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Washington Department of Revenue Property Tax Division

2024 Review of Property Tax Administration in Grays Harbor County



Table of Contents

Overview.....	3
Executive Summary	5
Requirement 1 – Timely statutorily required reports.....	7
Requirement 2 – Updating values in non-inspected areas	10
Next Steps	13

Overview

Introduction

This report contains the results of the Department of Revenue’s (Department) review of property tax administration processes in Grays Harbor County (County).

Purpose

The primary purpose of this review is to assist the Grays Harbor County Assessor (Assessor) in successfully performing their duties associated with the administration of their 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 County 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 many complementary functions, including:

- Maintaining a 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:

- Ensure assessment administration is compliant with state statutes and regulations.
- Recommend improvements for assessment operations, cost, and operational efficiencies.
- 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 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 two requirements and no 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, and 36.21.100 and WAC 458-53-030, 458-53-070, 458-53-080, and 458-53-140).
2. The law requires the Assessor to update assessed values to reflect the current market value, unless market data indicates that no change in market value has occurred year to year, for parcels in the areas not scheduled for physical inspection in a given year (RCW 84.40.030 and 84.41.030).

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, and 36.21.100 and WAC 458-53-030, 458-53-070, 458-53-080, and 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 timely, the Assessor did not complete required reports and certifications in a timely manner. The County has not certified values before November for the last thirteen 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 (BOE)	July 15, 2023	November 30, 2023
Assessor’s Certificate of New Construction Value to the County BOE	September 15, 2023	November 30, 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 30, 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 30, 2023
Abstract of Assessed Value	October 31, 2023	November 30, 2023

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

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

- The assessment roll was not officially closed timely.
- The 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 completion of the County ratio.

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 is required to complete the following actions:

- Complete required reports by statutory deadlines. 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](#).

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.
- 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.
- 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 BOE (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.

- Deliver the Assessor’s Certificate of Assessment Rolls 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).
- 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 BOE (Form 64 0059) provides the value of new construction added to the assessment roll.
- Deliver the Assessor’s Certificate of New Construction Value to the BOE, with a copy to the Department by September 15, each year too.
- Submit a sales study to the Department each year, using the Real Property Sales Study (Ratio Study Valid and Invalid Sales Report (Form)). 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.
- Deduct 1% from each recorded sales price, as adjustments for values transferred 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 and 458-53-080). Prior to running the report, all assessed values must be updated to reflect the current year’s values.
- 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).
- 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).
- Prepare and submit to the Department a detailed county revaluation progress 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).

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 – Updating values in non-inspected areas

Requirement

The law requires the Assessor to update assessed values to reflect the current market value, unless market data indicates that no change in market value has occurred year to year, for parcels in the areas not scheduled for physical inspection in a given year (RCW 84.40.030 and 84.41.030).

What the law says

Per RCW 84.40.030, “all property must be valued at 100% of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.” In addition, RCW 84.41.030 also states all property must be revalued annually and inspected at least once every six years. The law requires the assessor to revalue property annually in the non-inspected areas of the county, specifically, “During the intervals between each physical inspection of real property, the valuation of such property must be adjusted to its current and fair value, such adjustments to be made once each year and to be based upon appropriate statistical data” (RCW 84.41.041). The appropriate statistical data for accurately adjusting the real property values includes, but is not limited to, the costs of construction and real property trends (WAC 458-07-015).

What we found

There is a direct connection between the County’s low assessment level (ratio) and the low number of non-inspection area parcels that have had an updated assessed value. The ratio is a measure of how close assessed value is to market value. If the market sales indicate that there has been an increase or decrease in market value, not reflecting those changes in the assessed values of the property, low ratios can result for a large portion of the County’s parcels. In an appreciating market, not updating assessed values in the non-inspection areas will result in lower and lower ratios over time.

The following table shows a five-year history of ratios and valuation changes in the County:

Assessment Year	Median Ratio	Indicated Real Property Ratio (Weighted Mean)	% of Parcels in the Inspection Area That Had a Change in Value	% of Parcels in Non-Inspection Area That Had a Change in Value
2023	91%	86.4%	93%	4%
2022	93%	89.9%	100%	0%
2021	94%	91%	86%	78%
2020	95%	90.7%	70%	67%
2019	95%	94%	87%	62%

Sources:

- [Measuring Real Property Appraisal Performance In Washington’s Property Tax System.](#)
- [Property tax ratios by county | Washington Department of Revenue.](#)
- [2019-2023 County Revaluation Progress Report.](#)

Median ratio

The County median ratio was 91% for 2023.

Weighted mean ratio

The County indicated real property ratio (weighted mean), used for equalization, was 86.4% for 2023.

Percentage of parcels that had a change in value

The Assessor reported to the Department the percentage of parcels that had valuation changes each year in their annual County Revaluation Progress Report. They reported the percentages of parcels with a value change in both the inspected area (1/6 of the county) and the non-inspected area (5/6 of the county). The statistics for the past five years indicate that not all parcels had a change in value in the non-inspected areas. In non-inspected areas for 2022 and 2023, less than 5% of the parcels had an adjustment to the assessed value.

The Assessor's current process is to update all parcel characteristics based on recent physical inspections and utilize building cost data in the Computer Assisted Mass Appraisal (CAMA) system. The appraisers use Marshall and Swift cost tables within the CAMA system to develop a valuation for improvements on each parcel in the county. This value is compared to current market sales to determine if a trend should be applied to the cost value to adjust it to the current market value. Parcels in the non-inspected area should be handled using the same process to ensure that all parcels are updated to the current market value.

Actions needed to meet requirement

The Assessor and county appraiser are required to complete the following actions:

- Increase their use of ratio studies and other statistical analysis to review the level of assessment and update values throughout the County each year. For locations or property types where values are not updated for the current assessment year, the Assessor should have ratio studies and other market evidence that support no change in values.
- Use ratio studies and statistics to analyze both land and improvement values in all areas of the County. The result of this analysis helps identify whether an adjustment should be applied. Adjustments may include:
 - Updating values in the non-inspected areas by applying a trend to the cost valuation or running new cost valuations in your CAMA system for all parcels in the county.
 - Adjusting improvement values as percentage market adjustments, adjusting depreciation tables or rates, and/or calibrating variables in the model.
 - Applying percentage market adjustments to land values and/or calibrating variables in the land models.

Why it's important

Regular review and updating of assessed values to reflect market value for parcels throughout the County ensures that taxpayers are assessed taxes in a uniform and consistent manner. Additionally, accurate assessed values are important for calculation of local levies and the state levy for schools. Updating

values for only a portion of the County each year puts parcels out of equity with each other because they do not all reflect the current market value.

Next Steps

Prioritizing Requirements

The Department is committed to assisting the County in the implementation of the requirements 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:

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