

Property Tax Review

November 2013

Volume 14, Issue 3-4

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Special points of interest:

- **Property Tax Reminders** (see page 2-3)
- **Upcoming Training** (see page 15)

Nonprofit Exemption Basics

By Harold Smith, Exemption/Deferral Manager

The Washington State Legislature provides property tax exemption to many of the properties used by about 7,000 nonprofit organizations operating in our state. However, there may be as many as 50,000 nonprofit organizations operating in Washington that do not benefit from a property tax exemption for their property.

Only the uses identified by the Legislature qualify properties for exemption. The best known exemptions are provided for churches, nonprofit schools & colleges, nonprofit hospitals, charitable social services, homes for the aging, nature conservancy properties, cancer clinics and youth, character-building facilities. As these exemptions have grown in number over the years, there are subtle differences between the various nonprofit exemptions and the specific restrictions placed on the use of exempt property. However, here are the basics about nonprofit property tax exemptions in our state:

- All property is taxable unless specifically exempted by law.
- Exemptions provided for nonprofit properties are found in chapter 84.36 RCW.
- The nonprofit organization seeking a property tax exemption must apply to the Department of Revenue and prove that the property qualifies.
- Most nonprofit exemptions have an ownership requirement.
- To remain exempt, the property must be used exclusively for exempt activities.
- A nonprofit organization's property tax exemption must be renewed each year.
- When exemption is granted to a property, that tax burden is shifted onto other taxpayers.

The Department processes 650-700 new applications for exemption each year and reviews about 11,000 renewals with a relatively small audit staff. The nonprofit exemption system is largely self-reporting and relies on the nonprofit organizations to monitor the way their exempt property is used.

Exemptions can be complex, but nonprofit administrators and the professionals that they employ do a remarkable job in following strict nonprofit exemption laws and rules. Disputes over the proper use of exempt property are relatively few in number each year.



Property Tax Reminders

— 2013 —

November 30

City and other taxing district budgets are due to the county legislative authority. (RCW 84.52.020)

The county legislative authority and council of cities/towns with population greater than 300,000 must certify the amount of taxes levied to the county assessor. (RCW 84.52.070)

Also in November

- Treasurer submits Refund Fund Levy Report to DOR Research and Legislative Analysis Division.

December 1*

Eight percent penalty assessed on the current year's delinquent taxes. (RCW 84.56.020)

December 2

(First Monday in December) Boards of County Commissioners may meet to hold budget hearings provided for in RCW 36.40.070. (RCW 36.40.071)

December 31

- (On or before) DOR prepares stumpage values for January through June 2014. (RCW 84.55.091)
- Application due date for senior citizen and disabled person property tax exemption for coming year. (RCW 84.36.385)
- Current Use Program Designated Forest Land applications are due for classification in the next assessment year. (RCW 84.33.130)

Also in December

- Interest rate applicable to farm and agricultural land values set by DOR for the 2014 assessment year. (RCW 84.34.065 and WAC 458-30-262)
- DOR determines value of each grade of forest land and certifies values to county assessors. (RCW 84.33.140)

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Nonprofit Exemption Basics (continued)

(Continued from page 1)

There are about 40 different nonprofit exemptions granted by the Legislature. They are listed in the Exemption Matrix, which comes from page 3 of our application form: #63 0001 Application for Property Tax and Leasehold Excise Tax Exemption http://dor.wa.gov/content/getaformpublication/formbysubject/forms_prop.aspx#Exemption

The matrix gives a pretty complete summary of the statutes and rules that apply to each exemption. The statutes that are referenced for each exemption can be reviewed at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=84.36>

The administrative code (rules) that further explain the exemptions can be found at: <http://apps.leg.wa.gov/wac/default.aspx?cite=458-16>

The links provided above should lead to the information that nonprofits need to obtain, to keep and to understand a specific property tax exemption. However, we hope you will consider the property tax division staff to be your best source of information and assistance when needed. Please don't hesitate to call us at (360) 534-1400 and ask for exemptions & deferrals.♦

Updating the Valuation Guidelines—Suggestions Welcome

By Pete Levine, Personal Property Supervisor

The Department has begun the process of updating the **Personal and Industrial Property Valuation Guidelines** for the 2014 assessment year by soliciting input from many of the stakeholders involved in the assessment of personal property.

We invite input to the Guidelines at any time during the year and attempt to incorporate suggested ideas, keeping in mind the needs of all stakeholders. If you would still like to make any suggestions or provide feedback, please review the questions below and email your response to PetelL@dor.wa.gov. As time permits, we will use information gathered to update the Guidelines for the 2014 assessment year and subsequent assessment years for areas which may need additional study or review.

