitted to the assessor. Local boards can hear appeals of the denial of classification for farm and agricultural land.

Under RCW [84.34.108](#)(1)(c):

(c) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of classification continuance, except transfer to an owner who is an heir or devisee of a deceased owner or transfer by a transfer on death deed does not, by itself, result in removal of classification. The notice of continuance must be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all additional taxes calculated pursuant to subsection (4) of this section become due and payable by the seller or transferor at time of sale. The auditor may not accept an instrument of conveyance regarding classified land for filing or recording unless the new owner has signed the notice of continuance or the additional tax has been paid, as evidenced by the real estate excise tax stamp affixed



thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (4) of this section to the county board of equalization in accordance with the provisions of RCW [84.40.038](#). Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

Furthermore, RCW [84.34.108](#)(3) provides that:

Within thirty days after such removal of all or a portion of such land from current use classification, the assessor must notify the owner in writing, setting forth the reasons for such removal. The seller, transferor, or owner may appeal such removal to the county board of equalization, in accordance with the provisions of RCW [84.40.038](#).

Thus, local boards do have the authority to review the underlying value of property removed from open space classification as well as removals from classification for all categories of property.

Unlike the process for determining fair market value for most property, the process for determining the value of open space lands is spelled out in statute. Open space and timber lands are valued according to RCW [84.34.060](#).

RCW [84.34.060](#) directs that:

In determining the true and fair value of open space land and timber land, which has been classified as such under the provisions of this chapter, the assessor shall consider only the use to which such property and improvements is currently applied and shall not consider potential uses of such property. The assessed valuation of open space land shall not be less than the minimum value per acre of classified farm and agricultural land except that the assessed valuation of open space land may be valued based on the public benefit rating system adopted under RCW [84.34.055](#): *Provided further*, That timber land shall be valued according to [chapter 84.33 RCW](#)....

A different formula is used for calculating the value of agricultural lands. RCW [84.34.065](#) provides that:

(1) The true and fair value of farm and agricultural land shall be determined by consideration of the earning or productive capacity of comparable lands from crops grown most typically in the area averaged over not less than five years, capitalized at indicative rates. The earning or productive capacity of farm and agricultural lands is the "net cash rental," capitalized at a "rate of interest" charged on long term loans secured by a mortgage on farm or agricultural land plus a component for property taxes. The current use value of land under RCW [84.34.020](#)(2)(f) must be established as: The prior year's average value of open space farm and agricultural land used in the county plus the value of land improvements such as septic, water,



and power used to serve the residence. This may not be interpreted to require the assessor to list improvements to the land with the value of the land.

(2) For the purposes of the above computation:

(a)(i) The term "net cash rental" means the average rental paid on an annual basis, in cash, for the land being appraised and other farm and agricultural land of similar quality and similarly situated that is available for lease for a period of at least three years to any reliable person without unreasonable restrictions on its use for production of agricultural crops. There is allowed as a deduction from the rental received or computed any costs of crop production charged against the landlord if the costs are such as are customarily paid by a landlord. If "net cash rental" data is not available, the earning or productive capacity of farm and agricultural lands is determined by the cash value of typical or usual crops grown on land of similar quality and similarly situated averaged over not less than five years. Standard costs of production are allowed as a deduction from the cash value of the crops.

(ii) The current "net cash rental" or "earning capacity" is determined by the assessor with the advice of the advisory committee as provided in RCW [84.34.145](#), and through a continuing internal study, assisted by studies of the department of revenue. This net cash rental figure as it applies to any farm and agricultural land may be challenged before the same boards or authorities as would be the case with regard to assessed values on general property.

(b)(i) The term "rate of interest" means the rate of interest charged by the farm credit administration and other large financial institutions regularly making loans secured by farm and agricultural lands through mortgages or similar legal instruments, averaged over the immediate past five years.

(ii) The "rate of interest" must be determined annually by a rule adopted by the department of revenue and such rule must be published in the state register not later than January 1 of each year for use in that assessment year. The department of revenue determination may be appealed to the state board of tax appeals within thirty days after the date of publication by any owner of farm or agricultural land or the assessor of any county containing farm and agricultural land.

(c) The "component for property taxes" is a figure obtained by dividing the assessed value of all property in the county into the property taxes levied within the county in the year preceding the assessment and multiplying the quotient obtained by one hundred.

WAC [458-30-262](#) lists the component for property taxes to be applied for each county. Current figures for the interest rate and five-year averages for wheat and barley are contained in a letter, which is provided to county assessors annually. (See Appendix D.2).

## 2.8 Destroyed Property (Chapter 84.70 RCW)

Local boards also have the authority to adjust the value of property that has been destroyed. [Chapter 84.70 RCW](#) governs destroyed property in general, while the specific authority for a board to hear this type of appeal is found in RCW [84.70.010\(5\)](#).

The 1999 Legislature revised RCW [84.70.010](#) to provide not only a reduction in assessed value due to destroyed property, but also immediate tax relief in the year of destruction by including a provision for the abatement of taxes.

Most destroyed property cases involve destroyed improvements, although events such as severe flooding, landslides, or the eruption of Mount St. Helens can destroy the underlying land as well. A reduction in value is warranted if the property was either:

- Destroyed in whole or in part; or
- Declared a disaster area by the Governor and has been reduced in value by more than 20 percent as a result of the disaster.

If property qualifies as destroyed property, the property receives a new assessed value equal to the remaining true and fair value after destruction for the assessment year in which the destruction occurred.

The abatement of taxes resulting from the amount of reduction in the year of destruction or reduction is prorated for the remainder of the year in which destruction occurred. The abatement within the same year as the destruction occurred is not available to property that is destroyed voluntarily.

No reduction for assessed value or abatement in taxes shall be made more than 3 years after the date of destruction or reduction in value. No reduction or abatement is allowed to any person convicted of arson.

If destroyed property is replaced before August 31, the total taxable value of the property shall not exceed the value as of the appropriate valuation date in RCW [36.21.080](#) or [36.21.090](#), whichever is appropriate.

RCW [84.70.010\(6\)](#) allows taxpayers to appeal “the amount of reduction” because of the application of the destroyed property statute. The original assessed value is not subject to appeal under this statute. RCW [84.40.038](#) controls the appeals time lines for assessed values.

## 2.9 Review of "Manifest Error" Corrections (RCW 84.48.065)

RCW [84.48.065](#) allows a county assessor or treasurer to correct "manifest errors," i.e., corrections that do not involve appraisal judgment, without the review of boards of equalization. The law also allows assessors and taxpayers to "stipulate" or reach value agreements without board review when certain conditions are met. Further, the law allows changes to the assessment roll if proof is given that a definitive change in the property's land use designation has been made. This provision states, "In such a case, correction of the assessment or tax rolls may be made notwithstanding the fact that the action involves a revaluation of property."

Boards do not have the authority to review manifest error corrections unless the taxpayer files a petition challenging the "cancellation or correction . . . in accordance with RCW [84.40.038](#)."

RCW [84.48.065](#) provides that:

- (1)(a) The county assessor or treasurer may cancel or correct assessments on the assessment or tax rolls which are erroneous due to manifest errors in description, double assessments, clerical errors in extending the rolls, and such manifest errors in the listing of the property that do not involve a revaluation of property, except in the case that a taxpayer produces proof that an authorized land use authority has made a definitive change in the property's land use designation. In such a case, correction of the assessment or tax rolls may be made notwithstanding the fact that the action involves a revaluation of property. Manifest errors that do not involve a revaluation of property include the assessment of property exempted by law from taxation or the failure to deduct the exemption allowed by law to the head of a family. When the county assessor cancels or corrects an assessment, the assessor must send a notice to the taxpayer in accordance with RCW 84.40.045, advising the taxpayer that the action has been taken and notifying the taxpayer of the right to appeal the cancellation or correction to the county board of equalization, in accordance with RCW 84.40.038. When the county assessor or treasurer cancels or corrects an assessment, a record of the action must be prepared, setting forth therein the facts relating to the error. The record must also set forth by legal description all property belonging exclusively to the state, any county, or any municipal corporation whose property is exempt from taxation, upon which there remains, according to the tax roll, any unpaid taxes.
  - (b) Except as otherwise provided in this subsection (1)(b), no manifest error cancellation or correction, including a cancellation or correction made due to a definitive change of land use designation, may be made for any period more than three years preceding the year in which the error is discovered. However, a manifest error cancellation or correction may be made for a period more than three years preceding the year in which the error is discovered if authorized by the county legislative authority and the manifest error cancellation or correction would result in a refund or reduction of taxes for a property owner.
- (2)(a) In the case of a definitive change of land use designation, an assessor must make corrections that involve a revaluation of property to the assessment roll when:

- (i) The assessor and taxpayer have signed an agreement as to the true and fair value of the taxpayer's property setting forth in the agreement the valuation information upon which the agreement is based; and
  - (ii) The assessment roll has previously been certified in accordance with RCW 84.40.320.
- (b) In all other cases, an assessor must make corrections that involve a revaluation of property to the assessment roll when:
- (i) The assessor and taxpayer have signed an agreement as to the true and fair value of the taxpayer's property setting forth in the agreement the valuation information upon which the agreement is based; and
  - (ii) The following conditions are met:
    - (A) The assessment roll has previously been certified in accordance with RCW 84.40.320;
    - (B) The taxpayer has timely filed a petition with the county board of equalization pursuant to RCW 84.40.038 for the current assessment year;
    - (C) The county board of equalization has not yet held a hearing on the merits of the taxpayer's petition.
  - (3) The assessor must issue a supplementary roll or rolls including such cancellations and corrections, and the assessment and levy have the same force and effect as if made in the first instance, and the county treasurer must proceed to collect the taxes due on the rolls as modified.

## **2.10 Value Reductions after Government Restriction**

### **(RCW 84.40.039)**

RCW [84.40.039](#) allows a taxpayer to petition the assessor for a reduction in the assessed value of real property within three years of adoption of a restriction by a government entity. The assessor has 120 days to reconsider the valuation of the real property. If the value of the property is changed, the assessor must notify the taxpayer of the new value as required in RCW [84.40.045](#). The assessor may not raise the value of the property as a result of the revaluation, unless the property would have been revalued during that year as part of the regular revaluation cycle or as a result of new construction.

A restriction by a government entity means a limitation, requirement, regulation, or restriction that limits the use of the property. This includes limits imposed by the application of ordinances, resolutions, rules regulations, policies, statutes, and land use requirements.

A new value established by the assessor may be appealed to the board of equalization.

## 2.11 Reconvened Boards (RCW 84.08.060)

As noted at the beginning of this section, RCW [84.08.060](#) establishes the Department's authority to order reconvening of local boards. The statute provides in relevant part that:

The department of revenue shall have power to direct and to order any county board of equalization to raise or lower the value of any taxable property, or to add any property to the assessment list, or to perform or complete any other duty required by statute. The department of revenue may require any such board of equalization to reconvene after its adjournment for the purpose of performing any order or requirement made by the department of revenue and may make such orders as it shall determine to be just and necessary. The department may require any county board of equalization to reconvene at any time for the purpose of performing or completing any duty or taking any action it might lawfully have performed or taken at any of its previous meetings.

In addition, the statute provides that:

No board may be reconvened later than three years after the date of adjournment of its regularly convened session.

The Department has promulgated a set of rules that detail specific situations where requests for reconvening can be authorized. Several of these reasons allow boards to reconvene on their own if, in their judgment, facts meet the specific criteria required for reconvening. Boards have authority to reconvene on their own authority to hold hearings on current year assessments. For more information, see WAC [458-14-127](#).

A traditional real property or personal property appeal petition form is not required when either an assessor or appellant submits a Request for Reconvening form.

## PART 3 – Real Property Appraisal

### 3.1 Introduction

The law requires county assessors to value property at 100 percent of true and fair value, also known as market value. RCW [84.40.030](#) governs the approaches to value for various types of property and provides in relevant part:

All property shall be appraised at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law. Taxable leasehold estates shall be valued at such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid. The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) shall be based upon the following criteria:

- (1) All property must be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.
  - (2) Taxable leasehold estates must be valued at such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid.
  - (3) The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) must be based upon the following criteria:
    - (a) Any sales of the property being appraised or similar properties with respect to sales made within the past five years. The appraisal must be consistent with the comprehensive land use plan, development regulations under chapter [36.70A](#) RCW, zoning, and any other governmental policies or practices in effect at the time of appraisal that affect the use of property, as well as physical and environmental influences. An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions. The appraisal must also take into account: (i) In the use of sales by real estate contract as similar sales, the extent, if any, to which the stated selling price has been increased by reason of the down payment, interest rate, or other financing terms; and (ii) the extent to which the sale of a similar property actually represents the general effective market demand for property of such type, in the geographical area in which such property is located. Sales involving deed releases or similar seller-developer financing arrangements may not be used as

sales of similar property.

(b) In addition to sales as defined in subsection (3)(a) of this section, consideration may be given to cost, cost less depreciation, reconstruction cost less depreciation, or capitalization of income that would be derived from prudent use of the property, as limited by law or ordinance. Consideration should be given to any agreement, between an owner of rental housing and any government agency, that restricts rental income, appreciation, and liquidity; and to the impact of government restrictions on operating expenses and on ownership rights in general of such housing. In the case of property of a complex nature, or being used under terms of a franchise from a public agency, or operating as a public utility, or property not having a record of sale within five years and not having a significant number of sales of similar property in the general area, the provisions of this subsection must be the dominant factors in valuation. When provisions of this subsection are relied upon for establishing values the property owner must be advised upon request of the factors used in arriving at such value.

(c) In valuing any tract or parcel of real property, the true and fair value of the land, exclusive of structures thereon must be determined; also the true and fair value of structures thereon, but the valuation may not exceed the true and fair value of the total property as it exists. In valuing agricultural land, growing crops must be excluded. For purposes of this subsection (3)(c), "growing crops" does not include marijuana as defined under RCW [69.50.101](#).

This legislative direction is in accordance with generally accepted real property appraisal theory. The three approaches to value are referred to as the cost, market, and income approaches.

Washington Courts have held that it is the overall value of property that is controlling, rather than the separate values of land and improvements. *University Village Ltd. Partners v. King County*, 106, Wn. App. 321-325-6, 23 P 3d 1009 (2001).

The statutory definitions of taxes, assessments, and property indicate the assessment ratio relates to the total value of real property, not solely to a component of it. The board must have clear, cogent, and convincing evidence that the total value of each subject parcel is erroneous in order to correct each assessment.

## 3.2 Fundamental Appraisal Concepts

Appraisal theorists have identified and articulated many concepts concerning the appraisal of real and personal property. At minimum, taxing officials need to be aware of the most widely accepted appraisal concepts to avoid making fundamental errors.



The following list of appraisal concepts is not exhaustive but does contain general statements about those concepts that have gained widespread acceptance among the appraisal community.

