



Strategic Plan

FY 2009 - FY 2011

Effective: July 01, 2008 thru June 30, 2011

About Us

In 1967, the Legislature created the Board of Tax Appeals as an independent, quasi-judicial tribunal with specialized knowledge of state and local taxation. The members of the Board are appointed by the Governor with consent of the Senate for six-year terms. In addition to being experienced in matters pertaining to state and local taxation, the members must also be familiar with generally accepted appraisal practices, adjudication procedures, and statutes and rules regarding those tax matters that come before the Board.

The Board is the final administrative authority for property and excise taxes in the state of Washington.

As an integral part of the state's tax system, the Board provides a convenient and inexpensive forum for taxpayers to appeal property and state excise tax assessments, and Department of Revenue actions such as denial of excise tax refunds, property tax exemptions or reconvenes of boards of equalization. The Board processes 1,800 to 2,000 new appeals annually, many presenting complex legal and valuation issues.

Core Values

Professional and quality service to the people and organizations of the state of Washington.

Respect for all individuals seeking our service.

Integrity in all aspects of the way we do business.

Transparency in the manner of our operations.

A. Mission Statement

The Board of Tax Appeals maintains public confidence in the state tax system by providing taxpayers and taxing authorities with an accessible, fair and efficient process of resolving appeals in a timely and judicious manner through the issuance of comprehensive written decisions based upon generally accepted appraisal practices, Washington statutes and constitution, case law and board precedence.

B. Statutory and Regulatory Authority

The Washington State Legislature established the Board of Tax Appeals in 1967. The Board's enabling legislation is found in chapter 82.03, Revised Code of Washington (RCW). The Board has jurisdiction over a variety of tax-related disputes including, state excise taxes (RCW 82.03.190), public utility valuations (RCW 82.03.130), property tax exemption decisions (RCW 84.36.850), and property assessment appeals (RCW 84.08.130). Rules governing the Board's informal and formal proceedings are found at chapters 456-10, and 456-09 of the Washington Administrative Code (WAC), and RCW 34.05.

C. Agency Goals

The Board's activities will contribute to and be evaluated on this statewide Priorities of Government (POG) category: *Accountability - improve the ability of state government to achieve results efficiently and effectively*. This category supports democratic processes and government accountability by:

- Setting priorities and measuring performance,
- Improving the overall performance and customer service of state government, and
- Increasing citizen satisfaction with state government.

The Board's specific goals are to conduct fair hearings and issue sound, high quality and timely decisions; improve processes to meet the needs of our customers, especially those without professional representation; foster a culture of excellent performance, accountability, and professional development; use information technology to improve agency performance and service to taxpayers and taxing authorities; maintain public confidence in the state's tax system.

D. Agency Objectives

1. Maintain the ability to resolve 85 percent of all appeals within one year from the date of filing.
2. Continue to decrease the length of time between the filing of an appeal and the scheduling of a hearing.
5. Maintain the ability to issue 90 percent of all decisions within 90 calendar days of the hearing.
6. Decrease to 500 the number of appeals that are waiting to be scheduled for hearings as of the first of every month.
7. Maintain at 80 percent the ability to issue final decisions on petitions for reconsideration or exceptions within 40 calendar days of receipt.
8. Maintain a quarterly clearance rate (number of filings ÷ resolutions) of 100%.
9. Maintain quality by having every tax decision reviewed at least twice before publication, with an emphasis on ensuring that each decision contains a sufficient explanation of the reasons the losing party's arguments or facts do not support their contentions.

E. Performance Measurements

1. Percentage of decisions within one year of the filing of an appeal.
2. Percentage of decisions issued within 90 days of the hearing.

3. Number of appeals filed but not yet assigned a hearing date.
4. Average number of days from the filing of an appeal to the hearing and resolution of standard, complicated and full Board appeals.
5. Average number of days from receipt of petition for exception or reconsideration to issuance of a final decision.
6. Number of appeals filed and closed.
7. Percentage of filings received divided by the number of resolutions produced (clearance rate).
8. Percentage of exceptions filed in property tax valuation cases

