

# Whatcom County Assessor's Office Annual Real Property Revaluation-Assessment Plan

## Question and Answer

### **Q. Why change from the current plan?**

**Answer:** The State of Washington has passed a law requiring all County offices to transition to annual revaluation programs by 2014, (SSB 5368). The law includes state directed grant funding to support system transition cost.

### **Q. Has the Assessor's Office been working towards this goal?**

**Answer:** The improvements to property tax administration are **substantial**. The Assessor has advocated for yearly valuations continuously since submitting the first proposal to the County Executive and Council in 1993. Annual revaluation of property represents the industry recognized highest quality and most efficient assessment administration. This office has worked persistently to enhance the technology, to accumulate and verify property data, to promote training, and to add to the personnel expertise required to ready for this transition.

### **Q. How will an annual valuation program function?**

**Answer:** The new program will begin with the 2010 valuation year, and will effect valuations for property taxes due in 2011. The County's parcels will be split into six revaluation areas. Every year, one-sixth of the county's real property parcels, (about 18,000), will be physically inspected and revalued in an on-going cyclic six year program. The remaining five-sixths of parcels (about 92,000) will be eligible for statistical adjustments. All the current laws directing valuation definitions will continue to be in effect. Current market value indications will be derived primarily from analysis of recent comparable market sales. Sales analysis will direct adjustments throughout classifications of properties by type and specific neighborhood market defined areas. Every property will be statistically reviewed every year. New construction, destroyed property, land use impacts, and all other statutorily required valuation adjustment considerations, will continue to be administrated annually as well.

### **Q. Will Whatcom County generate more property tax revenue from annual revaluations?**

**Answer:** **Absolutely and emphatically not.** Washington has a budget based property tax system. Revenues are set, determined, and increased in only two ways. New or additional dollars are directed by voters, or, budget increases limited to 1% are passed by resolution or ordinance after public hearing by taxing district legislative authorities (i.e. Commissioners or County/City Councils).

### **Q. What are some of the advantages to operation on an annual valuation plan?**

**Answer:** Countywide property valuations will stay aligned with current real estate market activity and most importantly with our current

**downward market trend.** Property owners will directly approach assessed valuation determinations and concerns within a clearly defined reference to current market value and the relationships of values of all other properties. Better property tax predictability will result. The historically experienced 4-year spikes in valuation and property tax changes will no longer occur.

**Answer: Property owners will share the distribution of tax burden uniformly and fairly.** Taxpayers will not be stuck with inequitable or disproportionately weighted tax bills associated with "luck of the draw, year of revaluation" market conditions and timings.

**Answer: Property owners will experience enhanced property tax understanding.** Yearly changes in property tax bills will accurately reflect the direct impacts from government budget and spending changes without puzzling interference from non-uniform cross-county assessed valuation issues.

**Q. What are the administrative concerns associated with transition?**

**Answer: Modern computer technology is essential.** The office has operated with a four year cycle revaluation computer software system for 26 years. Major software modifications and upgrades were needed. Effective Jan 1, 2008, the current system software support provider announced termination of support. The Office was required to replace the old system. There is no additional cost in the new system for the software enhancements needed to support annual revaluations.

**Answer: High program transition costs are reduced and eliminated in specific market/valuation conditions.** Over the last 20 years, the Whatcom County real estate market has moved through two pronounced periods of dynamic appreciation. As a result, assessed valuations could not maintain uniform countywide market value relationships. Assessed valuations routinely experienced four year cycle spikes. The optimum market/assessed valuation condition for a valuation system transition is a uniform countywide assessed valuation level. This is achieved when there has been a prolonged multi-year stabilization and minimal appreciation in the market. This condition is now present. The recent market depreciation has enhanced the administrative conditions. Specifically, depreciating valuations emphasize the need for more immediate adjustments.

**Q. Will the Assessor's Office require additional staff or operating budget?**

**Answer: The current plan does not include a proposal to add additional staff.** The scheduled replacement of the current computer system will add efficiencies with powerful new technology. Training and support needs in the installation, operation, and use of the new system will be part of the project budget and not an ongoing expense. The automated efficiencies in modern software and hardware will streamline office functions. Experiences from existing annual revaluation operations were researched in similarly sized Washington counties. They indicate a departmental reduction in operating expenses will result once post transition stability has been achieved.