Please note that these appraisal concepts are arranged alphabetically, not in the order of importance.

<u>Appraised Value:</u>	Appraised value is the market value or the amount of money a buyer, willing but not obligated to buy, would pay to a seller <u>who is willing but not obligated to sell.</u>
<u>Arm's Length Transaction:</u>	An arm's length transaction is where the sale price is based on market value and not on friendship or collusory business relationships. Examples of transactions that would raise questions about their arm's length nature would be a sale of property between family members or a sale of property for a price substantially below or above market value. If a sale is not arm's length, it should not be used as a comparable sale. See WAC <a href="#">458-14-005(2)</a> .
<u>Assessed Value:</u>	Assessed value is the value on which your property taxes are based and may be less than market value if the property is receiving a reduction allowed by law.
<u>Bundle of Rights:</u>	The group of interests or rights associated with owning property. The basic rights of a property owner owning fee simple title to property are the right to use, sell, lease, ingress or egress, give away all or portions of the property, or refuse to do any of the above.
<u>Capitalization of Income:</u>	Capitalization of income is one of the three primary methods of property valuation. This method calculates the present value of property by looking at the income stream that the property is expected to generate. A specific level of income is converted into value using a capitalization rate.
<u>Capitalization Rate:</u>	The capitalization rate is the rate applied to a specific level of income to arrive at a present worth for real property using the capitalization of income approach to value. A capitalization rate is calculated by analyzing sales of comparable properties. For example, to establish a capitalization rate for an apartment complex, only sales of other apartment complexes should be used.
<u>Cost Approach:</u>	This is a method of valuing personal property and improvements to real property. This method calculates the value of property by subtracting an amount for depreciation from the market-based cost to replace or replicate the property. The loss of value from all causes must be considered and subtracted from the market-based cost of the structure as new.
<u>Depreciation:</u>	Depreciation is the loss of value or utility by deterioration and/or obsolescence from any and all causes. Depreciation is



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	most commonly used in the cost approach to value, which computes the current fair market value of property by calculating the cost to replace or replicate the structure and subtracting an amount to compensate for depreciation.
<u>"Economic" or "Market" Rent:</u>	The amount of rent similar properties rent for on the open market. This information is applied to the specific property in question. Economic rent is distinguished from actual or contract rent.
<u>Equalization:</u>	The process of adjusting assessed values of property so that all property is valued at full market value. See WAC <a href="#">458-14-005(12)</a> .
<u>Excess Land:</u>	Appraisal theory provides that for every building constructed there is an optimum amount of land that should underlie the improvement. If the ratio of land to building is more than necessary to support the activities on the property, then the parcel is deemed to have "excess" land. The consequence of finding excess land may or may not result in a different value for the excess land as for the necessary land. The answer will depend on market considerations such as the potential salability of the excess land. The values of the necessary land and improvements and the value of the excess land are calculated separately and then added together to determine total parcel value.
<u>Front Foot Value:</u>	A method of valuation based on the market. Front foot value is determined by dividing the sale price of the property by the number of feet along the frontage of the property. For example, a parcel of land selling for \$100,000 with 100 feet of frontage would result in a front foot value of \$1,000.
<u>Gross Income:</u>	The amount of income generated by a property or business before any operating expenses are deducted.
<u>Gross Income Multiplier:</u>	A factor used to determine value. A multiplier is obtained from the market by dividing the selling price of comparable properties by the annual gross income of those properties and applying that factor to the subject property's annual income. Gross income multipliers are used on commercial property that typically rents on an annual basis.
<u>Gross Rent Multiplier:</u>	A factor used to determine value. A multiplier is obtained from the market by dividing the selling price of comparable properties by the monthly gross rent of those properties and applying that factor to the subject property's monthly gross rent. Gross Rent multipliers are predominately used on residential and multifamily properties that typically rent on a monthly basis.
<u>Ground Rent:</u>	Rent paid or received for the occupation and/or use of land.
<u>Highest &amp; Best Use:</u>	The most probable legal use of property which produces the

	highest return to the land. The highest and best use must be determined before selecting comparable sales.
<u>Improvements:</u>	Any building onto or physical alteration of real property.
<u>Incurable Depreciation/Loss of Value:</u>	Deterioration which cannot be cured or which would cost more to cure than would be gained in increased property value.
<u>Market Comparison Approach:</u>	The market comparison approach is the most reliable valuation technique. This approach, also known as the comparable sales approach, uses sales of properties comparable to the subject property to establish value. Adjustments are made to the sale prices of the comparable sales to reflect differences between the subject property and the comparable sales properties.
<u>Mass Appraisal:</u>	A method of valuing large numbers of properties using formulas and statistics. All adjustments must be supported by market data.
<u>Net Income:</u>	The amount of income remaining from gross income after all allowable expenses are deducted. Net income is used in the direct capitalization method of the income capitalization approach to value.
<u>Sale Price:</u>	The actual price paid for property. The sale price may or may not reflect the fair market value of the property.
<u>True and Fair Value or Market Value:</u>	Fair market value is "an objective value created by the collective patterns of the market." <i>The Appraisal of Real Estate</i> , American Institute of Real Estate Appraisers.

### 3.3 Approaches to Value

There are three approaches to valuing real estate: the Cost Approach, the Market Comparison Approach, and the Income Approach.

All of these approaches are based on the Principle of Substitution, which states that the market value of a property tends to be set by the cost of acquiring an equally desirable and valuable substitute property, assuming that no costly delay is encountered in making the substitution.

This means that the value of a property:

- A) Should not exceed what it would cost to replace the property (**The Cost Approach to Value**);
- B) Should not exceed the cost to acquire a similar property on the open market (**The Market Comparison Approach**);
- C) Should not exceed the present value of anticipated income the property is expected to produce (**The Income Approach**).

A thorough explanation of these three approaches to value is beyond the scope of this manual. The following material is intended to give board members a basic understanding of the theory behind these approaches.

### 3.4 Cost Approach to Value

The cost approach to value indicates the depreciated cost of improvements to which the land value is added. Cost figures must always be market based. In other words, the cost approach should show what a typical purchaser would pay in the open market place to have improvements constructed. For instance, if an owner performs a significant amount of labor in constructing improvements, the cost to construct may not reflect the cost a typical purchaser would have to pay to replace the improvement.

Land values should be determined from comparable land sales or other applicable land valuation techniques.

The cost approach to value uses two concepts of cost; reproduction cost, and replacement cost.

Reproduction cost is the cost of creating a replica of the improvements based on current prices using identical materials. Reproduction cost duplicates a subject property.

Because reproduction cost involves duplicating a subject property, it is often difficult to estimate because identical materials may not always be available and construction methods may have changed since the structure was built.

Replacement cost is the cost of creating a building having the same utility on the basis of current prices using current standards of materials and design. Replacement cost substitutes something similar in utility for a subject property.

There are several methods used to estimate cost, these are the Quantity Survey Method, the Unit in Place Method, and the Square Foot Method.

The Quantity Survey Method is the most comprehensive way to estimate reproduction costs. It is a repetition of the contractor's procedure of estimating quantity and quality of materials and the labor hours required (Direct Costs) as well as permits, insurance, taxes, overhead and profit (Indirect Costs). This method is accurate but very time consuming.

The Unit in Place Method (also known as Segregated Cost) combines direct and indirect costs into units which, when multiplied by the portion of the building being priced, gives you a value estimate for that section. The different sections added together will give you a total estimate of cost to construct.

The Square Foot Method uses a manual such as Marshall & Swift or a cost derived from sales of similar properties, to arrive at a cost to build per square foot (or other unit of measurement). This is the process used by most appraisers. All cost figures should be market based and backed up with market support.

To bring the market based replacement cost new or reproduction cost new (RCN) to a figure reflecting market value, you need to consider depreciation.

Depreciation is the loss of value or utility by deterioration and/or obsolescence from any and all causes. Without an accurate analysis of depreciation, the cost approach may not give you an accurate indication of value.

There are several methods used to measure accrued depreciation.

These are:

- (A) Comparative Sales Data Method
- (B) Capitalization of Income Method
- (C) Overall Method (Age/Life Comparison)
- (D) Engineering Breakdown Method
- (E) Observed Condition (Breakdown) Method
- (F) Depreciation Tables

The Comparative Sales Data Method uses sales to determine the amount of depreciation.

**10 Year Old Home**

Sale Price	\$80,000
Land Value	\$20,000
Improvement Value	\$60,000
Replacement Cost New	\$75,000
Value Loss (\$75,000 - \$60,000)	\$15,000

$$\$15,000 \text{ (VL)} \div \$75,000 \text{ (RCN)} = 20\% \text{ Depreciation}$$

$$20\% \div 10 \text{ Years} = 2.0\% \text{ of Value Lost per Year}$$

The sale properties must be similar to the subject in quality, condition, and age. They must also be recent sales. The more sales provided to the board, the more dependable the factor will be.

This method is based on the market, so with adequate data, it is the most reliable method.

The Capitalization of Income Method uses the income approach to estimate current market value of a property. Then land value is estimated, and replacement cost new is estimated. The land value is deducted from the overall property value leaving an estimated current value for the improvements. The current improvement value is subtracted from the estimated replacement cost new. This shows the total loss of value to the improvements.

For example, the income approach indicates a total property value for a 10-year old building of \$450,000. The land value is estimated to be \$100,000. The replacement cost new for the structure is \$500,000.

**10 Year Old Building**

Value (from Income Approach)	\$450,000
Land Value	\$100,000

Improvement Value	\$350,000
Replacement Cost New	\$500,000
Value Loss (\$500,000 - \$350,000)	\$150,000

$$\$150,000 \text{ (VL)} \div \$500,000 \text{ (RCN)} = 30\% \text{ Depreciation}$$

$$30\% \div 10 \text{ Years} = 3.0\% \text{ of Value Lost per Year}$$

Although this approach is available, it is seldom used because of the complexity of the process. However, it can be a good tool to check your direct sales approach. It is also helpful in measuring other factors such as economic obsolescence.

The Overall Method analyses the relationship between a subject's effective age and its life expectancy.

Age can be expressed in terms of actual age or effective age.

Actual age is chronological age. Year built subtracted from current year.  
(2017 - 2007 = 10 years old)

Effective age takes into consideration the condition of a property compared to its age. For example, a 10 year old home that has been taken care of and repaired when needed could have an effective age of 5 years. Conversely, a 10 year old home that has not been taken care of may have an effective age of 15 years.

Effective age may or may not be actual age.

Life expectancy is expressed in terms of physical life or economic life.

Physical life is the actual time a structure may be functional.

Economic life is the length of time a structure will contribute to the value of the overall property.

Economic life cannot exceed physical life, but physical life can exceed economic life.

The Overall Method is also called straight-line depreciation. It allocates a uniform percentage of value loss each year over the economic life of a structure.

Effective Age	10 Years
Remaining Economic Life	20 Years
Total (Estimated) Economic Life	30 Years

$$10 \text{ Years (EA)} \div 30 \text{ Years (REL)} = 33\% \text{ Depreciation}$$

$$33\% \div 10 \text{ Years Old} = 3.3\% \text{ of Lost Value per Year}$$

This method can be accurate if the economic life and effective age are both estimated correctly.

The Engineering Breakdown Method is actually a detailed age/life method. It is based on the physical life expectancy of the components of the structure, and it uses a combination of observed condition and chronological age to estimate the loss of value of each of the individual components. This method is very time consuming and is not readily adaptable to the appraisal of a large number of properties at the same time. Also, because it is centered on the physical components of a structure, it does not render a measurement of functional or economic obsolescence.

The Observed Condition (Breakdown) Method requires a separation of elements of accrued depreciation into various categories. The causes of accrued depreciation are segregated into classes and types. This method is complete and accurate. However, it is very time consuming and is not readily adaptable to the appraisal of a large number of properties at the same time. It does, however, give a measurement of functional and economic obsolescence as well as physical deterioration.

Depreciation Tables are based on experience and available market data to determine a schedule of typical standards that measure depreciation. CoreLogic's Marshall & Swift Valuation (MVS) depreciation tables is an example of this.

Because depreciation tables represent what is "typical," they are not always accurate. However, if the economic life and effective age are estimated accurately (and the table is tested in your local market), these tables can be used with confidence.

MVS is one of several companies that publishes a manual that lists average market-based costs of construction for various types of property, along with other information such as depreciation tables, localized adjustment factors, and other useful cost calculation data. The State Board of Tax Appeals recognizes MVS publications as a reliable source of market based cost data that can be used in the cost approach.

Because most cost manuals show typical costs for specific items, appraisers should find market-indicated adjustments that are applicable to the location of the subject property. These deviations from the manual should be documented with local market evidence.

### **3.5 Market Approach to Value**

At the heart of the market approach is the comparison of sales prices of properties "comparable" to a subject property. A "comparable" is a property that is similar to a subject property in physical, economic, or operating characteristics. To be comparable a sale does not have to be identical, but it should be similar in use, utility, and function.

Information is collected on sales of comparable property, and if needed, adjustments are made for the date of sale. (This adjustment is determined by research to indicate if property values have been increasing or decreasing over time.) Further adjustments for differences in location and physical characteristics (quality of materials, age, utility of design, and other significant

differences between the subject property and the comparables) can be calculated to arrive at a reasoned estimate of value. All adjustments must be made from and supported with market data.

Adjustments are to be applied to the comparable sales, not to the subject. If sales indicate a range of possible values, the values should not be averaged. The correct step is to use the value indicated by the most comparable property.

In theory, the comparable sales approach works very well. However, the use of the market approach is contingent upon finding a sufficient number of comparable sales.

The best environment within which to value a given property is where there are many recent sales of comparable property in the same geographical area that are transacted under similar financing terms. Sometimes there are not enough comparable properties to use to estimate a value for a subject property.

It is acceptable to research and use sales from other counties that may have the same general property characteristics. For example, if a motel on the I-5 corridor is being valued in Cowlitz County, sales of similar motels on the I-5 corridor in Lewis, Clark, Thurston, or any other similar county could be used to support an estimate of value. However, the further one moves from an ideal situation the less reliable comparable sales become.

Presuming a sufficient number of sales for comparison purposes are found, an appraiser should make factual inquiries to ensure that properties that appear to be comparable are sufficiently similar to provide a supportable value estimate for the subject property.

Not all sales of similar property are "comparable" sales. Sales of two residential properties located in the same general area, constructed of comparable materials, and having the same general square footage may not be comparable.

If sales are not "arm's-length-transactions," they should not be used as comparables. An "arm's-length-transaction" refers to a transaction where no collusion or extenuating circumstances are involved. For instance, if a property is sold from an estate, the sale price may be the result of the heirs wanting a quick sale without regard to the actual "market price" the property may bring if it were to be exposed for sale on the market for a reasonable period of time.

Another form of the market approach is referred to as Gross Rent Multipliers, or Gross Income Multipliers.

