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# Washington Department of Revenue Property Tax Division

## 2023 Review of Property Tax Administration in Lincoln 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 Lincoln County (County).

## Purpose

The primary purpose of this review by the Department is to assist the Lincoln 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 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 selected 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 a number of complementary functions, including:

- Maintaining records of ownership and legal description for each parcel of property.
- Maintaining maps of all parcels and taxing districts.
- Calculating levy rates for the various taxing districts.
- Administering 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 property tax laws of the state. The Department is authorized to direct and advise assessors, boards of equalization, county boards of commissioners, county treasurers, and county auditors about their duties under the laws of the state relating to property taxation.

The Department has 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 used 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 goals in mind:

- 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 independent verification. The areas we reviewed included, but were not limited to:

- Reporting to officials.
- Revaluation.

To complete our review, we interviewed the:

- Assessor.
- Lincoln County Chief Appraiser.

### **Acknowledgment**

We thank the Assessor and staff for their cooperation 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 on-site visits 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:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the Assessor. A change is required to adhere to the law.
- The second category, *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 three requirements and four 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. 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).
2. 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, RCW 84.41.030).
3. The Assessor is required to assess new construction at its true and fair value as of July 31 each year regardless of its percentage completion (RCW 36.21.070, RCW 36.21.080, WAC 458-19-005(2)(p), WAC 458-12-342).

### Recommendations

1. 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.
2. The Department recommends the Assessor develop an appraisal procedure manual to ensure that property is inspected and appraised uniformly and consistently. Providing written guidelines helps to achieve and maintain consistency and uniformity between staff members and as a reference for use in the field.
3. The Department recommends the Assessor provide adequate training for new appraisers through appraisal classes and field training. The Assessor should also provide cross training to staff for specialized functions to prepare for when people leave positions or are absent from work.
4. The Department recommends the Assessor collect and verify sales information, which will provide pertinent sales information to create and maintain a sales database. The sales database should be separate from other parcel information and characteristics and should be frozen at the time of sale.

## Requirement 1 – 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 seven years. Our 2023 Ratio Study indicates a real property ratio of 74.9%, which reflects lower assessed values to sale price ratios for multiple categories of property, including agricultural, multifamily, commercial, and single family residential.

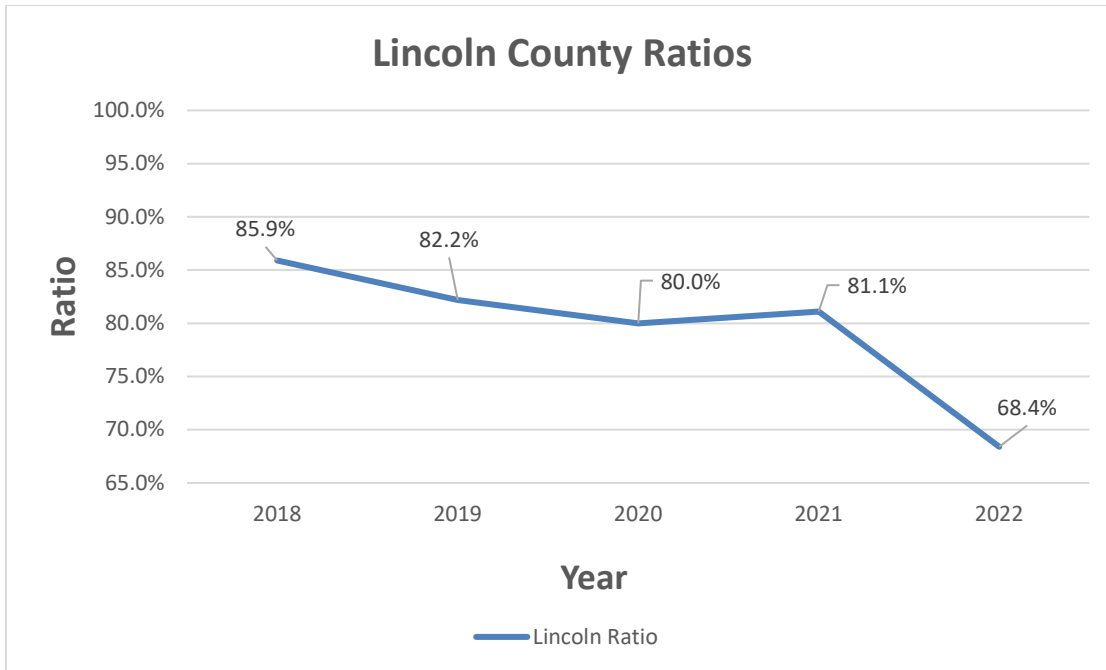
Recent statewide ratios and real property ratios for the County are:

Assessment Year	Median	Weighted Mean	Statewide Avg Weighted Mean
2023	*	74.9%	*
2022	*	68.4%	86.3%
2021	*	81.1%	87.9%
2020	*	80.0%	89.6%
2019	*	82.2%	89.9%
2018	*	85.9%	90.5%
2017	86.9%	87.0%	90.6%
2016	91.4%	91.9%	91.9%

\*Data unavailable 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:

- Indications the real property ratio is moving closer to the statewide average.
- The median ratio being between 90% and 110%, which is the *International Association of Assessing Officers (IAAO) Ratio Standard* for level of assessment.

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 *IAAO Ratio Standard* to measure the quality of mass appraisals. The *IAAO Ratio Standard* suggests the level of assessment be analyzed using the median assessment ratio for the jurisdiction being reviewed. The *IAAO Ratio Standard* also states 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 also 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 can be used for ratio studies and calculating statistical measures. The IAAO provides training and publications that explain the use of statistical



measures. The *Property Tax Training Calendar* may also 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 published reports that explain statistical analysis with calculated measures for each county, including the [Measuring Real Property Appraisal Performance in Washington's Property Tax System](#). These 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.
- Obtain training necessary to develop land valuations within the computer assisted mass appraisal (CAMA) system.
- Increase use and functionality of the CAMA system to update values throughout the County.
- Run new cost values in the 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. Update Marshall and Swift cost tables on a consistent basis.
- Confirm whether depreciation tables are activated, so a percentage of depreciation is applied each year and improvement values changed.
- Evaluate property records and add missing relevant characteristics for both improvements and land, which are useful for mass appraisal.
- Concentrate efforts to improve the county ratios by analyzing property by land use codes, highest and best use, and location, in addition to the other analyses already being performed.

Perform audits of valuations before finalizing values to ensure consistency and equity in valuations. Such audits may include checking:

- New construction parcels that reflect new improvement values.
- Reasons for large increases or decreases in value.
- Parcels with corrected land use codes.

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 to improve assessment levels and uniformity.
- Determination of whether administrative and statutory standards have been met or not.
- 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% 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 2 – 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, RCW 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 market 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 ratios over time. The Assessor is currently using outdated cost tables to value improvements.

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

Assessment Year	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
2023	74.9%	44.3%	6.6%
2022	68.4%	57.2%	5.2%
2021	81.1%	43.4%	4.7%
2020	80.0%	27.2%	9.8%
2019	82.2%	10.9%	3.1%
2018	85.9%	15.9%	2.3%

Sources:

[Measuring Real Property Appraisal Performance In Washington’s Property Tax System](#)  
[Property tax ratios by county | Washington Department of Revenue](#)  
[2018-2023 County Revaluation Progress Report](#)

### **Weighted mean ratio**

The County indicated real property ratio (weighted mean), used for equalization, which has been below 90% for the last six years and was the second lowest in the state for 2022 at 68.4%.

### **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 report 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 from these reports show the past five years had a very low percentage of parcels with changes in value in the non-inspected areas. In the non-inspected area of the County during 2018-2023, less than 10% of the parcels had an adjustment to the assessed value. For 2023, the Assessor reported 6.57% of the non-inspected parcels had a change of value, yet the weighted mean ratio was only 74.9%. This indicates the market adjustments were not adequate to reflect current market 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 non-inspected areas should be handled using the same process to ensure that all parcels are updated to the current market value.

### **Action needed to meet 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 value.

The Department recommends ratio studies and statistics should be used to analyze both land and improvement values in all areas of the County. Results from this analysis will help 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 and applying a market trend.
- Adjusting improvement values (e.g., percentage market adjustments) and 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.

The County should also activate current Marshall and Swift cost tables gradually by inspection area until all inspection areas have been updated. This will require caution to ensure any market adjustments that have previously been applied to old cost valuations, are removed or adjusted to reflect current market value.

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

Regularly reviewing and updating assessed values to reflect market value for parcels throughout the County, ensures taxpayers are assessed in a uniform and consistent manner. Additionally, accurately 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 3 – Procedure for adding new construction at percent complete to the assessment roll**

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### **Requirement**

The Assessor is required to assess new construction at its true and fair value as of July 31 each year regardless of its percentage completion (RCW 36.21.070, RCW 36.21.080, WAC 458-19-005(2)(p), WAC 458-12-342).

