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# Washington Department of Revenue Property Tax Division

## **2022 Review of Property Tax Administration in Adams County**



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# Overview

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## Introduction

This report contains the results of the Department of Revenue's (Department) review of the property tax administration processes in Adams County (County).

## Purpose

The primary purpose of this review by the Department is to assist the Adams County Assessor (Assessor) in successfully performing the duties associated with administration of the various property tax programs.

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

## Scope of this review

The review is limited in scope. We reviewed the Assessor's role in property tax program administration. We did not review the internal fiscal controls or the internal management of the Assessor's office.

We reviewed select administrative procedures for compliance with state statutes and regulations. We did not examine all parcels or accounts enrolled in the various programs or the assessed values of these accounts. The processes used to determine value are within the scope of this review and may be addressed in this report.

## Background

### *Duties of the Assessor*

The Assessor is responsible for listing and valuing all real and personal property in the county. In addition to valuing property, the Assessor's office is responsible for several complementary functions, including:

- Maintaining records of ownership and legal description for each parcel of property
- Maintaining maps of all parcels and taxing districts
- Calculation of levy rates for the various taxing districts
- Administration of state-legislated tax exemption and deferral programs
- Providing property tax related information to the public and other governmental agencies

## Overview, continued

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### *Duties of the Department*

The Department has the responsibility of general supervision and control over the administration of the assessment of property and the property tax laws of the state. The Department is authorized to direct and advise the duties of assessors, boards of equalization, county boards of commissioners, county treasurers, and county auditors under the laws of the state relating to property taxation.

The Department has the authority to examine and test the work of county assessors at any time. The County Review Program is one of the Department's principal efforts to address these interests and promote fair, timely, and uniform property tax assessments.

As part of the Department's commitment to assisting the Assessor, this review is conducted with these general goals in mind, to:

- Ensure that assessment administration is in compliance with state statutes and regulations
- Provide recommendations to improve assessment operations
- Identify efficiencies and cost-effective operational improvements
- Identify immediate and long-term resource needs in the Assessor's office

### **Information reviewed**

To complete our review, we gathered information about property tax program administration via interviews, documents provided by the county, and through our independent verification. The areas we reviewed included, but were not limited to:

- Reporting to officials
- Revaluation
- New construction permits

To complete our review, we interviewed:

- The Assessor
- Appraiser II

### **Acknowledgment**

We thank the Assessor and staff for cooperating throughout our review. We commend the Assessor for their willingness to look at opportunities to improve the uniformity and administration of property tax.

# Executive Summary

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## About this review

The Department conducted an on-site visit to the Assessor's office. We interviewed the Assessor's staff about the processes and procedures used in administering the County's various property tax programs.

An administrative review of this type is prone to underscore problem areas, even in a county that is doing well. Though we may have observed processes or procedures where the County is doing well, those items may not be reflected in this report.

## Categories of results

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

1. **Requirements:** This category has the greatest urgency for effective administration by the Assessor. A change is required to adhere to the law.
2. **Recommendations:** Requires the attention of the Assessor. We believe improvements in these areas can improve service to the public.

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

## Results

The Department identified five requirements and three recommendations directed toward improving property tax administration in the County. A summary of these items follows.

## Executive Summary, continued

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### Requirements

1. **Assessor must complete statutorily required reports by the due date** – The Assessor is required to submit accurate, complete, and timely reports/certifications to the Department and other County officials. (RCW 84.08.020, 84.08.040, 84.40.040, 84.40.130, 84.40.320, 84.41.041, 84.41.130, 84.48.50, 84.48.080, 36.21.100, WAC 458-53-030, 458-53-070, 458-53-080, 458-53-140)
2. **Accreditation of renewal property appraisers** – Any person responsible for valuing real property for purposes of taxation is required to be an accredited appraiser. (WAC 458-10-010, RCW 36.21.015)
3. **Improve low county ratio used for equalization purposes** – The Department requires the Assessor to use the *International Association of Assessing Officers (IAAO) Ratio Standard* to measure the quality of mass appraisals. The IAAO Standard suggests that the level of assessment be analyzed using the median assessment ratio for the jurisdiction being reviewed. The IAAO standard states that the median ratio should be between 90-110%.
4. **Updating values in areas that have not been inspected** – The law requires the Assessor to update assessed values on parcels in the areas of the County not scheduled for physical inspection in a given year. The Assessor should update the assessed value of all parcels in the County to reflect the current market value, unless market data indicates that no change in market value has occurred year to year. (RCW 84.40.030, 84.41.030)
5. **Physical appraisal within twelve months of issued permit** – The Assessor is required to make a physical appraisal of the building or buildings within twelve months of the date the permit was issued. (RCW 36.21.070) County and city permit issuing departments are required to provide the Assessor with copies of all building permits issued by the respective jurisdiction. (RCW 19.27.140)

### Recommendations

1. **Develop mass appraisal valuation practices** – The Department recommends the Assessor to adopt practices that will allow for the use of mass appraisal in determining and updating values on an annual basis.
2. **Appraisers procedures manual** – The Department recommends the Assessor develop an appraisal procedure manual to ensure that property is inspected and appraised uniformly and consistently. Providing written guidelines also in writing helps to achieve and maintain consistency and uniformity between staff members and as a reference to use in the field.
3. **Staffing focused on Mass Appraisal Development** – The Department recommends that the Assessor consider adding staff positions in the future to help complete their workload in a timely manner and increase mass appraisal functionality using the current computer assisted mass appraisal (CAMA) system.

