



# 2016

## ANNUAL REPORT



TO THE SALT LAKE COUNTY  
BOARD OF  
EQUALIZATION

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Salt Lake County Auditor, Scott Tingley
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*The 2016 Annual Report covers fiscal period August 1, 2016 through May 23, 2017.*

# LETTER FROM CLERK OF THE BOARD OF EQUALIZATION

I am pleased to present the 2016 Annual Report for the Board of Equalization for Salt Lake County. The purpose of this report is to:

- Communicate the results of the 2016 Board of Equalization session to the board members and the public.
- Identify and provide trend analyses of notable or significant trends and data that could inform decision-making, improve processes or functions, and provide insight into future conditions.
- Communicate and report on the County Auditor's Property Tax Division key performance measures.
- Identify and report on the progress of key Property Tax Division initiatives and projects to improve Board of Equalization processes and procedures.



It is a privilege to serve the people of Salt Lake County and to present this Annual Report. As always, please do not hesitate to contact us should you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "Scott Tingley". The signature is written in a cursive, flowing style.

Scott Tingley, CIA, CGAP  
Salt Lake County Auditor

# HIGHLIGHTS



Lowest number of appeals received since 2007.



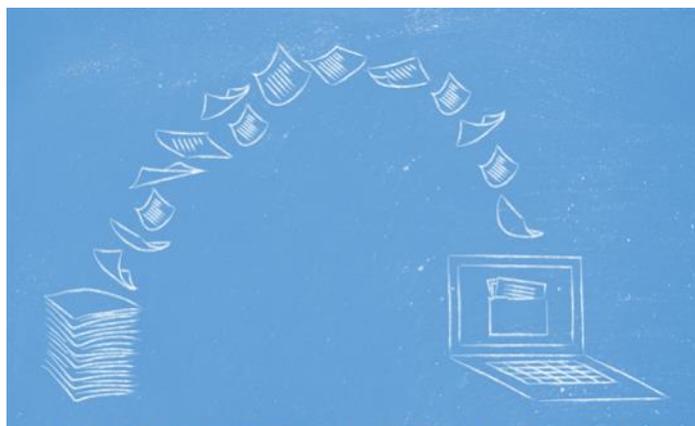
68% of all appeals resulted in adjustments; however, the average adjustment rate per appeal of 4.65% is a five-year low.

