The state budget recently adopted by the Legislature included funding for the Department of Revenue to focus resources on a project assisting county assessors move from multi-year revaluation cycles to an annual revaluation process. Currently, 21 of the 39 counties in Washington revalue property on a 2-, 3-, or 4-year basis. Our project will entail providing assistance to those counties choosing to change their revaluation process.

Why should counties convert from a multi-year revaluation plan to annual revaluation?

There are probably several reasons that annual revaluation is preferable. Here are a few:

♦ Assessment ratios tend to be higher in counties that revalue property annually. Assessment ratios that are closer to 100 percent result in a lower state levy rate for the county, as well as additional local values attributable to centrally assessed properties. Both may affect the overall collections for taxing districts.

♦ Annual revaluation allows assessments to reflect current market considerations (both upward and downward). Industries or market areas may experience changes that occur quickly. Multi-year revaluation restricts the assessor’s ability to address these sudden changes in value. Annual revaluation allows the assessor to address the changes in a timely manner.

♦ Property owners are treated more equitably overall when property is revalued annually. The International Association of Assessing Officers (IAAO) Standard on Ratio Studies suggests that residential properties have a coefficient of dispersion (COD) of less than 15%. In looking at a 2005 study of uniformity of assessment within each county, the COD for residential property was below 15% in only 3 of the 21 counties that employ multi-year revaluation cycles. Conversely, 11 of the 18 counties with an annual revaluation cycle had CODs below 15 percent.

♦ Rates of appeals tend to be lower in counties with annual revaluation plans. Property owners in counties with multi-year revaluation plans often experience a sort of “sticker shock” when several year’s worth of market growth are assessed at one time. Annual revaluation reduces this sticker shock, and may be the cause of lower appeal rates in those counties.

When will the project begin?

We are currently in the process of recruiting and hiring three additional staff members for this project. We look forward to working with assessors to determine their needs and to offer our support and assistance. If you have any questions or would like to provide input as we begin this project, contact Kathy Beith at (360) 570-5868 or by e-mail at kathyb@dor.wa.gov.