

P. O. Box 47471
Olympia, WA 98504-7471

Washington Department of Revenue Property Tax Division

2024 Review of Property Tax Administration in San Juan County



Table of Contents

Overview.....	3
Executive Summary	5
Requirement 1 – Timely statutorily required reports.....	7
Requirement 2 – Real property valuation.....	11
Requirement 3 – File current revaluation plan with DOR.....	13
Recommendation 1 – Staffing	16
Recommendation 2 – Mass appraisal valuations for parcels	17
Recommendation 3 – Permit review process.....	19
Recommendation 4 – Responding to appeals.....	21
Next Steps	22

Overview

Introduction

This report contains the results of the Department of Revenue's (Department) review of property tax administration processes in San Juan County (County).

Purpose

The primary purpose of this review is to assist the San Juan County Assessor (Assessor) in successfully performing their 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 select 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 the 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

Assessors are responsible for listing and valuing all real and personal property in the county. In addition to valuing property, assessor offices are 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.
- 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

Duties of the Department

The Department provides 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 regarding their duties under the laws of the state for 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 that address the interest to promote fair, timely, and uniform property tax assessments.

As part of the Department's commitment to assist assessors, reviews are conducted with these general goals in mind:

- To ensure assessment administration is compliant with state statutes and regulations.
- To recommend improvements for assessment operations, cost, and operational efficiencies.
- To identify immediate and long-term resource needs.

Information Reviewed

During 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, official reports and revaluations. We also interviewed the Assessor and Deputy Assessor.

Acknowledgment

We thank the Assessor and County 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

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 for counties doing well. Though we may have observed processes or procedures where the County is successful, 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

Requirements

1. The Assessor is required to submit accurate, complete, and 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, 84.41.041, 84.41.130, 84.48.050, 84.48.080, 36.21.100, WAC 458-53-030, 458-53-070, 458-53-080, 458-53-140).
2. The Assessor is required each year to complete revaluation work by May 31, and new construction valuation by August 31 (RCW 84.40.040 and 36.21.080).
3. The Assessor must submit a proposed revaluation plan to the Department by March 1, of the year prior to the first year of any revaluation and/or physical inspection cycle. The proposed revaluation plan must be sufficiently detailed to enable the Department to determine whether the Assessor will be able to successfully and timely complete the revaluation and/or physical inspection program (RCW 84.41.030, RCW 84.41.040, and WAC 458-07-025).

Recommendations

1. The Department recommends the Assessor work with the County council to replace staff time that was lost due to the new 32-hour workweek. This will help ensure the Assessor can complete the assessment workload in a timely manner, including prioritizing property inspections and increasing mass appraisal functionality for valuing land using the current CAMA system.
2. The Department recommends the Assessor adopt practices that will allow for the use of mass appraisal in determining and updating land values on an annual basis.
3. The Department recommends the Assessor evaluate permit information more closely to determine the status of the improvement and/or whether the improvements warrant an on-site inspection or can be handled with a desk review.
4. The Department recommends the assessor develop an efficient process for responding to appeals that uses mass appraisal as the basis for appeal responses.

Requirement 1 – Timely statutorily required reports

Requirement

The Assessor is required to submit accurate, complete, and 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, 84.41.041, 84.41.130, 84.48.050, 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 for assessments of property, valid and invalid sales, equalization of taxes, the expenditure of public funds for all purposes, and other Department requests (RCW 84.08.020(3)).

The law mandates some reports and due dates. Likewise, the Department requires certain reports by specific dates in order to provide meaningful information to state and local officials. Reporting is a duty of the Assessor’s office and is not optional.

What we found

Due to the Assessor’s office inability to complete revaluation and new construction assessments last year, the Assessor only delivered one of six required reports and certifications in a timely manner. In addition, the County has not certified values before November for the last seven out of ten years.

