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Washington Department of Revenue Property Tax Division

2024 Review of the Island County Board of Equalization



Table of Contents

Overview	3
Executive Summary	4
Requirement 1 – Complete and timely filed petitions.....	6
Requirement 2 – Order	7
Requirement 3 – Record of hearing	9
Requirement 4 – Evidence	10
Recommendation 1 – Website.....	11
Recommendation 2 – Petition log.....	12
Recommendation 3 – Late filing letter.....	13
Next Steps.....	14

Overview

Introduction

The Department of Revenue (Department) conducted an interview with the Clerk of the Island County Board of Equalization (Clerk). The interview focused on the Island County Board of Equalization's (Board) processes and procedures.

Purpose

The Department's primary purpose of this review 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 2022 assessment year for taxes payable in 2023.
- Hearing procedures.
- Deliberation process.
- Board orders.
- Regular convened sessions.
- 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 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 four requirements and three 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 accept only complete and timely filed petitions.
2. The Board is required to provide the parties to an appeal with their decision on a form prescribed or approved by the Department.
3. The Clerk is required to keep and publish a record of the Board's proceedings.
4. The parties to an appeal are required to provide evidence to both the Board and the opposing party at least 21 business days prior to the hearing.

Recommendations

1. The Department recommends the Board update their website to state accurate information.
2. The Department recommends the Board update their petition log to include additional information.
3. The Department recommends the Board review their late filing letter for accuracy.

Requirement 1 – Complete and timely filed petitions

Requirement

The Board is required to accept only complete and timely filed petitions.

What the law says

Boards of equalization must only consider complete and timely filed taxpayer petitions. Petitions must be made on a form prescribed or approved by the Department. Any petitions not conforming to the requirements on the form, cannot be considered complete (RCW 84.40.038 and WAC 458-14-056).

What we found

When a petition is submitted after July 1, and does not include a value notice, the Clerk calls the petitioner to inform them the petition is incomplete. Taxpayers must be informed of an incomplete petition in writing.

During the review, the Clerk stated that the Board requested he ask taxpayers about the sales evidence they provide, to verify whether the sales provided are timely. To accept a petition as complete, the Clerk must verify the necessary information has been included on the petition form. The accuracy of the market evidence provided as evidence is not a relevant factor in considering whether a petition is complete. The Board must remain neutral, it is the taxpayer's responsibility to provide clear, cogent, and convincing market based evidence to overcome the Assessor's presumption of correctness.

One of the petition files reviewed included a petition accepted by the Board as complete, but it did not include an estimate of value by the taxpayer. This information is necessary for a petition to be considered complete.

None of the petition files reviewed by the Department included envelopes with the petition submission date. The Clerk adds the petition submission date to each petition form.

Action needed to meet requirement

The Board is required to take the following actions:

- When a petition is submitted after July 1, and does not include a value notice, the Clerk must inform the taxpayer, in writing, that their petition is incomplete. In addition to including the value notice, the petition form must be signed, dated, and have all necessary information filled in. When the Department's Petition Form 64 0075 is used, sections one through four must be completed.
- Verify petitions are complete and timely before accepting them.
- Hold hearings and make decisions based on the evidence provided by the parties to the appeal. The Board may provide taxpayers with information explaining market evidence, but cannot contribute to the arguments of any of the parties to the appeal.
- When a petition form is submitted via US Mail, the Clerk must keep the postmarked envelope, or a copy, in the petition file.

Why it's important

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

Requirement 2 – Order

Requirement

The Board is required to provide the parties to an appeal with their decision on a form prescribed or approved by the Department.

What the law says

Boards of equalization must make decisions on complete and timely filed petitions and issue orders on a form provided or approved by the Department.

All orders of the board must be signed by the chairperson of the board, provided, that the chairperson may, by written designation, authorize other members or board clerks to sign orders on behalf of the chairperson (RCW 84.48.010 and WAC 458-14-116).

The county assessor or treasurer may cancel or correct assessments on the assessment or tax rolls, which are erroneous due to assessments, clerical errors in extending the rolls, and such manifest errors in the listing of the property that do not involve a revaluation of property, except in the case that a taxpayer produces proof that an authorized land use authority has made a definitive change in the property's land use designation (RCW 84.48.065).

Statutorily required adjustments to assessment rolls must be made by the assessor as necessary and do not require any board action. Such adjustments include the cancellation or correction of assessment rolls which assessments are manifestly erroneous (WAC 458-14-025).

If a taxpayer shows clear, cogent, and convincing evidence that a specific value within an overall assessed value is incorrect, then the standard of proof shifts to preponderance of the evidence for all contested issues related to that specific value (RCW 84.40.0301 and WAC 458-14-046).

What we found

The petition files reviewed by the Department included orders that did not include the hearing date and listed an incorrect website address for the State Board of Tax Appeals (BTA).

Two petition files reviewed included orders that incorrectly stated the standard of proof was clear, cogent, and convincing.

- One order stated the Board's decision was based on a recommended value by the Assessor. This means the correct standard of proof was a preponderance of evidence.
- One order stated the Board's decision was based on a manifest error. The Board cannot make decisions based on manifest errors. The Assessor has jurisdiction to correct manifest errors.