- ♦ What needs to be modified, deleted, or added to the **Personal and Industrial Property Valuation Guidelines**? Why? What do you recommend?
- ♦ Are there any Business Activity or Type of Business Trend column recommendations in the 2013 Index needing review or possibly revised for the future? Why? What do you recommend?
- ♦ Are there any types of assets or business activities you believe need studying? Why? What data can you provide to assist in the study?
- ♦ Are there any types of assets or business activities not listed in the Index that should be listed? If so, which ones? Why?
- ♦ Do you have data about any assets, business activity, or type of business that might help recalibrate an existing guideline?

Please provide data or studies you have as it is useful and may be beneficial in working together to collect data for study. If you have any questions or comments, please do not hesitate to contact me directly at (360) 534-1423.♦

Property Tax Reminders

(Continued from page 2)

— 2014 —

January 1*

Existing real and personal property is valued as of January 1 of the assessment year for taxes due and payable in the following tax year. (RCW 84.36.005 and RCW 84.40.020)

January 15

County assessor delivers tax roll to county treasurer and provides county auditor with an abstract of the tax rolls showing total amount of taxes collectible in each taxing district. (RCW 84.52.080)

Also in January

- Property taxes can be paid once the treasurer has provided notification that the tax roll (based on last year's assessments) has been completed. (RCW 84.56.020)
- Personal property listing forms are mailed. (RCW 84.40.040)
- Renewals for deferral participants who received deferral in previous year are mailed—Deferral for Senior Citizen and Disabled Persons and Deferral Program for Homeowners with Limited Income. (RCW 84.37.050 and RCW 84.38.050)
- DOR mails renewals for prior year participants in the Property Tax Assistance Program for Widow/Widowers of Qualified Veterans. (RCW 84.39.030)

2012 Assessor Statistics Released

By Tarah Kimbrough, Real Property Analyst

A compilation of survey data related to the operation of assessors' offices titled, **A Comparison of County Assessor Statistics for 2012** (*Comparison Report*) has recently been released. The report provides property tax administrators with comparative statistics to assist in the analysis and evaluation of their assessment operations and the adequacy of assessment resources. *The Comparison Report* is designed to serve as a starting point for the administrator or decision-maker.

The Comparison Report statistics are based on locally assessed taxable parcels. Use of taxable parcels reflect much of the assessor's workload, however it should be noted that additional listed nontaxable/exempt and state assessed parcels also require use of county resources.

Comparison Report Highlights

Washington's 39 county assessors operate within unique local geographical, political, and economic environments that often influence the attributes of a county's assessment system and the level of services they provide. Consequently, making direct comparisons between statewide averages or individual counties may result in distorted or misleading conclusions unless additional information is considered or more in-depth analysis is conducted.

Staffing—Measured by full time staff equivalents on a statewide basis, the level of staffing for 2012 increased 1.3 percent from 2011. They are projected to slightly increase in 2013 as well.

Budgets—Comparison of assessors' budgets (less central services) from 2011 to 2012 reflects a change for individual counties in the range of -17.1 percent to 36.3 percent and an average increase of 3.37 percent, up substantially from last year's .35 percent. Assessors' budgets (less central services) for 2013 reflect a change for individual counties in the range of -23 percent to 17.6 percent. The average increase in 2013 budgets is down roughly a percent from last year at 2.38 percent.

Workloads—Statewide the average number of parcels per appraiser was 7,407, down less than 1 percent from 2011. The average number of inspections per appraiser was 1,417, which is down 37 inspections from 2011. The average number of parcels per county staff member statewide was 3,347, down slightly from 2011's average of 3,363.

New Construction—Parcels with new construction decreased from 71,801 parcels in 2011 to 58,477 in 2012. New property placed on assessment rolls in 2012 decreased approximately 15 percent from \$7,871,981,937 in 2011 to \$6,714,269,728 in 2012.

Changes this Year

We are still providing the entire report as a cohesive PDF document but beginning this year there are now PDF *and* Excel versions of all the charts. Same report, but now with more functionality!

The current issue and previous issues through 1999, of the Comparison Report are available through the Department of Revenue's web site at this link:

http://dor.wa.gov/content/AboutUs/StatisticsAndReports/stats_proptaxstats_Assessor.aspx ♦

Exemption & Deferral Programs Update

By Harold Smith, Program Manager

The Exemption & Deferral Section at the Property Tax Division directly administers the property tax exemptions that are granted to nonprofit organizations, tribal governments, and certain military housing facilities.

We advise, train, and support local assessors and treasurers as they administer major exemption programs such as the Senior Citizen/Disabled Persons Exemption, government exemptions, personal property exemptions, and many others.

We work in partnership with assessors and treasurers to administer the deferral programs for senior citizens/disabled persons and limited income households. We also administer a modest grant program that helps widows/widowers of veterans pay their property taxes.

Here are some of the numbers and current issues associated with these programs:

Senior Citizen/Disabled Person Exemption

The counties report that 112,773 participants received a reduction in their property taxes due and payable in 2013, providing approximately \$150,000,000 in property tax relief.