## Requirement 1 – Assessor must complete statutorily required reports by the due date

### Requirement

The Assessor is required to submit accurate, complete, and timely reports/certifications to the Department and other County officials. (RCW 84.08.020, 84.08.040, 84.40.040, 84.40.130, 84.40.320, 84.41.041, 84.41.130, 84.48.050, 84.48.080, 36.21.100, WAC 458-53-030, 458-53-070, 458-53-080, 458-53-140)

### What the law says

The Department requires information to be reported as to assessments of property, valid and invalid sales, equalization of taxes, the expenditure of public funds for all purposes, and other information that we may request. (RCW 84.08.020(3))

The law mandates some reports and their due dates. The Department requires other reports by specific dates in order to provide meaningful information to state and local officials. Reporting is not optional, but a duty of the office.

### What we found

Due to the inability of the Assessor’s office to complete revaluation and new construction assessments in a timely manner last year, the Assessor did not deliver five of seven required reports and certifications in a timely manner. The county has not certified values before November for the last five years. In 2020, the Department estimated the county ratio because values were not certified before the deadline for calculating ratios for the State School Levy.

In addition, the Assessor was required to submit a new Revaluation Plan (2020-2025) by March 1, 2019. The Assessor did not submit the plan until November 19, 2019. The March 1 deadline helps to ensure that assessors have a new plan in place before beginning inspections under the new plan. Inspections should begin in late summer or fall but must begin no later than December 1.

The required reports and certifications include the following:

Required Reports and Certifications	Due Date	Reported by Assessor
Assessor’s Certificate of Assessment Rolls to the County Board of Equalization	July 15, 2021	November 22, 2021
Assessor’s Certificate of New Construction Value to the County Board of Equalization	September 15, 2021	November 22, 2021

Real Property Sales Study (Ratio Study Valid and Invalid Sales Report)	As soon as possible after the real property roll is closed. The Department estimates the ratio if report(s) are not received by November 30.	November 30, 2021
Real Property Stratification Report	As soon as possible after rolls closed. Ratio will be estimated if report(s) are not received by November 30.	November 30, 2021
Abstract of Assessed Value	October 31, 2021	December 9, 2021
Revaluation Plan 2020-2025	March 1, 2019	November 19, 2019
County Revaluation Progress Report	October 15, 2021	May 13, 2022

***Assessor’s Certificate of Assessment Rolls to the County Board of Equalization and Assessor’s Certificate of New Construction Value to the County Board of Equalization.***

The consequences of the Assessor’s delay in certifying the assessment roll were:

- The assessment roll was not officially closed timely.
- The Board of Equalization (BOE) was not able to proceed with hearing petitions until officially notified of the roll closure.
- In addition, late certification of values to neighboring counties with joint taxing districts could affect their ability to certify their levy rates timely.

***Real Property Sales Study (Ratio Study Valid and Invalid Sales Report)***

The Assessor’s staff could not complete the Valid and Invalid Sales Report until the 2021 assessment roll was officially closed and the values updated. Submitting the sales study report late resulted in:

- Delays in completing the ratio.

***Real Property Stratification Report***

Submitting the stratification report late resulted in:

- Delays in completing the ratio.

***Abstract of Assessed Value***

Submitting the abstract late resulted in:

- Delays in review and resolution of issues in the reporting of the information that would have been provided.
- Delays in calculating the state school levy.

***Revaluation Plan 2020-2025***

Submitting the revaluation plan late resulted in:

- Delays in beginning revaluation work for the next assessment year under the new revaluation plan.

***County Revaluation Progress Report***

Submitting the progress report late resulted in:

- Delays the Department in evaluating compliance with the County revaluation plan.

### **Action needed to meet requirement**

The Assessor must improve the timeliness in completing required reports. We will look for improvement in dates you submit reports. Once we see evidence of incremental improvement, the requirement will be considered complete. If late certification delays the performance of other statutorily required duties and reports, our continued follow up may be necessary. Completing revaluation and new construction work by following the Property Tax Calendar will be needed to improve timely submitting required reports.

The Assessor should develop policies, procedures, and training to ensure the accurate and timely reporting to the BOE, County Auditor, County Treasurer, and the Department. Although some reporting dates are guidelines and not absolute requirements, missing them can adversely affect the property tax process and the other departments and entities that rely on the Assessor's work.

#### ***Assessor's Certificate of Assessment Rolls to the County Board of Equalization***

The Assessor must certify the taxable (assessed) value of all locally assessed real and personal property after revaluation is complete. The Assessor's Certificate of Assessment Rolls to the County Board of Equalization (form 64 0051) serves as a permanent record of locally assessed values for the county (forest land, current use land, improvements on current use land, senior frozen value, real property, and personal property). The Assessor is required to deliver the certificate to the BOE, with a copy to the Department by July 15 or August 15 if the county legislative authority has extended the petition filing time from thirty to sixty days. (RCW 84.40.320, WAC 458-53-135)

#### ***Assessor's Certificate of New Construction Value to the County Board of Equalization***

The Assessor must certify the value of new construction added to the assessment roll (RCW 84.40.040, RCW 36.21.080). The Assessor's Certificate of New Construction Value to the Board of Equalization (form 64 0059) provides the value of new construction added to the assessment roll. The Assessor is required to deliver the certificate to the BOE, with a copy to the Department by September 15 each year.