Gross rent multipliers or gross income multipliers are derived by dividing a sale price by the gross monthly rent or gross annual income of a property. Gross rent multipliers are factors that show the relationship between a sale price and monthly gross rent. Monthly gross rent multipliers are typically used for residential and multi-family properties and are applied to the rent a property would receive if it were placed on the rental market. Gross income multipliers are factors that show the relationship between a sale price and annual gross income. Gross income multipliers are usually applied to commercial properties and are applied to the total income a property would receive if it were rented or leased at current market rates.

Caution should be used when using either a gross rent or gross income multiplier because of the many variables in comparable properties, e.g., expenses, land to building ratios.

### **3.6 Income Approach to Value**

The income capitalization approach values property by estimating the present value of anticipated income the property is expected to produce, i.e., the present worth of future benefits. The capitalized value represents the amount a purchaser is presently willing to pay for the right to receive the anticipated income a property is expected to produce.

This approach is a process of estimating and analyzing the quantity, quality, and duration of a property's income stream and after deducting pertinent expenses converting the income into value.

To arrive at a proper capitalization rate an appraiser must step into the shoes of the investor. The capitalization rate will vary for different types of properties based on the economic risk and rate of return.

Comparable properties will produce a range of values and capitalization rates. If the rates vary widely, the sales should be reexamined to insure they are arm's-length-transactions and that extenuating circumstances did not unduly influence the purchase or sale of the property.

The income capitalization approach can be used to support a market or cost approach or may be used alone when other data is unavailable.

If appraisers come up with widely varying values using the income approach for the same property, the points of contention will usually focus on the amount of income the property produces and the capitalization rate to be used.

To arrive at the income to capitalize the first step is to determine the potential gross income that the property should be producing. Potential gross income includes the market rent that should be charged and any income from parking, utilities, coin operated laundry facilities and income from renting conference or other facilities.

Because of varying management, the actual gross income of a property may or may not be the same as potential gross income for a property.

Deductions from gross income should be based on the market. Typical deductions will include a percentage for vacancy & collection loss and an amount attributable to typical operating expenses. Operating costs include costs typically needed to operate and maintain an improvement (such as insurance, utilities, and repairs). Debt service, depreciation, and income taxes are usually not deducted from the income stream but are handled in the capitalization rate.

Reserves for replacement of capital improvements are also part of the calculation. The amount to be deducted for purposes of appraisal is derived by dividing the cost of replacing the item by its



useful life, as long as the remaining life of the replacement item does not exceed the remaining life of the improvement, i.e., if a new roof is installed, the roof can not have a 30 year useful life if the building is estimated to have a 25 year remaining economic life.

Acceptable operating expenses:

- (A) Typical management fees
- (B) Typical labor costs
- (C) Typical utilities
- (D) Typical supplies
- (E) Typical repairs and maintenance
- (F) Property taxes—best reflected in the capitalization rate, not as an expense item
- (G) Insurance
- (H) Reserves for replacement (e.g., roofing, flooring, heating systems)

Unacceptable operating expenses:

- (A) Amounts in excess of typical expenses
- (B) Depreciation
- (C) Debt service
- (D) Income taxes
- (E) Capital improvements
- (F) Owner's business expenses

Once the gross income is established and the deductions have been made, the remainder is the income to capitalize for the property.

A capitalization rate is a rate used for converting income into value. It is composed of a discount rate (sometimes termed interest or yield rate), an effective tax rate, and a recapture rate.

The discount rate is the annual percentage rate reflecting the competitive rate of return on a real estate investment. It is the relationship between the income to capitalize (after consideration for recapture and taxes) and the sales price (or market value) of a property.

A discount rate is a combination of:

- A safe rate—a rate that is obtainable with the least risk.
- A risk rate—a rate that is commensurate with the risk assumed by an investor.
- A nonliquidity rate—a rate of return for having money invested that cannot be quickly converted into cash.
- A rate for management—a rate of return that compensates for time and cost of managing a real estate investment.

The best way to determine a discount rate is from sales of similar properties. This method is reliable because it directly reflects the discount rate indicated by actual investments in income

producing properties. It involves dividing the net income of a recently sold property (after consideration for taxes and recapture) by the sales price of that property.

For example, if a property sold for \$120,000 and the net income after recapture and taxes is \$12,000, the discount rate would be 10 percent.

Sale Price	\$120,000
Net Income (after recapture and taxes)	\$ 12,000

$$\$12,000 \div \$120,000 = 0.10$$

Discount Rate is 10 percent

The effective tax rate is the levy rate that is used in a property's taxing district multiplied by the statutory level of assessment (in Washington the level of assessment is 100 percent).

The recapture rate is the percentage of value that will need to be set aside so that at the end of the economic life of a structure a comparable structure can be substituted.

There are two methods to determine recapture: the Economic Life Method and the Market Comparison Method.

The Economic Life Method is computed by taking 100 percent (representing the total value of the structure, regardless of its actual dollar value) and dividing it by the estimated remaining economic life of the structure. For example, if a structure has an estimated remaining economic life of 25 years, the recapture rate would be 4 percent (100% divided by 25 years = .04 or 4%). This is commonly called the return of the investment.

The Market Comparison Method is similar to the method to obtain a discount rate. It is the relationship between net income (after consideration for taxes and discount) divided by the building value to determine the recapture percentage.

**Note:** The recapture rate is not used in calculations for bare land. Recapture is applicable only to wasting assets (improvements). Land is considered a non-wasting asset; that is, it does not depreciate, it may be depleted but not depreciated.

An overall rate is the direct relationship between net income and the sales price (or value) of a property. It includes an amount for discount, recapture (even though land and building values are not separated), and the effective tax rate (if taxes are not deducted as an expense). This rate can only be derived by using sales of similar properties.

The ratio of land to building will affect the overall rate because recapture is part of the overall rate for improvements but not for bare land. The age of a building can also affect the overall rate because of the remaining economic life of a comparable.

There are two generally accepted methods to capitalize income into value. They are direct capitalization and yield capitalization.

Direct capitalization is a good tool to use because of its simple application, but be sure you examine the origin of the capitalization rate.

Yield capitalization is also a good method. However, because of yield capitalization's complexity, it is seldom used in mass appraisal.

The income approach can be used to value bare land (using market ground rents) as well as improved property.

**Leased Property:** The practice of using market rent rather than actual rent has been contested where the lessee is locked in a long-term, below-current-market lease rate. However, the Washington State Supreme Court ruled in 1988 that the value of property included the capitalized value of the difference between the contract rent and the market rent. See *Folsom v. County of Spokane (Folsom II)*, 111 Wn.2d 256, 759 P.2d 1196 (1988).

### **3.7 Mass Appraisal Techniques**

The mass appraisal process differs dramatically from the narrative or single property appraisal process. The mass appraisal process is a systematic way to collect and analyze data (e.g., physical characteristics, sales data, income & expense data, and cost data for subject properties as well as comparable properties) gathered on individual properties, then applying that data to a large number of properties. The single property appraisal process is a detailed valuation method that examines the economic, political, and social conditions affecting each and every subject property that is appraised.

Even though assessors' offices value property on a mass appraisal basis, each appeal brought before a board of equalization must be analyzed using the facts and evidence provided by the appellant and assessor to a board.

**Assessment Ratios.** The assessment ratio is determined by dividing the assessed value by the selling price. This method is a valid technique for mass appraising property.

## PART 4 – Personal Property Appraisal

### 4.1 Definitions

(RCW 84.04.080 and WAC 458-12-005)

RCW [84.04.080](#) provides that:

"Personal property" for the purposes of taxation, shall be held and construed to embrace and include, without especially defining and enumerating it, all goods, chattels, stock, estates or moneys; all standing timber held or owned separately from the ownership of the land on which it may stand; all fish trap, pound net, reef net, set net and drag seine fishing locations; all leases of real property and leasehold interests therein for a term less than the life of the holder; all improvements upon lands the fee of which is still vested in the United States, or in the state of Washington; all gas and water mains and pipes laid in roads, streets or alleys; and all property of whatsoever kind, name, nature and description, which the law may define or the courts interpret, declare and hold to be personal property for the purpose of taxation and as being subject to the laws and under the jurisdiction of the courts of this state, whether the same be any marine craft, as ships and vessels, or other property holder under the laws and jurisdiction of the courts of this state, be the same at home or abroad:

Provided, that mortgages, notes, accounts, certificates of deposit, tax certificates, judgments, state, county, municipal and taxing district bonds and warrants shall not be considered as property for the purpose of this title, and no deduction shall hereafter be made or allowed on account of any indebtedness owed.

In addition to the statutory definitions, WAC [458-12-005](#) provides that:

- (1) The following are personal property:
  - (a) Machinery or equipment owned by any commercial or industrial business operating on or in leased or rented real property which can be removed without seriously damaging the landlord's real property.
  - (b) Engines and machinery used or designed to be used in any process of refining or manufacturing which can be removed without seriously damaging the landlord's property.
  - (c) Improvements on the easements of public service corporations other than railroads.
  - (d) Real property leased by corporations.
  - (e) Contract rights to cut timber on either public or privately owned land where title to the timber has not yet passed.

- (f) Mining claims, whether patented or unpatented, which are located on public land.
- (g) Mining or prospecting leases except leases for the life of the lessee.
- (h) Contractual licenses to use or remove property from public or private land which have a specified minimum term.
- (i) Public utility franchises owned by public service corporations. A public utility franchise is the right to use publicly owned real estate for power lines, gas or water lines, sewers or some other public utility facility.

## 4.2 Characteristics of Personal Property

The primary characteristic of personal property is its mobility. Like real property, the basis for valuation of personal property is market value.

Personal property falls into one of two categories: tangible and intangible.

## 4.3 Tangible Personal Property

The value of tangible personal property is in the property's physical existence. Tangible personal property includes but is not limited to:

- (A) Office furniture and equipment
- (B) Manufacturing equipment
- (C) Signs
- (D) Communications equipment
- (E) Professional libraries
- (F) Farm equipment & machinery
- (G) Standing timber purchases from state lands
- (H) Vehicles not subject to excise tax
- (I) Leased equipment
- (J) Hand tools
- (K) Commercial watercraft
- (L) Leasehold improvements not part of realty
- (M) Improvements on exempt land
- (N) Supplies not held for sale

## 4.4 Intangible Personal Property

The value of intangible personal property is not in its physical existence but in the rights and/or privileges that it conveys to the holder. Intangible personal property is exempt from property taxation.

RCW [84.36.070](#) defines intangible personal property as:

- (a) All moneys and credits including mortgages, notes, accounts, certificates of deposit, tax certificates, judgments, state, county and municipal bonds and warrants and bonds and warrants of other taxing districts, bonds of the United States and of foreign countries or political subdivisions thereof and the bonds, stocks, or shares of private corporations;
  - (b) Private nongovernmental personal service contracts, private nongovernmental athletic or sports franchises, or private nongovernmental athletic or sports agreements provided that the contracts, franchises, or agreements do not pertain to the use or possession of tangible personal or real property or to any interest in tangible personal or real property; and
  - (c) Other intangible personal property such as trademarks, trade names, brand names, patents, copyrights, trade secrets, franchise agreements, licenses, permits, core deposits of financial institutions, noncompete agreements, customer lists, patient lists, favorable contracts, favorable financing agreements, reputation, exceptional management, prestige, good name, or integrity of a business.
- (3) "Intangible personal property" does not include zoning, location, view, geographic features, easements, covenants, proximity to raw materials, condition of surrounding property, proximity to markets, the availability of a skilled work force, and other characteristics or attributes of property.

#### 4.5 Listing of Personal Property

The listing form used by county assessors requires taxpayers to state the original cost and date of acquisition for all personal property. The acquisition cost includes charges for freight and installation, trade-in allowance, and costs necessary to make the equipment operational.

Sales tax is not an element of value and should not be included in the assessed value.

#### 4.6 Assessment Dates

All owners of personal property are required to file a listing of personal property with the county assessor every year. The effective assessment date is 12 noon on January 1 of each year. Such list and statement shall be filed on or before April 30 of the assessment year.

#### 4.7 Penalty for Failure or Refusal to List

If any person or corporation shall fail or refuse to deliver to the assessor, on or before the date specified in RCW [84.40.040](#), a list of the taxable personal property which is required to be listed under this chapter, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount of tax assessed against the taxpayer on account of such personal property five percent of the amount of such tax, not to exceed fifty dollars per calendar day, if the failure is for not more than one month, with an additional five percent for each additional month or fraction thereof during which such failure continues not

exceeding twenty-five percent in the aggregate. Such penalty shall be collected in the same manner as the tax to which it is added.

## 4.8 Valuation Methods

The cost, income, and sales comparison approaches that are used to value real property are also used to value personal property. The degree of dependence upon any one approach will depend on the availability of reliable data. Few items of personal property lend themselves to all three accepted approaches to value. The cost approach is the most common approach used in the mass valuation of personal property.

### (A) Cost Approach

The Personal Property Valuation Guidelines published by the Department of Revenue are based on the cost approach to value. These schedules are furnished to county assessors as a mass appraisal tool to value millions of items of personal property.

The State Board of Tax Appeals and Washington State Courts recognize these value indicators as an authoritative guide in estimating market value.

### (B) Market Approach

Market studies that include comparing and analyzing sales of used personal property help in development of the valuation guidelines and index. Market sales of used machinery and equipment when compared to historical cost contribute to trending and economic life built into the depreciation tables.

### (C) Income Approach

Capitalization of income is the process of converting income into value. The income approach is used in the valuation of leased equipment as a verification of cost and is the approach to value relied on when cost is not available. When using the income approach for valuing leased equipment, consideration is given to an appropriate capitalization rate, recapture rate, and economic life using the income stream.

## 4.9 Valuation Guidelines

The Department of Revenue publishes the Personal Property Valuation Guidelines for use in making personal property assessments. (See Appendix D.2.)

The Department notes that the guidelines are published as guides in estimating market value of equipment in average condition. Adjustments to the estimated market values should be made when a taxpayer substantiates any additional obsolescence not already considered in the guidelines.

The guidelines are factors that are applied to the cost of items of personal property to arrive at taxable value. The factors include trend and normal depreciation. The trend, as a measurement of inflation, adjusts the reproduction cost to the current reproduction cost level. This current reproduction cost is multiplied by declining balance depreciation. The result is reproduction cost less normal depreciation or average market value.

Because the mass appraisal of personal property does not lend itself to traditional market valuation techniques, the Department recommends the use of the schedules. Their use will produce standardization in the assessment of personal property.

#### **4.10 Trade Level**

In Washington, the appraiser must value taxable personal property at the retail trade level. All approaches to personal property valuation must take into consideration trade level, which refers to the production and distribution stages of a product. There are at least three distinct levels of trade: the manufacturing level, the wholesale level, and the retail level. Incremental costs (such as freight, overhead, handling, and installation) are added to a product as it advances from one level of trade to the next, thereby increasing its cost and value as a final product.

