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Washington Department of Revenue Property Tax Division

2018 Review of the Kitsap 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 Kitsap County Board of Equalization (Clerk). The interview focused on the Kitsap 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 2016 assessment year for taxes payable in 2017
- 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 two 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. The Board is required to request the approval of the county legislative authority to continue hearings after the regular 28 day convened session.
2. The Clerk is required to keep and publish a record of the Board's proceedings.
3. 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.
4. The Board is required to keep confidential information in a separate envelope and sealed from public inspection.
5. The Board is required to inform the appellant their petition will be denied unless the appellant requests a good cause waiver of the filing deadline.

Recommendations

1. The Department recommends the Board post the dates of the three required meetings held during the regular convened session.
2. The Department recommends the Board update the *Guidelines for Hearing* publication to provide additional information regarding sales data evidence.

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.

Regularly Convened Session

Requirement

The Board is required to request the approval of the county legislative authority to continue hearings after 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 2016 assessment year's regular 28-day session ended, without receiving approval from the county legislative authority to convene after the 28-day session.

Action needed to meet requirement

The Board is required to take the following action:

- The Board must request the approval of the county legislative authority to convene after their regular 28-day session to hear timely filed petitions, the approval 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 approval ensures that the county legislative authority is aware of their board of equalization's workload.

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 reviewed did not contain the Board Clerk's Record of Hearing as required by RCW 84.48.010. During the interview the Clerk stated the hearings and the Board's decisions are recorded, but she does not complete and publish a Record of Hearing form.

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.
- 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 of equalization for each hearing.

Complete and Timely 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 two 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 timeliness of the appeal submission after July 1.

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 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 or other determination. The notice should include a deadline as to when the petitioner must reply and inform the petitioner they may request a waiver of the filing deadline for good cause.
(WAC 458-14-056)

Why it's important

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

Confidential Information

Requirement

The Board is required to keep confidential information in a separate envelope and sealed from public inspection.

What the law says

Confidential evidence is exempt from public disclosure and must be placed in an envelope, which is sealed from public inspection and bears the notation “confidential evidence” and the case number. (WAC 458-14-095)

What we found

During the interview the Clerk stated, all petition files are scanned and stored in electronic files. The confidential files are separate from the documents that are available for disclosure to the public. These files are password protected and the only parties able to access them are the Clerk, the Board members and the Assessor. The paper files are destroyed when allowed by the retention schedule. The confidential paper files are not kept in a sealed envelope labeled “confidential evidence”.

Action needed to meet requirement

The Board is required to take the following action:

- Keep paper files containing confidential information in a sealed envelope, labeled with the notation “confidential evidence” and the case number.

Why it’s important

Proper handling of evidence and testimony ensures confidential information is not inappropriately disclosed and instills taxpayer confidence in the Board.

Waiver of Filing Deadline for Good Cause

Requirement

The Board is required to inform the appellant their petition will be denied unless the appellant requests a good cause waiver of the filing deadline.

What the law says

The appeal petition must be filed with the board on or before July 1 of the assessment year or within 30 days, or up to 60 days if a longer time period is adopted by the county legislative authority, whichever is later.

No late filing of a petition shall be allowed unless the appellant **requests and** can show good cause to waive the filing deadline. A petition that is filed after the deadline without a showing of good cause must be dismissed by the board and returned to the petitioner. To reinstate the petition, the appellant must show good cause, within a reasonable time, for the board to waive the filing deadline. The board of equalization's decision to waive the filing deadline for good cause is not appealable to the State Board of Tax Appeals (BTA). (RCW 84.40.038 and WAC 458-14-056)

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 appeal deadline may be waived.

Action needed to meet requirement

The Board is required to take the following action:

- Add the good cause reasons to the Appeal Denial Notice sent to appellants when denying a petition. The addition of the good cause reasons will provide petitioners with information that may allow them to continue the appeal process. If the appellant does not meet one of the good cause reasons, the Board must deny the petition. The decision to either accept or deny the appellant's request to waive the filing deadline is not appealable to the BTA. (WAC 458-14-056(3))

Why it's important

Properly administering petitions ensures equity and provides a fair process for the appellant and assessor.

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.

Board Meeting Dates

Recommendation

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

What we found

The Board held three meetings during the regular convened session for the 2016 tax year, as required by WAC 458-14-046, but did not publish the dates.

Action recommended

The Department recommends the Board take the following action:

- 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.

Publication – Guidelines for Hearing

Recommendation

The Department recommends the Board update the *Guidelines for Hearing* publication to provide additional information regarding sales data evidence.

What we found

The Board's *Guidelines for Hearing* publication states for assessment year 2018 sales evidence should be from January 1, 2017 through December 31, 2017. The publication does not include information informing taxpayers that the Board can consider sales made within five years of the date of the petition.

(RCW 84.40.030 and WAC 458-14-087)

Action recommended

The Department recommends the Board take the following action:

- Add information to the *Guidelines for Hearing* publication that informs taxpayers they may use sales occurring within five years of the date of the petition as evidence for their appeal.

Why it's important

Complete and accurate information in the Board's publications ensures both the assessor and the taxpayer due process within the property tax appeals 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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