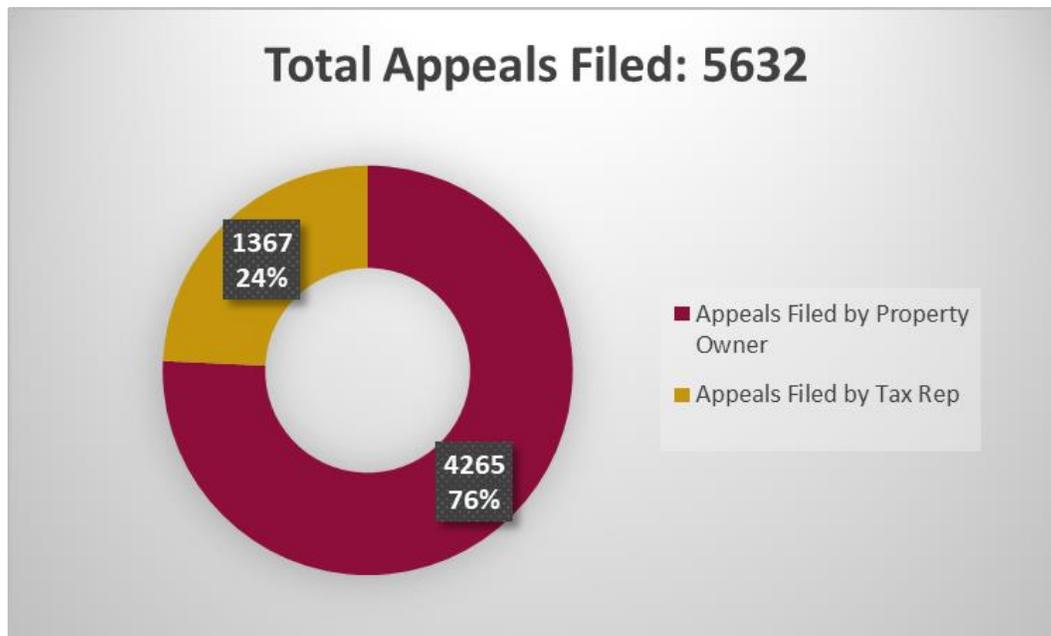


Likewise, the reduction in taxable value as a percent of total taxable value is at a ten-year low.



2016 marks the third year appeals have been scanned by the Clerk of the Board and shared electronically with the other tax offices at the beginning of the process through the end. We have received positive feedback from the other offices and hope to continue making strides towards creating a more paperless and more secure process.