Widows/Widowers of Veterans Grants

These grants are approved by our staff in the Spring as we approach the April 30 property tax payment date. In 2013, we paid a total of \$12,515 in property tax assistance grants to 51 widows.

Senior Citizen/Disabled Person Deferral Program

During the fiscal year that ended on June 30, 2013, we approved and paid 1,036 requests from qualified households. We paid \$1,570,810 in taxes and/or special assessments on behalf of senior citizens/disabled persons. These funds are repaid to the state when the property is sold, transferred, or inherited or when the taxpayer moves to another residence. In this same time period, we monitored approximately 1,250 active deferral accounts and received repayments of amounts previously deferred totaling \$1,334,392.

Limited Income Deferral Program

This program allows deferral of a household's second half property tax payment. In the Fall of 2012, we approved and paid 85 requests from qualified households. We paid \$146,311 in taxes on behalf of limited income households. We are currently processing the applications for this year and expect similar levels of participation. Like the other deferral program, these funds are repaid to the state when the property is sold, transferred, or inherited or when the taxpayer moves to another residence. During 2012, we monitored approximately 200 active accounts and received repayments totaling \$66,393.

Nonprofit Exemptions

In 2012, our staff processed 701 applications from nonprofit organizations that were requesting exemption for a new location or adding property to a site that was already exempt. In the first nine months of 2013, we processed 641 of these requests for full or partial exemption of property used for exempt activities.

We monitor approximately 10,800 properties for compliance and require them to renew their exemption each year. We successfully converted our old, paper renewal system to an electronic one, called NEARS. Most nonprofits now go online using their "My Account" at DOR.wa.gov and complete their annual renewal declaration electronically. 98% of our accounts renewed on time by March 31, 2013, and over 85% of our nonprofits used the electronic option.

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Exemption & Deferral Programs Update *(continued)*

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Tribal Properties, Owned In-Fee

We granted full or partial exemption to 300 property parcels in 2012. These are properties owned in-fee by Tribal governments and used for essential government services. Each year some of these properties are transferred to trust status and ownership by the U.S. When they are transferred, these parcels are no longer listed under our program. We currently provide exemption for 1,774 property parcels owned by 26 different federally recognized Tribes with treaty rights in Washington.

Transparency for Exemption and Deferral Programs

The exemption data base that includes all properties that receive an exemption from our Division's programs is shared annually with local county assessors as an audit tool. They use it to be sure that the tax roll properly reflects the exemptions that we grant. We are reshaping the data base so that assessors and treasurers might access it for the latest exemption information at anytime, not just once a year. We hope to be able to share this data with the public through DOR.wa.gov early next year.

Every four years, the Department has done a comprehensive study of exemptions and estimated their impacts on taxpayers. For budget reasons, the 2012 Exemption Study was abbreviated. So, we don't have detailed, current estimates of how these exemptions affect other tax payers. However, the 2008 Exemption Study gives an amazing amount of detail and insight into the property tax exemptions that we administer and the ones managed locally. The study projected what the tax shifts were likely to be through 2011. That report can be reviewed at: http://dor.wa.gov/docs/reports/2008/Tax_Exemptions_2008/Tax_exemptions_2008.pdf#page=88

We have also increased the number and the quality of the reports that we share with the county officials regarding the two deferral programs. The local county treasurer and assessor staff members are usually the first to know that a taxpayer needs help from one of the deferral programs. They handle the initial deferral applications and need to have the latest information about our deferral accounts for possible renewals in successive years. They are the "public face" of the programs and the key to providing great customer service. ♦

Join Our Newsletter Distribution List



To be notified when new editions of our newsletter are available, simply visit the link below and join our email distribution list. Each edition contains articles on a variety of property tax-related topics, a current listing of training opportunities available to assessment personnel, legislative updates, a staff contact list for the Department of Revenue's Property Tax Division, and more.

<https://fortress.wa.gov/dor/efile/SecureForms/content/contactus/email/listservemail.aspx> ♦

2013 Summary of Property Tax Legislation

By David Saavedra, Program Coordinator

The following is a summary of the significant property tax legislation approved during the regular and second special sessions of the 2013 Washington State Legislature. We have included links to the Legislature's site for each of the bills that were adopted. These sites give a very complete picture of how the measures moved through the legislative process. We've also provided contact information for our staff members that may be involved in the implementation of the bill or the ongoing administration of related programs. If you have general questions about the Property Tax Division and our role in the legislative process, please contact us at (360) 534-1400 or DavidS@dor.wa.gov.

HB 1277 Tribes acquiring property interests in classified and designated land

This bill adds federally recognized Indian tribes to the list of entities that can acquire property interests in land classified under chapter 84.34 RCW and designated under chapter 84.33 RCW for conservation-related purposes. Under certain circumstances, land may be removed from classification or designation without the payment of additional tax or compensating tax when the tribe acquires this interest. Property tax statutes amended include RCW 64.04.130.