#### ***Real Property Sales Study (Ratio Study Valid and Invalid Sales Report – current year)***

The Assessor is required to submit a sales study to the Department each year. The sales study consists of all sales occurring in the county between May 1 (preceding January of the current assessment year) and April 30 (of the current assessment year). The Assessor must deduct 1% from each recorded sales price, as adjustments for values transferred that are not assessable as real property. All sales must be reviewed and coded by the Assessor as valid or invalid sales. (WAC 458-53-070, 458-53-080) Prior to running the report, all assessed values must be updated to reflect the current year's values.

#### ***Real Property Stratification Report / Personal Property Stratification Report***

The Assessor must complete and return the stratification reports as soon as the current assessment year is completed, and the revaluation and new construction rolls are closed. The Department uses these reports to calculate the current year's real and personal property ratios. They are also necessary for utilization in the random sampling process for the next year's real and personal property ratio studies. (Chapter 458-53 WAC)

#### ***Abstract of Assessed Value***

The Assessor is required to complete and return the Abstract of Assessed Value to the Department by October 31. The Abstract of Assessed Value reports the various components of real and personal property values used to calculate the state school levy, produce statistical reports, and assist in determining the impact of proposed legislation. The Department sends a letter requesting this information along with instructions each year by the end of September. (RCW 84.08.040)

***Revaluation Plan 2020-2025***

The Department will be continuing to monitor compliance with the inspection requirement and yearly valuation updates.

***County Revaluation Progress Report***

The Assessor is required to prepare and submit to the Department a detailed report of the progress made in the revaluation program in their county as of October 15, 2022. The Department sends instructions and the Revaluation Progress Report form to all assessors during September. (RCW 84.41.130)

***Reliance on Assessor to report timely***

The Department and other state/local officials rely on the Assessor's reports to complete several critical functions throughout the year. The timeliness of these reports is critical to keeping work on schedule, as the delay of any of these reports will often delay the Department, the BOE, or other county officials from completing their obligations in accordance with the Property Tax Calendar due dates and the [County Assessor's Manual](#).

**Why it's important**

Accurate and timely reporting promotes integrity and public confidence in the equalization of the centrally assessed utility values, the state school levy calculation, and ensures the fair and equal administration of property tax in the county and the state of Washington.

## Requirement 2 – Accreditation of real property appraisers

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### Requirement

Any person responsible for valuing real property for purposes of taxation is required to be an accredited appraiser. (WAC 458-10-010, RCW 36.21.015)

### What the law says

Any person who determines real property values or reviews appraisals prepared by others (including assessors or assistants/deputies to a county assessor) is required to be an accredited appraiser. Accredited appraiser means a person who has successfully completed and fulfilled all requirements imposed by the Department for accreditation and who has a currently valid accreditation certificate. This requirement does not apply to persons working in the Assessor's office who do not exercise appraisal judgment with respect to real property. (WAC 458-10-010)

Qualifications of persons assessing real property per RCW 36.21.015:

- (a) Have at least one year of experience in transactions involving real property, in appraisal of real property, or in assessment of real property, or at least one year of experience in a combination of the three;
- (b) Become knowledgeable in repair and remodeling of buildings and improvement of land, and in the significance of locality and area to the value of real property;
- (c) Become knowledgeable in the standards for appraising property set forth by the department of revenue; and
- (d) Meet other minimum requirements specified by department of revenue rule.

The standards adopted through rule by the Department is Uniform Standards of Professional Appraisal Practice (USPAP). (WAC 458-10-060)

### What we found

The Assessor's office appears to have an inconsistent, and at times inadequate, number of accredited appraisers to timely complete inspections, valuations, and new construction.

While conducting 2021 assessment year valuation work, the Assessor's office had one accredited appraiser, two appraisers with lapsed accreditation, and one trainee was working toward accreditation. The previous Assessor, who until late 2020 was an accredited appraiser, retired August 2021. The chief appraiser resigned May 2021 and was not replaced.

For the 2022 assessment year, the office had one accredited appraiser and one appraiser trainee until March 2022, when the trainee became accredited. The office now has two accredited appraisers. An assessor is not

required to be accredited, but an assessor determining values is required to be accredited. It is highly likely that some appraisal functions and values were completed by people without accreditation or active accreditation status.

### **Action needed to meet requirement**

The Assessor must make certain that office staff, and non-accredited appraisers, are not making appraisal decisions that require appraisal judgment, such as determining subjective characteristics (quality, condition). In addition, an accredited appraiser should be regularly monitoring the work of all non-accredited appraisers.

Prior to receiving accreditation by the Department, the appraiser trainee can perform many important functions that don't require appraisal judgement, which is important for training and gaining the hours of experience required for their accreditation. The Department can provide more information about work that may be performed by an appraiser trainee working towards accreditation versus work that must be completed by an accredited appraiser.

It is critically important for an assessor's office to have an adequate number of accredited appraisers to complete the statutorily required revaluation of all property in the county.

### **Steps to accreditation (WAC 458.10.020, WAC 458.10.030)**

Any appraisal staff or assessor applying to be accredited must complete the mandatory work requirements of becoming an accredited appraiser, which includes having at least one thousand hours worked within twelve months at minimum. The work experience must be directly connected with the following:

- (a) Transactions involving real property;
- (b) Appraisal of real property;
- (c) Assessment of real property; or
- (d) A combination of (a), (b), and (c).