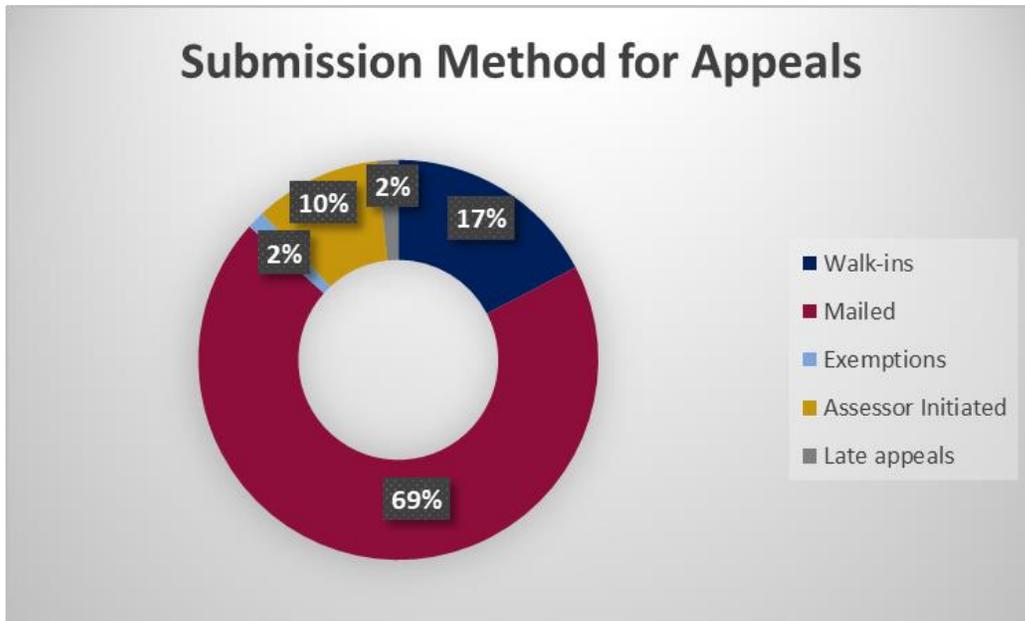




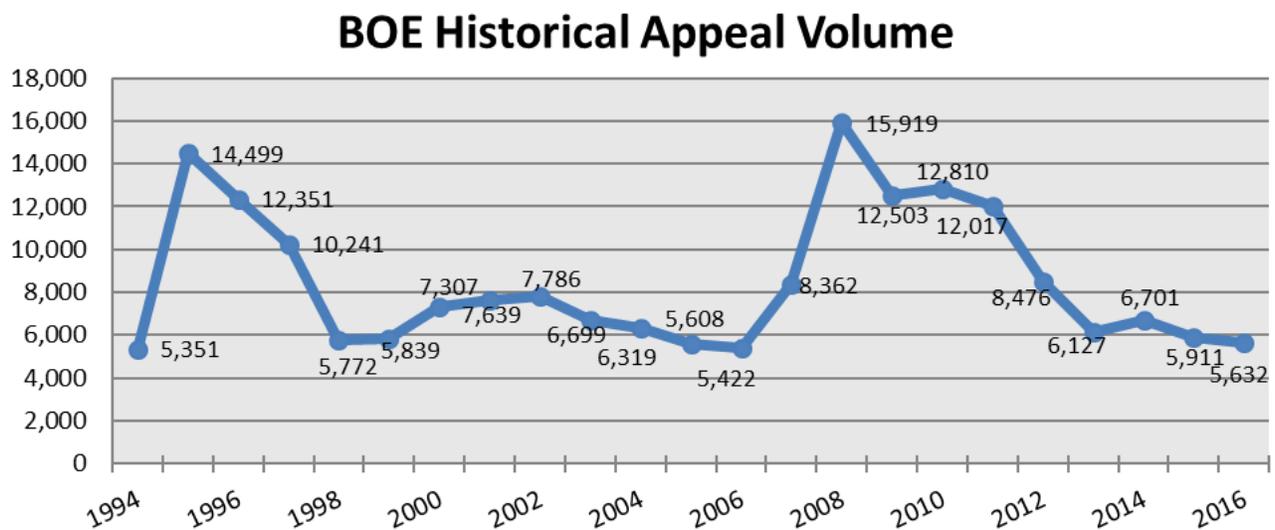
## Appeals Filed in 2016

The 2016 Board of Equalization received 5,632 appeals representing approximately 1.6% of the 356,099 parcels assessed by the County Assessor. This represents the fewest appeals received since the 2007 Board of Equalization nine years ago at the tail end of the housing bubble and a 65% drop in appeals since the most recent high of 15,919 appeals received during the 2009 Board of Equalization. Almost a quarter of the appeals (24%) were filed with the help of a representative (tax rep). This year's appeals resulted in 2,081 Hearing Officer recommendations.

As expected, the large majority of appeals are mailed in, though a sizable number (17%) still chose to deliver their appeal in person. Appeals initiated by the Assessor made up about 10% of the appeals in 2016, up from 8% in 2015.



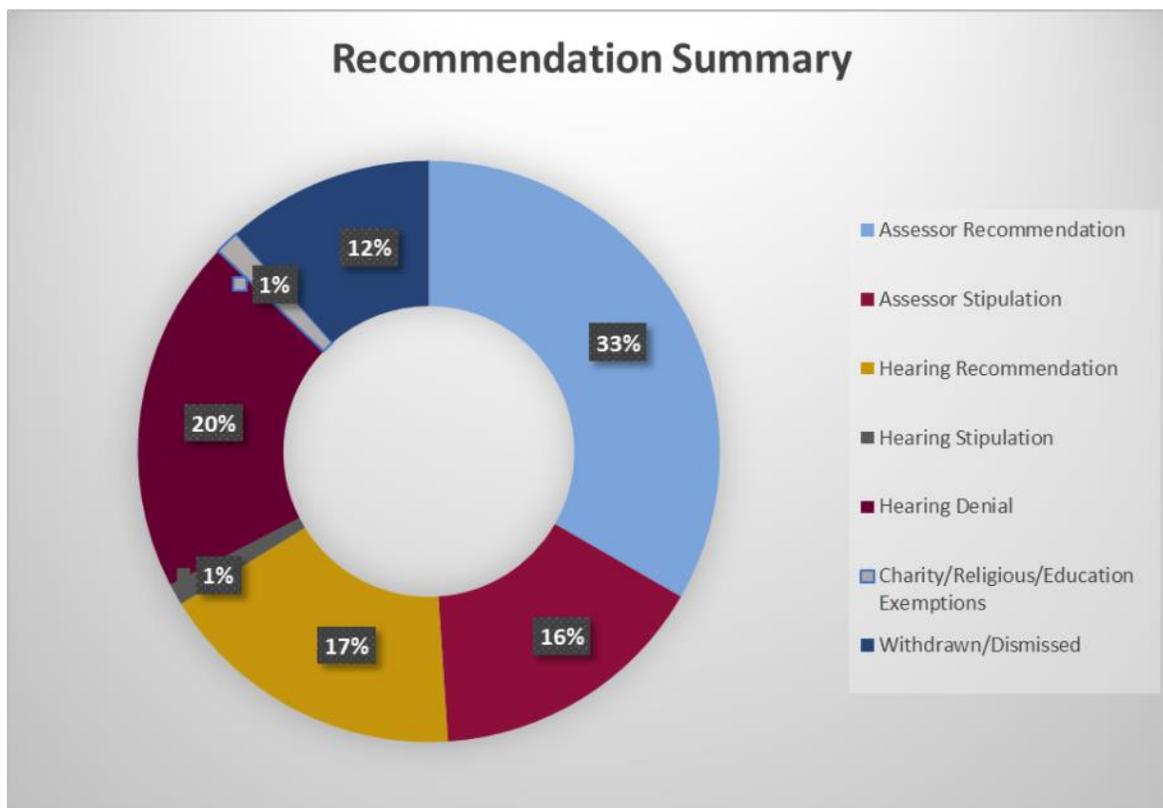
The chart below shows the total number of appeals received for each year since 1994. After housing prices began to drop precipitously beginning in 2007, the number of appeals skyrocketed to a high during 2009, stayed relatively high for three years, and then dropped off over the last five years back to more typical pre-housing bubble burst numbers.



