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| **Date** |  5/9/2024 |
| **Impacted Stakeholders** | Taxpayers, taxing districts, and Board of Equalization (BOE) of Whitman County |
| **Involved with analysis** | **Property Tax**  |
| **Reason for Executive Notification** | Risk of legal action from impacted taxpayers due to the Whitman County Assessor revaluing only a portion of parcels in the county, failing to meet statutory obligations, and leaving taxpayers with potentially inequitable tax burdens.  |
| **Background** | Washington law (RCW 84.40.030) requires all taxable property to be valued at its fair market value. Additionally, the state constitution mandates uniform taxation within a class of property (WAC 458-07-010). To achieve this uniformity, property values must be updated regularly. Since 2014, this revaluation of real property occurs annually.Whitman County follows a revaluation plan where they physically inspect and update characteristics of roughly 1/6 of the county each year. This year, the Assessor's office inspected and updated values for a portion of Pullman, but not the rest of the city or the county. As a result, some properties have valuations closer to market value than others, potentially leading to unfair tax burdens.According to WAC 458-07-010, the Assessor's office did not meet the obligation to update all property values annually. While the Assessor intended to comply, time constraints prevented them from doing so.Impact on Property Taxes:This inconsistency in valuations means properties with higher assessed values (relative to market value) will pay a larger share of property taxes compared to those with lower assessed values. This creates an inequitable situation for taxpayers. |
| **Next Steps** | **Remedies:**The Board of Equalization (BOE) has two main options to address the inconsistent property assessments in Whitman County:**Option 1: No Action****Consequences:** * Impacted taxpayers will continue to have higher assessment ratios for 2023, leading to a disproportionate share of property taxes.
* The Assessor's office will not have met the requirements for uniform annual revaluation (RCW 84.40.030 and WAC 458-07-010).
* Inaction may lead to taxpayers taking legal action.
* All parcels in the county will be revalued for the 2024 assessment year in accordance with the current revaluation plan on file with the Department.

**Option 2: Equalize 2023 Property Values (Except Appealed Properties)****Process:*** The BOE needs approval from the Department of Revenue (DOR) to re-evaluate property values.
* Without holding a hearing, the BOE may adjust all property values (except those with 2023 appeals) to reflect 100% of fair market value (RCW 84.48.010(1)(a)(b)).
* Taxpayers must receive orders explaining the new property value and the reason for the change and may appeal the new value to the BOE or BTA.
* The BOE may extend the appeal filing deadline due to the expected increase in appeals.

**Impact:*** + The BOE may equalize all or some of the parcels in Whitman County, however, partial equalization will result in continued inequity and unfairness for some taxpayers.
	+ Based on the current ratio, individual tax bills and total county revenue will likely increase.
	+ Tax rates for 2024 won't change since they're already set.
	+ Taxing districts won't receive additional revenue for 2024, but any 2025 property tax refunds may trigger a "refund levy".
	+ This is unlikely because extra taxes from equalization will likely exceed any refunds.

**Explanation:*** + The Department’s Ratio Study indicates real property values are currently at 73.3% of market value.
	+ Equalizing all real property to 100% of market value would increase the total taxable value in the county from $4.8 billion to $6.5 billion.

**Important Notes:*** + The BOE may request valuation assistance from the Assessor or hire appraisers if they lack sufficient information or technical skill.
	+ The original assessed values are presumed correct unless proven otherwise with clear, cogent, and convincing evidence.
	+ Taxpayers with increased values must be notified at least five days before the change takes effect.
	+ The Assessor must be informed of the new equalized values.

**Meeting Legal Requirements:*** + Equalizing all properties meets the requirements of RCW 84.40.030 and WAC 458-07-010.
	+ Equalizing only non-updated portions of the county to the same ratio as the updated portion will meet the requirements of WAC 458-07-010, but not RCW 84.40.030.

**Taxpayer Option (those with updated values): Small Claims Recovery**In cases of erroneous assessment or incorrectly extended taxes, individual taxpayers may file a small claims petition with the Assessor's office. This is appropriate when:* There's a mistake in the property description.
* There’s a double assessment.
* There’s a manifest error or assessment error that doesn't require revaluation.
* The property tax was incorrectly extended against the property.

**Important Limitations:*** The Assessor has evidence supporting the increased assessments for the updated portion of the City of Pullman.
* It is unlikely the Assessor would agree that an erroneous assessment was made.
* The Department reviewed the 2024 tax calculations, making it unlikely evidence of an error in extending the taxes can be proven.

**Therefore, successfully qualifying for a small claims recovery is unlikely.** |