

Follow up Report



November 2019

EHB 2777

Section 9

c.174 Laws 2018

*An act relating to improving
and updating administrative
provisions related to the
board of tax appeals*

WASHINGTON STATE BOARD OF TAX APPEALS

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Introduction

This report is a follow-up to an earlier, required report¹ provided to the Legislature in November 2018 by the Washington State Board of Tax Appeals (WSBTA). The 2018 report included statistics on the WSBTA’s existing backlog of cases and outlined the agency’s plan to reduce that backlog.

This follow-up report is respectfully submitted to the Legislature as a update on the WSBTA’s progress.

Executive Summary

Over the last twelve months, the agency has reduced its total backlog by more than 28% and made solid progress on nearly all plan elements identified in the 2018 report. This places the WSBTA **ahead of schedule** to meet its goal of addressing its backlog by the end of calendar year 2023.²

Total reduction in backlog:

Total Dockets	2018 Report	This Report	% Reduction
	3721	2666	28%

Average age of dockets:

Avg. Age	2018 Report	This Report	% Reduction
	891	326	63%

History of annual filings:

FY Year	Dockets Filed
2019	1569
2018	1436
2017	1694
2016	2200
2015	2116

Active dockets (by year filed):

FY Year	2018 Report	This Report	% Reduction
2018	1003	962	4%
2017	1265	444	65%
2016	1244	182	85%
2015	142	5	96%
2014	31	8	74%
2013	17	3	82%
2012	19	0	100%

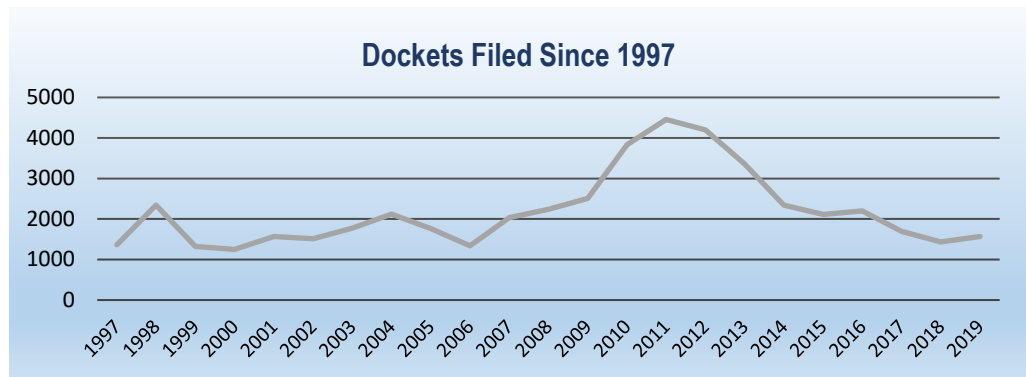
¹ Required by EHB 2777, c.174 Laws 2018, *Improving and Updating Administrative Provisions Related to the Board of Tax Appeals*

² The WSBTA goal, as stated in the 2018 report, is to reduce its in-house caseload from 3,700 to 1,500 dockets by October 2023.



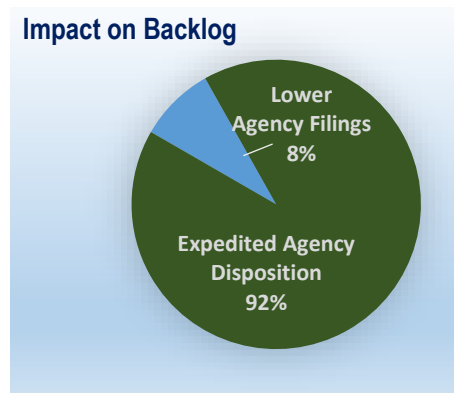
Annual Filings

The number of dockets filed annually appears to have stabilized at pre-recession levels. In the ten years prior to the real estate market crash, annual filings ranged from approximately 1,350 and 2,300 dockets, with an average of 1,600 dockets.



Reduction in Dockets

FY 2019 filings were down 13% from the agency’s original projections, and are down 5% in the first quarter of FY 2020.



The reduced number of filings played a role in the overall reduction in the agency’s backlog, but the majority of the reduction (92%) is the result of a significant increase in agency output.

