



*Washington State*

Board of Tax Appeals

# FY 2023-25 Strategic Plan

## Introduction

Washington State taxpayers are entitled to an independent review of state and local property and excise tax assessments. The Washington State Board of Tax Appeals (WSBTA) processes in excess of 2,000 dockets annually, many of which present complex legal and valuation issues. The WSBTA is a unique and important body that provides critical services to the state and its citizens, as it is the final independent administrative authority for the resolution tax disputes statewide.

Members of the Board are appointed by the Governor with the consent of the Senate and serve for six-year terms. The WSBTA employs seven Tax Referees who also hear and decide tax matters, and six supporting staff members, including an Executive Director.

## Mission Statement

To maintain public confidence in the state tax system by providing taxpayers and taxing authorities with an accessible, fair, and efficient appeals process.

## Vision

A timely appeals process that provides consistent and reasoned decisions that educate taxpayers and contribute to transparent tax administration in Washington State.

## CORE VALUES



## Core Values

*Service* – Holding our duty of service to the people of Washington as the essential consideration for all the agency does.

*Integrity* – Maintaining the highest personal and organizational standards of candor, impartiality, and transparency in providing service.

*Respect* – Treating all persons with courtesy, regard, and professionalism

## Agency 2023-2025 Goals

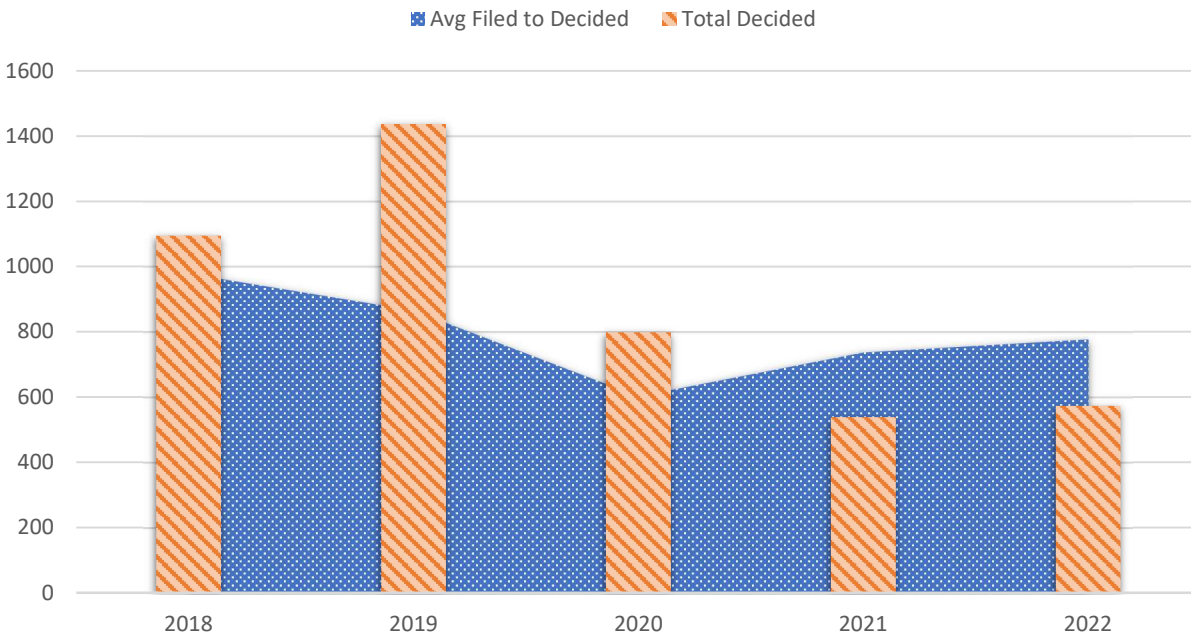
The agency seeks to provide exemplary customer service and to build trust and confidence in state government by:

- Providing timely and efficient service to customers and other stakeholders involved in the appeal process;
- Publishing accessible and comprehensive rules that assist the public and customers in understanding and navigating the appeal process;
- Simplifying and streamlining participation in the appeal process;
- Improving and supporting continued issuance of reasoned, fair, timely and consistent decision; and
- Continuing to move towards a paperless system by upgrading and improving the agency's case management and cloud-based document repository systems.