A summary of all actions taken by the Board of Equalization can be found in the tables below. The pie chart below also demonstrates that most appeals (88%) do result in a change of value. Of the appeals that result in an adjustment, half are resolved without ever going to a hearing, usually from an Assessor recommendation that is accepted or not disputed by the appellant.

Appeals Adjusted	2016	%
Assessor Recommendation	1877	33%
Assessor Stipulation	880	16%
Hearing Recommendation	972	17%
Hearing Stipulation	68	1%
Charity/Religious/Education	77	1%
Total Appeals Adjusted	3874	68%

Appeals Denied	2016	%
Withdrawn/Dismissed	649	12%
Denied	1109	20%
Total Appeals Withdrawn/Dismissed/Denied	1758	32%



# TAX APPEALS PROCESS

## Phase 1



### Screening

Tax Administration screens submitted documentation for sufficient evidence.

- If necessary, taxpayer receives notification that more evidence is needed.
- If there is no response to this request, the appeal may be dismissed.

Estimated percentage of appeals resolved at each phase per year. ↓

## Phase 2



### Value Review

Assessor reviews documents and makes recommendation on whether the value should be adjusted or not.

- Taxpayer will receive recommendation by mail and can accept decision to finalize the appeal or continue to the next phase.

56%  
resolved

## Phase 3



### Hearing

- Taxpayer presents case to hearing officer.
- Hearing officer proposes recommendation
- Board of Equalization approves recommendation.

Taxpayer will receive recommendation by mail and can accept decision to finalize the appeal or continue to the next phase.

39%  
resolved

## Phase 4



### Utah State Tax Commission

Utah State Tax Commission will mediate dispute between Taxpayer and Assessor and send final decision.

- Taxpayer will receive recommendation by mail and can accept decision to finalize appeal or send appeal to 3rd District Court.

5%  
resolved

For more information about the Property Tax Appeals Process, click [here](#).

## Adjustments in Market Value

The 2016 Board of Equalization adjusted the value of properties appealed by about 7% on average, which is the smallest average change in the last two years. In 2011, for example, the Board of Equalization lowered the values of appealed properties by an average of almost 10%.