The required reports and certifications submitted by the Assessor include:

Required Reports / Certifications	Statutory deadline	Date Submitted by the Assessor
Assessor’s Certificate of Assessment Rolls to the County Board of Equalization	July 15, 2023	November 28, 2023
Assessor’s Certificate of New Construction Value to the County Board of Equalization	September 15, 2023	November 28, 2023
Real Property Sales Study (Ratio Study Valid and Invalid Sales Report)	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 28, 2023
Real Property Stratification Report	As soon as possible after rolls closed. Ratio will be estimated if report(s) are not received by November 30.	November 28, 2023
Abstract of Assessed Value	October 31, 2023	December 13, 2023

Assessor's Certificate of Assessment Rolls to the County Board of Equalization / Assessor's Certificate of New Construction Value to the County Board of Equalization

The consequences of delaying the certification of the assessment roll included:

- The assessment roll was not officially closed timely.
- The Board of Equalization (BOE) was unable to proceed with hearing petitions until officially notified of the roll closure.
- Neighboring counties with joint taxing districts were unable to certify their levy rates timely.

Real Property Sales Study (Ratio Study Valid and Invalid Sales Report)

The Assessor's staff could not complete the Valid and Invalid Sales Report until the 2023 assessment roll was officially closed and the values updated. Submitting the sales study report late delayed the Department's completion of the real property ratio, which is used for the state levy calculations.

Real Property Stratification Report

Submitting the stratification report late delayed the completion of the County ratio.

Abstract of Assessed Values

Submitting the abstract late resulted in:

- Review and resolution delays for issues that would have been reported.
- Calculation delays for the state school levy.

Action needed to meet requirement

The Assessor must complete required reports by statutory deadlines. 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 continues to delay the performance of other statutorily required duties and reports, follow up may be necessary.

Complete revaluation and new construction work by following the Property Tax Calendar.

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 other property tax processes, departments, and entities that rely on the Assessor's work.

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, including forest land, current use land, improvements on current use land, senior frozen value, real property, and personal property.

The Assessor is also required to deliver the certificate to the BOE, with a copy to the Department by July 15, or August 15, if the county legislative authority has extended the petition filing time from thirty to sixty days (RCW 84.40.320, WAC 458-53-135).

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, RCW 36.21.080). 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 too.

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 1% 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 (WAC 458-53-070, 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 (Chapter 458-53 WAC).

Abstract of Assessed Value

The Assessor is required to complete and return the Abstract of Assessed Value to the Department by October 31. This report provides the various components of real and personal property values used to calculate the state school levy, produce statistical reports, and determine impacts of proposed legislation. The Department sends a letter requesting this information, along with instructions, each year by the end of September (RCW 84.08.040),

County Revaluation Progress Report

The Assessor is required to prepare and submit to the Department a detailed report of the progress made in the revaluation program in their county as of October 15, 2024. The Department sends instructions and the Revaluation Progress Report form to all assessors during September (RCW 84.41.130).

Reliance on Assessor to Report Timely

The Department, and other state/local officials, rely on assessor reports to complete several critical functions throughout the year. The timeliness of these reports keeps work on schedule. Report delays prevent the Department, the BOE, and other county officials from completing their obligations in accordance with the Property Tax Calendar due dates and the [County Assessor’s Manual](#).

Why it's important

Accurate and timely reporting promotes integrity and public confidence in the equalization of the centrally assessed utility values and state school levy calculations and ensures the fair and equal administration of property tax in the county and the state of Washington.

Requirement 2 – Real property valuation

Requirement

The Assessor is required each year to complete revaluation work by May 31, and new construction valuation by August 31 (RCW 84.40.040 and 36.21.080).

What the law says

The Assessor must complete inspection and valuation of property by May 31, of each year (RCW 84.40.040). The courts have interpreted the date of May 31, as direction, rather than mandatory (Niichel v. Lancaster, (1982) 97 W2d 620, 647 P2d 1021). The courts have also ruled that being too late can invalidate the assessments (Hillis v. Kittitas County, Docket No. 98-2-00187-1 (Kittitas County Superior Court, June 23, 1998)).