Trade level is important to keep in mind when a manufacturer manufactures equipment and also rents that equipment to its customers. Logically, the manufacturer's cost would be less than what retail level would be. So to maintain equity, costs should be reported at the retail (consumer) level, similar to what others purchase the manufacturer product.

#### **4.11 Supplies**

Supplies are stocks of goods which facilitate business or which are to be consumed during the production process. Supplies are not held for resale. Examples of supplies include chemicals, clothing, cleaning compounds, stationary, computer paper, towels, sheets, etc.

#### **4.12 Leasehold Improvements**

Leasehold improvements are lessee owned improvements on leased or rented real property. This includes improvements added by a lessee to space in a shopping mall, such as floor covering, interior partitions, and signs.

Leasehold improvements are sometimes double assessed and require close coordination between real and personal property departments. In most cases, leasehold improvements are assessed like real property using commercial cost manuals for valuing the various building components.

#### **4.13 Watercraft**



Commercial watercraft, when exempt from the annual excise tax collected by the Department of Licensing, must be listed with the Department of Revenue. Listing forms are available on the [Internet](#) or from the Department of Revenue, Special Programs Division, (360) 753-1520.

Watercraft listed with Department of Revenue is subject to the personal property tax, but only the state levy rate. Examples of watercraft subject to the personal property tax include:

- Vessels used exclusively for commercial fishing.
- Documented vessels, such as tugs, used to transport property or persons between specific points;
- Barges, dredges, and similar watercraft; and
- Charter vessels and vessels used for bare boat rentals that require United States Coast Guard documentation.

The Department values and collects the personal property tax on the above vessels and watercraft annually.

#### 4.14 Vehicles

Vehicles not designed for road use are subject to the personal property tax. Examples of vehicles that may be subject to the personal property tax include:

- Special highway construction equipment, such as earth moving and paving equipment;
- Farm vehicles;
- Other road vehicles and racing vehicles

#### 4.15 Head of Family Exemption

Sole proprietors who qualify as a head of family are eligible for a property tax exemption on \$15,000 of assessed value. This exemption is deducted from the assessed value of the personal property. (RCW [84.36.110](#).) This exemption is not available to a non-resident of this state. It may, however, be granted to a non-resident of the county; but where a person owns property in more than one county only a single exemption can be claimed and county assessors should verify the amount allowed in respective counties to prevent over-exemption AGO 1927-28.

For the purposes of RCW [84.36.110](#), “head of a family” shall be construed to include a surviving spouse not remarried, any person receiving an old age pension under the laws of this state, and any citizen of the United States, over the age of 65 years, who has resided in the state of Washington continuously for ten years.

## PART 5 – Standards of Review

Whenever a judicial or quasi-judicial body hears an appeal, its responsibility is to determine whether there is a sufficient amount of relevant evidence to support the appellant's claim. The board of equalization is a quasi-judicial body. The amount of evidence that is sufficient to prevail differs with the type of legal proceeding involved.

Under Washington state law, assessors enjoy a rebuttable presumption that the assessed value of property is correct. Because of this, it is important that local boards of equalization be aware of this presumption and the standards of review that apply so that the board can properly rule on each appeal.

### 5.1 Presumption of Correctness and the Burden of Proof

RCW [84.40.0301](#) provides that:

Upon review by any court, or appellate body, of a determination of the valuation of property for purposes of taxation, it shall be presumed that the determination of the public official charged with the duty of establishing such value is correct but this presumption shall not be a defense against any correction indicated by clear, cogent, and convincing evidence.

This statute was passed by the Legislature in 1971. Before the statute was enacted, the Washington courts had held that a taxpayer who wanted to challenge the assessor's valuation must not only prove that the assessed value was incorrect, but must also prove that the assessor had made an error that was "so palpably exorbitant and excessive as to amount to constructive fraud or to violate some constitutional principle." (*Ozette Railway v. Grays Harbor County*, 16 W. 2d 459 (1943).) Or the taxpayer had to prove that the assessed value was "grossly inequitable and palpably excessive." (*Boise Cascade Corporation v. Pierce County*, 84 W. 2d 667 (1974).)

Since the statute was enacted, the Washington Supreme Court has interpreted this law in three cases, the most recent of which is the case of *Weyerhaeuser Company v. Easter*, 126 W. 2d 370 (1995).

In this most recent case, the court has clarified the taxpayer's burden under the law for challenging an assessor's valuation. The taxpayer meets the burden of proof when he or she has proved by clear, cogent, and convincing evidence that the assessor has made an error (that a "correction" to the valuation is indicated). Such proof overcomes the presumption of correctness in favor of the taxpayer.

The taxpayer does not need to show that the assessor's error was grossly inequitable, palpably excessive, or fundamentally wrong. The taxpayer only has to prove that the assessed value is not correct.

The assessor's presumption of correctness applies only to the original assessed value. It does not apply to a corrected value or a recommended value.

## 5.2 Standard of Proof to Overcome Assessor's Presumption

The standard of proof that the law requires to overcome the assessor's presumption of correctness is proof that is "clear, cogent, and convincing." In order to have a better idea of what constitutes "clear, cogent, and convincing," it is helpful to review other standards of proof that the law requires in other situations.

The highest standard of proof in legal proceedings is the standard in a criminal case. That standard is proof "beyond a reasonable doubt." This standard is very difficult to meet and is purposely so to avoid punishing innocent persons.

The more common standard of proof that is used in most civil cases is proof by a "preponderance of the evidence." This is the lowest standard of proof and only requires that the person making the claim be able to show that they are "right" more likely than not. In other words, if the evidence shows that the person with the burden of proof has proved their case by more than fifty percent, that person has overcome the standard of proof.

The clear, cogent, and convincing standard is closer to the criminal standard of "beyond a reasonable doubt" than it is to the standard of "preponderance of the evidence." The legislature determined that the assessor's valuation should be presumed to be correct, but that if the taxpayer can produce enough evidence to show the board that the assessor's valuation is clearly wrong, and to show that error cogently and convincingly, then the taxpayer is entitled to have the error corrected. Put another way, the taxpayer must show that it is "highly probable" that the assessor made an error. Again, not an easy standard to meet, but not as difficult as "beyond a reasonable doubt."

## 5.3 Standard of Proof to Show Value

In most cases, the taxpayer who is able to show that the assessor made an error in valuation will also be able to show what the proper value is. For example, if the assessor has valued a house at \$75,000, and the taxpayer has several recent arm's length sales of similar houses in the same area clearly showing that the house is worth only \$70,000, then the taxpayer has met his or her burden of proof to overcome the assessor's presumption and also has shown the true and fair value of the house.

However, in some cases the taxpayer may be able to prove that the assessor's valuation was incorrect because the assessor used a flawed approach to value, or a flawed method of valuation. In such instances, the taxpayer's proof may not be based on evidence of value. For example, the taxpayer may be able to prove that the assessor failed to deduct any amount for depreciation when using the cost approach to value. Such proof does not indicate, by itself, what the value of the

property should be, but shows that the assessor made an error. In situations like this, the court in the Weyerhaeuser case established the standard of proof. The court stated:

If a taxpayer overcomes the presumption on the assessor's overall approach or technique, *i.e.*, invalidates the technique, the standard of proof shifts to a preponderance of the evidence for all issues.

Once the taxpayer proves that the assessor used the wrong methodology or approach, the standard of proof of the value of the property shifts from the clear, cogent, and convincing standard to the preponderance of the evidence standard. Consequently, the taxpayer is entitled to an adjustment in value by proving the property's value by the lower standard.

Another type of situation where the standard of evidence relating to the valuation shifts from clear, cogent, and convincing to a preponderance of the evidence is when there are specific values within an overall assessed value. For example, the overall assessment of complex industrial properties is often made up of particular values for various portions of the property being appraised. In situations like this, the court stated:

If a taxpayer overcomes the presumption of correctness on a specific value, the standard of proof shifts to preponderance of the evidence for all contested issues related to that value[.] . . . An assessor's error on one decision does not necessarily invalidate the entire assessment, nor should it eliminate the presumption of correctness for unrelated judgments.

The court summed up the application of the standard of proof as follows:

Corrections which invalidate only one part of an assessment do not overcome the presumption on the remainder. Corrections which invalidate the methodology or approach of the entire assessment overcome the presumption entirely. Under both circumstances, once a taxpayer has overcome the presumption, the standard of proof on contested issues shifts to a preponderance of the evidence.

## 5.4 Conclusion

The standard of proof for a taxpayer to use to overcome the assessor's presumption of correctness is proof that is clear, cogent, and convincing. If the taxpayer's evidence that proves the assessor's error does not at the same time prove a particular value, then the correction of the assessor's error as to value shifts from the clear, cogent, and convincing standard to the preponderance of the evidence standard. The taxpayer at all times has the burden of persuading the board that his or her value is more correct than the assessor's, as a measurement of market value.

If the taxpayer has proved an error on the part of the assessor, but has not been able to show the specific amount of the adjustment in value, the board will have to use its judgment as to how much of a correction, if any, is appropriate.

## PART 6 – Conducting Hearings

The manner in which proceedings are conducted is up to the individual boards. However, the Department offers the following suggestions for conducting hearings:

### 6.1 Physical Setting

The physical setting of a hearing room can and should enhance the credibility and professionalism of the board. While the ability of some boards to control the furnishing of their hearing room is limited, there are a number of relatively inexpensive and easy things that can be done to enhance the tone of the room. Some suggested examples are:

- Nameplates for board members.
- U.S. or Washington State flags.
- Paintings or photographs of official and/or historical buildings or persons.
- U.S., state, or county maps.
- Enlarged copies of U.S. or State Constitutions, county charters, ordinances, etc.
- Healthy houseplants.

### 6.2 Sign-in Sheet for Witnesses

Prepare a sign-in sheet that contains a space for the witnesses to print their name and to state on whose behalf they will be testifying. This gives the board a record of the persons who appeared before it. Also, since many people have illegible signatures, having witnesses print their names helps board members know how to address the participants. See form REV 64 0064.

### 6.3 Use of Interpreters

When necessary, have interpreters available to assist taxpayers.

[Chapter 2.43 RCW](#) deals with “interpreters for non-English speaking persons.” Specifically, the law (see RCW [2.43.030](#)) requires that a certified or qualified interpreter be appointed when a non-English-speaking person is involved in a legal proceeding. A legal proceeding is defined as “a proceeding . . . before [an] administrative board, commission, agency, or licensing body of the state or any political subdivision thereof.”

See RCW [2.43.020\(3\)](#). The local board of equalization could be considered “an administrative board.” Additionally, it is (at least) an “agency” of the county and therefore subject to this law.

The person who appoints the interpreter is “the presiding officer . . . [of a] board, . . . [or] agency.” See RCW [2.43.020\(5\)](#). The appointing authority is required to appoint a certified or qualified interpreter, unless the person waives the requirement in writing.

RCW [2.43.040](#) provides that interpreters are entitled to a reasonable fee for their services. Subsection (3) of that section states that “the cost of providing the interpreter shall be borne by the non-English speaking person unless such person is indigent according to adopted standards of the body. In such a case the cost shall be administrative cost of the governmental body under the authority of which the legal proceeding is conducted.” Whether a taxpayer is “indigent” is to be determined by the local board.

## 6.4 Oath of Truthfulness

All persons who testify before the board shall swear or affirm to tell the truth under penalty of perjury. See WAC [458-14-076\(4\)](#).

An oath may be administered individually, but for most situations, an oath may be given to all witnesses at the same time. To administer an oath, ask all those in attendance who are going to testify to stand. This should include the taxpayer, any taxpayer witnesses, the assessor's representative, and any witnesses for the assessor's office. Any witness that has been sworn in at prior hearings should again have an oath administered to them. Asking witnesses to raise their right hand is optional. Taxpayer representatives who do not intend to testify need not be sworn.

Ask the witnesses the following: "Do each of you who will be testifying today affirm that the testimony you will give will be the truth?"

The Department is unaware of any situation where a witness has answered "no," but if that should happen, the person should not testify. If they insist on providing testimony, the board should discount any testimony given by individuals who have not affirmed they will be truthful.

## 6.5 Opening Remarks

To assure that everyone in attendance understands how the hearing will be conducted, opening remarks by the board chairperson should include the identification of the board members, assessor's representatives, taxpayer or taxpayer representative, and a general overview of how the hearing will proceed.

The opening remarks serve to set the stage for the hearing, which should be somewhat formal yet comfortable. Everyone should be aware that the proceedings will be recorded, and a statement concerning motions for reconsideration, if the board has a policy concerning reconsiderations, should be included.

Important areas to cover in the opening remarks include:

- (a) Introductions.
- (b) The fact that the board and assessor's office are independent of each other.
- (c) The board's duties, i.e., to determine market value as of the assessment date, to determine exempt status, etc.

- (d) The presumption of correctness. The law grants the assessor the presumption of correctness and the burden of proving that an assessed value is incorrect belongs to the taxpayer.
- (e) What constitutes proper evidence, i.e. market sales, market based cost and depreciation information, market based income information. Assessments of other properties, percentage of value increase, personal hardship, and the amount of tax owed are not evidence of market value.
- (f) The board's procedure for making determinations, i.e., at the end of the hearing, at a later date, etc.
- (g) The board's procedure for issuing written determinations, i.e., within 15 days, 30 days, etc.
- (h) The right of all parties to appeal to the State Board of Tax Appeals.
- (I) Length of the hearing and a reminder to use their time wisely.

## 6.6 Order of Proceedings

Once a hearing has been called to order, the parties can begin their cases. Accepted protocol is for the appellant to make an opening statement regarding the general nature of his or her case, followed by a similar opening statement by the respondent. Sometimes a party will prefer to waive the privilege to make an opening statement and proceed with the evidentiary portion of their case.

After the opening statements, the appellant is usually given the opportunity to present his or her case first. The presentation of an appellant's case may consist of testimony by the taxpayer, or may involve the questioning of a number of witnesses by the taxpayer or the taxpayer's representative.

Both the taxpayer and the assessor are allowed an opportunity to cross-examine each other's witnesses before the witnesses are excused.

At the conclusion of the assessor's presentation, each party should be given an opportunity to make a closing argument.

If the board plans to change the sequence, it is prudent for them to obtain agreement by all parties.

## 6.7 Evidence

Each party will usually introduce evidence that they believe supports their respective position. Boards should not limit themselves to the strict evidentiary requirements found in courts of law, but should accept all relevant evidence, including hearsay evidence. The weight to be given to any item of evidence is a matter of judgment for board members.

Board members are encouraged to ask questions of the participants when any matter needs clarification.

## 6.8 Limitations on Testimony

Ideally, witnesses testifying before a board should limit their testimony to relevant evidence and then rest. However, in practice witnesses are prone to ramble on about everything but evidence that supports their case. In some cases, this is harmless and allows a person to at least feel that they have had "their day in court," even if the board finds against them.