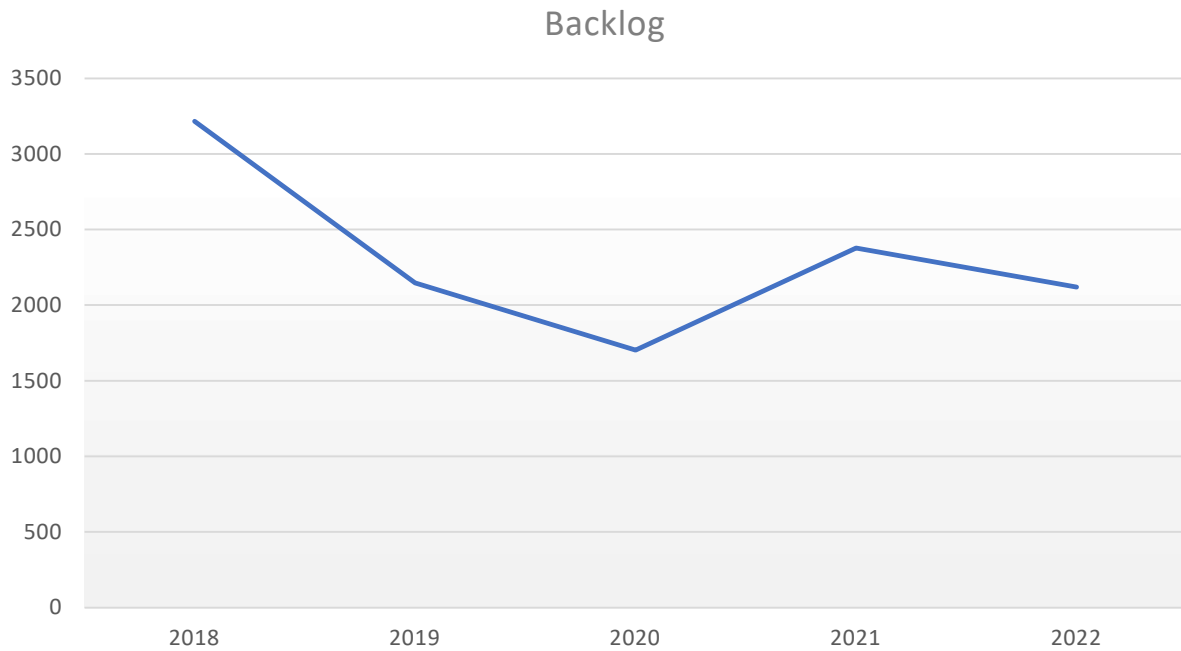
## Current State

### Timely and Efficient Service

The WSBTA has recently begun addressing administrative system weaknesses and inefficiencies by restructuring administrative duties, outsourcing technology elements, and addressing deferred HR practices. The agency has also made strides in reducing the average age of its caseload. Approximately 53% of the agency's cases have been in-house for less than 24 months. With the exception of formal in-person hearings, the agency has issued decisions, or delayed at the request of the parties, all cases filed earlier than 2019.



The WSBTA still has a backlog of approximately 2,509 dockets. In late 2018, the agency received supplemental funding which enabled WSBTA to begin to address its significant backlog. This funding allowed the agency to hire additional hearing officers, increasing the number to ten, including its three board members. Unfortunately, additional adjudicators will be unable to tackle the agency’s backlog should filings significantly increase, as is routinely the case with rapid valuation increase. Further, recent changes in the state’s property tax system, such as increasing the income limit for the senior and disabled person exemptions, will also increase filings.



The agency has completed interior office modifications to better facilitate the agency’s workload. Additionally, the WSBTA completed a migration of data to the state network, which also allowed access to desktop services. As a result, the agency expects that it will be able to devote additional administrative time to taxpayer education efforts, including improvement expansions in online services and increased written information and procedures. In the immediate future, the WSBTA needs to address antiquated technology in order to modernize and make more efficient use of allocated agency resources.

Objectives	Specific Goals
<ul style="list-style-type: none"> <li>• Decrease the number of appeals waiting to be scheduled for hearings.</li>   <li>• Decrease the length of time between the filing of an informal appeal and the scheduling of a hearing.</li> <li>• Increase the number of hearings and reduce decision turnaround time by instituting abbreviated processes.</li> <li>• Substantially reduce frivolous filings by creating and publishing comprehensive taxpayer education materials.</li> <li>• Continue to move towards a paperless system.</li>   <li>• Publicize updated agency rules to ensure taxpayer and taxing authorities have a clear process for the effective resolution of cases.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to recruit qualified hearing officers, and increase access to relevant training, and thereby increasing hearing officer productivity by 5%.</li> <li>• Increase annual decision output by 20% by June 30, 2025.</li> <li>• Create and implement an expedited small claims and stipulated records process by June 30, 2025.</li> <li>• Issue 90% of all decisions within 90 days of the hearing.</li>   <li>• Complete the upgrade of records management and online submissions system by June 30, 2025.</li> <li>• Increase the percentage of electronic submissions to 90% by the end of FY 2025.</li> <li>• Increase the percentage of appeals filed electronically to 85% by the end of FY 2025.</li> </ul>

**Accessible and Understandable Process**

The agency has made incremental improvements to its website and other informational materials over the last biennium. An update of the agency’s rules was completed July 17, 2022.