New construction valuation must be completed by August 31, of each year (RCW 36.21.080).

When assessment and valuation processes are not completed in a timely manner, it can have significant impacts. For example, delays can set the Assessor's work back, causing a late start on the next year, which compounds over time. It may also cause the Assessor to not meet other deadlines that are dependent on valuations being complete and the assessment roll certified, such as:

- BOE hearings.
- Completion of the levy process.
- Completion of accurate and timely reports.

Delays also impact the work of other county officials, such as the treasurer and the various taxing districts. The assessment and taxation process is dependent on following sequential steps and works best when assessment work is completed in a timely manner.

What we found

The Assessor currently has 350 revaluation inspections and 750 new construction inspections remaining to complete this year. The current four-year revaluation plan was completed and approved before the county council instituted a 32-hour workweek, which severely impacted the Assessor's ability to complete inspections. This change has resulted in the net loss of over two staff positions. In addition, the County is not authorized pay for work over 32 hours per week. In response to this, the Assessor has:

- Requested approval for a new appraisal position, which was denied. Per RCW 84.41.070, the Assessor made a request to the Department for special assistance in accomplishing their appraisal work. However, there are no staff available to do this work, per the letter sent on August 19, 2024. As such, the County council must address the need to fund additional staff to accomplish the legally mandated work required of the Assessor.

- Reverted to the previous six-year revaluation plan, which reduces the number of inspections required for revaluation. The Assessor will be submitting a new six-year plan in the near future.
- Began closer inspection of permit information to better determine the need for site inspections for new construction.
- Supplied laptops to field appraisers to facilitate working from home, when more efficient. Appraisers who agree to work overtime would also be allowed to work from home.

Action needed to meet requirement

Staffing

The Department recommends Assessor to continue:

- Reviewing and refining work assignments within the office.
- Working with the County council to consider ways to increase the staffing level.

Software Issues

The Assessor should continue to work with County staff on maximizing software use for mass appraisals. Continue exploring options for more efficient software too.

New Construction

We encourage the Assessor to continue to communicate to the County council that there will be increased demand placed on staff due to new parcel growth, both in the initial year of construction and the ensuing years, as the valuations are maintained.

Appeals

The Assessor should continue to refine the process for handling appeals and maximize appropriate efficiencies.

Valuation Processes

The Assessor should evaluate process changes for efficient use of resources to maintain equity and uniformity of assessments and refine processes and procedures, especially for land valuations. The Assessor must also continue to make progress towards running all values within the computer assisted mass appraisal (CAMA) system.

Compound Effects

The Department recommends the Assessor to make timely valuations, efficiently use available resources, and adhere to the Property Tax Calendar in administering the assessment process. The [Property Tax Calendar](#) is available online.

Why it's important

When assessment and valuation processes are not completed in a timely manner, it can have significant impacts, like delaying the work of other County officials and the various taxing districts. In addition, completing work in alignment with the Property Tax Calendar, promotes timely completion of the valuation, assessment, levy, and taxation processes.

Requirement 3 – File current revaluation plan with DOR

Requirement

The Assessor must submit a proposed revaluation plan to the Department by March 1, of the year prior to the first year of any revaluation and/or physical inspection cycle. The proposed revaluation plan must be sufficiently detailed to enable the Department to determine whether the Assessor will be able to successfully and timely complete the revaluation and/or physical inspection program (RCW 84.41.030, RCW 84.41.040, and WAC 458-07-025).

What the law says

Per RCW 84.41.030, each county assessor must maintain an active and systematic program of revaluation on a continuous basis. All taxable real property within a county must be revalued annually, and all taxable real property within a county must be physically inspected at least once every six years.

Per RCW 84.41.040, each county assessor must cause taxable real property characteristics to be reviewed in accordance with the International Association of Assessing Officers standards for physical inspection and valued at least once every six years and in accordance with a plan filed with and approved by the Department. Revaluation plans must provide all taxable real property within a county that needs to be revalued, with newly determined values placed on the assessment rolls each year. Property must be valued at 100% of its true and fair value. During the intervals between each physical inspection of real property, the valuation of such property must be adjusted to its current true and fair value, such adjustments to be made once each year and to be based upon appropriate statistical data.