On the other hand, boards should not allow witnesses to hold them hostage with testimony that is of no relevance. One way to accomplish this without causing offense is to state at the outset of the hearing that each side will have a set amount of time to complete their testimony.

## 6.9 Supplementary Materials

Both taxpayers and assessor should be strongly encouraged to have all relevant materials in evidence at the time of the hearing. However, there inevitably will arise a situation where relevant evidence is either not available prior to the hearing or is inadvertently not included in evidence.

In these situations, boards should allow parties a reasonable amount of time to submit additional materials, although care should be exercised so that the privilege of submitting supplementary information is not used to delay or prolong a decision.

Copies of all supplemental materials should be given to the opposing party by the party submitting the materials.

If evidence presented at a hearing has not been disclosed as required in WAC [458-14-066\(3\)](#) and (4), then the provisions of WAC [458-14-066\(5\)](#) take effect. After examining the facts and circumstances of the situation, the board must decide whether to admit the evidence.

## 6.10 Reconsideration of Board Orders

There is currently no law requiring boards to reconsider their determinations when asked to do so by one of the parties to an appeal. There is no prohibition in statute or rule for a board to consider other requests or develop their own policy regarding reconsiderations.

Therefore, the Department has advised boards that they may choose to accept and review requests for reconsideration. Reconsiderations should be processed only to correct an egregious error. Due process must be maintained for all parties. The most accepted procedure with respect to such a request remains for the aggrieved party to appeal the local board's determination to the State Board of Tax Appeals.



## 6.11 "Ex Parte" Contact

Ex parte contact means discussing aspects of a case with one party to an appeal with a member or members of the board of equalization without the presence of the other party. Such contact should be avoided because of the appearance of unfairness it can create. Therefore, board members should refrain from discussing a case with either a taxpayer or assessor in the halls or over the telephone.

In situations where a taxpayer or other party to an appeal requests the private mailing address or home phone numbers of board members, refrain from disclosing this information because of the potential for ex parte contact. If a taxpayer or other party to an appeal makes a public record request for this information, the request should be denied and sent to the county legislative authority who may have the ability to disclose this information. However, if a taxpayer or other party to an appeal does contact a board member at home or outside of a hearing situation, the board member should politely refuse to discuss the specific case, citing the ex parte contact prohibition.

## PART 7 – The Process of Equalization

### 7.1 Introduction

RCW [84.48.010](#) authorizes county boards of equalization to "equalize" property values in the county. However, the statute does not offer any guidance on just how this equalization process is to be performed.

Since equalization occurs without property owners submitting appeal petitions and market evidence, boards must use an alternative approach to determine which properties are candidates for adjustment in value which is consistent with the principles of uniformity of taxation and which respects the presumption of correctness that the assessor enjoys. For example, [RCW 84.48.032](#) authorizes boards to hire appraisers to help carry out their functions such as equalization.

### 7.2 Identifying Discrepancies

There are a number of ways in which boards may become aware of property that is over- or under-assessed.

The first way is by the filing of an appeal by a taxpayer. Through the appeals process, boards may be alerted to problem areas in the county. When the board is informed of possible inequities in the assessed values of similarly situated properties, it is important that the board adequately address those inequities.

For example, a taxpayer may claim that their property is identical with their neighbors but the neighbor has a lower assessed value. While other assessed values are not admissible evidence for determining if the clear, cogent, and convincing standard has been met, this information may raise concerns that need investigating by the board. If a board is apprised of a potential equity problem during an appeal hearing, they should address the concern in the board order. If the discovery is during their regular convened session, the board can review the equalization issues on their own motion and issue an order relative to those issues. If the discovery is outside that 28-day time regular convened session timeframe, the board can state that they have received the information and will investigate during their next regularly convened session or they will request that the Department authorize them to reconvene to investigate. Taxpayer's should have their concerns answered by board orders even if those concerns are not legitimate reasons for determining market value.

Another example is if a board finds that one parcel in a new subdivision is erroneously assessed, it should raise a question of whether other parcels in that area are correctly assessed.

A second way to become aware of potential problems is for boards to adopt "red flag" standards to be used in comparison studies of prior and current assessments. For example, if the last assessed value on a series of parcels was (a) \$70,000, (b) \$75,000, (c) \$80,000, and (d) \$80,000,

and the current assessed value is \$75,000, \$90,000, \$85,000, and \$85,000, respectively, a red flag has been raised concerning parcel (b), since the value of that parcel rose disproportionately to other parcels.

Upon investigation, the evidence may support the current assessed value but at least such disparities should be checked.

A third way for board members to be made aware of potential problems is simply through correspondence from taxpayers. Some taxpayers may not want to go through the appeals process but will telephone or write a letter questioning the assessed value of their property. This can prompt an inquiry into the assessed values in that area.

Once discrepancies have been identified, the next question is whether the board has the authority to adjust the values of certain properties.

Boards of equalization have the authority to equalize property values throughout a county during their regular convened 28-day session of each assessment year once the assessment roll has been certified. If questions arise, or if inequities are discovered after this time period, authority to equalize must be received from the Department of Revenue. Unless reconvening approval for equalization purposes is granted by the Department, any board of equalization holding a hearing after their regular 28-day convened session is limited to reviewing assessed value challenges or other non-valuation issues that are filed pursuant to RCW [84.40.038](#). Regardless, boards of equalization are limited to establishing or equalizing assessed values at market value. Boards do not have the authority to "equalize" by valuing property at less than market value.

For instance: The owner of property "A" appeals an assessed value of \$100,000 to a board of equalization on the basis that other comparable or similar properties are assessed at \$80,000. Without addressing whether the petition is proper, the correct action for a board of equalization is to review and determine market value for the property under appeal using market based information, i.e., comparable sales, etc., not the assessed values of similar properties. Then if the hearing occurs during the board's 28-day regularly convened session, using the equalization authority granted in RCW [84.48.010](#), the board should determine if the assessed values are market values for those properties claimed to show valuation inequities, again using market based information. If the hearing is held after the 28-day regularly convened session, the board should request equalization authority from the Department to investigate and determine the validity of the claim.

### **7.3 Issuing Orders**

Once the board has completed its work equalizing values, the board must deliver the equalized roll to the county assessor so that he or she can make corrections to their records. Board orders must be issued to all affected property owners explaining the reasons for the change in value and the facts and evidence upon which the decision is based. The order must also explain that the property owner or assessor may appeal your decision back to the board of equalization within 30

days. All orders issued by a board must be on a form provided or approved by the Department of Revenue. ([WAC 458-14-116](#))

If the equalization process occurs during the board's regular 28 day convened session, the orders must be completed by the last day of the session.

#### **7.4 Presumption of Correctness vs. Unilateral Power**

If a board finds discrepancies in the assessed values of properties in a given area which have not been appealed, the board may use its equalization authority to adjust those values. However, boards must keep in mind the relationship between the presumption of correctness and the power of local boards to unilaterally adjust property values in the county.

In order to make a finding of inequity or non-uniformity, there must be clear, cogent, and convincing evidence that the original value is not correct. This applies to properties that are appealed and to properties that are examined under a board's equalization authority.

A board should review the assessed values and property characteristics of properties claimed to have valuation inequities. Depending upon the board's determination, an order should be issued adjusting those property values or stating that no inequities exist.

In the previous example, if the assessed value of \$100,000 for property "A" is determined to be correct, the board should issue an order stating the determination and the supporting reasons.

Then depending on the time of year, they should investigate the valuations on the similar properties to determine the accurateness of those assessed values. If the board has clear, cogent and convincing evidence that those property values are not correct, the board should adjust the values and issue an order explaining their action.

If upon review the assessed values of the similar properties cannot be shown to be incorrect by clear, cogent, or convincing evidence, the board should sustain the assessed values and issue an order explaining the reasons for the determination.

Whether the challenge is based on a property owner's petition or equalization investigation, the assessed value placed on the property by the assessor has a presumption of correctness and must be shown by clear, cogent, and convincing evidence to be incorrect before any change should be made.

#### **7.5 Conclusion**

Boards of equalization have the authority to unilaterally equalize the assessed values of property within the 28-day regular convened session between July 15 and August 13, as long as the assessor has certified the current assessment roll. If discrepancies are discovered outside this time period, the board must request the Department grant them the authority to investigate.

The presumption of correctness given to the assessing authority must be overcome regardless of how the issues were raised.

The legal standard of proof that taxpayers need show in order to overcome the assessor's presumption of correctness is proof that is clear, cogent, and convincing. While boards may raise and lower the values of property within a county to market value, they must be sure that the original values are shown to be incorrect by clear, cogent, and convincing evidence before any assessed value is changed.

## PART 8 – Clerks' Responsibilities

RCW [84.48.028](#) authorizes a board of equalization to appoint a clerk and any assistants the board might need all to serve at the pleasure of the board. However, the statute does not define the clerk's duties other than stating that a clerk shall attend all sessions and shall keep the record. The following general guidelines are offered as the basis for a clerk's manual. All suggestions for content are welcome.

### 8.1 Pre-Hearing Duties

#### 1) Post Notice of Sessions

Statute doesn't require posting a notice of sessions of the BOE; however, a form is available (REV 64-0050) for those boards who wish to continue the practice. The Department of Revenue recommends posting the notice in the office of the county assessor, on the courthouse bulletin board, and publishing it in an official newspaper. Suggested items for the notice include:

- The meeting place.
- Time of the meeting.
- Meetings dates of at least three days of the board session.
- Where appeal forms may be obtained.
- Where petition is to be filed.

Keep one copy of the notice and file it as part of the official record.

#### 2) Receive Timely Filed Petitions

Receive timely filed petitions from taxpayers. (WAC [458-14-056](#).) "The sole method for appealing an assessor's determination to the board ... shall be by means of a properly completed and timely filed taxpayer petition."

- (a) Petition filed **in duplicate** with the board on or before July 1 of the assessment year; or,
- (b) Within 30 days (up to 60 days in counties where the legislative authority has extended the deadline) after the date an assessment, value change notice, or other determination notice is mailed or electronically transmitted, whichever is later. (RCW [84.40.038](#).)
- (c) If petition filed by mail, it shall be postmarked no later than the filing deadline. (WAC [458-14-056\(4\)](#).) Keep the envelope as proof of date of filing the petition.
- (d) If hand delivered, petition should be date stamped when received.
- (e) Advise taxpayers in writing of any rejections of appeals due to failure to timely file.
- (f) Advise taxpayers of good cause exception to filing deadline, RCW [84.40.038](#) and WAC [458-14-056\(3\)](#).

### 3) Examine the Petition for Completeness

- (a) A properly completed petition (WAC [458-14-056\(5\)](#)) includes:
- (1) Answers to all relevant questions on Form REV 64 0075 (or 0076, 0077, 0061, 0065, etc.)
  - (2) Sufficient information or statements to inform the board and the assessor of the **reason(s) for the appeal**.
  - (3) All the **documentary evidence** which the taxpayer intends to present at the hearing need not accompany the petition to be deemed complete if otherwise fully and properly completed to preserve taxpayer's right of appeal.

DOCUMENTARY EVIDENCE from parties to an appeal means (WAC [458-14-005 \(11\)](#)):

- Comparable sales data.
  - Cost data.
  - Income data.
  - Any other items of evidence, including maps or photographs, which makes the existence of relevant facts more or less probable.
- (b) Encourage parties to exchange valuation information, including documentary evidence, at a reasonable time prior to hearing. (RCW 84.48.150 and WAC [458-14-066](#).)
- (1) Assessors must submit valuation information requested by the taxpayer within 60 days of the request but at least 21 business days prior to the board hearing.
  - (2) Assessors must submit additional information they plan to present during the hearing at least 21 business days prior to the hearing to the taxpayer and board.
  - (3) Taxpayers' changes or additions to the valuation information they plan to present during the hearing must be provided to the assessor and board at least seven business days prior to the board hearing.
- (c) If the assessor or taxpayer does not meet the exchange of information timelines set forth in WAC [458-14-066](#), the board may take any of the following actions:
- (1) If there is no objection by either party to the board's consideration of new evidence provided by either party, proceed with the hearing;
  - (2) If there is an objection, refuse to consider the evidence that was not timely submitted;
  - (3) Postpone the hearing for a definite time period as designated by the board, a continuance, to provide the parties an opportunity to review all evidence;
  - (4) Proceed with the hearing and provide parties with adequate designated period to rebut or comment on the new evidence prior to the board's decision.
- (d) **Process Requests by the Taxpayer for Valuation Information**
- (a) Requests shall be made on the petition form filed with the board or directly to the assessor within a reasonable time prior to the hearing. (WAC [458-14-066\(2\)](#).)

- (b) The assessor shall provide valuation information within 60 days of the request but at least 21 business days prior to the scheduled hearing date. (RCW [84.48.150](#).)

### **5) Return Incomplete Petitions to the Petitioners**

A copy of the incomplete petitions should be returned to the petitioner with an appropriate form letter explaining the situation, while the board retains the original petition.

The BTA has ruled that a petition containing sufficient information to inform the local board and the assessor of the reasons the assessed value is incorrect is deemed properly complete. (See *Ottmar's Lazy V vs. Douglas County*, BTA docket # 41109).

- (a) Set a reasonable time limit for receiving the completed petition. A reasonable amount of time varies between situations. Typically, a taxpayer within a county should be able to comply within 30 days. A taxpayer from outside the county may require more time, anywhere from 45 to 60 days. Taxpayer's should not be granted excessive periods of time to complete petitions. Generally, no more than 60 days should be allowed to complete petitions.
- (b) When the completed petition is received, attach it to the original petition.
- (c) Any petition not fully and properly completed must not be considered by the board. (RCW [84.40.038](#).)
- (d) If a petition is rejected as incomplete, the petitioner must be notified in writing, giving the petitioner his or her right to appeal the rejection to the State Board of Tax Appeals.

### **6) Assign a Board of Equalization Number to Each Petition**

Assign each appeal a petition number. Then prepare a file folder where all information pertaining to this appeal can be stored.

Each petition needs to be a part of a filing system with cross-references to petitioner's name, BOE number, and county parcel/detail number.

### **7) Provide the Assessor with a Copy of the Completed Petition**

- (a) Timely notification of the complete petition is critical, as the appellant may have requested the assessor supply them with the information they used in determining the market value of the property. If this request is made the assessor must provide this information within 60 days of the date the appellant made the request or at least 14 business days before the hearing.
- (b) The assessor may review the valuation determination of the taxpayer's property and reach an agreement prior to the hearing.
- (c) The assessor may supply the BOE and the appellant with an answer to the petition, which will become part of the file. Assessor's Answer to Petition forms include:
- 64-0053 Assessor's Answer to Personal Property Petition



- 64-0055 Assessor's Answer to Real Property Petition
- 64-0062 Assessor's Response to Request for Review of Forest Land Classification, Designation, or Land Grade
- 64-0066 Assessor's Answer to Petition Appealing Current Use Assessment Valuation or Removal of Classification

The use of these forms is recommended but not required.