The applicant shall complete and pass:

- (a) IAAO 101 - This course is offered every other year and will be offered again in 2024.
- (b) USPAP - 15 hour on-line training course within three years of becoming accredited.

After the educational requirements are met, the appraiser must submit an Application for Accreditation form to the Property Tax Division at the Department of Revenue. The Department shall review the application and verify the applicant meets the qualifications. (RCW 36.21.015, WAC 458-10-010)

Upon completion of review and verification, the Department shall, as appropriate:

- Issue an accreditation certificate
- Reject the application and explain the reason(s)
- Notify the applicant of any further requirements prior to issuing an accreditation certificate

Forms are available from the [Property Tax division of the department](#).

Accredited appraisers are also required to attend 15 hours of continuing education every two years in order to maintain their accreditation.

### **Why it's important**

Maintaining accreditation promotes uniformity and consistency throughout the state in education and experience qualifications and maintains the standards of competence in real property appraisal.

## Requirement 3 – Improve low county ratio used for equalization purposes

### Requirement

The Department requires the Assessor to improve the County’s indicated real property ratio used for equalization purposes and assess property at its true and fair value. (RCW 84.48.075, RCW 84.40.030)

### What the law says

All property must be valued at 100% of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law. The Department must annually conduct a study and determine the county’s indicated real property ratio. The ratio measures the county’s level of assessment compared with the market value of property. The ratio is used for equalization purposes by the Department to equalize taxes for property centrally assessed by the state and to equalize the state school levy. (RCW 84.40.030, RCW 84.48.075, chapter 458-53 WAC)

### What we found

The County’s indicated real property ratio (a weighted mean) used for equalization by the Department has been under 90% for the past five years. Our 2021 Ratio Study indicates a real property ratio of 71.6%, which reflects lower assessed value to sale price ratios for multiple categories of property, including agricultural, multifamily and commercial, and single family residential. The statewide average real property ratio was 87.9% for 2021.

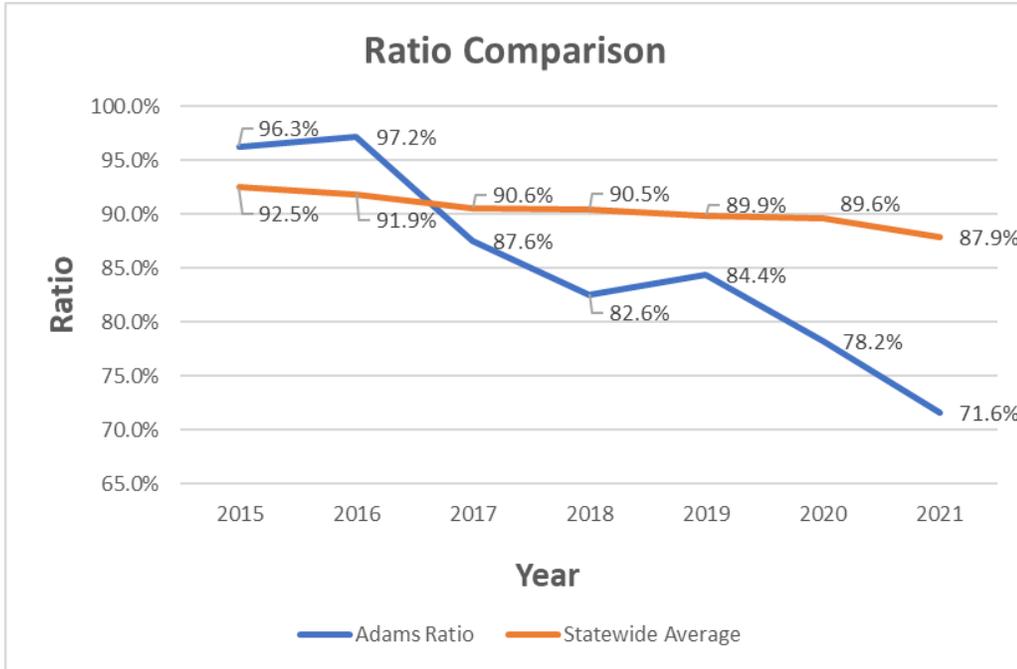
Recent statewide ratios and real property ratios for Adams County are as follows:

Assessment Year	Median	Weighted Mean	Statewide Avg Weighted Mean
2021	*N/A	71.6%	87.9%
2020	*N/A	78.2%	89.6%
2019	*N/A	84.4%	89.9%
2018	*N/A	82.6%	90.5%
2017	90.3%	87.6%	90.6%
2016	95.7%	97.2%	91.9%
2015	95.0%	96.3%	92.5%

\*Information not available for these years

Sources:

[Measuring Real Property Appraisal Performance In Washington’s Property Tax System](#)  
[Property tax ratios by county | Washington Department of Revenue](#)



### Action needed to meet requirement

The Assessor must show incremental improvement for the indicated real property ratio determined by the Department’s Ratio Study. Measures of incremental improvement may include:

- The County indicated real property ratio is moving closer to the statewide average.
- The County median ratio is moving closer to the IAAO standard for level of assessment between 90% and 110%.

The Assessor should use ratio studies to identify property types and locations across the County where assessed values are not reflective of market value. These studies will help to identify where resources should be used to improve assessment levels and uniformity. Values must be updated in the current physical inspection area and in the other five non-inspected areas. Annual revaluation means updating values throughout the County every year.