Continued taxpayer education is a particularly pressing need this biennium. The agency will work on publishing educational materials to ensure that taxpayers are aware of the major legal requirements and limitations they face. This includes an explanation of matters that are either outside the scope of the agency’s jurisdiction, or those that cannot prevail on any substantive issue. This effort is expected to reduce the number of improperly filed appeals.



The WSBTA will also work with the state’s 39 county assessors to standardize the processes and procedures as to how and what information is provided to the agency.

Objectives	Specific Goals
<ul style="list-style-type: none"> <li>• Create and publish online taxpayer education materials.</li> <li>• Continue to undertake rulemaking as necessary for Chapters 456-09 and -10 of the Washington Administrative Code.</li> </ul>	<ul style="list-style-type: none"> <li>• Update taxpayer education materials on the agency’s website in a timely fashion.</li> <li>• Monitor new revised rules in Chapters 456-09 and -10 of the Washington Administrative Code by January 31, 2025.</li> </ul>

**Reasoned, Fair, and Consistent Decisions**

The agency’s current decisions are principled and fair and are drafted to improve the reader’s understanding of controlling law, relevant evidence, and the hearing officer’s reasoning.

Currently, cases are allocated by type and according to a hearing officer’s training and experience. The limitations on how cases are assigned results in the delay of certain more complex cases, which is further exacerbated by the general increase in complexity of tax law. With this in mind, the agency will benefit from the recruitment and retention of hearing officers with substantial experience in certain complex case types, including excise tax matters and more complex formal hearings. In addition to hiring experienced hearing officers, the agency will also benefit from additional training for its hearing officers across a broader range of administrative law and tax issues.

Agency attrition of hearing officers will seriously jeopardize the gains the agency has made in tackling its backlog during the 2023-2025 biennium. It is estimated that three to five hearing officers will retire or seek other employment by June 30, 2025. This will result in the need to recruit, hire, and train additional qualified personnel to simply maintain the current case adjudication levels.

Decision consistency is generally effectuated by continuity, and as a result can be improved by systematic publication of decisions identified as controlling.

Objectives	Specific Goals
<ul style="list-style-type: none"> <li>• Broaden each hearing officer’s capacity to handle all matters under its jurisdiction, with a focus on excise tax and property valuation, evidence, and by providing hearing officers with comprehensive administrative law and subject matter training.</li> <li>• Create a process to identify and publish controlling and precedential decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure all hearing officers attend suitable comprehensive administrative law judge training as funding allows.</li> <li>• Create a process for identifying and publishing controlling decisions by June 30, 2025.</li> <li>• Identify 50 controlling decisions by December 31, 2025</li> </ul>

**Technology**

The agency has implemented a cloud-based records management system and electronic submissions platform. This allows for the direct filing of some 50% of its evidence submissions. However, the current platform was implemented with nominal funds and requires improvements in order to become an efficient tool for the agency. In addition, the agency’s aging case management system was last updated in 2007 and needs comprehensive updating (or replacement) in order to remain viable and to be integrated into the agency’s records-management platform.

The agency lacks the technical expertise to evaluate and complete the necessary technology upgrades and will need to obtain professional assistance to complete an appropriate feasibility study so as to ensure the best outcome for its expenditures. The agency was given funds in the 19-21 biennium for a case study, but the funds were relinquished during the COVID-19 economic difficulties. The agency may need additional funds in order to perform a feasibility study and upgrade its systems in the near future.

Once its systems are upgraded, the agency will work to expand the use of electronic filing of submission, to reduce administrative overhead, improve hearing officer efficiencies, and to continue the move to a paperless system.



