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Washington Department of Revenue Property Tax Division

2017 Review of the Grays Harbor County Board of Equalization



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Overview

Introduction

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

Purpose

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

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

Scope of Review

The review is limited in scope. We reviewed administrative procedures for compliance with state statutes and regulations.

Information Reviewed

To complete our review, we gathered information about the administration of the Board through interviews, documents provided by the Clerk, and independent verification. The areas we reviewed included, but were not limited to:

- Petitions for appeal 2015 assessment year for taxes payable in 2016
- Hearing procedures
- Deliberation process
- Board orders
- Regular convened session
- Reconvening processes
- Publications, forms, literature, and website
- Board policies

Acknowledgment

We thank the Board and Clerk for their cooperation throughout our review. We commend the Board for their willingness to look at opportunities to improve the uniformity and administration of property tax.

Executive Summary

About this Review

The Department conducted an on-site visit to the Board's office. We interviewed the Board's staff about the processes and procedures used in hearing appeals.

Categories of Results

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

- The first category, *Requirements*, is of the greatest urgency for effective administration by the Clerk and the Board. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the Board. The Department believes the Board could improve their performance and service to the public by making voluntary changes in procedures.

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

Results

The Department identified five requirements and three recommendations directed toward improving the Board's methods.

The items identified may be specific to the Clerk's duties, the Board's duties, county legislative authority duties, or they may have shared components of responsibility. A summary of these items follows.

Executive Summary, continued

Requirements

1. A taxpayer is required to provide the Board with a complete petition and a copy of the Assessor's Notice of Value or other determination as proof of a timely filed petition for an appeal of valuation when the petition is filed after July 1 of the assessment year in question.
2. The Board is required to request the approval of the county legislative authority to continue hearings after the the regular 28 day convened session.
3. The Clerk is required to keep and publish a record of the Board's proceedings.
4. The Board is required to consist of at least three members to hold hearings and make decisions by a majority vote.
5. The Board is required to reduce the standard of proof required to overcome the Assessor's presumption of correctness from clear, cogent, and convincing to the preponderance of evidence, when the Assessor's methodology or approach is proven incorrect.

Recommendations

1. The Department recommends the Board post the dates of the three required meetings during the regular convened session.
2. The Department recommends the Board add the good cause waiver reasons to the appeal denial notice. The letter should also be updated to reflect the Board is withdrawing the appeal.
3. The Department recommends the Board remove the language in their orders that states taxpayers will receive a revaluation notice yearly.

Requirements

For the items listed as *Requirements*, the Board must make changes in procedure to comply with law.

This section contains the items we identified in our interview.

Complete and Timely Filed Petitions

Requirement

A taxpayer is required to provide the Board with a complete petition and a copy of the Assessor's value notice or other determination as proof of a timely filed petition for an appeal of valuation when the petition is filed after July 1 of the assessment year in question.

What the law says

A petition of value may be accepted by the Board as long as it is filed timely, on or before July 1 of the assessment year or within 30 days, unless the county legislative authority has extended the appeal period up to 60 days, after the date the value change notice was mailed, whichever is later.

(RCW 84.40.038 and WAC 458-14-056)

The appeal must be on forms as prescribed or approved by the Department and be complete.

What we found

It is unclear if five of the eight files reviewed were filed timely. They were submitted after July 1 of the assessment year in question and did not include a value change notice supporting the submission of the appeal after July 1.

Three of the eight files reviewed include petitions that are incomplete, the reasons listed for appeal are not related to the true and fair market value as required by law. One petition listed the reason as "will submit later", and two petitions stated there had been no improvements made to the property.

Action needed to meet requirement

The Board is required to take the following actions:

- Require a copy of the Assessor's value notice or other determination be provided with all petitions submitted after July 1 of the assessment year in question to assist in determining if the petition is timely filed. If the petitioner does not provide this document with the petition, the Board is required to:
 - Send the petitioner a notice of incomplete petition requesting a copy of the value notice. Be sure to provide a deadline in the notice as to when the petitioner must reply.
- Retain copies of envelopes including the postmark for all petition files, both timely and untimely filed. Only accept petitions that are complete and timely filed, that include a specific reason why the petitioner believes the Assessor's determination is incorrect.