WAC 458-07-025

Revaluation of real property—Plan submitted to department of revenue.

(1) **Revaluation plan—When submitted.** The assessor shall submit a proposed revaluation plan to the property tax division of the department of revenue on or before March 1, of the year prior to the first year of any revaluation and/or physical inspection cycle.

(2) **Revaluation plan—Contents.** The proposed revaluation plan must be sufficiently detailed to enable the department to determine whether the assessor will be able to successfully and timely complete the revaluation and/or physical inspection program and must include, but is not limited to, the following:

- (a) A comprehensive analysis of the number and types of properties to be appraised each year;
- (b) Specific geographical revaluation areas, taxing districts, or parcels included in the plan each year;
- (c) A description of appraiser workload each year and the number of personnel required to implement the plan, including the number and duties of staff not directly involved in the appraisal of real property;
- (d) The number of additional staff required, if any, and a description of their duties;
- (e) Whether the plan anticipates the necessity of using appraisers hired on a contract basis or whether the plan anticipates requesting special assistance from the department of revenue;
- (f) The current and anticipated use of and need for equipment, supplies, and space;
- (g) The annual anticipated budget of the assessor's office; and

(h) A statement that all real property will be appraised at one hundred percent of its true and fair value unless specifically provided otherwise by law.

(3) Revaluation plan—Approval or disapproval. The department shall review the proposed revaluation plan to determine whether it complies with all lawful requirements and to determine whether it can be successfully and timely completed. The department shall notify the assessor in writing if it disapproves a proposed revaluation plan and shall give the reasons for its disapproval. If the proposed revaluation plan is not approved by the department, the assessor shall, with the assistance of the department of revenue, develop a revaluation plan that will comply with the provisions of chapter 84.41 RCW and this chapter of the Washington Administrative Code.

(4) Revaluation plan—Progress report—Changes—Satisfactory progress.

(a) The assessor of each county shall submit a report to the department of revenue not later than October 15th of each year detailing the county's progress in implementing its revaluation and/or physical inspection program. The report must be submitted on forms supplied by the department and must note any additions or corrections to, or deviations from, the plan during the past year.

(b) Any significant or substantial changes to the plan must be submitted to and approved by the department prior to implementation of the changes.

(c) If the department finds that the revaluation and/or physical inspection program in any county is not proceeding in accordance with the county's revaluation plan or that the revaluation and/or physical inspection program is not making satisfactory progress, the department shall notify both the county legislative authority and the assessor of that finding. Within thirty days after receiving the notice, the county legislative authority shall take one of the following actions:

(i) Authorize such expenditures as will enable the assessor to complete the revaluation and/or physical inspection program as directed; or

(ii) Direct the assessor to request special assistance from the department of revenue for aid in effectuating the county's revaluation and/or physical inspection program.

What we found

The Assessor submitted a four-year revaluation plan that was conditionally approved on a year-to-year basis in April 2023. Conditional approval was subject to an acceptable projection for 2024 inspections and completion of all valuations. At the beginning of 2024, the Assessor notified the Department that property inspections would be performed under the previous six-year revaluation plan due to the County council's decision to reduce the workweek in San Juan County from 40 to 32 hours. The plan would monitor progress on inspections and determine whether the County needed to revert back to a six-year inspection cycle. Although the County is operating under a six-year plan, accomplishing the 2024 inspections will likely not occur until October 2024.

Action needed to meet requirement

The Assessor must submit a new six-year revaluation plan for 2024-2029 and meet all applicable criteria outlined in the laws and rules.

Why it's important

Having a workable, systematic plan for the inspection and valuation of taxable parcels provides consistency and uniformity in meeting the assessor's statutory responsibilities for equity and fairness in the property tax system.

