

Last edited: 07/11/2024

Executive Summary

This document describes the response received from Assessor Flodin after she attended the conference of Washington State assessors and treasurers, after consultation with the Department of Revenue providing options, and after making a joint decision with the Board of Equalization (which is primarily constituted of the County Commissioners).

They were given two options in a memo from the WA State Department of Revenue (DOR), with accompanying pros and cons for each:

- A. Do nothing
- B. Equalize all properties in the county (or Pullman city)

Despite the warnings from the DOR that their actions weren't in compliance with the law and that legal repercussions were a high likelihood, the Whitman County Board of Equalization (BOE) and the Assessor chose the option of doing nothing to remedy the unequal taxation that occurred in 2024, and the unequal taxation that will continue through this cycle.

Documents Analyzed

1. Assessor Update Email - Flodin To Swenen_Harris.pdf - Contains the response from Assessor Flodin. Attached to this email were the two other documents from the DOR and from the BOE. This email also included a screenshot of an even more updated/detailed county assessment plan for the remaining 5 years in the 6 year cycle that runs from 2023 assessment/2024 taxation through 2028 assessment/2029 taxation.
2. DOR Options Matrix - Whitman Co.docx - This document appears to have been created by the WA DOR to provide Whitman County with an assessment of the situations, and to give two potential options about how to proceed.
3. BOE Decision 2024 valuation.png - This is a screenshot of an email from the Chair of the BOE (Art Swannack) to the rest of the BOE, several people at the DOR, and Assessor Flodin informing them of the decision to do nothing to equalize the injustices caused by the assessment procedures

Details and Commentary

Here, I dissect each document provided to point out the key points that either they identified themselves or to point out fallacies and misconceptions in their argument.

- (1) Assessor Flodin acknowledges having received our emails and identifies the discussions she has been having at the conference, with the DOR, and the BOE. She offers a DOR representative to talk with us (which we should take her up on during our lawsuit preparations) and provides a slightly updated assessment methodology.

- (a) Perhaps the most glaring problem with the updated assessment methodology is that it openly continues to violate state law by refusing to assess all properties at 100% of fair market value each year. It is only doing large revaluation percentages in Areas undergoing their physical inspection year, and small market-based corrections in non-physical-inspection Areas.
 - (b) She does have a slight tweak in that she will apply statistical updates to property values each year (which historically have been about 5%) to the existing assessed values for those properties that aren't in the current physical inspection area, but since most properties we have observed outside of Pullman only being assessed in the 30-50% range of fair market value, this 5% is a pittance. It allows her to try and make a fallacious claim that she is "revaluating all properties in the county" while conveniently ignoring the other half of the law that is must be to 100% of fair market value. We saw this in the notices that were recently sent, where most properties outside of the 2025 physical inspection area (and those that were increased a lot last year on the south side of Pullman, saw almost exactly a 15% increase in valuation.
 - (c) This updated assessment methodology does not solve the problems with denying equal protection and uniformity in taxations, as required by both federal and state constitutions. In fact, despite her expressing thanks for providing the Excel spreadsheet demonstrating how this course plays out over the first three cycles, I don't think she actually understood it and how this course of action cannot mathematically result in equalization of taxation over the first cycle. In fact, with the exception of the market updates in non-PI areas each year ameliorating the problems a tiny bit, they chose potentially the worst possible option when considering equal protection and uniformity in taxation.
- (2) Based on Assessor Flodin's email, this table appears to be a document prepared by the Washington State Department of Revenue. Its Background section clearly identifies the same two laws we have consistently based our arguments on (RCW 84.40.030 and WAV 458-07-010). It then provides an assessment of the two above-mentioned options and goes through the potential upsides and consequences of those options.
- (a) One glaring incorrect statement in the Background section is the claim that "to achieve uniformity, property values must be updated regularly". This is a gross understatement of the legal requirement of performing revaluation to 100% of fair market value on an annual basis.
 - (b) Another glaring incorrect statement in the Background section is "Since 2014, this revaluation of real property occurs annually". We can give thousands of demonstrations of properties that have not been revaluated annually, with some reaching as far back as 2010 without any revaluation in the interim 14 years.
 - (c) The document explicitly agrees that the current county assessment plan results in an inequitable situation for taxpayers. From this standpoint, it feels like they have already won our case for us.
 - (i) "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.”