### **8) Process Stipulated Agreements – Form Rev 64 0078**

**"Assessment Roll Corrections Agreed to by Taxpayer"** – RCW [84.48.065](#) and WAC [458-14-026](#)

If the assessor and taxpayer reach a signed agreement as to the true and fair value of the taxpayer's property, after the petition is filed, the taxpayer's petition shall be deemed withdrawn as of the date of notification to the board. The following conditions need to be met in order for this to have effect:

- (a) The assessment roll has previously been certified;
- (b) The taxpayer has timely filed a petition with the board for the current year; a reconvened board does not qualify as a timely filed petition requirement; and
- (c) The board has not yet held a hearing on the taxpayer's petition.

If the taxpayer and assessor reach a stipulated value agreement before a hearing is held due to WAC 458-14-127, reconvened boards, the petition is not automatically withdrawn. The board must review the market evidence and issue a board order.

The board has no authority over stipulated value agreements.

### **9) Schedule Board Hearings**

The board does not have the authority to issue valuation determinations for an assessment year that has not been certified to the board by the county assessor. The Department has provided the following certification forms for this purpose:

- REV 64 0051, Assessor's Certificate of Assessment Rolls to the County Board of Equalization
- REV 64 0052, Assessor's Certificate of Real Property Assessment Rolls to the County Board of Equalization
- REV 64 0053, Assessor's Certification of Personal Property Assessment Rolls to the County Board of Equalization

The certification gives custody of the assessment roll to the board of equalization.

- (a) Prepare schedules according to procedure set up by the board, for example, by order of receipt, property classification, type, location, or value. (See Appendix III, Appeal Schedule.)
- (b) Provide notice of hearing date to assessor and taxpayer. (WAC [458-14-076\(2\)](#).)
  - At least twenty-two business days prior to hearing, unless clerk and parties agree upon a shorter time period.
- (c) Notice should include:
  - Taxpayer's name
  - Hearing date, time, and location
  - Account or parcel number
  - File number assigned by clerk
- (d) Be sure all parties are aware of deadlines and scheduled board hearing dates.
- (e) Notify the taxpayer and assessor of the length of the hearing adding: "If you need additional time because the issue is complex, please notify the clerk of the board."

The steps above are designed for the normal appeal in which the taxpayer has filed a timely petition. When a request for reconvening is approved there may be no petition completed. No petition is required by statute or rule, but the Board is still directed to hold a hearing. (See Part 8.3 regarding the processing of reconvening orders.)

## 8.2 Hearing Duties

### 1) Attend All Hearings (RCW [84.48.028](#))

- (a) Make an appropriate number of copies of petition and assessor's answer for each board member or provide each board member with an electronic version of the information. Be sure to take any necessary precautions to ensure confidential information is handled appropriately.
- (b) Try to have all information to BOE members prior to the first meeting of the day.

### 2) Provide Sign-in Sheets to Parties

See Part 6 on conducting hearings.

### 3) Swear In or Affirm Witnesses [WAC [458-14-076 \(4\)](#)]

Suggested: "Do each of you who will be testifying today affirm that the testimony you will give will be the truth?"

### 4) Record All Hearings on Audio Recording Device

WAC [458-14-095\(1\)](#) requires all board hearings or hearings before examiners to be recorded. Clerks need to maintain a filing system for all tape recordings, which are part of the public record.

The public record (WAC [458-14-095\(3\)](#)) includes:

- (a) Date or dates the board was in session;
- (b) Names of board members or hearing examiners in attendance; and
- (c) All evidence presented to the board.

The clerk must complete the Board Clerk's Record of Hearing Form (REV 60 0002) as required in WAC [458-14-095\(5\)](#). This form includes taxpayer mailing information, who was present at the hearing, if the assessor's value was sustained, the assessor's valuation compared to the board's market value, audio tape information, and the signature of either the chairperson or designee.

The provision of RCW [84.48.010](#) which requires "the said record shall be published the same as other proceedings of county legislative authority" is deemed to have been complied with if a summary of the record, Board Clerk's Record of Hearing Form, of the proceedings is published or posted in the same manner as proceedings of the county commissioners.

### **5) Assign Identifying Codes to Evidentiary Exhibits**

If the appellant and assessor have not already labeled their exhibits, the clerk should number each exhibit as it is introduced or request the parties number their exhibits prior to providing them to the board and opposing party.

### **6) Record Confidential Evidence and Testimony**

WAC [458-14-095\(2\)](#) requires that confidential evidence and testimony be recorded on a separate blank tape from the regular hearing.

- (a) Confidential portion of hearings may be closed to the public.
- (b) The clerk shall keep a separate sealed file for all confidential evidence. BOE file number, item number, or other reasonable process of identification should be used.

### **7) Additional Hearing Duties**

At the first meeting, the clerk was previously required to complete and send Form REV 64 0056, "Minutes and Proceedings," to the Department of Revenue (Property Tax Division, PO Box 47471, Olympia, Washington 98504-7471) immediately following the formation of the board of equalization. There is no longer any requirement for the clerk to provide this form to the Department of Revenue. However, the form is still available for those counties that wish to continue this practice. The completed form serves as a document of notification that the BOE met, the members were sworn in, the names of members, etc.

## **8.3 Post-Hearing Duties**

### **1) Issue Orders of the Board (WAC [458-14-116](#))**

Board orders shall be issued on Form REV 64-0058 or a form approved by the Department of Revenue following deliberation of a quorum of the board.

- (a) Orders shall state the facts and evidence upon which the decision is based.
- (b) Orders shall include the reason(s) for the decision.
- (c) Orders shall address all valid claims made in an appeal.
- (d) Orders shall be signed by the chairperson of the board or by written designation, another board member, or clerk.
- (e) As of July 23, 2017, orders must be issued within 45 days of the closing of the hearing date. (SSB 5133) The clerk should mail or serve notice of the decision to the appellant and the assessor and retain a copy for the file.
  - New valuation becomes effective in 30 days, if increased. Valuation effective immediately, if decreased.
  - If an order increasing the assessment is appealed to State Board of Tax Appeals within 30 days, the increase does not become effective until disposition by the BTA. (WAC [458-14-116\(3\)\(b\)](#).)

## 2) **Coordinate Reconvened Boards** (WAC [458-14-127](#))

- (a) Boards may reconvene on their own authority to hear requests or appeals concerning current assessment year when the request is filed by April 30 of the year immediately following the board's regularly convened session.

"Assessment year" means the calendar year when the property is listed and valued by the assessor and proceeds the calendar year when the tax is due and payable. (WAC [458-14-005\(5\)](#).)

Boards may reconvene when:

- (1) Taxpayer requests and submits a sworn affidavit stating notice of change of value for the assessment year was not received at least 15 days prior to deadline for filing the petition and can show proof that value was actually changed. This request must be filed by April 30 of the year following the assessment year. (WAC [458-14-127\(1\)\(a\)](#).) The affidavit does not require a notary's signature.
- (2) Assessor requests and submits a sworn affidavit to the board stating that he or she was unaware of facts which were discoverable at the time of appraisal and that such lack of facts caused the valuation of property to be materially affected. This request must be filed by April 30 of the year following the assessment year. (WAC [458-14-127\(1\)\(b\)](#).) The affidavit does not require a notary's signature.
- (3) In an arms-length transaction, a purchaser or contract buyer acquired interest in property after July 1 but on or before December 31 of the assessment year and the sale price was less than 90 percent of the assessed value. This request must be filed by April 30 of the year following the assessment year. (WAC [458-14-127\(1\)\(c\)](#).)

- (4) Upon request of either the taxpayer or the assessor, boards may reconvene on their own authority to hear appeals with respect to property or value that was omitted from the assessment rolls. No request shall be accepted for any period more than three years preceding the year in which the omission is discovered. (WAC [458-14-127\(2\)](#).) This request must be filed within 30 days, or up to 60 days if the county legislative authority has extended the appeal period, after the mailing of the notification of the discovery of the omitted property or value.
- (5) The assessor or taxpayer requests that the board reconvene and the following conditions apply:
  - (i) Real property within the county is revalued on an annual basis.
  - (ii) A timely appeal was pending before the BOE when the property was revalued for an intervening year, the assessed value did not change, and the taxpayer did not file an appeal for the intervening assessment year.
  - (iii) The reconvening request is filed within 30 days of the board's decision.

Board decisions on reconvening may be appealed to the State Board of Tax Appeals.

(b) Reconvening requests that require Department of Revenue approval:

- (1) The clerk submits request for reconvening on Form 64-0048 for an extension of the annual regularly convened session to enable the board to complete its annual equalization duties. (WAC [458-14-127\(4\)](#).)
- (2) When the taxpayer requests a reconvening and demonstrates proof of actual fraud on the part of the assessor or demonstrates proof that the taxpayer's property is overvalued by 100 percent (WAC [458-14-127\(6\)](#).) Or when the assessor requests a reconvening and demonstrates proof of actual or constructive fraud on the part of the taxpayer. The Department of Revenue's preferred criteria for determining 100 percent overvaluation are:
  - (i) Market value determinations as contained in orders from county boards of equalization or the State Board of Tax Appeals.
  - (ii) Stipulated market value agreements between taxpayers and assessors
  - (iii) Market-based evidence of market value, i.e., an arm's-length transaction with a market value appraisal of the subject property.
- (3) The Department may require any board to reconvene to complete other duties it might lawfully have performed. (WAC [458-14-127\(5\)](#).)

Reasons for granting reconvening requests for prior year assessments are very limited. Questions about reconvening may be directed to the Property Tax Division of the Department at (360) 534-1427.

- (c) A board may not be reconvened later than three years after the date of adjournment of its regularly convened session (RCW [84.08.060](#)). See [WAC 458-14-127\(8\)](#) for additional explanation.

The following are examples of when a board of equalization's regular convened session may start and the last date a request to reconvene a board of equalization must be made to be considered timely:

If the certification occurs on:	Then the regular convened session starts on:	Regular convened session ends on:	Last day to request the board of equalization be reconvened when limited by 3 years:
Any time in 2017	July 17, 2017*	August 13, 2017	August 13, 2020
June 8, 2018	July 16, 2018**	August 12, 2018	August 12, 2021
June 30, 2018	July 16, 2018**	August 12, 2018	August 12, 2021
July 6, 2018	July 20, 2018	August 16, 2018	August 16, 2021
August 8, 2018	August 28, 2018	September 24, 2018	September 24, 2021

\*July 15, 2017 falls on a Saturday, thus the regular convened session starts on the following business day.

\*\*July 15, 2018 falls on a Sunday, thus the regular convened session starts on the following business day.

### 3) Process Reconvening Requests (WAC [458-14-127\(7\)](#))

- (a) The clerk must examine the request for completeness. All reconvening requests shall:
  - Specify assessment year(s) that is the subject of the request.
  - State the specific grounds upon which the request is based.
  - State that the party requesting the reconvening is the owner or duly authorized agent, personal representative or guardian, or is a lessee responsible for payment of the property taxes.
- (b) Verify that the reconvening request was filed by April 30 of the tax year for reason codes 1-3, 30 days, or up to 60 days if the county legislative authority has extended the appeal deadline, from the date the omitted assessment notice was issued for reason code 4, and 30 days from the board's decision for reason code 5.
- (c) If the request is made per reason code 3, the board members must determine if the transaction is arm's-length or not. This decision can be made outside of an open public meeting.
- (c) If request meets the requirements above:
  - (1) Assign petition number(s) for those requests.
  - (2) Make a copy of each request and forward to the assessor.
  - (3) Schedule hearing date according to procedure agreed upon by the board.
- (d) All other steps for scheduling, notifying petitioners, hearings, and issuing board orders are the same as for regularly convened boards.
- (e) If request does not meet the above requirements, notify the taxpayer in writing denying the request and informing them that the board's determination may be appealed to the Board of Tax Appeals.

- (f) Requests for reconvening under reason code 6 or 7 must be forwarded to the Department of Revenue. Make a copy of the request and forward to the assessor for response. Include a copy of the assessor's response with the request, if available, and a copy of any board orders for the property in question if applicable.

Reconvening requests received by the Department of Revenue will be processed as follows:

- Original to board chair, c/o clerk
- One copy to the assessor.
- One copy to the taxpayer if the address is known.
- One copy to the taxpayer's agent if the address is known.
- Backup documentation maintained at DOR.

#### **4) Receive and Process Reconvening Requests approved by DOR or BTA**

- (a) Schedule the hearing for the earliest date available consistent with your board's procedures for scheduling of the more typical petition-based appeals.
- (b) Provide notice of hearing date to both assessor and taxpayer. (WAC [458-14-076\(2\)](#).)
- At least 22 business days prior to hearing, unless clerk and parties agree upon a shorter time period.
- (c) Notice should include:
- Name
  - Hearing date, time, and location
  - Account or parcel number
  - File number assigned by clerk
  - An indication that the hearing is scheduled pursuant to the order of DOR or the BTA and reference to the date of that determination.
  - The specific assessment years for which the request was approved.
- (d) Be sure all parties are aware of deadlines and scheduled board hearing dates.
- (e) Notify the taxpayer of the length of the hearing adding: "If you need additional time because the issue is complex, please notify the clerk of the board."

If a stipulation is offered by the parties to the reconvened board, it does not constitute an automatic withdrawal of the appeal as in the case of a petition hearing. If the board accepts the stipulated value as true and fair value, they may choose not to hold a hearing, but an order must still be issued in this matter.

## **8.4 Other Clerk Duties**

### **1) Record Maintenance, Organization, and Retention**

- (a) Make a filing system for each petition with cross-reference, showing petitioner name, number, and account number.
- (b) Maintain a filing system for all other correspondence received by a board.
- (c) Maintain a filing system for tape recordings of board sessions. Tapes need not be transcribed but should be indexed for easy access.



- (d) Record Retention (RCW [40.14.060](#)). General rule is that records are retained for only 6 years unless they are archival (historical) or evidence for court actions.
- (e) The Department currently collects the following information from each board of equalization on a yearly basis. Tracking these items in your filing system will be helpful when completing our request each spring:
  - Real property petition count
  - Personal property petition count
  - Number of petitions rejected due to incomplete or not filed timely
  - Number of petitions withdrawn without a stipulate value agreement
  - Number of petitions withdrawn due to a stipulated value agreement
  - Number of petitions heard by the board of equalization
  - Number of petitions sustained by the board of equalization
  - Number of appeals forwarded to the State Board of Tax Appeals

## 2) Forms

Maintain a sufficient supply of forms.