Recommendation 1 – Staffing

Recommendation

The Department recommends the Assessor work with the County council to replace staff time that was lost due to the new 32-hour workweek. This will help ensure the Assessor can complete the assessment workload in a timely manner, including prioritizing property inspections and increasing mass appraisal functionality for valuing land using the current CAMA system.

What we found

The County council instituted a 32-hour workweek for all employees and a 10% budget cut for certain non-labor expenses. This change resulted in a net loss of more than two full time positions in the Assessor's office. Only two of the four current field appraisers agreed to work overtime. Time constraints have precluded the analyst and Deputy Assessor from completing land modeling for all islands in the County. Base land models have been built, but the County needs to test and calibrate these models based on sales analysis. Finishing this work would greatly increase mass appraisal efficiency when valuing parcels.

Action recommended

The Department recommends fully funding the Assessor's office with the staffing needed to meet mandated state requirements for property tax assessments, including:

- Performing necessary property inspections and mass appraisal functions
- Implementing and maintaining a mass appraisal system improvements.
- Completing other assessment duties.

Why it's important

Having a fully staffed Assessor's office will help the County develop and maintain a mass appraisal system with complete and accurate property records and assessed values, which provides greater equity for taxpayers.

Recommendation 2 – Mass appraisal valuations for parcels

Recommendation

The Department recommends the Assessor adopt practices that will allow for the use of mass appraisal in determining and updating land values on an annual basis.

What we found

The Assessor has built land tables, but initial testing of the models were not producing accurate valuations. It is difficult to model land in the County because parcels have very little homogeneity. Models have to be calibrated to value all of the different islands that have varied accessibility, such as waterfront and inland lots. The Assessor recently assigned neighborhood codes and added a statistical analyst position to assist the Deputy Assessor in analyzing sales and setting values for all parcels using the market adjusted cost approach. However, most land is not valued using mass appraisal due to time constraints in finalizing and testing all of the land models. Non-modeled land is currently being valued by using the market adjustment approach.

Action recommended

The Department recommends the Assessor develop a plan for expanding the County’s use of mass appraisal for land. The following suggestions will help to set up basic system functionality, so parcels can be updated in a consistent and uniform manner.

Land Use Codes (State land use codes listed in WAC 458-53-030)

The Assessor should provide appraisers with a list of the land use codes and review the proper application of the codes to promote consistent application by all staff. 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 results in 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

Assessor should continue to delineate parcels within their geographical area. This is a first step in stratifying properties to evaluate market influences that affect them.

Land Characteristics

The Assessor and appraisers should determine the characteristics with the greatest influences on value and develop guidelines for all appraisers to capture these characteristics consistently in the electronic property record.

Geographic Information Systems (GIS)

Use GIS data and maps to identify and capture land characteristics and then verify or fine-tune those characteristics during the inspection process. Accurate land valuation depends on capturing the major influences that affect its value.

Why it's important

The law requires all county parcels 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, and it allows for uniform treatment of taxpayers and consistent application of market trends to all parcels.

Recommendation 3 – Permit review process

Recommendation

The Department recommends the Assessor evaluate permit information more closely to determine the status of the improvement and/or whether the improvements warrant an on-site inspection or can be handled with a desk review.

What we found

The Assessor inspects all permits according to the requirement to make a physical appraisal of the building or buildings within twelve months of the date the permit was issued (RCW 36.21.070). Currently, the Assessor has approximately 750 new construction parcels to inspect and value. Inspecting new construction is extremely challenging due to the logistical issues involved in travelling from island to island.

The Assessor is exploring options for mandating a 40-hour workweek for the field appraisers to capture all new construction. The Assessor should triage new construction inspections by utilizing the permitting information to determine status and to help prioritize inspections by status and type of improvement.

Action recommended

The Department recommends the Assessor enhance their processes in place for tracking permits, inspections, and listing new construction. These enhancements, like those listed below, will help the Assessor make the most efficient use of resources.

