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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.** |