

WRITTEN TESTIMONY OF TOWANDA PAUL-BRYANT

For

**Committee on Finance and Revenue FY 2008-2009 Public Oversight Hearing on
the Board of Real Property Assessments and Appeals**

Wednesday March 10, 2010

Good afternoon, Chairman Evans and Members of the Committee, I am Towanda Paul-Bryant, Chairperson of the Board of Real Property Assessments and Appeals. With me today is Renee McPhatter, the Administrative Officer of the Board, and board members. I thank you for the opportunity to appear before you today, regarding the Board of Real Property Assessments and Appeals.

During the Tax Year 2010 season, we had 16 members of the Board, which included six new members. We currently have 14 members who have a vast array of qualifications in the real estate field. Our members are realtors, real estate brokers, general appraisers, residential appraisers, and attorneys. Four members are real estate professionals who are also barred in the District of Columbia. Our members are skilled in valuation techniques which include income, market, and cost approaches to value, and they are extremely familiar with the District's landscape as it relates to real property.

Currently, the District of Columbia law provides real property owners with a three-level appeals process as it relates to real property taxation assessments. The first level appeal occurs with the Office of Tax and Revenue (OTR) where the petitioner can appeal the assessments with the assessor of record. At this appeal level, the assessor can either sustain or reduce the proposed assessed value of the property.

The Board is the second level appeal and our statutory authority is derived from D.C. Official Code 47-825.01. The Board functions primarily in two or three member panels that review and decide individual appeals by taxpayers – residential or commercial property owners – who exhausted their first level appeal before OTR. Before the panels, the taxpayers can represent themselves or be represented by counsel which could be an attorney or non-attorney “tax consultant.” Finally, if the taxpayer is dissatisfied with the Board’s recommendation, then the taxpayer can appeal to D.C. Superior Court, the third level of appeal.

For Tax Year 2010, OTR received 12,000 first level appeals from taxpayers, and over half moved to the second level appeal with the Board. As of today, the Board received 6,057 appeals for Tax Year 2010. This is an increase of over 1,577 appeals, a 26 percent increase from Tax Year 2009 which was 4,480 appeals¹. Property values declined during the valuation period for Tax Year 2009 and Tax Year 2010; however, many proposed assessments by OTR for those years did not reflect the market conditions. As a result, the number of appeals increased. According to section 47-825.01(g)(1) of the D.C. Official Code, the Board, in each case, “shall attempt to assure that all real property is assessed at the estimated market value.”

Of the 6,057 appeals, 5,942 are “standard assessment appeals” which are valuation and classification appeals that automatically placed in OTR’s tracking system. In addition to the standard assessment appeals, the Board also renders decisions for Possessory Interest appeals; Classification appeals that are not in the current tax year; Homestead Exemption appeals; and New Property Owner appeals. These appeals cases are not “standard” cases and not automatically placed into OTR’s tracking system and are not statutorily due by the February 1st deadline.

¹ For Tax Year 2008, the Board received 3,439 appeals.

As of February 1st, the Board had completed 4,616 appeals out of 6,057. Please note that this amount exceeds the total number of appeals for Tax Year 2009 of 4,480. As of March 10, 2010, the Board has completed 5,839 appeals or 96.4%. Completion means that the Board heard, recommended a proposed assessed value of the property and prepared a detailed written statement of the basis for the recommendation that was signed by each member who participated in the hearing. The Board, then, transmitted the written recommendation to OTR as well as the petitioners. Although the Board has continually to improve its operations to meet the statutory deadline of February 1st, it is very difficult with the number of appeals increasing exponentially. Today, of the 5,763 standard appeals completed for Tax Year 2010, 3,688 were sustained; the Board recommended to increase 8; the Board recommended to reduce 1,209; OTR and the petitioner came to agreement to reduce 25; and OTR recommended to reduce 555 during the second level appeal process².

Tax Season 2010 appeals process has run very efficiently, even with the increased case load. In the past year, the Board has substantially improved its operations. The Board now has an informative and user-friendly website; results of appeals are deliberated and issued in a timely basis and are updated on the site on a monthly basis; and for the first time in 10 years, the Board issued a comprehensive annual report which is displayed on the website. The Board also held its four statutorily required administrative meetings and postings of meeting notices and minutes can be found on the site as well. The Board, with the assistance of OCTO, was able to develop a database for appeals starting for Tax Year 2010. With our own database, the Board is better able to manage and sufficiently organized its caseload. We also held several comprehensive training sessions and conducted the administrative meetings for the year.

² For Tax Year 2010, 278 appeals were withdrawn by the petitioner for consideration at second level appeal process.

Looking forward, we will continue to streamline the Board's operations and administrative procedures. The Board will also have a vigorous training schedule to fortify the Board's knowledge of valuation techniques and market trends.

With a new vision and a dedication to its mission, the Board has made tremendous strides in just one year. We instituted new policies and procedures that improved every aspect of the Board's operations from scheduling, hearing, deliberating, issuing and filing of appeals. However, there is legislation pending before the Council to abolish the current board and establish a 12-member commission. There are issues that we believe need serious consideration before adopting the proposed legislation.

- Number One is Cost – The total cost of implementation of the proposed legislation would be substantial, which would include the salary and fringe benefits of 12 full time employees with a specialized certification, a new office space to accommodate the increase in staff, and additional equipment and set up costs.
- Number Two is Efficiency – The work of the Board is only full time during the season from September through February. The District would be paying 12 months of salary for 5 months of work. Please note that the District would be unnecessarily paying this specialized group to handle residential appeals which is the Board's heaviest workload.
- Number Three is Time –It would take a substantial amount of time to find people with the qualifications outlined in the legislation. Please note that many of the assessors at OTR who actually value the property do not have these qualifications.

- Number Four is Original Assessment – If the District government has funds to allocate to revamping the second level appeal process, we believe the better course of action is to direct those funds to the level where the property assessment originate and the first level appeal process.

The Board as a whole has worked extremely hard to put this agency back on the right footing. There are many other ways to address some of the concerns that have the plagued the Board in the past. We have instituted many positive changes already and ask that we be a part of the discussions between the Council and the public on how to continue to improve its operations.

In conclusion, we like to bring to your attention two issues that affect the operations of the Board. As we have mentioned before, the February 1st deadline is not a realistic deadline. The second issue is possessory interests appeals. The issues surrounding these appeals need to be clarified as to how the Board should view these appeals and render decisions.

Thank you again for this opportunity to discuss the operations of the Board, and I am happy to answer any questions that the Committee may have.