HB 1277 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1277&year=2013>

DOR Contact: Leslie Mullin at LeslieMu@dor.wa.gov or (360) 534-1424

2SHB 1416 Relating to the financing of irrigation district improvements

This bill changes various provisions governing local improvement districts created by irrigation districts. The definition of "local government" was changed to exclude irrigation districts. As a result, classified farm and agricultural land and timber land will be subject to certain types of special benefit assessments imposed by irrigation districts. Property tax statutes amended include RCW 84.34.310.

2SHB 1416 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1416&year=2013>

DOR Contact: Leslie Mullin at LeslieMu@dor.wa.gov or (360) 534-1424

EHB 1421 Relating to protecting the state's interest in collecting deferred property taxes

This bill was requested by the Department of Revenue to improve the Department's ability to collect deferred property taxes. The bill clarifies how proceeds received by counties when tax title properties are sold should be applied to the county's costs of foreclosure /sale, deferral liens (if any) and then to other taxing district interests. The bill; Directs the disposition of proceeds from a county's sale of tax title property (property acquired at a property tax foreclosure sale). After reimbursements to the county for costs of foreclosure and sale, the proceeds are applied first to outstanding deferred property taxes, next to discharge remaining general tax liens and then to the taxing authorities statutorily entitled to share in the remaining sale proceeds.

Allows the Department to charge off as uncollectible any deferred taxes if the Department is satisfied that there are no cost-effective means of collecting the amount due.

EHB 1421 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1421&year=2013>

DOR Contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410

ESHB 1432 Relating to county property tax levies

This bill allows the county legislative authority flexibility when levying for the Veterans' Assistance and Mental Health earmarked funds. The bill;

Provides an alternative method to determine levy amounts for the Veterans' Assistance Fund and Developmental Disability and Mental Health levies and allows county legislative authorities the ability to increase or decrease such lev-

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2013 Summary of Property Tax Legislation *(continued)*

(Continued from page 6)

ies by the same percentage increase or decrease in the certified county general levy from the prior year instead of levying the statutory rates.

Allows counties to increase the levy amounts for the Veterans' Assistance or Developmental Disability and Mental Health levies more than the percentage change in the county general levy. The levy rate for Developmental Disability and Mental Health may exceed \$0.025 per thousand dollars assessed value under certain circumstances.

Excludes amounts for refund levies and voter-approved lid lifts when counties calculate the percentage increase or decrease in the certified county general levy.

ESHB 1432 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1432&year=2013>

DOR Contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427

EHB 1493 Relating to the property taxation of mobile homes and park model trailers

This bill adds a new section to RCW 84.56 and provides that a manufactured or mobile home park landlord taking ownership of a manufactured or mobile home (premises) through abandonment or foreclosure proceedings, with the intent to resell or rent the same, may seek removal of any outstanding taxes, penalties, and interest under the following specific circumstances.

- The most recent assessed value of the premises is less than \$8,000; and
- The landlord submits a signed affidavit to the county assessor indicating that the landlord has taken ownership of the premises with the intent to resell or rent after:
 - The premises was abandoned, or
 - Title to the premises was lawfully transferred to the landlord after a final judgment of restitution.

The county treasurer, after notification by the county assessor, must remove from the tax rolls any outstanding taxes, interest, and penalties on the manufactured/mobile home or park model trailer. After outstanding taxes, interest, and penalties are removed from the tax rolls, all future taxes are the responsibility of the owner of the manufactured/mobile home.

EHB 1493 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1493&year=2013>

DOR Contact: Pete Levine at PeteL@dor.wa.gov or (360) 534-1423

HB 1576 Relating to creating greater efficiency in the offices of county assessors by allowing notification via electronic means

This bill gives county assessors the option to send assessments, notices, and any other information to persons electronically instead of regular mail if certain criteria are met, including;

- The taxpayer authorizes the electronic means; and
- The assessor uses reasonable methods to protect confidential information, unless the taxpayer waives this requirement.
- Allows for the notice to be electronic mail or other electronic means.

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2013 Summary of Property Tax Legislation *(continued)*

(Continued from page 7)

- Information obtained by the assessor for providing electronic notice and protecting taxpayer information, such as taxpayer e-mail addresses, waivers, or passwords, is not subject to disclosure under the Public Records Act.
- Property tax statutes that are amended include RCW 84.09

HB 1576 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1576&year=2013>

DOR Contact: Cindy Boswell at CindyB@dor.wa.gov or (509) 885-9842

E2SSB 5078 Relating to modifying the property tax exemption for nonprofit fairs

This bill revises RCW 84.36.480 to provide certain fairs a full exemption for fair properties despite their use/rental for non fair purposes in the off-season. The bill also introduces a limitation of assessed value that excludes the Puyallup fair from exemption under this statute. Specifically the bill:

- Clarifies that the existing property tax exemption is allowed for a nonprofit fair association that are eligible to receive support from the fair fund.
- Establishes a new exemption for the property of certain nonprofit fair associations used for fair purposes if the majority of the property was purchased or acquired from a city or county between 1995 and 1998.
- Limits both the current and new exemptions to nonprofit fair associations with real and personal property having an assessed value not exceeding \$15 million. This new limitation precludes the Washington State Fair from receiving a property tax exemption after the effective date of the bill.

