



# KING COUNTY AUDITOR'S OFFICE

APRIL 1, 2020





## Follow-up on Property Tax Appeals Audit

**The Department of Assessments and Board of Equalization have made significant progress to increase the effectiveness of the property tax appeals system.** For example, the Department of Assessments (DOA) has updated its guidance for appraisers on communicating with appellants and tax agents to improve the effectiveness of pre-hearing communication. Also, the Board of Equalization (BOE) has improved its processes by detailing a training plan for board members, developing a strategic plan, and increasing transparency about its processes and decision-making. To reduce inefficiency in the appeals system, the DOA and BOE are also meeting quarterly to discuss administrative and procedural issues.

**The Department of Assessments and Board of Equalization can build on this progress to further improve communication and transparency.** The DOA ran a pilot to increase pre-hearing communication with residential appellants and is now identifying alternative opportunities to achieve this goal, given limited resources. The BOE has started providing more detailed information behind its decisions and the DOA has developed some procedures for using this information, but they require further development.

We made 10 recommendations in our 2018 audit, "Property Tax Appeals: Improved Practices Could Increase Transparency and Consistency." This report provides status updates on eight recommendations and a breakdown of all ten recommendations by status.

Of the 10 audit recommendations:

	5 DONE		3 PROGRESS		0 OPEN		2 PENDING
<b>Fully implemented</b> Auditor will no longer monitor.		<b>Partially implemented</b> Auditor will continue to monitor.		<b>Remain unresolved</b> Auditor will continue to monitor.		<b>Not yet reviewed</b> Auditor will follow up at future date.	

Please see below for details on the implementation status of these recommendations.



## Recommendation 1

DONE



**The Department of Assessments should develop, document, and disseminate guidance to appraisers on pre-hearing communication with appellants and their agents.**

STATUS UPDATE: The DOA has updated its manuals for residential and commercial appraisers with guidance about pre-hearing communication. DOA directs commercial appraisers to reach out to the appellants, when possible, to discuss their claims or evidence. Based on this information, DOA encourages commercial appraisers to request further documentation or to visit the property site. DOA directs residential appraisers to inform appellants that they can speak with the public information team with questions about the appraisal process or their specific appraisal. The DOA has also recommended customer service eLearning courses to appraisers.

IMPACT: This guidance can help improve the consistency of appraiser communication so that appellants receive equitable service. Pre-hearing communication also has the potential to improve efficiency by increasing the number of stipulation agreements or withdrawals when appropriate.

## Recommendation 2

PROGRESS



**The Department of Assessments should develop and implement a plan to ensure that all appellants have equitable opportunities to have informal communication before a hearing.**

STATUS UPDATE: The DOA conducted a yearlong pilot study with one district in its residential division to measure the impact of increased appraiser-appellant communication during the appeal process. DOA directed a group of appraisers to contact appellants directly and offer to discuss the details of the appeal. The pilot project had mixed results in terms of customer satisfaction and use of resources. According to a satisfaction survey, some appellants appreciated the appraiser's outreach, while others reported that it was a waste of their time. The early communication with an appellant cut the amount of time to respond to the appeal by half if the appellant did not go forward with the appeal. If the taxpayer still pursued the appeal after the conversation, however, the pilot increased total response time from 2.5 hours to 3.75 hours on average. Given appraisers' other job responsibilities, the DOA determined that expanding the pilot to all residential appeals would not be possible without more staff. Therefore, the DOA decided not to expand the pilot.

WHAT REMAINS: As a result of the pilot, the DOA developed a list of potential next steps. These include providing more information to appellants online, exploring options for more targeted taxpayer outreach based on appeal characteristics, and improving coordination between the public information team and appraisers.

## Recommendation 3

DONE



**The Board of Equalization should develop a training plan and implementation proposal that is specific to the complex issues board members must consider in King County.**

STATUS UPDATE: The BOE has developed a training plan that specifies the events and classes required in each year of a board member's term. For example, in the first year of a board member's term, they must complete the DOA's new member training, specific trainings on standards of practice and appraisal principles, and three internal BOE-led trainings. There are also training standards for the subsequent years of the board member's term and for reappointed board members. The plan summarizes the total hours of training per year per board member and the budget implications of these trainings.

IMPACT: The BOE's plan ensures that new members understand the fundamentals of appraisal and that existing members continue to improve and gain knowledge of emerging topics. This increases accuracy and consistency in decisions across board members, especially for complex appeals.