### **What the law says**

New construction covered under the provisions of RCW 36.21.070 and RCW 36.21.080 and defined in WAC 458-19-005(2)(p), must be assessed at its true and fair value as of July 31 each year regardless of its percentage of completion. The assessor is authorized to place new construction on the assessment rolls up to August 31 each year. In instances when new construction continues after July 31 of any year, the increase in value of the property due to the new construction that occurs between August of that year, through July 31 of the following year, is added to the assessment roll as "new construction" in the following year.

New construction refers only to real property, as defined in RCW 84.04.090 and WAC 458-12-010, and improvements, as described in WAC 458-12-005(2)(d), located on leased public land, for which a building permit was issued or should have been issued. The assessor must notify the owner, or the person responsible for payment of taxes, of the value of any new construction that has been assessed.

### **What we found**

While reviewing the 2022 and 2023 Progress Reports for Lincoln County, the Assessor stated they have a minimum threshold for picking up new construction at 30 percent.

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

The Assessor must determine the assessed value of new construction based on the true and fair market value, as of July 31. When the construction is incomplete, the value should reflect the market value for that level of completed construction, as of July 31. The Assessor should provide appraisers with written guidelines to help ensure consistency in estimating the value of incomplete construction.

Methods for determining percent complete and value of incomplete construction include:

- Estimating percentage of completion based on the contribution of each component of construction, as compared to the completed project. For example, a home with only the site work and foundation completed, as of July 31, would be considered 14% complete using the Percent Completion Guide in Marshall and Swift building cost manuals. The Department provides forms that help calculate a percent complete for new construction.

- Applying a percentage of the permit value to the parcel for parcels in the very early stages of construction, after inspection, until such a time that they can measure the new improvement more accurately.
- Attaching a flat value to a parcel in the early stages of construction (e.g., foundation), which would be a fair cost estimate for groundwork, utility installation, and foundation work.

The Assessor should continue to include photos in property records, because they provide visual evidence of construction found at the time of the inspection.

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

One of the major functions of the assessor's office is placing new construction on the assessment roll. It is important to capture the new construction value each year regardless of the percentage of completion, so the added value is part of the assessment roll for the appropriate year. 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.

## 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 in the process of expanding use of their CAMA system. The Assessor is working to get current property characteristics updated on each parcel as inspections are performed. The Assessor is also developing CAMA system valuations for all land parcels in the County. However, staffing shortages 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 because they have not been updated.

### Action recommended

We recommend the Assessor develop a plan for expanding use of mass appraisal. The following suggestions will help to set up basic system functionality so parcels can be updated in a consistent and uniform manner. It would be beneficial to dedicate a staff member to manage this transition and continue to implement 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.
- **State Land Use Codes (WAC 458-53-030)** – The Assessor should provide appraisers with a list of the state land use codes and review the proper application of the codes to promote consistent application by all staff. State 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 provides 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 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 manually updated annually before valuation work begins for the current year. Caution should be exercised to ensure the resulting valuations are accurate. Because an update for the County may 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. The new base cost value can be trended as necessary to reflect market value.

- **Depreciation** – Depreciation rates vary by quality of construction and age of the improvement. Routine repairs and maintenance can also 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 the characteristics with the greatest influence 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, then verify or fine-tune those during the inspection process. Accurate land valuation depends on capturing the major influences that affect its value.

### **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 helps to achieve and maintain consistency and uniformity between staff members and as a reference for use in the field.

### What we found

The Assessor's office does not have a comprehensive appraisal procedures manual. A sample manual from the Property Tax Resource Center website was provided to the Assessor after our visit.

### 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. The Department's Revaluation Manual is a useful resource for information to include, such as:

- Assessment data definitions, including photographic examples from standard guidelines related to building quality, condition, detached structures, attached structures, land characteristics, etc.
- 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. Here are some other benefits:

- Serves as 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 and can easily be updated or amended as necessary.
- Ensures consistent application of property tax laws and rules.
- Ensures consistent application of policies and procedures.
- Promotes the use of uniform appraisal practices throughout the county.

## Recommendation 3 – Training

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### Recommendation

The Department recommends the Assessor provide adequate training for new appraisers through appraisal classes and field training. The Assessor should also provide cross training to staff for specialized functions to prepare for when people leave positions or are absent from work.

### What we found

The Assessor provides training to the new appraisers. Due to ongoing vacant positions, training multiple new appraisers has been a time-consuming task for the more experienced staff. The Assessor has been able to send staff to required appraisal classes and other property tax training that requires funding by the County.

