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Washington Department of Revenue Property Tax Division

2016 Review of the Thurston 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 Thurston County Board of Equalization (Clerk) and one Thurston County Board of Equalization member. The interview focused on the Thurston 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

This review is limited in scope. We focused on the Board's processes for issuing orders after a hearing.

Information Reviewed

To complete our review, we gathered information about the Board's processes by conducting an interview and analyzing statistical data provided by the Clerk. The areas we reviewed included, but were not limited to:

- Deliberation process
- Prioritizing orders
- Shipping orders – writing, reviewing, signing, and mailing
- Notification process
- Data collection and tracking systems
- Staffing levels

Executive Summary

About this Review

On March 24, 2016, the Department conducted an on-site visit of the Board. We interviewed the Clerk and one Board member about the processes and procedures used in deliberations after a hearing, and the shipping of board orders. The Thurston County Budget and Fiscal Manager attended as an observer.

An administrative review of this type is prone to underscore problem areas even in a county that is doing well. While we may have observed processes or procedures that could be considered "best practices," those items may not be reflected in this report.

The Department recognizes the work of the Clerk and Board to reduce the backlog of board orders. However, we identified some areas of improvement that will help the Board issue orders in a more timely manner. During the interview the Board stated they place greater priority on holding hearings, however completing the appeal process by issuing orders in a timely manner should receive equal priority.

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 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 based the requirement and recommendations contained in this report 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 one requirement and three recommendations directed toward improving the Board's methods for shipping orders. A summary of these items follows.

Executive Summary, continued

Requirements

1. The Board is required to ship notice of their decision to the appellant and Assessor following the hearing. (WAC 458-14-116 (3))

Recommendations

1. The Department recommends the Board streamline the process for shipping orders.
2. The Department recommends board members that participate in the hearing and deliberation process assist in writing orders.
3. The Department recommends the Board discontinue their practice of encouraging the appellant and Assessor to call or email the Clerk after deliberation to get the Board's decision.

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 following our interview.

Board Orders

Requirement

The Board is required to ship notice of their decision to the appellant and Assessor following the hearing. (WAC 458-14-116 (3))

What the law says

If a board of equalization adjusts or sustains the valuation of a parcel of real property or an item of personal property, they must ship notice of the decision to the appellant and assessor. If the value is reduced, the new valuation takes effect immediately. If the value is increased, the new valuation becomes effective thirty days after the order is shipped, unless a petition is filed with the Board of Tax Appeals on or before the effective date. (WAC 458-14-116 (3) (a) (b))

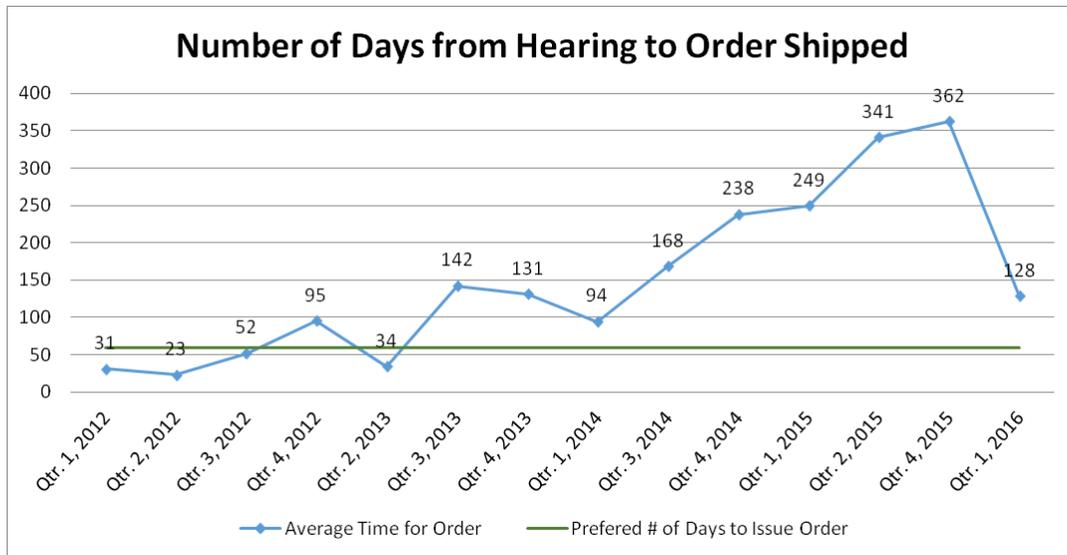
The Department must provide a manual for the operating procedures of boards of equalization so there is uniformity of assessment throughout the state. Boards of equalization are to follow the procedures outlined in this manual. (RCW 84.48.046)