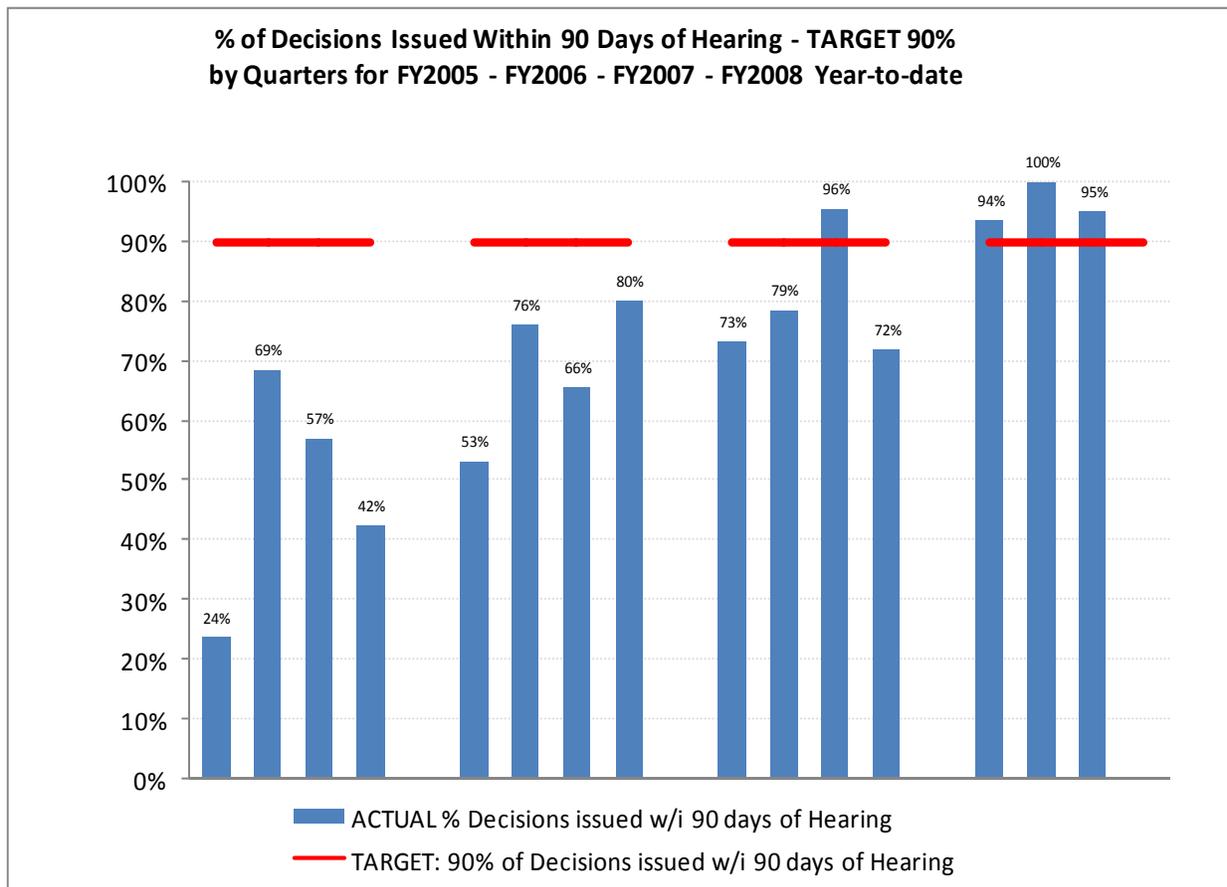
F. Strategies

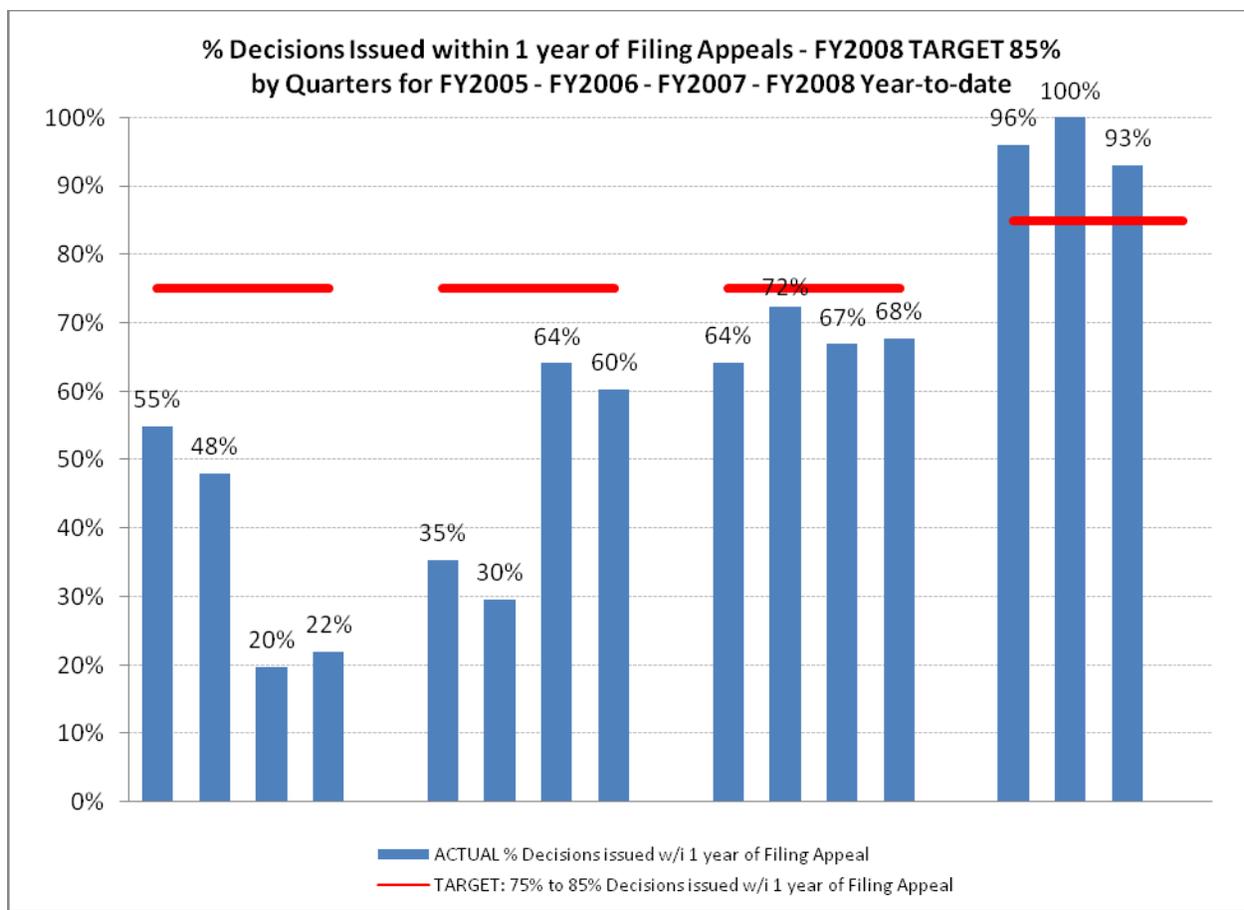
1. Schedule each tax referee with a minimum of three hearing days per month; include at least five cases during each of the three scheduled hearing days.
2. Adjust the number of monthly hearing days to four per hearing officer when unscheduled hearings exceed unacceptable levels.
3. Schedule pre-hearing conferences in selected Board cases for a date no later than two months after the appeals are filed, and use the pre-hearing conference to focus the parties on issues and appropriate procedures.
4. Make adjustments, when necessary, in personnel, practices, and procedures when the number of filings exceeds the number of decisions issued.
5. Schedule professional education and training when available.
6. Because appraisal practice is often quite complex and it can take years to become fully educated and efficient, conduct monthly “classes” in which the referees and any Board member who has heard valuation cases, presents one or more of their more complex or unusual cases for discussion and instruction; conduct occasional Friday classes on specific topics (appraisal practice, Washington constitution and assessments, reconvene standards).
7. In order to improve the timeliness and quality of decisions, hire a law clerk to write legal memorandums identifying case issues, prepare decision outlines, organize case documents, prepare drafts of decisions, and review and edit final decisions for full board hearings and motions.
8. Review all decisions for consistency and quality within three days of writing.