#### Recommendation 4

DONE



**The Board of Equalization should develop, document, and implement a strategic plan.**

STATUS UPDATE: The BOE's strategic plan outlines its mission "to ensure that King County property owners receive a fair and objective review of their property tax appeals with a high quality of customer service, efficiency, and in accordance with State and County laws and regulations." The strategic plan follows best practices with goals that are specific, measurable, attainable, relevant, and time-based. For example, one objective states "By the end of 2021, reduce the average time between the appeal filing date and the board order date (e.g. appeal processing time) for residential by 10% from 2015 assessment year average processing time." The strategic plan also lists activities that align with each goal.

IMPACT/WHAT REMAINS: The BOE's strategic plan will help the board align its practices and decisions with larger goals to ensure quality and efficiency.

#### Recommendation 5

PENDING

**The Board of Equalization should work with the County Council to amend code language to include requirements for skills and experience relevant to the duties of the clerk and board members.**

STATUS UPDATE: This recommendation will be reviewed in the next follow-up period.

#### Recommendation 6

PROGRESS



**The Board of Equalization should increase the level of detail about decision reasoning in board orders so that the Department of Assessments and appellants can understand what evidence was most persuasive.**

STATUS UPDATE: The BOE has updated its decision worksheets (which BOE members use to document their reasoning for each appeal decision) to collect more detailed information. BOE has

started incorporating this information in the official board orders. For example, the board orders cite specific arguments raised by the appellants and the DOA and explain why these arguments were sufficient or insufficient to overrule the valuation. Also, the BOE clerk has added information to the board orders about the relevant legal requirements and valuation framework. BOE plans to continue using the new approach.

WHAT REMAINS: BOE should continue to incorporate the increased level of detail in board orders. We will review consistency with the procedures over a longer timeframe in the next follow-up period.

## Recommendation 7

PROGRESS



**The Department of Assessments should create a plan to use the detailed reasoning in board orders from the Board of Equalization and, once the Board of Equalization has implemented Recommendation 6, the Department of Assessments should implement its plan.**

STATUS UPDATE: The DOA's plan is reflected in its appraiser manuals. Appraisers are directed to review decisions issued by the BOE and notify their senior appraiser if a board decision is contrary to generally accepted appraisal industry standards or inconsistent with market information. In cases where a board decision appears to meet this criteria, the decision will be appealed to the Washington State Board of Tax Appeals. The assistant chief appraiser and senior appraisers also conduct a spot check of board decisions for the same criteria. However, the procedures do not address how appraisers should respond if the board decision meets industry standards or is consistent with market information, or how DOA could analyze the board decisions for continuous improvement purposes.

WHAT REMAINS: In addition to the procedures already outlined, the DOA should specify how appraisers should respond if a board decision cites new evidence or characteristics that could inform future appraisals of the property. Also, the DOA should consider how it could use the information from board decisions to improve its own practices for future appeal responses.

## Recommendation 8

DONE



**The Board of Equalization should make its criteria for accepting late evidence public.**

STATUS UPDATE: The BOE explained that it uses the criteria set forth by the Washington Administrative Code (WAC 458-14-066). The criteria state that that evidence is due 21 business days before the hearing and specify the circumstances under which this deadline can be overruled. The BOE added these criteria to the "Frequently Asked Questions" section of its website.

IMPACT: Highlighting the criteria for accepting late evidence will help appellants understand the process. This can help make the process more fair for inexperienced appellants.

## Recommendation 9

PENDING

**The Board of Equalization should work with the Department of Assessments to include data about evidence submitted past the 21 day deadline and whether it was important to final decisions, and this data should be used to inform agency decision-making.**

STATUS UPDATE: This recommendation will be reviewed in the next follow-up period.

## Recommendation 10

DONE



**The Board of Equalization and the Department of Assessment should communicate about administrative improvements on a regular basis.**

STATUS UPDATE: The DOA and BOA have been meeting quarterly to review administrative procedures, tools for the public, and new developments. In 2019, they used the meetings to discuss updates to the eAppeals system and strategies for promoting equity and transparency, among other issues.

IMPACT: Communicating on a regular basis will allow the DOA and BOE to identify and improve inefficiencies in the appeals system.

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Mia Neidhardt, senior management auditor, conducted this review. If you have any questions or would like more information, please contact the King County Auditor's Office at [KCAO@kingcounty.gov](mailto:KCAO@kingcounty.gov) or 206-477-1033.