### Actions recommended

The Department recommends the County continue providing required training for new appraisers and specialized training to both new and long-termed staff. We recommend all staff maintain an adequate level of knowledge about the administration of property taxes through formal training or other learning opportunities. It is also important to share experiences and have discussions amongst new and long-term appraisal staff to enhance formal training. We recommend providing opportunities for cross-training between appraisers as well as other office staff for various functions. Cross-training leads to a more knowledgeable staff who can step up and fill voids when there are vacancies or people absent from work.

Training provides an opportunity to gain information and encourages discussion with other counties about their administrative processes. The [Property Tax Resource Center \(PTRC\)](#) contains a calendar of online and in-person trainings provided by the Washington State Association of County Assessors (WSACA) and the Department. Training topics include personal property, appraisal, exemptions and deferrals, current use, and levy calculation. In addition, WSACA provides training scholarships for counties that show a financial need for assistance.

### Why it's important

Training ensures proper administration of property tax laws and for consistency in the appraisal process. Benefits of a well-trained staff include:

- Improved employee morale.
- Less supervision required by the administration.
- Fewer errors to correct, which frees time for other duties.
- Employees may be more prepared to take advantage of promotional opportunities.
- Increased productivity.

## Recommendation 4 – Verification of sales

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### Recommendation

The Department recommends the Assessor collect and verify sales information, which will provide pertinent sales information to create and maintain a sales database. The sales database should be separate from other parcel information and characteristics and should be frozen at the time of sale.

### What we found

The Assessor's staff reports that sales verifications do not typically include an on-site inspection of the property, rather online information is used to verify sales. The staff plans to conduct on-site inspection of recently sold property when time allows.

### Action recommended

The Assessor should maintain a sales database of verified sales that reflects the property characteristics as well as the property rights transferred and permitted uses at the time of sale. This information should be frozen in the CAMA system, or other sales database, to allow for future use in sales analysis. Changes to the property records and assessed values must be in accordance with laws, rules, and the County's revaluation plan.

Sales data can be acquired by using a wide variety of sources including recorded legal documents, real estate excise tax affidavits (REET), sale verification questionnaires, telephone interviews of interested parties, private real estate company websites, leasing agents, field inspections, and certified property managers.

Sales data is essential for calibrating and specifying cost, income, and market valuation models as well as developing sales ratio studies. The reliability of any ratio study or valuation model depends on the quality and quantity of the data. Accurate land and improvement characteristics, at the time of sale, are required for proper comparison. Verifying sales helps to determine whether adjustments are necessary.

It is important to remember the data for both sold and unsold property should be treated in a consistent manner. Changes should not be made to sales that have not been reflected on similar unsold parcels that are affected by the same influence.

Data collected should include:

- Property characteristics at time of sale including quality and condition.
- Property segregations or multi-parcel sales.
- Property demolition, renovation, and/or additions.
- Full consideration involved (sale price, fee simple).
- Date of transfer.
- Instrument number.
- Time on market.
- Legal description, address, and parcel identifier.
- Names, addresses, phone numbers, and other contact information of buyer and seller.

- Relationship of buyer and seller.
- Type of transfer and deed.
- Interest transferred.
- Type of financing.
- Personal property included.

Important considerations for developing a sales verification process include:

- Written procedures.
- Extreme outliers of sales price to assessed value ratios should not be the only sales verified.
- Sales surveys easy for the recipient to fill out and read.
- The sales database being linked to the GIS as an additional analysis tool.
- Staff training to read and understand REET affidavits and other sales documentation.
- Review of seller-carried contracts. Watch for clauses regarding growing crops (non taxable), water rights, life estates in residence, or other elements that potentially influence sales.

For more information, see the IAAO website for these resources:

- Standard on Verification and Adjustment of Sales (April 2020).
- Standard on Ratio Studies (April 2013).

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

Sales data is required for all applications of the sales comparison approach, in the development of land values and market-based depreciation schedules in the cost approach, and in the derivation of capitalization rates or discount rates in the income approach. To help achieve uniformity and equity in taxation, it is essential to verify sales. Verification is necessary for meaningful ratio analysis, accurate sales comparison, development of trend factors, calibration of models, and adjustment of tables and schedules.

## 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 2024 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 us at:

Washington State Department of Revenue  
Property Tax Division  
PO Box 47471  
Olympia, WA 98504-7471  
(360) 534-1400  
<http://dor.wa.gov>