E2SSB 5078 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5078&year=2013>

DOR Contact: Harold Smith at HaroldS@dor.wa.gov or (360) 534-1411

SSB 5332 Relating to voter-approved benefit charges for fire protection districts

This bill changes the voter approval requirement for the continuation of benefit charges imposed by fire protection districts from a super majority to a majority requirement. The super majority voter approval requirement for initial imposition is unchanged.

To qualify as a continued charge there must not be a break in time in-between levies, but the amount of the charge can change.

SSB 5332 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5332&year=2013>

DOR Contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427

SSB 5444 Relating to administration of taxes regarding publicly owned property

This bill:

- Eliminates the requirement that county assessors annually value tax-exempt government owned properties;
- When property previously owned by government entities is sold to a taxable ownership the bill requires county assessors to value and list the previously tax-exempt government property beginning January 1 of the year in which the tax exempt status changes; and
- The bill eliminates the leasehold excise tax credit for amounts that are in excess of the amount of property tax that would have applied if the lessee or sub-lessee owned the property.

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2013 Summary of Property Tax Legislation *(continued)*

(Continued from page 8)

- The leasehold excise tax credit for taxpayers who qualify for property tax exemption as a senior citizen or disabled person still applies.

SSB 5444 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5444&year=2013>

DOR Contact: Cindy Boswell at CindyB@dor.wa.gov or (509) 885-9842

DOR Contacts for senior/disabled leasehold excise tax credit: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410 and Jeff Nelson (Leasehold Excise Tax) at JeffN@dor.wa.gov or (360) 570-3244.

SB 5593 Relating to filing requirements for property tax exemption claims for certain improvements to benefit fish and wildlife habitat, water quality, or water quantity

This bill requires landowners to claim the property tax exemption for habitat improvements designed to benefit fish and wildlife habitat, water quality, or water quantity to file application & renewal claims by October 31st of the assessment year, for taxes due during the following year. When renewing the exemption for subsequent years, the landowner must provide a copy of the conservation district's initial certification and the landowner's own current year certification.

SB 5593 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5593&year=2013>

DOR Contact: Harold Smith at HaroldS@dor.wa.gov or (360) 534-1411

SB 5627 Relating to the taxation of commuter air carriers

This bill:

- Exempts from property tax airplanes operated by a commuter air carrier whose ground property and equipment are located primarily on private property; and
- Subjects aircraft owned and operated by a commuter air carrier to a new weight-based aircraft excise tax of between \$500 and \$4,000.

SB 5627 is effective January 1, 2014.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5627&year=2013>

DOR Contact: Scott Sampson at ScottS@dor.wa.gov or (360) 534-1420

SSB 5705 Relating to amounts received by taxing districts from property tax refunds and abatements

This bill:

- Allows taxing districts to levy taxes to recoup cancelled taxes, offset by any amounts received for supplemental taxes such as those paid after property is removed from the current use or designated forest land programs. The constitutional one percent limit, the statutory dollar rate limit, and the aggregate dollar rate limit apply to the refund levy.
- Allows county treasurers to authorize partial payment agreements on past due property taxes, which must include payment of the oldest delinquent tax year, including penalties and interest, within a 12-month period.
- Prohibits county treasurers from assessing additional penalties on delinquent taxes if the taxpayer is successfully participating in a payment agreement for the delinquent taxes.
- Authorizes county treasurers to assess specifically identifiable costs incurred in trying to keep property out of foreclosure ("tax foreclosure avoidance costs,") before filing a certificate of delinquency to initiate the foreclosure process.

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2013 Summary of Property Tax Legislation *(continued)*

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- Authorizes county treasurers to impose a delinquent collection charge for costs incurred by the treasurer in collecting past due personal property taxes.

SSB 5705 is effective July 28, 2013. <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5705&year=2013>

DOR Contacts: Harold Smith at HaroldS@dor.wa.gov or (360) 534-1411

Diann Locke at DiannL@dor.wa.gov or (360) 534-1427

SB 5806 Relating to repealing an obsolete provision for a credit against property taxes paid on timber on public land

This bill repeals an obsolete credit against the forest excise tax (timber tax) for property taxes paid upon privately owned timber standing on public lands. Property tax has not applied to privately-owned timber standing on public lands since January 1, 2005.

SB 5806 is effective July 28, 2013.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5806&year=2013>

DOR Contact: David Saavedra at DavidS@dor.wa.gov or (360) 534-1404♦

Increasing Transparency of the Assessor's Office

By Tarah Kimbrough, Real Property Analyst

What is Transparency and Why is Transparency Important?