Requirement 2 – Order, continued

Action needed to meet requirement

The Board is required to take the following actions:

- Use the most recent version of the Department’s order form (64 0058), available on dor.wa.gov, to ensure the Board includes accurate and necessary information when providing decisions to parties of an appeal.
 - If the Board wishes to use a customized form, it must be approved by the Department annually. Updates to the Board’s current form must include:
 - Addition of the hearing date.
 - The correct BTA website, bta.wa.gov/index.php/forms-publications/
 - Addition of the title for the individual signing the order.
- When the Assessor recommends a different value or his valuation method is flawed, reduce the standard of proof from clear, cogent, and convincing to a preponderance of evidence to decide the appeal.

Why it’s important

The law states an order must be on a form provided or approved by the Department. This ensures taxpayers receive fair and equitable treatment in the appeals process.

Requirement 3 – 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

None of the petition files reviewed by the Department included record of hearing forms. The Board did publish the record of hearing forms on their website.

Action needed to meet requirement

The Board is required to take the following actions:

- The Clerk must keep a complete record of hearing in each petition file.

Why it's important

The record of hearing provides a public a summary of actions taken by a board for each hearing.

Requirement 4 – Evidence

Requirement

The parties to an appeal are required to provide evidence to both the Board and the opposing party at least 21 business days prior to the hearing.

What the law says

When a taxpayer provides additional evidence after the petition is filed, they must submit a copy to the assessor's office and the board at least 21 business days prior to the hearing (RCW 84.48.150 and WAC 458-14-066(4)).

What we found

During the interview, the Clerk stated that the Board directed him to allow petitioners to submit additional evidence after the 21 business day deadline.

Action needed to meet requirement

The Board is required to take the following actions:

- Use a deadline of 21 business days prior to a hearing for providing additional evidence for an appeal. The count of 21 business days should exclude the hearing date, weekends, and public holidays.
- If either the assessor or taxpayer does not comply with the evidence deadlines above, the Board may:
 - If there is *no objection by either party*, consider the new evidence provided by either party and proceed with the hearing;
 - If there is *an objection by either party* to the failure of the other party to comply with the requirements of this rule, the Board may:
 - Reject the untimely evidence;
 - Postpone the hearing to provide both parties an opportunity to review the untimely evidence; or
 - Proceed with the hearing but allow the parties to submit new evidence to the board and to the other party after the hearing is concluded. The new evidence must be submitted within a definitive time period and must be provided to each party with an adequate opportunity to rebut or comment on the new evidence prior to the board's decision.

Why it's important

Following the deadlines required by statute ensures fair and equitable treatment in the appeals process for all parties.

Recommendation 1 – Website

Recommendation

The Department recommends the Board update their website to state accurate information.

What we found

The Board’s website includes a section titled, “When does the BOE meet?” The answer to this question incorrectly states, “The regular session of the BOE starts 14 days after the Assessor’s Office certifies the Assessment Rolls and continues for 28 days.”

Per WAC 458-14-046, the board of equalization must meet annually on the later of July 15 or within 14 days of the assessor certifying the county assessment roll to the board.

Action recommended

The Department recommends the Board take the following actions:

- On the Board’s website, update the answer for the “When does the BOE meet?” question to state, “The regular session for the BOE starts on July 15, or within 14 days of the Assessor’s certification of the assessment roll to the BOE, whichever is later.”

Why it’s important

Clear and accurate information on the Board’s website ensures fair and equitable due process for all taxpayers.

Recommendation 2 – Petition log

Recommendation

The Department recommends the Board update their petition log to include additional information.

What we found

The Clerk has a petition log that includes the property ID, geographic ID, owner, and type of appeal. The stipulated or withdrawn appeals are listed separately.

Including additional information such as the petition received date, hearing date, dates of correspondence, and the Board’s decision, would aid the Clerk to efficiently track the progress of each appeal.

Action recommended

The Department recommends the Board take the following actions:

- Include additional information in the control register, so the status of each appeal can be tracked throughout the appeal process. This could include but is not limited to:
 - Petition received date.
 - Incomplete and untimely filed notice date and the deadline for petitioner’s response.
 - Hearing notice date.
 - Assessor’s answer date.
 - The Board’s decision.
 - Order mailing date.

Why it’s important

Tracking the progress of each petition helps to ensure all deadlines for an appeal are met.

Recommendation 3 – Late filing letter

Recommendation

The Department recommends the Board review their late filing letter for accuracy.

What we found

The Board's late filing letter with a good cause waiver request form provides the taxpayer with information for a waiver of the filing deadline due to good cause and a deadline to make the request. The letter states that if a waiver request is not submitted by the deadline provided, the petition will be considered withdrawn. The only way a petition may be withdrawn is when the petitioner provides a statement of withdrawal to the board of equalization in writing.

If the Board wishes to continue using this letter, it should state if the taxpayer does not submit a waiver request by the Board's deadline, the petition will be denied as untimely filed.

Action recommended

The Department recommends the Board take the following actions:

- Update the late filing letter to state the petition is denied if a waiver of the filing deadline is not submitted by the deadline imposed by the Board.
 - This Board decision is appealable to the State Board of Tax Appeals.

Why it's important

Clear and accurate information ensures taxpayers understand the 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 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 us at:

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