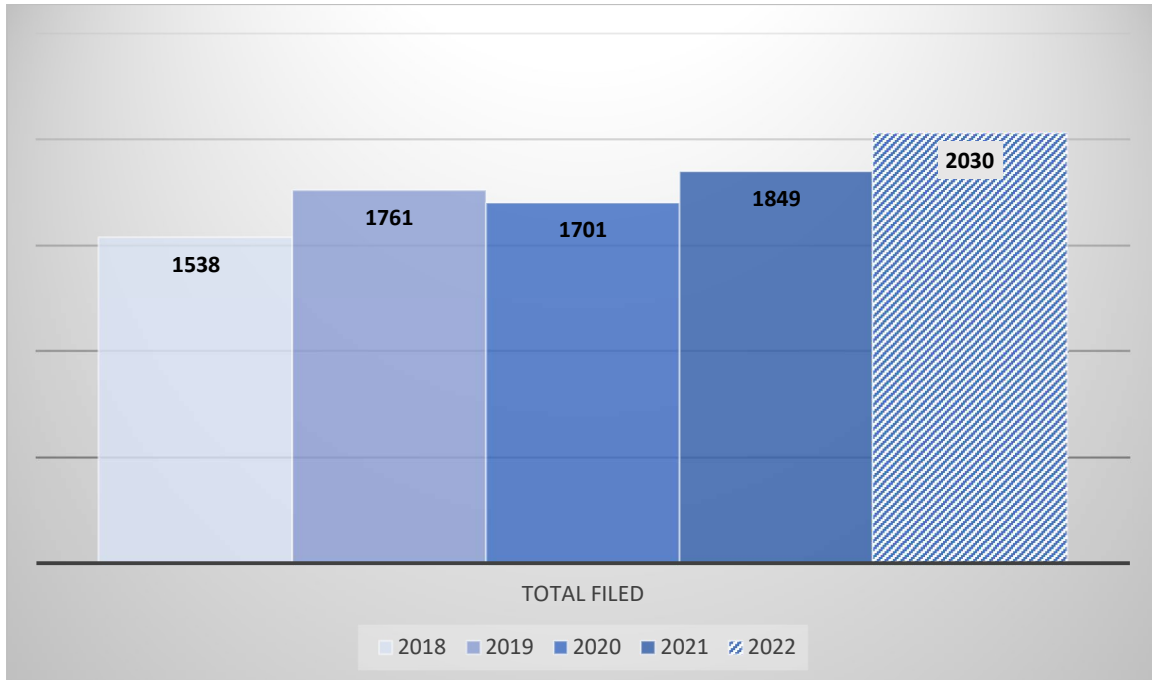
## Issues that Impact Agency's Ability to Achieve Goals

### Funding Uncertainty

- The agency has lost funding as a result of the COVID-19 budget restrictions. The agency is uncertain whether it will regain the lost funds in the 2023-2025 budget. If funding is not restored, the primary focus of its spending is on continuing basic operations; if funding is restored, the primary focus will be to continue eliminating the backlog; if funding is increased, the additional funds will be used to update or replace the legacy computer systems.
- Based on stakeholder feedback, the agency will undertake only limited programs for mediation and local hearings. Additionally, based on recent recruitment results, the agency expects it will be challenging to find qualified hearing officers with substantial property valuation experience, such as certified general appraisers.

### Predicted Increase in Tax Filings

- The agency has no control over the number of annual filings. Any increase in the number of annual filings will prevent the agency from eliminating backlog and delivering timely and efficient service. Unfortunately, the WSBTA expects a significant increase of appeals filed in the coming biennium, as historical data supports such an increase during times of rapidly increasing valuations as we have seen in the last few years.



The 2022 total filed amount is estimated based on filing trends from previous years.

## Organizational Fatigue

The agency has undergone multiple major organizational changes in the last three years. More than 80% of agency employees have been with the agency for fewer than four years. In the last two years, the agency has moved to a new building; adopted a local hearings pilot program; implemented a new cloud-based document repository and online submissions system; upgraded its desktop platform and migrated its remaining technology services to a state service provider; reorganized its administrative structure; and hired a new Executive Director.

## **Strategies to Mitigate Impacts**

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- Retain current funding levels by:
  - Seeking guidance from OFM and the Governor’s policy office legislative team;
  - Maintaining relationships with legislators by providing highly responsive, solution-focused information to constituent issue requests and to stay connected with legislators’ policy interests; and
  - Continuing to meet with stakeholders involved in current legislative efforts impacting the agency.
- Address increasing tax filings by:
  - Limiting meritless filings by continuing agent and representative outreach, and prioritizing online taxpayer education efforts;
  - Maximizing agency preparedness by maintaining streamlined agency operations and by directing recruiting efforts toward highly qualified hearing officers.
- Improve processes by:
  - Conducting appropriate research and applying LEAN principles to process improvement and other strategic plan projects at the planning and pre-implementation phase;
  - Ensuring the agency has measurable deliverables, and that its employees have a clear understanding of agency priorities, improvement efforts, and agency progress;
  - Communicating agency strategic plans and priorities to obtain staff buy-in;
  - Seeking guidance from the LEAN Transformational Office on how to implement strategic initiatives; and
  - Utilizing planning timelines to ensure sufficient agency resources at all stages of improvement initiatives.