- (a) Forms are available on the Department of Revenue's website, [www.dor.wa.gov](http://www.dor.wa.gov) or contact the Department of Revenue, Property Tax Division, at (360) 534-1427, for a copy of the latest board forms. We will send you a master copy of any form we provide.
- (b) Use only current forms. See Appendix C.
- (c) Form REV 64-0056. See "Hearing Duties" (Part 8.2(8), BOE Manual).
- (d) REV 64-0059, Assessor's Certificate of New Construction Value. Clerk will receive a copy from the assessor for the BOE. No action is required. This serves to notify the board that additional value has been placed on the assessment rolls and that value change notices will be sent to taxpayers, who have 30 days to appeal.

## 3) Appeals to the State Board of Tax Appeals (RCW [84.08.130](#))

- (a) Within 30 days after board has served or mailed its decision, any taxpayer, taxing unit, or assessor may appeal to the BTA.
- (b) BTA forms are available from the clerk of the State Board of Tax Appeals at (360) 753-5446 or at [bta.state.wa.us](http://bta.state.wa.us).
- (c) Forward a true and correct copy of the board decision to the BTA and all evidence taken in connection therewith. (WAC [458-14-170\(3\)](#).)
- (d) Label the evidence indicating whether the assessor or appellant supplied the documentation and number each page before sending it to the BTA if this has not already been done.



## PART 9 – State Board of Tax Appeals

The purpose of this section is to present a brief overview of the [State Board of Tax Appeals](#) and to note the similarities and differences between the State Board and county boards of equalization.

### 9.1 Legal Authority

The substantive authority for the State Board of Tax Appeals is contained in [chapter 82.03 RCW](#). The Washington State Board of Tax Appeals is a three-member board. Board members are appointed by the Governor and serve 6-year terms. The State Board is authorized to hire an executive director, a clerk of the board, a tax referees, and other staff as needed. The State Board's procedural authority is contained in chapters [456-09](#) and [456-10 WAC](#). [Chapter 456-09 WAC](#) details the procedures that apply in “formal” hearings. Formal hearings are hearings in which a party or parties desire to have the capability to appeal the State Board’s decision to superior court. [Chapter 456-10 WAC](#) details the procedures that apply in “informal” hearings. Decisions entered after an informal hearing are not appealable to court.

### 9.2 Valuation Appeals

Both the State Board and local boards hear appeals concerning the assessed value of a taxpayer's property. When a taxpayer or assessor do not agree with a county board’s decision, either party—within 30 days of the mailing date of the decision—may appeal the decision to the Washington State Board of Tax Appeals. Additionally, if the taxpayer, assessor, and the county board agree, a request for the State Board to hear the appeal directly can be filed with the State Board. If the State Board agrees to hear the direct appeal, they accept the appeal. However, if the State Board does not agree to accept the appeal, the county board is required to consider the appeal.

If the market approach is used, both the State Board and boards may only consider sales of comparable properties in making their decision. Assessed values of comparable properties are not considered. The State Board is prohibited from raising the value of any property under appeal to a value that is greater than either the value determined by the assessor or the value established by the local board. (RCW [84.08.060](#).)

### 9.3 Exemption and Other Appeals

Both the State Board and local boards review exemption determinations made by assessors. However, county boards are limited to hearing a narrow range of exemption determinations made by assessors. The State Board hears appeals of these county board determinations as well as exemption determinations made by the Department of Revenue.

RCW [82.03.130](#) authorizes the State Board to hear appeals from county boards and a variety of other appeals, including appeals of excise, sales, and use taxes as well as appeals on the sale price of second class shore lands by the department of Natural Resources, appeals from Urban Redevelopment Property Tax Apportionment Districts, appeals from interest rates used in valuing farmland under current use assessment, and appeals from revisions to stumpage value tables

## 9.4 Equalization

Unlike local boards, the State Board cannot unilaterally raise or lower the assessed value of property. The only way the State Board can affect the assessed value of property is by administrative order pursuant to an appeal by a taxpayer or an assessor.

## 9.5 Standard of Review

When the State Board hears an appeal, it does so on a "de novo" basis. This means that the State Board conducts a full hearing on the appeal, and is not restricted to reviewing only the evidence considered by the county board. Thus, the parties to an appeal can provide new arguments, testimony, and evidence to the State Board that was not presented to the county board. However, the State Board is bound by the same standards of review as county boards. Thus, an assessor's original value enjoys the same presumption of correctness before the State Board as applies at the county level. There is no presumption of correctness to the value placed on the property by the county board, even if the assessor recommends a value change that the county board adopts. See [Attorney General's Opinion 1986 No. 3](#).

The presumption of correctness applies only to the original valuation placed on the property by the assessor. The burden of proof is upon the taxpayer or assessor to show that an assessed value should be changed, i.e., either lowered or increased. As noted in statute (RCW [84.08.060](#)), the State Board cannot raise the value higher than the original assessed value or the value set by the county board. In either case, the original assessment must be incorrect and the standard of proof necessary to show an error is clear, cogent, and convincing evidence. For example, if the assessor argues undervaluation at the county board and provides clear, cogent, and convincing evidence to raise the original assessment, the assessor still has the burden of persuading the State Board with clear, cogent, and convincing evidence that the value should be raised. If a taxpayer or assessor seeks a value lower than the original assessment, the taxpayer or assessor has the same burden.

When the taxpayer establishes by clear, cogent, and convincing evidence that a correction is warranted to an assessor's particular factual valuation judgment, the standard of proof shifts to the preponderance of the evidence to establish the proper fact. The statutory presumption of correctness and the clear, cogent, and convincing standard of proof still apply to the assessor's judgments on unrelated factual issues. See *Weyerhaeuser Co. v. Easter*, 126 Wn.2d 370, 894 P.2d 1290 (1995). For example, if the taxpayer provides clear, cogent, and convincing evidence that an element of the income approach, such as the capitalization rate, is erroneous, that particular factual judgment should be decided on the preponderance of the evidence. For

unrelated factual issues, such as operating income, vacancy rates, and expenses the clear, cogent, and convincing standard of proof still applies. The standard of proof also shifts to the preponderance of the evidence when the assessor admits error with respect to a particular factual valuation judgment. The assessor's admission of error with respect to a particular factual valuation judgment constitutes clear, cogent, and convincing evidence that the assessment is flawed and the statutory presumption of correctness afforded the assessor's original value is no longer applicable. See *Weyerhaeuser Co. v. Easter*, 126 Wn.2d 370, 894 P.2d 1290 (1995). The proper value for a property is then determined according to a preponderance of the evidence.

## 9.6 WAC Rules for Formal Hearings

### Chapter 456-09 WAC

#### Introduction

[456-09-001](#) Purpose and application of chapter

#### Hearing Options

[456-09-010](#) Distinction between formal and informal hearing and converting an appeal.

#### Administration

[456-09-110](#) Definitions.

[456-09-120](#) Organization and office.

[456-09-130](#) Quorum.

[456-09-140](#) Meetings of the Board.

#### Practice Before the Board

[456-09-210](#) Appearance and practice before the board.

[456-09-215](#) Notice of appearance by representatives.

[456-09-220](#) Rules of professional conduct.

[456-09-230](#) Ex parte communication.

#### Appeal Procedure

[456-09-300](#) Commencing the appeal.

[456-09-310](#) Contents of notice of appeal.

[456-09-315](#) Deadlines for submitting the notice of appeal.

[456-09-325](#) Date and manner of submitting the notice of appeal.

[456-09-330](#) Amendments to notice of appeal.

[456-09-335](#) Response.

[456-09-340](#) Intervention.

#### Service of Papers

[456-09-345](#) Service of papers on parties and proof of service.

### **Prehearing and Hearing Procedure**

[456-09-510](#) Limitation on discovery.

[456-09-520](#) Subpoena.

[456-09-530](#) Settlement conference.

[456-09-540](#) Prehearing conference.

[456-09-545](#) Summary judgment.

[456-09-550](#) Time in which evidence, briefs, and replies must be submitted.

[456-09-552](#) Amicus.

[456-09-555](#) Motions.

[456-09-560](#) Postponement, continuance, and extensions of time.

[456-09-565](#) Teleconference proceeding.

[456-09-570](#) Notice of hearing.

[456-09-575](#) Notice of hearing to limited-English speaking parties.

### **Hearing Procedure**

[456-09-740](#) Testimony under oath.

[456-09-742](#) Recording devices.

[456-09-745](#) Failure to attend and hearing on the record.

[456-09-750](#) Dismissal, stipulation, and withdrawal of actions

[456-09-755](#) Rules of evidence and admissibility criteria.

[456-09-762](#) Hearings – Interpreters.

[456-09-765](#) Official notice.

### **Disposition of Cases**

[456-09-910](#) Assistance to board.

[456-09-915](#) Presentation of post hearing evidence.

[456-09-920](#) Initial or final decision.

[456-09-925](#) Initial decision.

[456-09-930](#) Petition for review of an initial decision, replies, and disposition.

[456-09-955](#) Petition for reconsideration of a final decision.

[456-09-960](#) Record on appeal.

### **SEPA**

[456-09-970](#) Applicability of SEPA guidelines.

## 9.7 WAC Rules for Informal Hearings

### Chapter 456-10 WAC

#### Introduction

[456-10-001](#) Purpose and application of chapter

#### Hearing Options

[456-10-010](#) Distinction between formal and informal hearing and converting an appeal.

#### Administration

[456-10-110](#) Definitions.

[456-10-120](#) Alternative procedures.

[456-10-140](#) Organization and office.

[456-10-150](#) Quorum.

[456-10-160](#) Meetings of the board.

#### Practice Before the Board

[456-10-210](#) Appearance and practice before the board.

[456-10-215](#) Notice of appearance by representatives.

[456-10-220](#) Rules of professional conduct.

[456-10-230](#) Ex parte communication.

#### Appeal Procedure

[456-10-300](#) Commencing the appeal.

[456-10-310](#) Contents of notice of appeal.

[456-10-315](#) Deadlines for submitting the notice of appeal.

[456-10-325](#) Date and manner of submitting the notice of appeal.

[456-10-330](#) Amendments to notice of appeal.

[456-10-335](#) Response.

#### Service of Papers

[456-10-410](#) Service of papers on parties and proof of service.

#### Prehearing and Hearing Procedure

[456-10-500](#) Prehearing conference.

[456-10-501](#) Limitation on discovery.

[456-10-503](#) Summary judgment.

[456-10-505](#) Time in which evidence, briefs, and replies must be submitted.

<a href="#">456-10-507</a>	Amicus.
<a href="#">456-10-510</a>	Motions.
<a href="#">456-10-515</a>	Postponement, continuance, and extensions of time.
<a href="#">456-10-520</a>	Teleconference proceeding.
<a href="#">456-10-530</a>	Notice of hearing.
<a href="#">456-10-540</a>	Hearing procedure.
<a href="#">456-10-545</a>	Testimony under oath.
<a href="#">456-10-547</a>	Recording devices.
<a href="#">456-10-550</a>	Failure to attend and hearing on the record.
<a href="#">456-10-555</a>	Dismissal, stipulations, and withdrawal of actions.
<a href="#">456-10-560</a>	Rules of evidence and admissibility criteria.
<a href="#">456-10-565</a>	Official notice.

#### **Disposition of Cases**

<a href="#">456-10-710</a>	Assistance to board.
<a href="#">456-10-715</a>	Presentation of post hearing evidence.
<a href="#">456-10-725</a>	Proposed decision.
<a href="#">456-10-730</a>	Exceptions to proposed decision, replies, and disposition.
<a href="#">456-10-755</a>	Petition for reconsideration of a final decision.

#### **SEPA**

<a href="#">456-10-970</a>	Applicability of SEPA guidelines.
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## APPENDIX A – Statutes

### A.1 Chapter 84.08 RCW – General Powers and Duties of Department of Revenue

- [84.08.005](#) Adoption of provisions of [chapter 82.01 RCW](#).
- [84.08.010](#) Powers of department of revenue – General supervision – Rules and processes – Visitation of counties.
- [84.08.020](#) Additional powers – To advise county and local officers – Books and blanks – Reports.
- [84.08.030](#) Additional powers – To test work of assessors – Supplemental assessment lists – Audits.
- [84.08.040](#) Additional powers – To keep valuation records – Access to files of other public offices.
- [84.08.050](#) Additional powers – Access to books and records – Hearings – Investigation of complaints.
- [84.08.060](#) Additional powers – Power over county boards of equalization – Reconvening – Limitation on increase in property value in appeals to board of tax appeals from county board of equalization.
- [84.08.070](#) Rules and regulations authorized.
- [84.08.080](#) Department to decide questions of interpretation.
- [84.08.115](#) Department to prepare explanation of property tax system.
- [84.08.120](#) Duty to obey orders of department of revenue.
- [84.08.130](#) Appeals from county board of equalization to board of tax appeals – Notice.
- [84.08.140](#) Appeals from levy of taxing district to department of revenue.
- [84.08.190](#) Assessors to meet with department of revenue.
- [84.08.210](#) Confidentiality and privilege of tax information – Exceptions – Penalty.

### A.2 Chapter 84.09 – General Provisions

- [84.09.090](#) Electronic Notices

### A.3 Chapter 84.37 RCW – Property Tax Deferral Program

- [84.37.010](#) Findings – Intent.
- [84.37.020](#) Definitions.
- [84.37.030](#) Deferral program qualifications.

<a href="#">84.37.040</a>	Deferral program administration.
<a href="#">84.37.050</a>	Renewals – Requirement to reside on property.
<a href="#">84.37.060</a>	Right to defer not reduced by contract or agreement.
<a href="#">84.37.070</a>	State lien on property.
<a href="#">84.37.080</a>	Conditions under which deferment ends.
<a href="#">84.37.090</a>	Applicable statutory provisions.
<a href="#">84.37.900</a>	Severability – 2007 sp.s.c 2.
<a href="#">84.37.901</a>	Application – 2007 sp.s.c 2.
<a href="#">84.37.902</a>	Review by the joint legislative audit and review committee.
<a href="#">84.37.903</a>	Effective date – 2007 sp.s. c 2.