Why it's important

Proper documentation of complete and timely filed appeals assures both the assessor and the taxpayer due process.

Regular Convened Session

Requirement

The Board is required to request the approval of the county legislative authority to continue hearings after the the regular 28 day convened session.

What the law says

The Board must make a request to the county legislative authority to reconvene when they have 25 or more pending petitions or 10 percent of the number of petitions from the preceding year, whichever is greater. (RCW 84.48.010 and WAC 458-14-046)

What we found

The Board continued to hold hearings after the 2015 assessment year regular 28-day session ended without receiving authority from the county legislative authority to be reconvened.

Action needed to meet requirement

The Board is required to take the following actions:

- The Board must request the authorization of the county legislative authority to be reconvened after their regular 28-day session to hear timely filed petitions, the authorization should be in writing. The Board may wish to use the *Notice of Approval to Hear Property Tax Appeals* form, available by request from the Department. (REV 64 0049)

Why it's important

Proper authorization ensures that the county legislative authority is aware of their board of equalization's workload.

Form Letters

Requirement

The Board is required to consider comparable sales evidence provided by all parties when the sales are within five years prior to the date of the petition.

What the law says

Parties may submit and boards may consider any sales of the subject property or similar properties which occurred prior to the hearing date so long as the requirements of RCW 84.40.030, 84.48.150, and WAC 458-14-066 are complied with. Only sales made within five years of the date of the petition shall be considered. (WAC 458-14-087)

What we found

One of the 2015 assessment year petitions reviewed contained a *Petition Acknowledgement Letter* that stated “market sales evidence should be from sales in 2014”.

The *Welcome Letter* and the *Real Property Hearing Notice – Request for Sales Evidence* each state, a petitioner should provide comparable sales that have occurred before the assessment date as market evidence. Statute allows a petitioner to provide comparable sales that have occurred within a period of five years prior to the petition date.

The *Real Property Hearing Notice – Request for Sales Evidence* states, “You must submit documentation and at least three comparable market sales sold before January 1, 2015 to prove your estimate of value.”, there is no requirement that requires the petitioner to submit three comparable sales.

Action needed to meet requirement

The Board is required to take the following actions:

- Consider comparable sales evidence provided by the Assessor and the petitioner when the sales are within five years of the petition date.
- Correct the language in the *Petition Acknowledgement Letter* and the *Welcome Letter* to state, petitioners may use comparable sales that have occurred within a period of five years prior to the petition date for comparable sales evidence.
- Remove the language from the *Real Property Hearing Notice – Request for Sales Evidence* letter that requires a petitioner to submit a minimum of three comparable sales.

Why it's important

Consideration of all allowable market evidence for an appeal, as required by statute, allows both the assessor and the taxpayer due process.

Record of Hearing

Requirement

The Clerk is required to keep and publish a record of the Board's proceedings.

What the law says

The law requires the Clerk to maintain a journal or record of the board of equalization's proceedings and orders. The record must be published in the same manner as other proceedings of the county legislative authority. (RCW 84.48.010 and WAC 458-14-095(5))

What we found

The eight petition files examined did not contain the Board Clerk's Record of Hearing as required by RCW 84.48.010. All of the files reviewed included notes taken by the Clerk that contain the information required on the record of hearing forms, with the exception of the hearing beginning and ending times and the tape recording number.

Action needed to meet requirement

The Board is required to take the following actions:

- Complete the Board Clerk's Record of Hearing form (REV 60 0002) and include it in each appeal file, or add the hearing beginning and ending times and the video recording number to the BOE Clerk Record currently utilized by the Clerk for taking notes from the hearings, to document the necessary information.
- Publish the Record of Hearing in the same manner as other county legislative authority proceedings.

The Record of Hearing form (REV 60 0002) is available by request from the Department.

Why it's important

The record serves as a public summary of the actions taken by a board for each hearing.