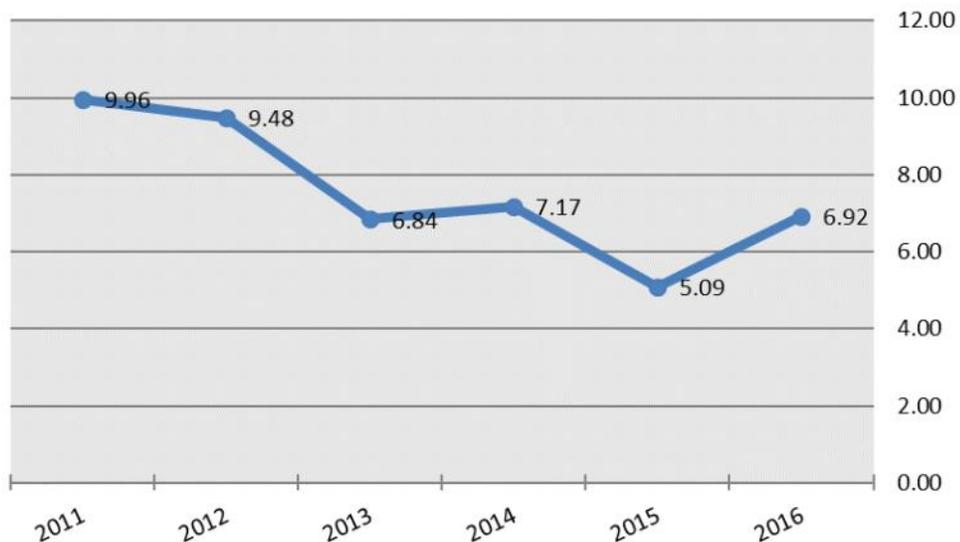
### Market Value Changes

(Detailed Values)

Year	Value before BOE	Value after BOE	Change in Value	Change in %
2016	\$10,533,348,260	\$9,804,691,660	\$728,656,600	6.92%
2015	\$8,736,587,190	\$8,291,747,930	\$444,839,260	5.09%
2014	\$9,043,925,540	\$8,395,177,570	\$648,747,970	7.17%
2013	\$7,756,518,780	\$7,225,895,080	\$530,623,700	6.84%
2012	\$6,323,109,260	\$5,723,715,730	\$599,393,530	9.48%
2011	8,382,785,220	\$7,547,591,440	\$835,193,780	9.96%

### Market Value Changes

%



## Taxable Values

The overall effect of the Board of Equalization is relatively minor relative to the total taxable value of the County. Adjustments to the County's total taxable value by the Board of Equalization have not exceeded 1% in the past 16 years. 2016 BOE reductions to taxable value totaled 0.82%. While the dollar amount of taxable value reduced by the Board of Equalization is substantial, when considered as a portion of the total taxable value of the County, the effect of the BOE on taxable value is minimal.

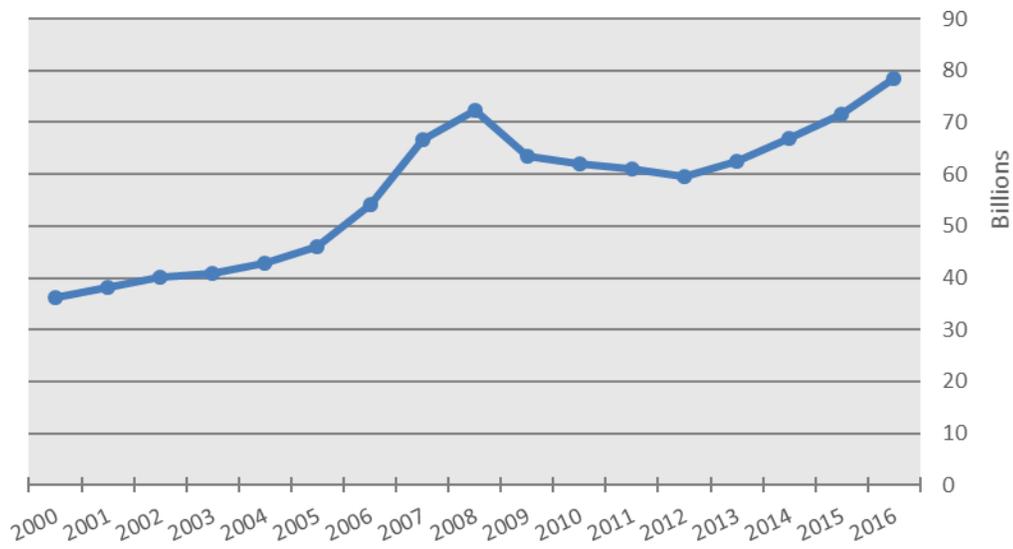
### Taxable Values

(Detailed Values)