- Call the owner directly to determine the need for a site inspection. Refer to the telephone contact information listed on permits.
- Review County permitting screens to determine whether an inspection is warranted (there is a new building or addition, new outbuilding, etc.). Some permitted items may not require an inspection (e.g., roof replacement). The Assessor must determine whether an “alteration” increases the value of the property and this may be done prior to a site inspection.
- Review previous new construction percentage completion status by calling the owner to determine whether the project has been completed. If no contact can be made, the Assessor may assume 100% completion in the current year.
- Train field appraisers on how to utilize the County permitting screen to triage new construction inspections and prioritize those with new buildings, outbuildings, or additions.
- Ensure all permits are timely transferred to the Assessor. If jurisdictions are not cooperative in providing the required information, the Assessor should contact higher levels of management to express their concerns.
- Continue to work with Friday Harbor and other community permit issuing departments to maintain a consistent schedule for transfer of permit information, by either paper or electronic means. Promptly sending permits to the Assessor allows the permit to be entered into the assessment system for review and inspection.

- Continue to maintain a tracking system that records both the permit issue date, and the date received from all permitting jurisdictions to confirm that permits are transferred according to an agreed upon schedule.
- Continue conducting a review of all parcels with known new construction permits each year before change of value notices are printed and mailed. System queries and testing may identify parcels with missed new construction or parcels with data entry and value calculations not completed properly in their CAMA system.

Why it's important

One of the major functions of the Assessor's office is placing new construction on the assessment roll. New construction that is valued and listed each year by an assessor directly influences the tax base for the county and local taxing districts. 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.

Also, the growth in property tax revenue is limited to 1% each year. Taxing districts are authorized additional revenue in excess of the 1% levy limit based on the value of new construction. This added revenue carries forward in future levy authority. When the value of a new improvement as of July 31 (2023), is not listed by an assessor until the following assessment year (2024), that value is listed as omitted property. Omitted property will increase the tax base, but it should not be considered new construction for determining the highest lawful levy.

Recommendation 4 – Responding to appeals

Recommendation

The Department recommends the assessor develop an efficient process for responding to appeals that uses mass appraisal as the basis for appeal responses.

What we found

The Assessor's office has experienced an increase in appeals over the past several years and some staff members are spending up to three hours in preparation for just one appeal. The appeal response system is not automated to produce basic information on the subject property, nor does it have the functionality to produce any comparable sales that are applicable to the subject property. Appraisers are manually producing a packet for each parcel under appeal.

Action recommended

The Assessor is not required by law to provide any response to property tax appeals and there are generally only appeals on under 1% of the total properties in a county. However, responding to appeals is prudent because it:

- Provides good customer service to the taxpayers.
- May provide valuable information to the Assessor about the subject property and other market factors that affect value.
- Can correct data that is being used to value property.
- Can prevent future appeals.

Suggestions for increasing efficiency in response to appeals include exploring options to:

- Develop a more automatic appeal response process. The current CAMA system will not produce a sales comparison grid but does produce some informational pieces that may provide some efficiencies.
- Produce a list of sales that are applicable to the subject properties' valuation model and provide those in the appeal response.
- Produce a document that explains the mass appraisal process and current market area trends that have impacted the valuation of the subject property.
- Provide only a short narrative response that addresses the issues brought forth by taxpayers.
- Speak to valuation by mass appraisal that is developed by using market sales, instead of providing a detailed reappraisal of the subject property.
- Increase communication with taxpayers prior to the appeal to address their concerns outside of the hearing process, which will preclude the need for writing a formal appeal response.
- Consider relying on the written response submitted to the Board of Equalization and not appearing at the hearings in person.

Why it's important

It is important to provide good customer service to taxpayers and the appeal process is one way to accomplish this. However, with the increasing need for efficiency in the assessor's office and an increasing number of appeals being filed, an automated process for appeal responses is necessary.

Next Steps

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 next year 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
P.O. Box 47471
Olympia, WA 98504-7471
(360) 534-1400
dor.wa.gov