The Department uses the *International Association of Assessing Officers (IAAO) Ratio Standard* to measure the quality of mass appraisals. The IAAO Standard suggests that the level of assessment be analyzed using the median assessment ratio for the jurisdiction being reviewed. The IAAO standard states that the median ratio should be between 90% and 110%.

The Department recommends:

County appraisers use ratio studies and other statistical analysis to test the quality and accuracy of their appraisal processes and methods. Appraisers should do the following:

- Analyze both the level of assessment and the uniformity of the assessments in all categories of property and locations. Calculate the statistical measures recommended by the IAAO to test whether valuation models and methods accurately value all parcels at 100% of market value each year.

- Develop skill using Excel, an easily accessible tool, that appraisers can use for ratio studies and calculating most of these statistical measures. The IAAO provides training and publications that explain the use of statistical measures. In the future, the *Property Tax Training Calendar* may include classes about ratio studies, including how to conduct the study using Excel. The Department has tools available which can be used to calculate ratios and other statistics, to build land models, and to develop time adjustments for older sales using Excel.
- Review the Department’s annual ratio study and our published reports that explain statistical analysis with calculated measures for each county, including:
  - [Measuring Real Property Appraisal Performance in Washington’s Property Tax System](#) – Annual reports published through 2017 are available on the Department’s website. We are working to resume publication of this report on an annual basis.
  - Real Property Ratio Summary Statistics Report – Available by contacting the Department or through the Property Tax Resource Center (PTRC).
- Continue to develop land valuations within the CAMA system.
- Increase use and functionality of the CAMA system to update values throughout the County.
- Run new cost values in your CAMA system for all parcels in the County, make market adjustments to the cost valuation as needed, and apply depreciation as indicated. This methodology creates the most uniformity and consistency because all parcels are being treated the same.
- Learn more about how Marshall and Swift/Core Logic cost factors, depreciation, and multipliers are loaded, used, and updated in the CAMA system. Make sure you are working towards updating Marshall and Swift cost tables on a consistent basis.
- Confirm whether depreciation tables are activated, so that a percentage of depreciation is applied each year and improvement values will change.
- Evaluate property records and add missing characteristics useful for mass appraisal.
- Concentrate efforts on improving the county ratios by analyzing property by land use codes, highest and best use, and location in addition to other analyses already being performed.

Perform audits of valuations before finalizing values to ensure consistency and equity in valuations. Such audits may include checking that new construction parcels reflect the new improvement value, that there is a reason for large increases or decreases in value, or that parcels have the correct land use code. The Department has a list of suggested audits and edits to be performed prior to finalizing values.

### **Why it’s important**

Ratio studies are used for measurement of the level of assessment and uniformity of mass appraisal models. They also provide:

- Internal quality assurance and identification of appraisal priorities where resources should be concentrated in order to improve assessment levels and uniformity.
- Determination of whether administrative and statutory standards have been met.

- Determination of time trends for older sales, which could be used for adjustment of appraised values for the current assessment year.
- Measures of assessment level and uniformity that assessors, appeal boards, taxpayers, and taxing authorities can use to evaluate the quality of assessments.

In addition, low assessment ratios can affect levies and revenue for counties and taxing districts. Taxing districts can experience a loss in property tax revenue if the assessed value of property is less than the market value. For example:

- When voters approve a lid lift for a taxing district in a county with a low level of assessment (low ratio), the district will not be able to levy the full amount allowed by law because the property within the taxing district is being assessed at less than 100% of market value.
- If a taxing district's levy is restricted to the statutory maximum rate allowed by law, not valuing property at 100% market value results in a loss of levying capacity.
- When a county is not valuing property at 100% of market value, it results in a higher levy rate. This could result in the possibility of pro-rationing or elimination of levy rates for junior taxing districts due to the \$5.90 or Constitutional 1%t aggregate limitations.
- A low equalization ratio reduces the taxable value for state assessed utility and transportation properties as they are equalized with local values.

## Requirement 4 – Updating values in areas that have not been inspected

### Requirement

The law requires the Assessor to update assessed values on parcels in the areas of the County not scheduled for physical inspection in a given year. The Assessor should update the assessed value of all parcels in the County to reflect the current market value, unless market data indicates that no change in market value has occurred year to year. (RCW 84.40.030, 84.41.030)

### What the law says

Per RCW 84.40.030, “all property must be valued at 100% of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.” In addition, RCW 84.41.030 states all property must be revalued annually and inspected at least once every six years. The law requires the assessor to revalue property annually in the non-inspected areas of the county, “During the intervals between each physical inspection of real property, the valuation of such property must be adjusted to its current and fair value, such adjustments to be made once each year and to be based upon appropriate statistical data.” (RCW 84.41.041) The appropriate statistical data for accurately adjusting the real property values includes, but is not limited to, the costs of construction and real property trends. (WAC 458-07-015)

### What we found

There is a direct connection between the County’s low assessment level (ratio) and the low number of non-inspection area parcels that have had an updated assessed value. The ratio is a measure of how close assessed value is to market value. If the market sales indicate that there has been an increase or decrease in market value, not reflecting those changes in the assessed values of property can result in low ratios for a large portion of the County’s parcels. In an appreciating market, not updating assessed values in the non-inspection areas will result in lower and lower ratios over time.

