

Agenda Item 5(b):

What Impact Would the Initiative Have on Property Tax Administration

Wes Nichols

Board Member, California Alliance of Taxpayer Advocates

BOE Split Roll Event

CATA Perspective on Impact on split Roll for Property Tax Administration

Scarcity of Talent

- The split roll would increase the amount of work for property tax appeals.
- Scarcity of Talent: Major impact on the Assessors, Clerk of the board, and Property Tax Professional Services industry. This may particularly impact smaller counties.
- Due to lack of experience, talent on all aspects would cause delays, mistakes and costs to administration.
- In most counties the ability to attract and retain quality board members to hear cases would be pushed to the limit.
- County Assessment Appeals Boards would have to increase budgets to recruit and train additional board members on changes caused by split roll.
- Property Tax Professionals business volume would intake 10 times the amount of appeals and valuation work. Currently most firms current staffing levels could not handle the future work volume. This means we will need to recruit. The most likely place would be the current assessor staff. In order to attract top talent in today's market higher salaries will be necessary.
- The Assessor and the Property Tax Professionals will be competing for the same limited experience professionals.

Training and Development

- Currently there are no outside certification or degree programs for property tax appeals.
- The only formal training is with the Assessor Office. This training can take over 1 year to complete. To be a competent commercial appraiser you need at least three years of experience.
- In the private practice world, it takes time and money to recruit.
- Currently there is not enough experienced professionals to start on day one if the split roll is enacted.
- BOE may have to promulgate more comprehensive Assessor Handbooks and possibly engage in additional appraiser and AAB training.

Mass Appraisal Firms

- There is not enough talent or money to recruit for valuation professionals. They may consider outsourcing some valuations to mass appraisal firms.
- Some states already utilize mass appraisal firms. They do this by using analytic data and mass appraisal techniques. These methods can cause many of the properties to either be grossly under assessed or over assessed.
- Would California law preclude the use of these firms?

Other Possible Issues to Consider

- Assessors have limited time and information to value the property. Due to the increase workflow and the fear of future appeal and work.
 - The initiative may result in Assessor's undervaluing property to avoid appeals
 - Most property owners would ask tax agents to file protective filings or file without having us review the value. This would cause many of the appeals to be withdrawn. This will then result in more strain on resources.
 - If the assessor over values a certain property type or area it would mean large amounts of refunds which would also strain county budgets and forecasted revenue.

What can be done to mitigate expected appeal backlog from split roll?

- Initiative does not allow for a trial de novo solution or an automatic acceptance of the taxpayer's value after a certain time period.
- State Assessment Appeals Board, instead of filing in court could appeal decision to a state assessment appeals board.
- More training for Assessor's and AAB members
- Pooling of Assessor resources across counties (i.e recent multi-county AAB legislation).
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