#### A.4 Chapter 84.40 RCW – Listing of Property

<a href="#">84.40.020</a>	Assessment date – Average inventory basis may be used – Public inspection of listing, documents, and records.
<a href="#">84.40.025</a>	Access to property required.
<a href="#">84.40.030</a>	Basis of valuation, assessment, appraisal – One hundred percent of true and fair value – Exceptions – Leasehold estates – Real property – Appraisal – Comparable sales.
<a href="#">84.40.0301</a>	Determination of value by public official – Review – Revaluation – Presumptions.
<a href="#">84.40.031</a>	Valuation of timber and timberlands – Criteria established.
<a href="#">84.40.032</a>	Valuation of timber and timberlands – "Timberlands" defined and declared lands devoted to reforestation.
<a href="#">84.40.033</a>	Valuation of timber and timberlands – Legislative findings.
<a href="#">84.40.036</a>	Valuation of vessels – Apportionment.
<a href="#">84.40.037</a>	Valuation of computer software – Embedded software.
<a href="#">84.40.038</a>	Petition county board of equalization – Limitation on changes to time limit – Waiver of filing deadline – Direct appeal to state board of tax appeals.
<a href="#">84.40.039</a>	Reducing valuation after government restriction – Petitioning assessor – Establishing new valuation – Notice – Appeal – Refund.
<a href="#">84.40.040</a>	Time and manner of listing.
<a href="#">84.40.042</a>	Valuation and assessment of divided or combined property.
<a href="#">84.40.045</a>	Notice of change in valuation of real property to be given taxpayer – Copy to person making payments pursuant to mortgage, contract, or deed of trust –



	Procedure – Penalty.
<a href="#">84.40.060</a>	Personal property assessment.
<a href="#">84.40.065</a>	Listing of taxable ships and vessels with department – Assessment – Rights of review.
<a href="#">84.40.070</a>	Companies, associations – Listing.
<a href="#">84.40.080</a>	Listing omitted property or improvements.
<a href="#">84.40.085</a>	Limitation period for assessment of omitted property or value – Notification to taxpayer of omission – Procedure.
<a href="#">84.40.090</a>	Taxing districts to be designated – Separate assessments.
<a href="#">84.40.110</a>	Examination under oath – Default listing.
<a href="#">84.40.120</a>	Oaths, who may administer – Criminal penalty for willful false listing.
<a href="#">84.40.130</a>	Penalty for failure or refusal to list – False or fraudulent listing, additional penalty.
<a href="#">84.40.150</a>	Sick or absent persons – May report to board of equalization.
<a href="#">84.40.160</a>	Manner of listing real estate – Maps.
<a href="#">84.40.170</a>	Plat of irregular subdivided tracts – Notice to owner – Surveys – Costs.
<a href="#">84.40.175</a>	Listing of exempt property – Proof of exemption – Valuation of publicly owned property.
<a href="#">84.40.178</a>	Exempt residential property – Maintenance of assessed valuation – Notice of change.
<a href="#">84.40.185</a>	Individuals, corporations, limited liability companies, associations, partnerships, trusts, or estates required to list personalty.
<a href="#">84.40.190</a>	Statement of personal property.
<a href="#">84.40.200</a>	Listing of personalty on failure to obtain statement – Statement of valuation to person assessed or listing – Exemption.
<a href="#">84.40.210</a>	Personalty of manufacturer, listing procedure, statement – "Manufacturer" defined.
<a href="#">84.40.220</a>	Merchant's personalty held for sale – Consignment from out of state – Nursery stock assessable as growing crops.
<a href="#">84.40.230</a>	Contract to purchase public land.
<a href="#">84.40.240</a>	Annual list of lands sold or contracted to be sold to be furnished assessor.
<a href="#">84.40.315</a>	Federal agencies and property taxable when federal law permits.
<a href="#">84.40.320</a>	Detail and assessment lists to board of equalization.
<a href="#">84.40.335</a>	Lists, schedules or statements to contain declaration that falsification subject to perjury.

<a href="#">84.40.340</a>	Verification by assessor of any list, statement, or schedule – Confidentiality, penalty.
<a href="#">84.40.343</a>	Mobile homes – Identification of.
<a href="#">84.40.344</a>	Mobile homes – Avoidance of payment of tax – Penalty.
<a href="#">84.40.350</a>	Assessment and taxation of property losing exempt status.
<a href="#">84.40.360</a>	Loss of exempt status – Property subject to pro rata portion of taxes for remainder of year.
<a href="#">84.40.370</a>	Loss of exempt status – Valuation date – Extension on rolls.
<a href="#">84.40.380</a>	Loss of exempt status – When taxes due and payable – Dates of delinquency – Interest.
<a href="#">84.40.390</a>	Loss of exempt status – Taxes constitute lien on property.
<a href="#">84.40.405</a>	Rules for agricultural products and business inventories.
<a href="#">84.40.410</a>	Valuation and assessment of certain leasehold interests.

## **A.5 Chapter 84.48 RCW – Equalization of Assessments**

<a href="#">84.48.010</a>	County board of equalization – Formation – Per diem – Meetings – Duties – Records – Correction of rolls – Extending taxes – Change in valuation, release or commutation of taxes by county legislative authority prohibited.
<a href="#">84.48.014</a>	County board of equalization – Composition of board – Appointment – Qualifications.
<a href="#">84.48.018</a>	County board of equalization – Chairman – Quorum.
<a href="#">84.48.022</a>	County board of equalization – Meetings.
<a href="#">84.48.026</a>	County board of equalization – Terms – Removal.
<a href="#">84.48.028</a>	County board of equalization – Clerk – Assistants.
<a href="#">84.48.032</a>	County board of equalization – Appraisers.
<a href="#">84.48.034</a>	County board of equalization – Duration of order.
<a href="#">84.48.036</a>	County board of equalization – Annual budget.
<a href="#">84.48.038</a>	County board of equalization – Legal advisor.
<a href="#">84.48.042</a>	County board of equalization – Training school.
<a href="#">84.48.046</a>	County board of equalization – Operating manual.
<a href="#">84.48.050</a>	Abstract of rolls to state auditor – State action if assessor does not transmit, when.
<a href="#">84.48.065</a>	Cancellation and correction of erroneous assessments and assessments on property on which land use designation is changed.
<a href="#">84.48.075</a>	County indicated ratio – Determination by department – Submission of

preliminary ratio to assessor – Rules – Use classes – Review of preliminary ratio – Certification – Examination of assessment procedures – Adjustment of ratio.

- [84.48.080](#) Equalization of assessments – Taxes for state purposes – Procedure – Levy and apportionment – Hypothetical levy for establishing consolidated levy – Rules – Record.
- [84.48.110](#) Transcript of proceedings to county assessors – Delinquent tax for certain preceding years included.
- [84.48.120](#) Extension of state taxes.
- [84.48.130](#) Certification of assessed valuation to taxing districts.
- [84.48.140](#) Property tax advisor.
- [84.48.150](#) Valuation criteria including comparative sales to be made available to taxpayer – Change.
- [84.48.200](#) Rules.

## APPENDIX B – WAC Rules

### B.1 Chapter 458-14 WAC – County Boards of Equalization

- [458-14-001](#) Boards of equalization – Introduction.
- [458-14-005](#) Definitions.
- [458-14-015](#) Jurisdiction of county boards of equalization.
- [458-14-025](#) Assessment roll adjustments not requiring board action.
- [458-14-026](#) Assessment roll corrections agreed to by taxpayer.
- [458-14-035](#) Qualifications of members – Term – Organization of board – Quorum – Adjournment – Alternate and interim members.
- [458-14-046](#) Regularly convened session – Board duties – Presumption – Equalization to revaluation year.

#### **Rules of Practice and Procedure**

- [458-14-056](#) Petitions – Time limits – Waiver of filing deadline for good cause.
- [458-14-066](#) Requests for valuation information – Duty to exchange documentary information – Time limits.
- [458-14-076](#) Hearings on petitions – Withdrawal.
- [458-14-087](#) Evidence of value – Admissibility – Weight.
- [458-14-095](#) Record of hearings.
- [458-14-105](#) Hearings – Open sessions – Exceptions.
- [458-14-116](#) Orders of the board – Notice of value adjustment – Effective date.
- [458-14-127](#) Reconvened boards – Authority.
- [458-14-136](#) Hearing examiners.
- [458-14-146](#) Conflicts of interest.
- [458-14-156](#) Training seminars.
- [458-14-160](#) Continuances – Ex parte contact.
- [458-14-170](#) Appeals to the state board of tax appeals.
- [458-14-171](#) Direct appeals to board of tax appeals.

## APPENDIX C – Forms and Brochures

### C.1 BOE Forms

Form Number	Form Title
60 0002*	Board Clerks Record of Hearing
64 0001	<a href="#">Petition for Property Tax Refund</a>
64 0002	<a href="#">Senior Citizen and Disabled Persons Exemption from Real Property Taxes</a>
64 0010	<a href="#">Affidavit of Cooperative Housing or Life Estate for Senior Citizens Exemption</a>
64 0011	<a href="#">Senior Citizen and Disabled Persons Declaration to Defer</a>
64 0016	<a href="#">Senior Citizen / Disabled Persons Gross Income Adjustments</a>
64 0018	<a href="#">Change in Status Report – Senior Citizen and Disabled Persons Exemption from Real Property Taxes</a>
64 0035	<a href="#">Special Valuation on Improvements to Historic Property, Application and Certification of</a>
64 0037	<a href="#">Removal of Special Valuation on Historic Property</a>
64 0038	<a href="#">Transfer of Designated Forest Land to Current Use Classification, Application for</a>
64 0044	<a href="#">Taxpayer Petition to County Board of Equalization for Review of Real Property Valuation Determination for Leasehold Excise Tax Purposes</a>
64 0048	<a href="#">Request for Reconvening</a>
64 0049 *	Notice of Approval to Hear Property Tax Appeals
64 0050 *	Notice of Meeting of the County Board of Equalization
64 0051	<a href="#">Assessor's Certificate of Assessment Rolls to County Board of Equalization</a>
64 0053	<a href="#">Assessor's Answer to Personal Property Petition to the County Board of Equalization</a>
64 0055	<a href="#">Assessor's Answer to Real Property Petition</a>
64 0056 *	Minutes and Proceedings of the County Board of Equalization
64 0058 *	Order of the County Board of Equalization
64 0059	<a href="#">Assessor's Certificate of New Construction Value to County Board of</a>

	<a href="#">Equalization</a>
64 0060	<a href="#">Change of Classification or Use</a>
64 0061	<a href="#">Petition to the County Board of Equalization Requesting Review of Forest Land Designation</a>
64 0062	<a href="#">Assessor's Response to Request for Review of Forest Land Designation</a>
64 0064 *	_____ County Board of Equalization (Sign-in Sheet)
64 0066	<a href="#">Assessor's Answer to Petition Appealing Current Use Assessment Valuation or Removal of Classification</a>
64 0070	<a href="#">Notice of Request to Remove Current Use Assessment Classification</a>
64 0071	<a href="#">Notice of Intent to Remove Current Use Assessment Classification</a>
64 0072	<a href="#">Request for Information Verifying Intent to Continue Farm and Agricultural Land Classification</a>
64 0073	<a href="#">Request for Information Verifying Intent to Continue Current Use Classification</a>
64 0075	<a href="#">Taxpayer Petition to the County Board of Equalization for Review of Real Property Valuation Determination</a>
64 0076	<a href="#">Taxpayer Petition to the County Board of Equalization for Review of Personal Property Valuation Determination</a>
64 0077	<a href="#">Taxpayer Petition to the County Board of Equalization for Review of Current Use Determination</a>
64 0078	<a href="#">Assessment Roll Corrections Agreed to by the Taxpayer</a>
64 0079	<a href="#">Request for Direct Appeal to the State Board of Tax Appeals</a>
64 0090	<a href="#">Taxpayer Petition to the County Board of Equalization for Review of Senior Citizen/Disabled Person Exemption or Deferral Determination</a>
64 0105	<a href="#">Deferral Application for Homeowners with Limited Income</a>

\* Contact the Department of Revenue for a copy.

<b>C.2 Informational Brochures</b>	
<b>Form Number</b>	<b>Form Title</b>
Info. Sheet	<a href="#">Appealing Your Property Tax Valuation to the County Board of Equalization</a>
Info. Sheet	<a href="#">Homeowner's Guide to Property Taxes</a>
Info. Sheet	<a href="#">Nonprofit Organizations</a>
Info. Sheet	<a href="#">Open Space Taxation Act</a>

Info. Sheet	<a href="#">Personal Property Tax</a>
Info. Sheet	<a href="#">Property Tax Assistance Program for Widows or Widowers of Veterans</a>
Info. Sheet	<a href="#">Property Tax Deferrals for Senior Citizens and Disabled Persons</a>
Info. Sheet	<a href="#">Property Tax Exemptions for Senior Citizens and Disabled Persons</a>
Info. Sheet	<a href="#">State School Levy Property Tax Tip Sheet</a>

*\*Contact the Department of Revenue for a copy.*

<b>C.3 State Board of Tax Appeals Forms</b>	
<b>Form Number</b>	<b>Form Title</b>
BTA 100	<a href="#">Notice of Appeal – Informal – Property</a>
BTA 105	<a href="#">Response to Notice of Appeal</a>
BTA 110	<a href="#">Notice of Appeal – Informal – Property Tax Exemption</a>
Q & A	<a href="http://bta.state.wa.us/appeal/property.htm#qa">http://bta.state.wa.us/appeal/property.htm#qa</a>
BTA Rules	Rules of Practice and Procedure – Chapters <a href="#">456-09 WAC</a> and <a href="#">456-10 WAC</a>

## APPENDIX D – Miscellaneous Materials

### D.1 Information Sheet

**Boards of Equalization have authority to rule on petitions for the following:**

- |  |  |
|--|--|
| 1. Market valuation and equalization   | RCW <a href="#">84.48.010</a>                                |
| 2. Forest land valuation   | RCW <a href="#">84.33.140</a>                                |
| 3. Forest land designation   | RCW <a href="#">84.33.130</a>                                |
| 4. Forest land removal   | RCW <a href="#">84.33.140</a>                                |
| 5. Current use removal   | RCW <a href="#">84.34.108</a>                                |
| 6. Senior citizen exemption denial by the county assessor  | RCW <a href="#">84.48.010</a>                                |
| 7. Senior citizen deferral   | RCW <a href="#">84.38.040</a>                                |
| 8. Denial of claim for exemption of improvements on single family dwellings  | RCW <a href="#">84.48.010</a><br>& <a href="#">84.36.400</a> |
| 9. Any decision on the disqualification of historic property eligible for special valuation, or any other dispute, may be appealed to the county board of equalization | RCW <a href="#">84.26.130</a>                                |
| 10. Denial of current use farm and ag classification   | RCW <a href="#">84.34.035</a>                                |
| 11. Destroyed property reduction   | RCW <a href="#">84.70.010</a>                                |
| 12. Valuation reductions after government restriction  | RCW <a href="#">84.40.039</a>                                |
| 13. Valuation of property previously qualified for a multi-unit housing exemption  | RCW <a href="#">84.14.110</a>                                |

The Board of Equalization does not have any authority to rule on the penalty imposed by the county assessor on personal property taxes when the taxpayer has failed to timely file their personal property listing. (RCW [84.40.130](#).)

**The Board of Tax Appeals rules on the following:**

1. Appeals of actions and determinations made by county boards of equalization
2. Market valuation
3. Denial of claim for exemption of nonprofit organizations
4. Decisions made by boards of equalization or the Department of Revenue regarding reconvening requests



<b>D.2 Additional Sources</b>	
Annual update	<a href="#">Personal &amp; Industrial Valuation Guidelines</a>
Annual update	<a href="#">Property Tax Calendar</a>
Annual update	<a href="#">Agricultural Land - Interest Rate and Property Tax Component</a>