Board Composition

Requirement

The Board is required to consist of at least three members to hold hearings and make decisions by a majority vote.

What the law says

The board must consist of at least three and not more than seven members, including alternates. The members of the board will meet and choose a chair, and the majority will constitute a quorum.
(RCW 84.48.014 and 84.48.018)

What we found

Four of the eight petition files reviewed contained board orders that listed the District No. 3 Board Member as vacant. Without at least the three appointed members Grays Harbor County does not meet the necessary qualification of a board of equalization and do not have the authority to hear appeals.

When the Board consists of three members they may hold hearings and make majority decisions.

Action needed to meet requirement

The Board is required to take the following actions:

- Only conduct hearings if the Board consists of at least three members.

Why it's important

Statute requires a board to consist of a minimum of three members.

Board Orders

Requirement

The Board is required to reduce the standard of proof from clear, cogent, and convincing to the preponderance of evidence, when the Assessor offers a stipulated value agreement.

What the law says

If a taxpayer shows by clear, cogent, and convincing evidence that a specific value within an overall assessed value is incorrect, then the standard of proof shifts to preponderance of the evidence for all contested issues related to that specific value. (RCW 84.40.0301 and WAC 458-14-046)

What we found

One of the petition files reviewed by the Department included a stipulated value offered by the Assessor. This reduces the standard of proof to a preponderance of evidence. The order issued by the Board incorrectly stated the standard of proof to overturn the Assessor's value was clear, cogent, and convincing.

Action needed to meet requirement

The Board is required to take the following action:

- When the Assessor offers a stipulated value agreement or recommends a different value, a preponderance of evidence is the standard of proof.

Why it's important

When the Assessor recommends a different value, they have acknowledged their certified value is not correct.

Recommendations

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

This section contains the items we identified in our interview.

Regular Convened Sessions

Recommendation

The Department recommends the Board post the dates of the three required meetings during the regular convened session.

What we found

The Board held three meetings for the 2015 assessment year on July 15, 2016, July 21, 2016, and August 4, 2016 as required by WAC 458-14-046, but are not publishing the dates.

Action recommended

The Board should publish the dates of the three required meetings in the Assessor's office, courthouse bulletin board, and newspaper, using form 64 0050 available by request from the Department.

Why it's important

Posting the Board's meeting dates serves as a public record and provides transparency of government process.

Appeal Denial Notice

Recommendation

The Department recommends the Board add the good cause waiver reasons to the appeal denial notice. The letter should also be updated to reflect the Board is withdrawing the appeal.

What we found

The Clerk sends an appeal denial notice when an appellant does not have a complete and timely filed petition. The notice does not inform the petitioner of the good cause reasons why the deadline may be waived.

The letter states the Clerk is withdrawing the appeal, the letter should say the Board is rejecting the appeal. (RCW 84.40.038 and WAC 458-14-056)

Action recommended

The Clerk should add the good cause reasons to the Appeal Denial Notice. The addition of the good cause reasons will provide petitioners with information that may allow them to continue the appeal process. This action should also help streamline the appeals process by decreasing the number of questions from petitioners, directed to the Clerk.

The Clerk should update the letter to reflect that the Board is the authority authorized to deny an appeal.

Why it's important

Informing petitioners of the good cause reasons ensures appellants receive their due process within the appeal process.

Board Order Form

Recommendation

The Department recommends the Board remove the language in their orders that states taxpayers will receive a revaluation notice yearly.

What we found

The Board includes a statement in their orders that indicates all taxpayers will receive a value change notice every year. The Assessor may choose to provide a value notice to all taxpayers, however, statute only requires the Assessor to provide a value notice if the value has changed from the previous year. If the value does not change from the previous year, the Assessor is not required to provide a notice.

Action recommended

The Board should remove the language in their orders stating taxpayers will receive a revaluation notice yearly. Issuing revaluation notices yearly is at the discretion of the Assessor.

Why it's important

To ensure taxpayers are receiving accurate information regarding the property tax appeal process.

Next Steps

Prioritizing Requirements and Recommendations

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

Follow-up

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