Transparency is the act of operating in such a way that is it easy for others to see what actions are performed. It promotes openness, communication, and accountability. In the context of the assessor's office, it means making clear to taxpayers and other interested stakeholders the work that is done. The more transparent the work is, the easier the assessor's job will be in the long run.

In the tax world, property tax has it easier than other forms of tax regarding increasing transparency. The taxable items (properties) are viewable by the public, the values and tax amount are public record, and the system for real property is not self-reporting, so compliance is often higher than other taxes. With the exception of confidential income and expense data, most property tax information can be disclosed without fear of breaking taxpayer confidentiality.

By ensuring property tax information is documented, explainable, and available to all of the constituents, the assessor will reap the following benefits:

- Decrease the number of phone calls and office visits
- Decrease the number of appeals filed
- Reduce the number of incorrect answers given through improved communication consistency
- Decrease internal staff training time
- Increase taxpayer understanding and compliance
- Increase awareness in the importance of property tax in funding local government services

How to Increase Transparency

To increase transparency of the assessor's office, it is important to effectively communicate the work that is done. A great way to be consistent and effective with assessor's office communication is through the use of public relations. Public relations are the act of managing the flow of information between an organization and the public.

Examples of public relations items often used in the assessor's office include:

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Increasing Transparency of the Assessor's Office *(continued)*

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- Publications and brochures
- Newspaper articles
- Frequently Asked Questions
- Public Service Announcements via the newspaper or television
- PowerPoint presentations used in public meetings
- Procedures manuals
- Websites
- Reports

These items communicate information to the constituents (property owners, civic and professional organizations, lending institutions, developers, attorneys, real estate appraisers and brokers, government agencies and policymakers, tax representatives, and the media). Many counties are already doing public relations in one way or another.

Transparency and the Technological Environment

Our technologically driven society makes transparency more important than ever before. It used to be more common for taxpayers to visit the assessor's office to speak directly with staff. Communication was face-to-face and limited. Today, new generations of taxpayers want instant access to information via the internet. They are looking for websites that are a quick access tool for everything assessment related. Answers to any question, whether they are right or wrong, are available from multiple sources on the internet. By providing accurate and up-to-date property tax information on a website, the assessor can increase the possibility that taxpayers will receive the information that they are seeking. For many people, a website and its content are the only contact they have with their assessor's office so it is important that the assessor provides content that is reliable.

Although a website is vital to present day assessor office transparency, other forms of information dissemination are just as important and complementary. Depending on the county, office visitation may still be the most popular way to get information. It is imperative to understand how customers want to gain information and then customize the information for them. However, the demand for internet based information will grow, so getting ahead of the curve will be beneficial for everyone.

The majority of counties in Washington do not have designated staff responsible for website creation and maintenance of public relations, so creating an effective and efficient plan for increasing transparency can be a difficult and sometimes costly endeavor.

What Makes a Good Assessor's Website

Since all 39 counties in the state of Washington currently have a website, transparency can be improved by simply updating or revising what already exists.

According to the International Association of Assessing Officers *Standard on Public Relations*¹, the assessor's website should include the following items:

- A welcome page by the assessing officer
- Office hours, locations, and contact information
- Property Information, including ownership, property characteristics, sales history, and valuation
- New releases
- Mission statement or strategic plan
- Job openings

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¹International Association of Assessing Officers, "Standard on Public Relations," July 2011, p.10.

Increasing Transparency of the Assessor's Office *(continued)*

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- An explanation of the appeals process
- As assessment notice explanation
- Exemptions
- Assessment cycle timetable
- Q&A page (also known as Frequently Asked Questions [FAQ's])
- Maps
- A parcel's tax history
- Taxpayer forms
- A website map
- Links to other relevant websites

In addition to the listed basics, other helpful features that the Department encourages are:

- An explanation of the valuation process
Detailed explanation of mass appraisal. This is especially important if it's a county that has recently switched from cyclical to annual valuations.
- Mass appraisal reports or valuation reports
- Sales information
- The property tax calendar or an update on what the assessor's office is currently working on
- A complete listing of the primary staff, their contact information, and their area of responsibility
- An explanation of the inspection process and inspection areas identified by map or descriptions
- A schedule of their inspection cycle so taxpayers know when they can expect an appraiser to be in their area
- A picture of the assessor to put a face to the name

Summary

County websites differ dramatically throughout the state and resources available for public relations and website maintenance are often the key in these differences. However, it is important to keep in mind:

- Transparency is the ability to explain the work being done. Remember, the average taxpayer doesn't speak in statistical jargon and understand assessor office acronyms. Plain talk whenever possible and test out the documents and verbiage on people outside the office.
- Listen to customers and take note of questions that are asked frequently and items that always bring about confusion. Turn these items into information points on a website and save time in the future.
- Initially the process of becoming transparent can take a lot of time. In the long run, it will save the assessor's office time and make their jobs easier.