The following table shows a five-year history of ratios and valuation changes in the County:

Assessment Year	Median Ratio	Indicated Real Property Ratio (Weighted Mean)	% of Parcels in the Inspection Area That Had a Change in Value	% of Parcels in Non-Inspection Area That Had a Change in Value
2021	*N/A	71.6%	97.3%	36.4%
2020	*N/A	78.2%	100%	50.6%
2019	*N/A	84.4%	99.8%	**N/A
2018	*N/A	82.6%	33.3%	6.8%
2017	90.3%	87.6%	95.2%	40.5%

\*Information not available for these years

\*\* Information not provided for this year

Sources:

[Measuring Real Property Appraisal Performance In Washington’s Property Tax System](#)  
[Property tax ratios by county | Washington Department of Revenue](#)  
[2017-2021 County Revaluation Progress Report](#)

### **Median ratio**

The County median ratio was 90% for 2017. Data is not available for the last four years.

### **Weighted mean ratio**

The County indicated real property ratio (weighted mean), used for equalization, has been below 90% for the last five years and is the second lowest in the state for 2021 at 71.6%.

### **Percentage of parcels that had a change in value**

The Assessor reports to the Department the percentage of parcels that have valuation changes each year in their annual County Revaluation Progress Report. They reported the percentages of parcels with a value change in both the inspected area (1/6 of the county) and the non-inspected area (5/6 of the county). The statistics for the past five years indicate that a very low percentage of parcels had a change in value in the non-inspected areas. In the non-inspected area of the County during 2017-2021, 50% or less of the parcels had an adjustment to the assessed value.

The Assessor's current process is to update all parcel characteristics based on recent physical inspections and utilizes building cost data in the CAMA valuation system. The appraisers use Marshall and Swift cost tables within the CAMA system to develop a valuation for improvements on each parcel in the county. This value is compared to current market sales to determine if a trend should be applied to the cost value to adjust it to the current market value. Parcels in the non-inspected area should be handled using the same process in order to ensure that all parcels are updated to the current market value.

### **Action needed to meet the requirement**

The Assessor and county appraisers must increase their use of ratio studies and other statistical analysis to review the level of assessment and update values throughout the County each year. For locations or property types where values are not updated for the current assessment year, the Assessor should have ratio studies and other market evidence that support no change in values.

The Department recommends:

Ratio studies and statistics should be used to analyze both land and improvement values in all areas of the County. The results of this analysis helps identify whether an adjustment should be applied. Adjustments may include:

- Updating values in the non-inspected areas by applying a trend to the cost valuation or running new cost valuations in your CAMA system for all parcels in the county.
- Adjusting improvement values as percentage market adjustments, adjusting depreciation tables or rates, and/or calibrating variables in the model.
- Applying percentage market adjustments to land values and/or calibrating variables in the land models.

### **Why it's important**

Regular review and updating of assessed values to reflect market value for parcels throughout the County ensures that taxpayers are assessed taxes in a uniform and consistent manner. Additionally, accurate assessed values are important for calculation of local levies and the state levy for schools. Updating values for only a

portion of the County each year puts parcels out of equity with each other, because they are not all reflecting a current market value.

## Requirement 5 – Physical appraisal within twelve months of issued permit

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### Requirement

The Assessor is required to make a physical appraisal of the building or buildings within twelve months of the date the permit was issued. (RCW 36.21.070) County and city permit issuing departments are required to provide the Assessor with copies of all building permits issued by the respective jurisdiction. (RCW 19.27.140)

### What the law says

All property is subject to assessment and taxation unless law has provided a specific exemption. New buildings and other improvements resulting from construction or alteration that required a permit under the State Building Code are subject to inspection, listing and assessment by the assessor.

The assessor typically becomes aware of new construction through building permits issued by the permitting departments of the county and cities within the county. Some cities contract with the county for permit and inspection services. A copy of any permit obtained under the State Building Code for construction or alteration work of a total cost or fair market value in excess of \$500 must be sent by the issuing authority to the assessor. The permit must include the county assessor's parcel number. Within 12 months of the date the permit was issued, the assessor must inspect and appraise the building or buildings covered by the permit. (RCW 36.21.070) Although costs may be incurred by the property owner and reflected on a permit, the assessor determines whether the "alteration" increases the value of the property. The assessor must value new construction as of July 31 and complete the valuation and list in the assessment roll by August 31.

The assessor must inspect property within 12 months of the date a permit was issued. In some instances, the issue date of the permit and the valuation date of July 31 may result in an inspection period of less than 12-months or even several months past 12 months.

- The 12-month period begins at the time the permit is issued by the building or community development department, not at the time the assessor received the permit. Permits have various dates that range from application date, to open date, to issue dates, on through various stages until completion.
- Permits are issued throughout the year. When permits are issued in July, the construction work may not have started before the July 31 valuation date.
- Permits issued in late June or July typically would not be received by an assessor's office until the next month or even after the valuation date for that assessment year. In those cases, based on the date, the assessor may have until the next year to inspect and value the property.

### What we found

The Assessor currently receives building permits from the County and most of the other jurisdictions but not all permits are received. This practice does not comply with state law requiring the issuing jurisdiction to transfer permits to the Assessor. (RCW 19.27.140) The permits are the County's primary source of information about

potential new construction. No transfer and late transfer of permits has jeopardized the Assessor's ability to inspect permitted construction within one year of the issue date. New construction value must be added to the assessment roll within the year it was completed, or it cannot be considered new construction for purposes of increasing the levying capacity of tax districts, including the County. When the assessor does not receive permit information from the issuing jurisdiction, the appraisers use other methods to discover new construction. Without reliable permit data, new construction value could be forfeited because the assessor was not able to discover it timely.