9. Improve the case automated tracking system (CaTS) by developing or purchasing software for automating the scheduling of cases, including allowing taxpayers to choose their own hearing dates from the available options.
10. Decrease the inefficiency caused by cancellation of scheduled hearings by using more proactive case management techniques, such as setting earlier deadlines for submitting exhibits and briefs, and completing discovery; requiring complete fact and issue summarization at the pre-hearing conference, contacting the parties to determine if settlement is being discussed/likely/possible, and setting a date in the pre-hearing order when the Board would prefer to know of settlement.
11. Increase the number of teleconference hearings for the convenience of both the taxpayer and taxing authorities by advertising this option on the website and in official correspondence.
12. When feasible and cost effective, hold hearings at locations convenient to participants.
13. Maintain a Seattle satellite office as a convenience for the approximately 50% of BTA customers filing in King County.
14. Update the organization’s website improving its user friendliness.

15. Develop a website based video for pro se (unrepresented) taxpayers that explains the appeal process.
16. Continue leveraging information technology improving the efficiency and effectiveness of the staff and hearing officers, leading to improved customer service.
17. Hold regular BTA GMAP sessions discussing pertinent statistical benchmarks measuring performance; then implement plans-addressing performance gaps.
18. Periodically tell the organization's story through outreach programs.
19. Use feedback mechanisms (customer surveys or focus groups) to gauge customer satisfaction and discover innovative service quality improvements.