Year	Value before BOE	Value after BOE	Change in Value	Change in %
2016	\$79,233,595,595	\$78,583,145,767	\$650,449,828	0.82%
2015	\$71,902,752,393	\$71,628,162,466	\$274,589,927	0.38%
2014	\$67,304,452,911	\$66,998,807,195	\$305,645,717	0.45%
2013	\$62,964,220,832	\$62,599,128,637	\$365,092,195	0.58%
2012	\$59,997,122,412	\$59,620,307,049	\$376,815,363	0.63%
2011	\$61,295,708,455	\$60,919,138,807	\$376,569,648	0.61%
2010	\$62,405,817,683	\$61,943,195,826	\$462,621,857	0.74%
2009	\$63,938,904,145	\$63,504,049,451	\$434,854,694	0.68%
2008	\$72,796,328,237	\$72,326,389,077	\$469,939,160	0.65%
2007	\$67,094,657,293	\$66,749,895,053	\$344,762,240	0.51%
2006	\$54,400,703,421	\$54,150,434,745	\$250,268,676	0.46%
2005	\$46,131,197,631	\$45,954,275,906	\$176,921,725	0.38%
2004	\$42,981,245,934	\$42,772,474,580	\$208,771,354	0.49%
2003	\$41,122,748,586	\$40,852,279,896	\$270,468,690	0.66%
2002	\$40,435,737,048	\$40,047,416,563	\$388,320,485	0.96%
2001	\$38,392,790,510	\$38,160,979,484	\$231,811,026	0.60%
2000	\$36,383,002,901	\$36,186,677,266	\$196,325,635	0.54%