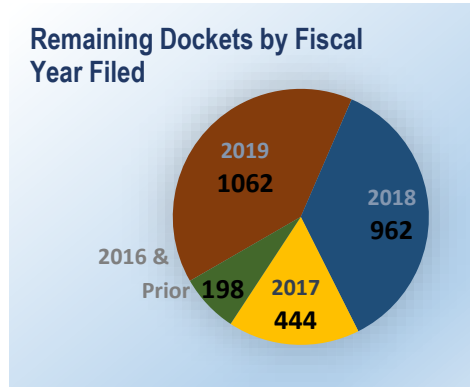
With the addition of four new hearing officers, and increased administrative staffing, the agency has disposed of more than 2,700 dockets since the 2018 report.

The WSBTA expects to maintain this level of productivity over the next fiscal year. Additionally, the agency has set a new standard for issuing decisions: sixty days after the hearing, rather than ninety days. The agency expects to be performing to this standard within the next six months.



Active Dockets

The WSBTA continues to prioritize scheduling its oldest cases first, with the exception of those waiting for decisions in related court matters, or those where the parties are in active settlement discussions.



By November of 2020, the agency expects to be scheduling informal property tax matters that were filed at the beginning of the same calendar year.

This means that the average homeowner’s case will be resolved in less than a year, and that wait time will continue to decrease over the next two years.

However, formal property tax and excise tax matters must be scheduled on a more limited basis and will lag behind other case types by approximately one year.

If annual filings over the next two years do not exceed the historical average, the agency expects that by the end of calendar year 2022, it will be handling informal property tax cases within 9 months of filing, and all other case types within a year from the date of filing

Plan Update

In its 2018 report, the WSBTA identified eight parts in a plan to reduce its backlog by October of 2023. As of the date of this follow up report, four parts are complete, three are underway with significant progress, and one remains pending. The following chart summarizes the plan elements and the agency’s progress over the last twelve months:

Plan Element		Progress
1.	Increase number of hearing officers by 66%.	Completed The agency hired four new tax referees.



Plan Element	Progress
<p>2. Ensure all hearing officers have relevant and effective training.</p>	<p>Completed through 2019</p> <p>All new tax referees have had substantial training in the appraisal principles necessary for the agency’s caseload.</p> <p>All hearing officers are scheduled to participate in advanced training on a rotating basis.</p>
<p>3. Provide paraprofessional support to hearing officers.</p>	<p>Completed</p> <p>The agency temporarily increased its administrative staffing, which allowed it to solidify and implement new processes.</p> <p>This has freed paraprofessional time to support hearing officers with file organization, research, and proofreading.</p>
<p>4. Identify up to 45% of dockets for early dismissal.</p>	<p>Complete</p> <p>The agency established new processes to identify and dismiss those appeals that have not complied with required timelines and orders.</p> <p>As a result, the agency’s early dismissal rate over last twelve months increased to 64.5%.</p>
<p>5. Leverage technology to simplify and streamline hearings.</p>	<p>In progress</p> <p>The agency now conducts hearings via Skype. The agency should be able to transition to video hearings through that platform during the next biennium.</p> <p>Additional upgrades are expected when the agency transitions to Office 365.</p>



Plan Element	Progress
<p>6. Upgrade legacy case management and electronic file systems.</p>	<p>In progress</p> <p>The agency is in the process of procuring a feasibility study to replace its legacy case management and electronic file systems.</p> <p>WSBTA hopes to begin recommended upgrades before the end of the biennium.</p>
<p>7. Reduce meritless filings by 10% through taxpayer education program.</p>	<p>In progress</p> <p>The agency completed a taxpayer representative education program that reduced meritless filings by representatives by more than 20% over the last twelve months.</p> <p>Other taxpayer education efforts are ongoing, and will be an agency priority for the next 12-18 months.</p>
<p>8. Implement alternative dispute resolution programs where feasible.</p>	<p>Pending</p> <p>The agency’s focus over the last year has been on the reduction of its backlog through its existing processes. WSBTA recommends a broader discussion with stakeholders on the viability of an ADR program.</p>

Conclusion

The WSBTA set October 2023 as the target date by which it would be able to resolve taxpayer appeals within one year of date of filing. The agency has made excellent progress towards this goal. If filings remain at average historical levels, and the agency maintains its current levels of productivity, it will reach its goal almost a full year ahead of the original target date.