Questions or need advice on increasing transparency? Please contact [Tarah Kimbrough](#) in the Property Tax Division at (360) 534-1363.♦

Property Tax Special Notices

Property Tax Special Notices are generally sent to assessors, treasurers, and those stakeholders that we can identify with a specific interest in the particular topic. Prior to being issued, each Special Notice will go through an internal review process. Special Notices are posted on the Department's website at www.dor.wa.gov under Property Tax Publications. You may also receive a copy of a Special Notice by adding your name to the ListServ. This can be done by going to www.dor.wa.gov, clicking "Find Taxes and Rates," then clicking "Property Tax," and one more click to "Join E-mail Service." A notice will usually provide a contact for more information on the topic.

August 8, 2013

Industrial Development District (IDD) Levies for Port Districts

This *Special Notice* is to clarify the Department's interpretation of the following aspects of IDD levies:

- The second and third periods of six-year levies are not required to immediately follow the previous period(s) of six-year levies.
- The port district is not required to impose these six-year levies in six successive years.

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2013/sn_13_IDDLevies.pdf◆

Faces & Places at Property Tax

Pat Torretta retires! You know that anyone who has been working a job for **34** years will have some stories to tell, and Pat has a few doozies. Pat called it a career on August 30th when he retired from the Property Tax Division. He has appraised all kinds and types of property; commercial, residential, personal, but his claim to fame was as our resident Current Use expert. Pat was a great resource for staff to bounce thoughts and ideas off of, and loved to dig through information and records looking for "buried treasure" to help him research a property. Pat plans to spend more time using his metal detector and have fun finding other types of buried treasure. From his knowledge and capabilities to his storytelling and dry sense of humor, we will all greatly miss him. Arrivederci Pat!



Pat Torretta

Josh Jeffries is the newest member of our Ratio & Advisory Valuation team. Based in Olympia, he is a Property & Acquisition Specialist 4 and now works on ratio audits/appraisals. Josh joined the Division in 2012, working with counties transitioning to annual revaluation and mass appraisal. Josh brought with him over 14 years of experience appraising real and personal property, including 9 years in the Yakima County Assessor's Office, right-of-way experience with the Department of Transportation, and private appraisal work. Josh holds a BS in Mathematics, and he is a Certified General Real Estate Appraiser. Josh is a graduate of WSU ("Go Cougs") and provides a healthy balance to an office that is home to several UW fans. Josh can be contacted at JoshJ@dor.wa.gov or (360) 534-1373.



Josh Jeffries

Michael Dahle has left the Property Tax Division to join the Lewis County staff. Michael was with our County Performance & Administration Program since 2008, where he was instrumental in our program to assist counties converting to annual revaluation. Michael now works down I-5 a bit, but we know he will continue to promote his ideas about effective mass appraisal and a statewide assessment system.



Michael Dahle

(Continued on page 14)

Faces & Places at Property Tax *(continued)*

(Continued from page 13)

Scott Hamilton has joined our Ratio & Advisory Valuation Program. Assigned to the Vancouver field office, he came on board as a Property & Acquisition Specialist 4 working on Ratio audits and appraisals. Scott started his appraisal career as a fee appraiser and has accumulated 20 years of diverse appraisal experience, including 12 years with the King, Pierce, and Clark County Assessors' Offices. Scott is a graduate of the University of Oregon with a BS in Geography/Science and he is a Certified General Real Estate Appraiser. Scott can be reached at ScottH@dor.wa.gov or (360) 256-2122.



Scott Hamilton

Marilyn O'Connell has accepted a promotion to be the Division's Revaluation Specialist. She continues with our County Performance & Administration team to assist counties with their ongoing revaluation programs. Since Marilyn joined us in 2009, she has successfully administered the Annual Revaluation Grant Program and assisted numerous county assessors as they converted to annual revaluation. Prior to coming to the Property Tax Division, Marilyn worked for the Thurston County Assessor's Office and the Municipality of Anchorage. Marilyn can be reached at MarilynO@dor.wa.gov or (360) 534-1364.



Marilyn O'Connell

Patty Concepcion, our former Education Coordinator, accepted a promotion and moved to the Department of Revenue's Executive Division. We are not totally surprised, as Patty worked for our Executive Division last year on a developmental rotation. They recognized how valuable Patty has been to the agency since she came to Property Tax in 2001. Even though she is close by, we miss her already. Patty can be contacted at PattyC@dor.wa.gov or (360) 534-1514.



Patty Concepcion

Jennifer Whealy has just arrived at the Property Tax Division to be our new Education Coordinator. Jennifer comes to us with over 7 years of experience in operations and administrative support, including stints with a law firm, the Better Business Bureau, the Utilities and Transportation Commission, and most recently with the Liquor Control Board. Jennifer is a Naches HS grad and attended Yakima Valley CC. She's a Washington State native and loves to camp and travel. We hear that when Jennifer is out having fun, she can drive just about anything with wheels or a motor. Jennifer can be reached at JenniferW@dor.wa.gov or (360) 534-1361.