G. Performance Assessment

TIMELINESS





As these charts indicate, the agency has significantly improved the timeliness of its actions over the past few years. The Board considers these two key performance measures as essential indicators of success. Feedback shows customers appreciate the swift scheduling of their hearings and the rapid publication of a written tax decision. Significant ingredients contributing to performance improvements include increased funding for upgrades to the Board's case management software system and the opening of a satellite office in Seattle. The Board also received funding increasing the hearing officers' compensation to that of comparable adjudicative officers. These pay increases improved morale and consequently improved the overall productivity of the organization.

The Board, as a specialized administrative tribunal, centers on one task: the adjudication of tax appeals. As the Board's hearing officers gain more experience and training, the quality of their written decisions improves. The Board's steady funding levels have allowed for professional development and expanded training. The improvements in the quality of the Board's tax decisions are attributable to experience, professional development, and internal control measures.

Historically, the demand for the Board's services has been fairly constant with slight annual increases. More recently, steady manning levels allowed the elimination of backlogs and an increase in productivity. Presently, the Board resolves more cases than it receives. Risk assessments, explained in paragraph H below, however, indicate a potential increase in filings.

This development would put strains on the agency's small workforce without appropriate planned adjustments in place.

The major challenges ahead are to maintain productivity, customer satisfaction, and quality while still improving the timeliness of the scheduling of hearings and the writing of tax decisions.

H. Appraisal of External Environment

Though the majority of property tax issues are resolved by county assessors or by the local boards of equalization, 1,500 to 2,000 appeals per year have been filed with the Board over the past five years. Year after year the complexity of these appeals has increased, in part due to the increasing participation of tax professionals representing taxpayers. Monitoring and anticipating changes in the number of filings is critical to mission accomplishment as resource allocation is in large part driven by inputs. Consequently, assessing how those external factors, most importantly market trends, are having an impact on these numbers and planning for change is critical.

A rising population and external economic factors continue to pressure the state's housing and commercial property markets. Residential property values have leveled off and indicators show a slightly declining property market. This is especially true in the state's more densely populated counties of King, Pierce, Snohomish, Kitsap and Thurston. Because of the state's unique property tax assessment system, including the appeals process, there is not a real time confluence of a property's assessment and perceived market trends regarding the value of that property. When property prices decline, but the assessments do not timely match the declines, taxpayer disaffection increases. As a result, many more homeowners believe their assessments are too high. Historical data indicates under these circumstances many more appeals are filed with this Board.

In addition to the likelihood that the decreases in residential housing prices may have produced an increase in the number of appeals filed, the Board has also seen an increase in the number of agents soliciting appeals. This also has increased the number of appeals filed.

Rising interest rates and the general economy have started a slowdown in the building of commercial real estate properties. However, commercial properties, such as apartments, small businesses, restaurants, manufacturing, hotels and retirement homes do not appear to be losing value as are residential properties. The rate of business property value has remained steady even though many businesses experienced declines in net incomes. The popularity of real estate investments continues due in part to the downturn in the stock market. Though hard to quantify, shifts in market forces could impact the Board's operations.

Changes in governmental tax policies—depending on their scope—could have a significant impact on the Board's caseload. Recently, the legislature has been active in passing laws affecting property taxes, excise taxes, and exemptions to taxes. These new policy initiatives, the impact of which has not yet been fully assessed, may have a significant impact on the Board's caseload. For example, new exemptions available for taxpayers raise the potential for more exemption appeals.

Seven of the Board's thirteen employees adjudicate tax appeals. Because of the stability of the supporting staff and the cross training required to effect a smooth and efficient office, the Board does not anticipate any outsourcing of office functions.

Risks

Recent funding levels have been stable and adequate. The Board successfully opened a Seattle office, increased hearing officer compensation, and began upgrading the case management software system. The organization is now more efficient and responsive to customers. However, as a small agency performing one core activity, the adjudication of tax appeals, the Board is at risk should funding be reduced. A consistent and constant funding level with inflationary adjustment is needed. As the Board operates at the maximum, even a slight funding reduction would be of significant detriment to operations. Backlogs would increase and the Board would not be able to meet its goals and objectives. Maintaining consistent funding at the present operational levels allows the Board to sustain a reasonable processing time for appeals. It also allows the Board to maintain an even flow and pace in its operations.