What we found

The Board has not been shipping orders in a timely fashion following the hearing. Some orders have taken as long as 450 days from the hearing before they are shipped. The Board member interviewed stated that they started to lose ground during the 2013 calendar year due to the lack of staffing and several difficult high profile cases. Since then their Administrative Assistant (AA) position has been increased from half time or less to full time and they have contracted with two former board members to assist in writing orders. This additional help has allowed them to reduce their backlog in writing orders.

Board Orders, continued

The chart below demonstrates the average number of days between the hearing date and the date the order was shipped per quarter for the calendar years 2012, 2013, 2014, 2015, and 2016. The Department believes a reasonable time to ship the order after a hearing is 60 days, as demonstrated by the green line in the chart.

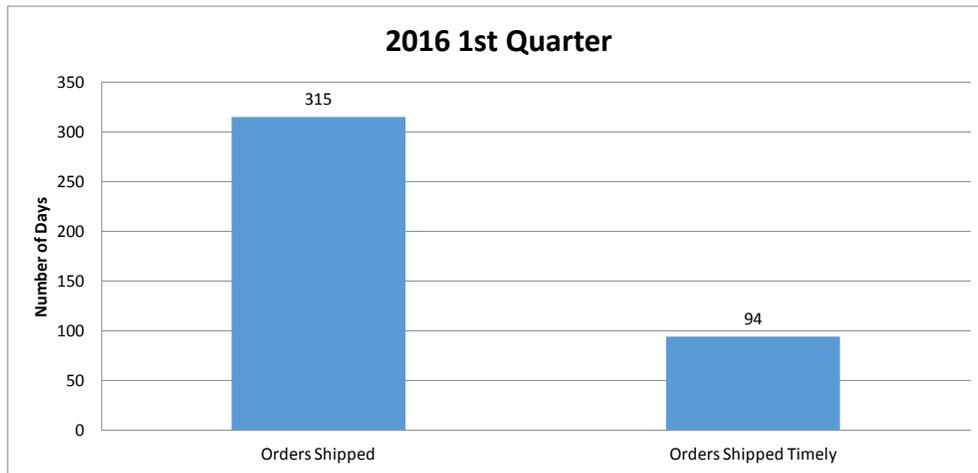


No orders were shipped during the first quarter of 2013, second quarter of 2014, or third quarter of 2015. According to data received from the Clerk, the Board heard 105 petitions in the first quarter of 2013, 74 petitions in second quarter of 2014, and 66 petitions in third quarter of 2014. It is unclear why the Board continued to hold hearings during this period, but did not finalize any appeals by shipping orders.

During the interview, the Board member stated they were shipping orders timely during the 2012 and most of 2013 calendar years. The contract help started in the third quarter of 2015. No orders were shipped during the third quarter of 2015 but the progress can be seen by the first quarter of 2016.

Even though the Board has made progress, only 94 out of 315 orders shipped in the first quarter of 2016 were shipped within 60 days of the date of the hearing as shown on the next chart.

Board Orders, continued



Advance Report of Final Decisions

The Board shipped 215 Advance Report of Final Decisions between February and March 2015. The Board believes this serves as pre-notification of their decision. The Department notified the Board to discontinue this practice in a letter dated April 21, 2015, as this was not using their time efficiently, nor was it providing a valuable service to the appellant, Thurston County Assessor (Assessor), or Thurston County Treasurer (Treasurer). The Assessor and Treasurer cannot adjust the assessments on property taxes due until the official order has shipped. The official order also sets the date in which one of the parties can appeal the Board's decision to the State Board of Tax Appeals.

Action needed to meet requirement

The Board must:

- Ship notice of the decision in a timely manner.
- Place equal priority on issuing orders as on holding hearings.

Why it's important

Neither statute nor rule specifies a timeline on when an order should be shipped in comparison to a hearing date. However, Washington State's property tax system has numerous processes which are interdependent on each other. Delays in one process, such as the delay of shipping orders, prevents other processes from being completed in a timely manner.