Jennifer Whealy

Howard Hubler retired from the Property Tax Division in October of 2013, after nearly 34 years of state service. Howard was a tremendous asset for the Division and helped set many of our high standards for appraisals. He will be sorely missed within the Division and the Valuation Advisory Group where his skills were used to perform the most complex appraisals. Howard is an accomplished teacher and has mentored property tax staff and county staff along the way.♦



Howard Hubler

2013 Upcoming Training (State/County Personnel ONLY)

| Date | Course Title | Location | Course Hours | Cost |
|-----------------|----------------------|----------|--------------|------|
| November | | | | |
| | No Classes Scheduled | --- | --- | --- |
| December | | | | |
| | No Classes Scheduled | --- | --- | --- |

2014 Upcoming Training (State/County Personnel ONLY)

| Date | Course Title | Location | Course Hours | Cost |
|-----------------|---------------------------------------|----------|--------------|-------|
| January | | | | |
| | No Classes Scheduled | --- | --- | --- |
| February | | | | |
| 11 | Valuation of Green Buildings | DuPont | 7.5 CE | \$125 |
| 12 | Unique Appraisal Problems | DuPont | 7.5 CE | \$125 |
| March | | | | |
| 17-20 | Fundamentals of the Assessor's Office | DuPont | 22 CE | \$175 |

For further information, contact:

Leslie Mullin, Education Specialist
 Department of Revenue, Property Tax Division
 Phone: (360) 534-1424, Fax: (360) 534-1380
 Email: LeslieM@dor.wa.gov

OR

Jennifer Whealy, Education Coordinator
 Department of Revenue, Property Tax Division
 Phone (360) 534-1361, Fax: (360) 534-1380
 Email JenniferW@dor.wa.gov

Washington Department of Revenue
 Property Tax Division



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The Property Tax Review is published by the Department of Revenue's Property Tax Division. Comments and suggestions for featured topics should be forwarded to our newsletter editor.

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|---|-----------------------------------|----------------------------------|--|
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| Property Tax Program Coordinator | David Saavedra | (360) 534-1404 | DavidS@dor.wa.gov |
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| SPECIFIC TOPICS | | | |
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| Accreditation Testing | Leslie Mullin | (360) 534-1424 | LeslieMu@dor.wa.gov |
| Advisory Appraisals | Dave McKenzie | (360) 256-2125 | DaveM@dor.wa.gov |
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| Annexation/Boundary Change Rules | Diann Locke | (360) 534-1427 | DiannL@dor.wa.gov |
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| Collection of Taxes/Treasurer Issues | Harold Smith | (360) 534-1411 | HaroldS@dor.wa.gov |
| County Performance & Admin. Program | Mike Braaten | (360) 534-1428 | MichaelB@dor.wa.gov |
| Current Use/Open Space Assessment | Leslie Mullin | (360) 534-1424 | LeslieMu@dor.wa.gov |
| Designated Forest Land | Leslie Mullin | (360) 534-1424 | LeslieMu@dor.wa.gov |
| Destroyed Property | Josh Jeffries | (360) 534-1373 | JoshJ@dor.wa.gov |
| Education & Training for County Personnel | Leslie Mullin | (360) 534-1424 | LeslieMu@dor.wa.gov |
| Exemption & Deferral Program | Harold Smith | (360) 534-1411 | HaroldS@dor.wa.gov |
| Forest Tax General Information | Special Programs | 1-800-548-8829 | |
| Forms | Tarah Kimbrough | (360) 534-1363 | TarahK@dor.wa.gov |
| Governmental & Miscellaneous Exemptions | Harold Smith | (360) 534-1411 | HaroldS@dor.wa.gov |
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| Personal Property | Pete Levine | (360) 534-1423 | PeteL@dor.wa.gov |
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| Ratio Study | Deb Mandeville | (360) 534-1406 | DebM@dor.wa.gov |
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| <input type="checkbox"/> Annual Revaluation Grant Program | Marilyn O'Connell | (360) 534-1364 | MarilynO@dor.wa.gov |
| Senior Citizens/Disabled Homeowners, Exemption/Deferral | Peggy Davis | (360) 534-1410 | PeggyD@dor.wa.gov |
| Utilities Management | Scott Sampson | (360) 534-1420 | ScottS@dor.wa.gov |
| <input type="checkbox"/> Certification of Utility Values to Counties | Ha Haynes | (360) 534-1418 | HaH@dor.wa.gov |
| <input type="checkbox"/> Code Area/Taxing District Boundary Changes & Maps | Susan Ragland | (360) 534-1369 | SusanRa@dor.wa.gov |
| <input type="checkbox"/> Public Utility Assessment | Jay Fletcher | (360) 534-1421 | JayF@dor.wa.gov |
| <input type="checkbox"/> PUD Privilege Tax | Vicky Carr | (360) 534-1366 | VickyC@dor.wa.gov |