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# Washington Department of Revenue Property Tax Division

## 2017 Review of Property Tax Administration in Klickitat 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 property tax administration processes in Klickitat County (County).

## Purpose

The primary purpose of this review by the Department is to assist the Klickitat County Assessor (Assessor) in successfully performing the duties associated with the 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 record 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 assessors, boards of equalization, county boards of commissioners, county treasurers, and county auditors as to their duties 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
- To provide recommendations to improve assessment operations
- To identify efficiencies and cost-effective operational improvements
- To 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, as well as through independent verification. The areas we reviewed included (but were not limited to):

- Reporting to officials
- Revaluation

We gathered information through staff interviews, documents provided by the Assessor's staff, as well as through independent verification. To complete our review, we interviewed:

- The Assessor

### **Acknowledgment**

We thank the Assessor and the staff for their cooperation throughout our review. We commend the Assessor for her 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 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 and 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 one requirement and two 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 Assessor is required to submit accurate, complete, timely reports and certifications to the Department and other County officials. (RCW 84.08.020, 84.08.040, 84.40.040, 84.40.130, 84.40.320, 84.48.50, 84.48.080, 36.21.100, WAC 458-53-030, 458-53-070, 458-53-080, 458-53-140)

### **Recommendations**

1. The Department recommends the Assessor develop a plan to ensure necessary queries of the computer assisted mass appraisal (CAMA) system can be performed. These queries are required for accurate and timely reporting to the Department, and for use internally.
2. The Department recommends the Assessor contact nearby or similar counties regarding sharing of their commercial sales and property income data. This enables the appraisers to have a larger population of properties and more data to use in their analysis of commercial property.

# Requirements

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

This section contains the items we identified following our interview.

## Assessor Must Complete Statutorily Required Reports by the Due Date

### Requirement

The Assessor is required to submit accurate, complete, timely reports and certifications to the Department and other County officials. (RCW 84.08.020, 84.08.040, 84.40.040, 84.40.130, 84.40.320, 84.48.50, 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. Other reports are required by the Department 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

At the time of our visit, the Assessor had a contract with Spokane County to write queries necessary to compile data for required assessment reports. The Assessor expressed concern that she does not have internal staff that can create the queries needed to provide the information required for reports. Due to system issues and inexperience in running these data queries, five required reports and certifications were not delivered timely, including:

<b><i>Required Reports &amp; Certifications</i></b>	<b><i>Due Date</i></b>	<b><i>Reported by Assessor</i></b>
<b>Assessor's Certificate of Assessment Rolls to the County Board of Equalization</b>	July 15, 2017	November 14, 2017
<b>Assessor's Certificate of New Construction Value to the County Board of Equalization</b>	September 15, 2017	November 14, 2017
<b>Real Property Sales Study (Ratio Study Valid and Invalid Sales Report)</b>	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 14, 2017
<b>Real Property Stratification Report</b>	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 14, 2017
<b>Abstract of Assessed Value</b>	October 31, 2017	November 14, 2017



***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 unable to hear petitions until they received the certified assessment roll.
- 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)***

Assessment staff could not complete the Valid and Invalid Sales Report until the 2017 assessment roll was officially closed, and the values updated. The delay in submitting the report to the Department resulted in:

- Delays in completing the ratio.

***Real Property Stratification Report***

The delay in submitting the report to the Department resulted in:

- Delays in completing the ratio.

***Abstract of Assessed Value***

Submitting the abstract late results in:

- Delays in review and resolution of issues in the reporting.
- Delays in calculating the state school levy.

**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. 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. Staff training should include procedures for proper querying of the database and the production of required reports.

***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 each year. (RCW 84.40.320)

### ***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). 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 one percent 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 as per WAC 458-53-070 and 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.

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

The Assessor is required to complete and return the Abstract of Assessed Value (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.

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

The Department and other state and 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 and the County Assessor's Manual. The Property Tax Calendar is updated each year and located online at [dor.wa.gov/docs/Pubs/Prop\\_Tax/PropCal.pdf](http://dor.wa.gov/docs/Pubs/Prop_Tax/PropCal.pdf). The County Assessor's Manual is available online at [http://dor.wa.gov/Docs/Pubs/Prop\\_Tax/AssessorRefManual.doc](http://dor.wa.gov/Docs/Pubs/Prop_Tax/AssessorRefManual.doc).

## **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.

## Recommendations

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

This section contains the items we identified following our interview.

## Train Staff How To Conduct Sequel Queries

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### Recommendation

The Department recommends the Assessor develop a plan to ensure necessary queries of the computer assisted mass appraisal (CAMA) system can be performed. These queries are required for accurate and timely reporting to the Department, and for use internally.

### What we found

The County does not have internal staff or a local contractor who is readily available to write queries of the Ascend (administrative) and ProVal (CAMA) systems. The Assessor previously contracted with another county for those services. An attempt was made this year to take on these tasks within the office. This resulted in delays in getting reports completed. The delay in completing valuation work this past year was primarily due to problems successfully completing required reports utilizing internal staff members. The Assessor is considering the possibility of hiring a part time shared employee who could assist several departments within the County with their reports.

### Action recommended

The Assessor should identify one or two staff members with an interest and aptitude to be trained to perform these functions. Another option would be to find a contractor who is available locally to work on these tasks. In addition to using queries to compile data for required reports, queries are extremely valuable for providing internal information useful for valuation work, quality control, and office efficiencies. Suggestions for the use of internal queries include:

- Tracking appraiser production
- Gathering data on market influences to determine adjustments in your model
- Performing data analysis to determine where special studies may need to be performed
- Analyzing neighborhood data for consistency between parcels (i.e. quality grades, condition)

### Why it's important

It is important to have someone who knows the capabilities of the Assessor's administrative and CAMA systems and is able to query those systems for the data necessary to perform uniform and equitable mass appraisal valuations, as well as compile the required reports in a timely and efficient manner.

## Gather More Commercial Sales and Income Data

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### Recommendation

The Department recommends the Assessor contact nearby or similar counties regarding sharing of their commercial sales and property income data. This enables the appraisers to have a larger population of properties and more data to use in their analysis of commercial property.

### What we found

The County has commercial sales occurring each year, but like many small to midsize counties, there is not enough sales of similar property types to allow for analysis and ratio studies by type of commercial property. The cost approach is primarily used to value commercial parcels along with consideration of comparable sales and income data when appropriate.

### Action recommended

We recommend that the Assessor take advantage of information that might be available from other neighboring or similar counties. Sharing of commercial sales and property income information, especially for special purpose property, can supplement your County specific market data. Even though the parcels may not be geographically close to the subject parcels, a locational adjustment could be developed to make comparisons work.

### Why it's important

Like other property, commercial property must be valued at 100 percent of true and fair market value. Valuing commercial property in small and midsize counties remains one of the biggest challenges for assessors because there is limited data to perform an analysis and use for valuation. Due to the fact that commercial parcels tend to be high value parcels within any county, it is important that the valuations be accurate and the level of assessment be comparable with other classes of property within the county.

## 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 nine months 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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