### **Action needed to meet requirement**

The Assessor has processes in place for tracking permits, inspections, and listing new construction. Listed below are process enhancements that will help ensure that within twelve-months of an issued permit, the Assessor will inspect the new construction and list the value for the current assessment year:

- The Assessor and other county departments must continue their work to ensure that all permits are timely transferred to the Assessor. If jurisdictions are not cooperative in providing the required information, the Assessor should contact higher levels of management to express their concerns.
- The Assessor should continue work with the permit issuing department of cities to maintain a consistent schedule for transfer of permit information, by either paper or electronic means. Promptly sending permits to the Assessor means the permit will be entered into the assessment system and be ready for review and inspection.
- The Assessor should continue developing a tracking system that records both the permit issue date and the date received from all permitting jurisdictions to confirm that permits are transferred according to an agreed upon schedule.
- The Assessor should conduct a review of all parcels with known new construction permits each year before change of value notices are printed and mailed. System queries and testing may identify parcels with missed new construction or parcels with data entry and value calculations not completed properly in their CAMA system.

### **Why it's important**

One of the major functions of the Assessor's office is placing new construction on the assessment roll. New construction that is valued and listed each year by an assessor directly influences the tax base for the county and local taxing districts. The assessment of new construction provides an important source of funding for the county and local taxing districts and ensures equity in taxation between property owners. The growth in property tax revenue is limited to 1% each year. Taxing districts are authorized additional revenue in excess of the 1% levy limit based on the value of new construction. This added revenue carries forward in future levy authority. When the value of a new improvement as of July 31 (2021) is not listed by an assessor until the following assessment year (2022) that value is listed as omitted property. Omitted property will increase the tax base, but it should not be considered new construction for determining the highest lawful levy.

## Recommendation 1 – Develop mass appraisal valuation practices

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### Recommendation

The Department recommends the Assessor adopt practices that will allow for the use of mass appraisal in determining and updating values on an annual basis.

### What we found

The Assessor is currently in the process of expanding use of their computer assisted mass appraisal (CAMA) system. The Assessor is working to get current property characteristics updated on each parcel as inspections are performed. The Assessor is also working to develop CAMA system valuations for all land parcels in the county. Staffing shortages and changes due to the loss of the chief appraiser position and accredited appraisers (including the including the previous assessor), has put development of mass appraisal practices on hold. All land parcels are not currently valued using the CAMA system and Marshall and Swift cost tables have not been updated to the current tables within the CAMA system.

### Action recommended

We recommend the Assessor develop a plan for expanding the office's use of mass appraisal. The following suggestions will help to set up basic system functionality so that parcels can be updated in a consistent and uniform manner. It would be beneficial to have a staff member dedicated to managing this transition and to continue implementing the plan by inspection area for a six-year cycle until all parcels have been updated.

- **Property Records Storage** – In order to achieve full mass appraisal functionality, which includes the ability to update multiple records in mass, the Assessor should develop a plan to transfer property characteristic data, photos, and sketches into the CAMA system. As inspections are completed over the next several years, data can be transferred and updated.
- **Land Use Codes (state land use codes listed in WAC 458-53-030)** – The Assessor should provide appraisers with a list of the land use codes and review the proper application of the codes to promote consistent application by all staff. Land use codes should reflect the actual use of the land. During inspections, appraisers should review codes for accuracy. Staff application and review of land use codes is a critical function that results in accurate parcel information, allows similar properties to be grouped accurately for analysis and appraisal, and improves accuracy of state reports that require correct land use codes.
- **Neighborhood Codes** – A plan should be developed to delineate parcels within their geographical area. This is a first step in stratifying properties in order to evaluate market influences that affect them.
- **Marshall and Swift Cost Tables** – The CAMA system vendor does not automatically update the cost approach tables with Marshall and Swift building cost factors. Marshall and Swift cost tables should be updated annually before valuation work begins for the current year; however, caution should be exercised to ensure the resulting valuations are accurate. Because the update for the County would encompass multiple years, resulting valuation increases are likely to be very large. It is important to

apply this update after any previous trend factors or multipliers have been removed so that only a new base cost value is the result.

- **Depreciation** – Depreciation rates vary by quality of construction and age of the improvement. Routine repairs and maintenance can affect the rate. Depreciation schedules should be built in the CAMA system for different building types and grades and applied to the cost approach.
- **Land Characteristics** – The Assessor and appraisers should determine which characteristics are the greatest influences on value and develop guidelines for all appraisers to capture these characteristics consistently in the electronic property record.
- **Utilize Geographic Information Systems (GIS)** – Use GIS data and maps to identify and capture many land characteristics and then verify or fine-tune those during the inspection process. Accurate land valuation depends on capturing the major influences that affect value of properties.

### **Why it's important**

The law requires that all parcels in a county be revalued every year at 100% of market value. It is imperative that mass appraisal techniques are used because it is the most efficient method available to value all parcels every year. It allows for uniform treatment of taxpayers and consistent application of market trends to all parcels.