I. Assessment of Internal Capacity and Financial Health

1. Workforce

A significant strength of the organization lies with its small but stable workforce. The staff is knowledgeable, professional, and dedicated to the mission. Most have been employed with this organization or in state government for more than 15 years. Compensation levels, equaling those of comparable positions in other small organizations performing adjudicative functions, have been key factors in retaining a competent staff.

Unfortunately, having a small workforce has its limitations. Advancement within the organization is not possible. This job disincentive must be offset by other means. Further, a cross-trained support staff in numerous functional areas is critical to mission success. However, having a small organization only "one person deep" detracts from optimal customer service. Absences for training, sickness, meetings, appointments and vacations erode the ability to perform efficiently and add stress to an overworked staff. Hiring an additional support staff employee to cover these gaps and assist hearing officers in preparing for hearings is one solution the Board is contemplating.

The organization has had sufficient resources funding needed job training for its personnel. Management actively seeks training opportunities to improve the skills of all the Board's employees.

2. Information Technology

The Board's focus has been on the continued integration and upgrading of the Case Tracking System (CaTS), a case management software tool and the document management system. Both utilize SQL databases and are the platforms for refining workflow,

correspondence, and calendaring processes. The Board has been able to seamlessly research decisions, listen to hearing recordings, and monitor an appeal's status using these tools.

Through various funding sources, BTA significantly enhanced CaTS, saving staff time previously needed to input critical case data; providing on-line form filing capabilities for taxpayers; and, improving research options for hearing officers. These latest upgrades have improved efficiency and customer satisfaction.

Opportunities for further upgrades in the CaTS system through additional funding will enable BTA to provide enhanced capabilities for taxpayers and tax professionals by providing the on-line capability of viewing case evidence, and participating in hearings using electronic means. The Board's vision remains the creation of a paperless system.

The Board's capital and technology needs are influenced by standards set by Department of Information Services (DIS) and the need to maintain a line of communication with other state agencies and taxpayers.

The Board's website at <http://bta.state.wa.us> is a significant resource for internal and external use. It includes a searchable program of the Board's decisions, forms, applicable WAC and RCW links, instructional information regarding the appeal process, calendars, and other materials. Updating and improving the website and creating a website based video explaining the appeals process remain top priorities.

Over the years, litigation and appellate practices have gradually moved to paperless systems of conducting business. Critical to these changes has been the development of sound policies and procedures and upgrades to existing technologies. The Board recognizes these trends and, with adequate funding, is committed to developing a paperless system. Moving individual taxpayers in this direction may be difficult. However, a substantial number of appeals are handled by CPAs, appraisers, attorneys, and other professionals all of whom have electronic capabilities. At the same time, the Board is committed to improving the abilities of the pro se litigant, those without professional representation, to meaningfully participate in the process.

3. Business Processes

BTA has stable, repetitive business processes. The basic steps for processing a tax appeal, no matter what the specifics, are the same—input data from the tax appeal into the case management software system, notify parties of the receipt of the appeal, schedule a hearing, conduct a hearing, write a decision, publish and post the decision.

4. Facilities

The Board's facility in Olympia is conveniently located for a significant number of tax payers and representatives of taxing authorities. The building is currently leased and it provides the workforce with a suitable and comfortable work environment.

The opening of a branch office in Seattle has significantly enhanced the efficiency of operations by providing a hearing facility that serves the majority of customers who seek the Board's services—those in King County. This Seattle office has enabled the Board to more conveniently schedule hearings, reduce transportation and commuting costs, and improve customer satisfaction. Unfortunately, the lease on this particular property is now being terminated by December 2008. The Board, however, desires to maintain a presence in Seattle to serve the majority of its customers and is actively seeking alternate Seattle office and hearing room space availability.

Future Direction

Although the Board does not anticipate major changes in its core functions through June 30, 2011, unknown and unpredictable market forces could have a major impact on the Board's operation. Despite unforeseeable external factors, the Board will continue to explore new ways of doing business to enhance its efficiency and decision quality, and make it easier for taxpayers to have their cases heard. The Board sees continued progress toward the creation of a paperless operation and capitalizing on technologic innovations as key methods to attaining these objectives.

Conclusion

Under the law, taxpayers are entitled to fair treatment in the apportionment of the tax burden and a reasonable opportunity to be heard if they perceive error in their property or state excise tax assessments, or adverse actions of the Department of Revenue. The Board of Tax Appeals provides both taxpayers and taxing authorities with a simple, timely and inexpensive forum at which to adjudicate cases. It is a unique and independent appellate body performing an important function for the citizens of this state.