Without an order the appellant, Assessor, and Treasurer are unable to take any of the subsequent actions associated with an order. This includes correcting assessed values, refunding property taxes, or appealing to the Board of Tax Appeals.

Recommendations

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

This section contains the items we identified following our interview.

Streamline Process

Recommendation

The Department recommends the Board streamline the process for shipping orders.

What we found

Currently it appears the majority of the Clerk's time is being used to complete clerical functions that could be done by the AA. During the interview, we found that orders are touched multiple times by the Clerk.

The following steps were stated by the Clerk and Board member during our interview:

1. Clerk takes notes during the deliberation.
2. Clerk emails notes to the AA.
3. AA puts file together and sends to contractor via email and thumb drive to write draft order.
4. Contractor writes the draft order.
5. Contractor emails or returns thumb drive with batch of orders to Clerk.
6. Clerk reviews draft orders and makes necessary adjustments.
7. Clerk emails the batch of draft orders to chairperson's email.
8. Chairperson reviews draft orders for clarity of content.
9. Chairperson emails approved batch of board orders to Clerk.
10. Clerk prints batch of orders.
11. Clerk gives orders to chairperson to sign during next meeting, hearing, or the chairperson comes to the courthouse to sign if there are no meetings or hearings scheduled in the near future.
12. Clerk signs orders.
13. Clerk stamps shipping date.
14. Clerk makes a copy to mail to petitioner.
15. Clerk scans order to email to Assessor.

Streamline Process, continued

Action recommended

The following recommendations may help to streamline the process used to write and ship orders:

- The contractors writing orders are former board members. Because the contractors are knowledgeable and experienced, the Clerk may not need to verify the order before it is sent to the chairperson for content review. *This eliminates steps 6 and 7.*
- The chairperson could utilize an electronic signature when signing the order. WAC 458-14-116 (2) states the chairperson must sign the orders, or delegate this duty to the clerk. In the Board's current process, both the Clerk and the chairperson are signing orders. *This eliminates steps 11 and 12.*
- The chairperson can email signed orders directly to the AA.
- The AA can electronically add the shipping date to the orders and distribute them to the appellant and Assessor.

The Department considered Lean principles in identifying these recommendations. The Lean process is a way to identify and eliminate unnecessary steps in a process.

Why it's important

Distributing or eliminating some of the steps mentioned would provide more time for the Clerk to write draft orders, increase efficiency, and improve customer service.

An efficient process will help the Board complete all aspects of the appeal process and improve their timeliness. Completing the appeal process by shipping orders in a timely fashion is a critical function of the Board.

Roles of Board Members

Recommendation

The Department recommends board members who participate in the hearing and deliberation process assist in writing orders.

What we found

Currently one Board member occasionally writes orders for the most complex appeals.

Action recommended

The Board should develop alternative processes to continue issuing orders in a timely manner in the event that current staffing levels cannot be maintained. If the Board is unable to continue the use of contractors to assist in writing orders, having all board members write orders will help the Board ship orders in a timely manner.

Why it's important

While the Board is making progress in reducing their backlog of issuing orders, the Department is concerned that if staffing levels change, the backlog will increase.

Sharing Board's Decision the Day After the Hearing

Recommendation

The Department recommends the Board discontinue their practice of encouraging the appellant and Assessor to call or email the Clerk after deliberation to get the Board's decision.

What we found

During the interview, the Board member stated the appellant and Assessor are told they may call or email the Clerk to obtain their decision the day after the hearing, before the order is issued.

He also stated there are cases where additional research is required to write the order. When asked by the County Budget and Fiscal Manager, he confirmed this additional research may result in the Board changing their decision made during the prior deliberation.

Action recommended

The Department recommends the Board provide notification of their decision through a timely issued order, and discontinue this advance notification.

Why it's important

The Department believes this early notification:

- May result in inaccurate information given to the appellant and Assessor,
- Creates an expectation by the appellant that the appeal process is complete,
- Is not an efficient use of the Clerk's time.

Next Steps

Follow-up

The Department will follow up in three and six months to review the changes implemented and orders shipped during this time period. This will give the Board 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 contributing staff member listed below:

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