## Recommendation 2 – Appraisers procedures manual

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### Recommendation

The Department recommends the Assessor develop an appraisal procedure manual to ensure that property is inspected and appraised uniformly and consistently. Providing written guidelines also in writing helps to achieve and maintain consistency and uniformity between staff members and as a reference to use in the field.

### What we found

The Assessor does not have an appraisal procedures manual for their office.

### Action recommended

The Department recommends the Assessor's Office develop a comprehensive appraisal procedure manual that contains information useful to appraisers in performing their duties. Recommended items might include:

- Assessment data definitions, including photographic examples from standard guidelines related to building quality, condition, detached structures, attached structures, land characteristics, etc. Examples of manuals are available from the Department.
- Instructions for data entry and use of the CAMA system.
- Required forms for things such as new construction, additions to improvements, destroyed property, sales verification, etc.
- Helpful information and links for staff and taxpayers from the Department's website.
- Appeal procedures.
- Inspection guidelines for classified current use land.
- Inspection guidelines for exemption and deferral eligible property.
- Property Tax Calendar.
- A schedule for at least annual reviews to update, refine, and improve the written procedures.

### Why it's important

A written appraisal procedure manual helps achieve consistency among appraisal staff and greater uniformity for taxpayers by providing the following benefits:

- It is an excellent training tool for new appraisers or those transitioning to utilization of mass appraisal techniques. It is readily available to use in the field as a reference tool for appraisers.
- It is easily updated or amended as necessary.
- Ensuring consistent application of property tax laws and rules.
- Ensuring consistent application of policies and procedures.
- Promoting the use of uniform appraisal practices throughout the county.

## Recommendation 3 – Staffing focused on Mass Appraisal Development

### Recommendation

The Department recommends that the Assessor consider adding staff positions in the future to help complete their workload in a timely manner and increase mass appraisal functionality using the current computer assisted mass appraisal (CAMA) system.

### What we found

The Assessor's Office has a more limited number of staff than other counties and limited functionality of their CAMA system. An inadequate number of appraisers trained in mass appraisal contributes to the Assessor's office not consistently reviewing and updating assessed values of all parcels each year. The overall county weighted mean ratio has ranged from 71.6% to 87.6% for the past five years and is 71.6% for 2021. The lower ratio could be the result of not routinely updating assessed values for property in the current year inspection area or non-inspection areas in the six-year revaluation plan. Current staff have limited time for additional market analysis work, updating building cost and depreciation tables, building land models, and increasing functionality of the CAMA system.

Law requires that the assessed value of all parcels be updated to 100% market value each year. Updating values using mass appraisal techniques, such as applying neighborhood trend factors, is much quicker using the mass appraisal functionality within the CAMA system. The following table shows the percentage of values that changed in the inspected and non-inspected areas for the last three years. The Assessor's *Revaluation Plan* includes the description of the six physical inspection areas of the county.

Assessment Year	Percent of Inspected Parcels w/Change in Assessed Value	Percent of Non-Inspected Parcels w/Change in Assessed Value
2021	97.3%	36.4%
2020	100%	50.6%
2019	99.8	*N/A

\* Information not provided for this year

The Assessor has one of the highest parcel counts per appraiser compared to other assessor offices within a comparable size range. In 2021, they had a workload of 13,003 parcels per appraiser to reappraise or statistically update values, plus conducting physical inspection and valuation of new construction.

Parcels per Appraiser			
County	Total Parcels	Parcels per Appraiser	Real Property Appraisers FTEs
Lincoln	17,021	9,726	1.75
Ferry	8,845	8,845	1.00
Adams	13,003	6,502	2.00
Klickitat	20,060	5,731	3.50
Pend Oreille	14,872	5,720	2.60
Asotin	12,256	4,457	2.75
Skamania	7,978	3,892	2.05

*Source: 2021 Comparison of County Assessor Statistics Report*

### **Action recommended**

The Assessor should consider adding staff with the skill to perform specialized functions such as:

1. Sales analyst who is proficient in the use of Excel for model building, statistics, and analysis
2. Commercial/industrial/multi-family appraiser
3. CAMA developer/maintenance position
4. GIS technician to create and maintain a parcel layer for the assessor's office

These recommendations are not suggesting the County hire an FTE (full-time equivalent) for each of these positions, but rather include these functions as part of the plan for implementing mass appraisal. These functions may be performed by a single individual or shared by multiple staff members. Success in implementing mass appraisal depends on assigning responsibility to an individual who has a working knowledge of the processes required for setting up an efficient mass appraisal system, including the above-mentioned functions required to accomplish mass appraisal.

### **Why it's important**

The Assessor's office needs adequate staff to perform necessary mass appraisal functions, implement and maintain a mass appraisal system, and perform other assessment duties as necessary. A fully functioning mass appraisal system with complete and accurate property records leads to more accurate assessed values and greater equity for taxpayers.

## Next Steps

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### **Prioritizing requirements and recommendations**

The Department is committed to assisting the County in the implementation of the recommendations contained in this report. Once the Assessor receives a final copy of this review, the Department will (if requested) consult with the Assessor to help prioritize the work that must be completed.

### **Follow-up**

The Department is committed to the success of the Assessor by ensuring they comply with state statutes and regulations.

The Department will follow up in 2023 to review the changes implemented. This will give the Assessor an opportunity to provide information to the Department about any issues they encountered during the implementation process.

### **Questions**

For questions about specific requirements or recommendations in our report, please contact the Property Tax Division at (360) 534-1400.

For additional information contact:

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