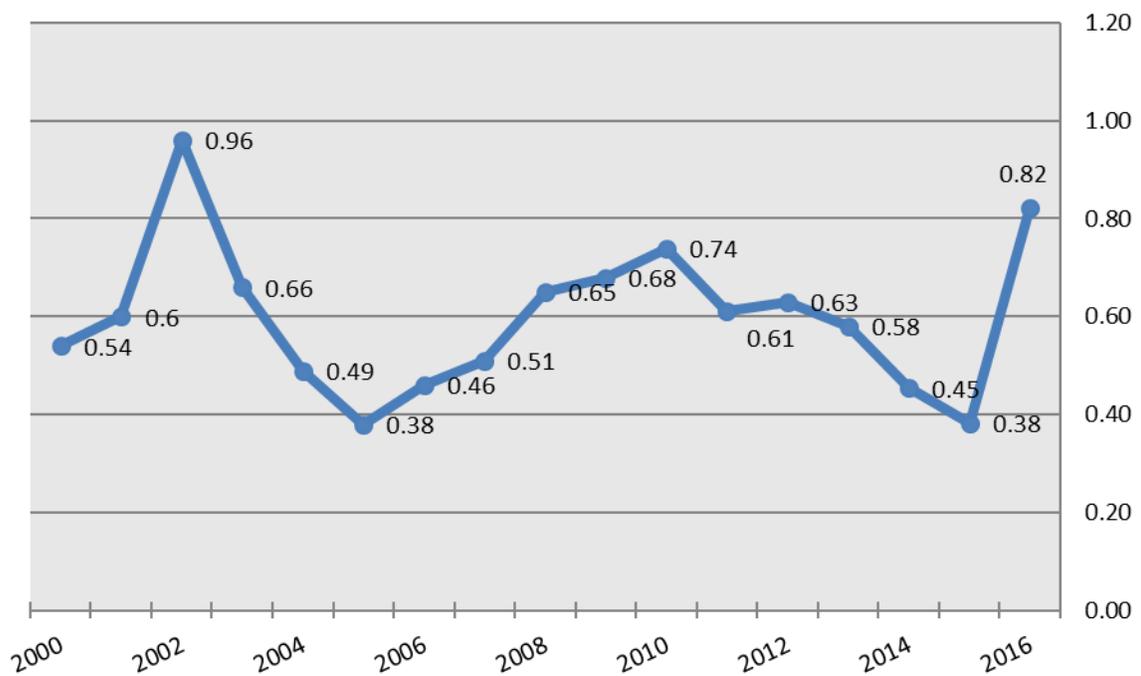
## Total County Taxable Value by Year

\$



## Taxable Values Adjustment

%



## Outsized Effects

A small number of appeals over the last five years resulted in the bulk of the change in value. In 2016, this was even more pronounced than



usual. Nine percent of the 2016 appeals were responsible for 79.49% of the total change in value for that year. Only about 0.74% of the total taxable value was adjusted

down through the BOE, and virtually all of that reduction in value was due to a handful of appeals. Or, stated another way, 79.49% of all the appeals received during 2016 constituted only about two one-hundredths of a percent (.0002%) of the total county change in value.

### Appeals with Value Changes Greater than \$250,000

Year	Count	% of Total Appeal Count	Amount	% of Total Change in Value
2016	501	8.90%	\$602,695,600	82.71%
2015	368	6.23%	\$418,759,070	94.14%
2014	524	7.82%	\$529,394,360	81.60%
2013	421	6.87%	\$445,354,590	83.93%
2012	407	4.80%	\$442,489,130	73.82%
2011	608	5.06%	\$533,803,290	63.91%

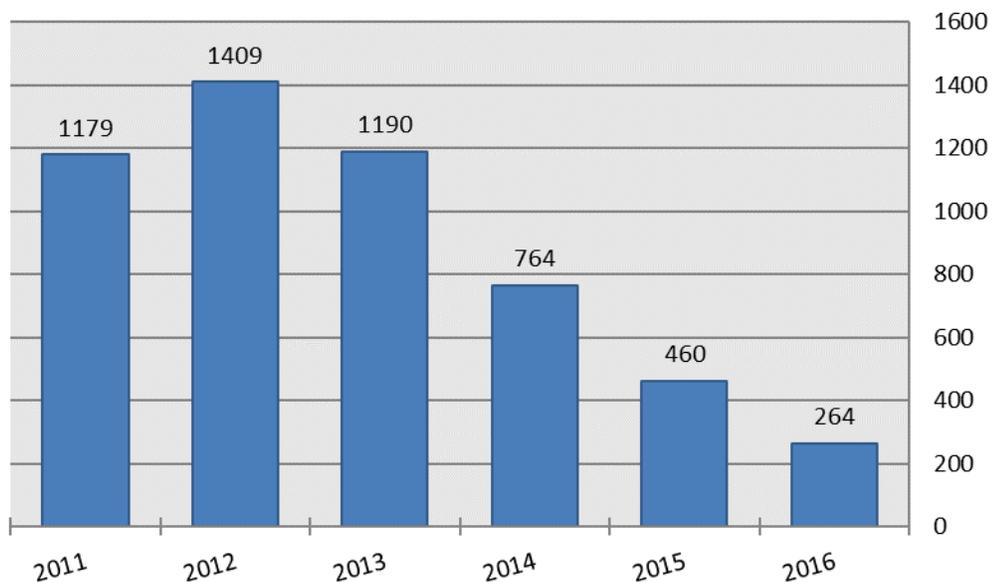
Even though the total effect is small, several large appeals can have an effect on a taxing entity's budget, and tax rates are adjusted up accordingly due to changes in value as a result of the BOE.