- (d) The document correctly identifies that the “Option 1: No Action” violates both the state laws concerning revaluation and violates uniformity of taxation.
 - (e) The document’s Option 2 is proposing a process of bringing all properties to 100% of actual value in the 2024 assessment year (2025 tax year). They claim this would achieve equalization. This is incorrect. It would fix the problem going forward, but would not satisfy equalization for the cycle for those who were so negatively affected in the first year.
 - (f) One of the other interesting takeaways from this document is that it seems they are anticipating the citizenry attempting to solve the problem through small claims court. Their analysis talks about how it would be hard to argue that the assessments of those with higher assessed-to-true-value ratio are incorrect. As such, they think that any small claims suit by individuals would fail. I think that both Joe and John completely agree. One of our key statements made to the public both in the library meeting and the Kiwanas meeting was that there is no argument about the assessed value. The argument is that the assessment plan violates equal protection and uniformity provisions of the state and federal constitutions, not that any single assessment is incorrect. It is the high-level view of the relative assessment-to-true-value ratios that are problematic and the effect it has on unduly placing the burden of taxation on a small group of the county/tax district.
- (3) This letter informs the DOR and the Assessor that they have decided to take no action to revalue/equalize the taxation inequalities across the county. Their excuses for not doing so were:
- (a) They weight the legal, logistic, and financial challenges of the two options and decided that the legal challenges of the No Action option were less cumbersome than the logistic/financial challenges
 - (b) They explicitly state that they “believe Assessor Flodin has implemented measures and controls to make sure property values are correctly calculated county wide both currently and going forward and will be done in a manner compliant with state law.” This statement is directly and explicitly contradicted by the updated assessment plan that Assessor Flodin provided and the DOR Executive Memo warning about the need to revalue all properties annually at 100% of fair market value. We have demonstrated to Assessor Flodin that her current course of action will not, and cannot, meet the equal protection and uniformity demanded by law. As such, the BOE/County Commissioners are grossly wrong in their belief.
 - (c) They did say they will continue to monitor the situation and assess options if something changes.

Conclusions

All three documents provided by Assessor Flodin have substantive errors, false statements, and faulty conclusions. Despite Assessor Flodin's verbal commitment to us to adhere to state law at least going forward, the updated county assessment plan still violates state law by only bringing properties up to a significant portion of their fair market value in the year of their physical inspection during this first cycle. As demonstrated in the spreadsheet provided to Assessor Flodin, this is the worst possible approach when attempting to meet the obligations of the law regarding annual revaluation to 100% of actual value and to meet constitutional obligations concerning equal protection and uniformity. DOR told them so. We told them so. They still chose to take this worst-possible approach.

Their commitment in the updated assessment plan to do annual revaluations according to market conditions on the non-physical-inspection areas will have an extremely small effect on the inequality in taxation. It solves 0% of the first year inequalities, and even makes it a little worse if they then begin to apply these market corrections to the first three areas while the latter three are brought up to higher assessed-to-true-value during their year in the cycle.

Also, now that we know the updated county assessment plan, we can definitively say that the unequal taxation for the coming year will be as follows:

1. The south side of Pullman will come down a bit, but still not down to 2023 level. To know exactly how much it will come down, it probably depends on which tax district are shared by only the north and south of Pullman versus those that are shared with surrounding areas and the rest of the county
2. The north side of Pullman will go up a lot. Probably not as much as the south side in 2024, because there are some tax districts that are only shared by the city of Pullman (e.g. the hospital and the city), but definitely a significant rise for all those tax districts that are shared with larger areas of the county.
3. All the shared tax districts in the county will see further drops. Even with the 15% bump that seems to have been applied, because of the huge jumps on the north side of Pullman (30-50% increases in value), this will likely still cause a drop in other parts of tax districts outside the City of Pullman.

The conclusion is that the county has made a poor choice. They were either misinformed in thinking that individuals would try to remedy this through small claims, rather than the citizenry of Pullman as whole as a constitutional/civil rights violation. As such, they chose to live with unequal treatment of the Pullman taxpayers in an attempt to save time, money, and headaches for the elected officials and county employees by refusing to make things right voluntarily. As we have said from the very beginning, we have slow-walked this as we attempted to allow them to come to a voluntary correction of the problem. Now, the legal system will force them to do what they refused to do voluntarily.