Another instance where the BOE can have an outsized effect is in Redevelopment Agencies (RDAs). An appeal on a property located in a RDA project area can sometimes greatly affect the amount of tax increment due the RDA for that project area. This happens because project areas often only have a handful of parcels and a reduction in value of one parcel in such an area can have an inflated effect on the value of the project area as a whole.

## State Appeals

Along with the trend of fewer received appeals over the last few years, fewer appellants have appealed the BOE's decision to the State Tax Commission.

**State Appeals**



## Appeals Filed by Tax Representatives

As noted earlier, appeals filed by tax representatives has been a growing percentage of total appeals over the last five years. Appeals filed by tax representatives constitute an even larger portion of the adjustments than their percentage of total appeals would suggest.



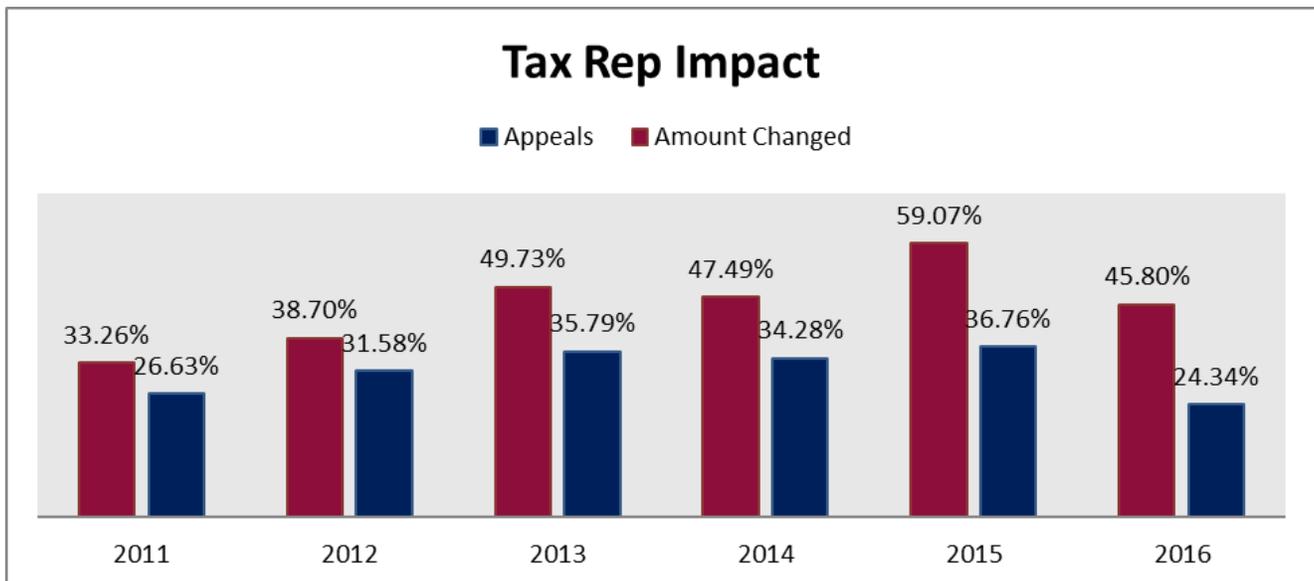
For example, in 2016, appeals filed by tax representatives constituted 24% of all appeals, but 46% of the amount ultimately adjusted by the BOE.

This outsized impact could either mean that tax representatives are more effective at successfully appealing values or that taxpayers with higher value properties who are more likely to get larger reductions by virtue of higher starting values are also more likely to hire tax representatives.

## Tax Rep Impact

(Detailed Information)

Year	Amount Adjusted	Tax Rep \$	%	Owner \$	%
2016	\$728,626,600	\$333,690,240	45.80%	\$394,966,360	54.21%
2015	\$444,839,260	\$262,782,940	59.07%	\$182,056,320	40.93%
2014	\$648,747,970	\$308,094,220	47.49%	\$340,653,750	52.51%
2013	\$530,623,700	\$263,863,910	49.73%	\$266,759,790	50.27%
2012	\$599,393,530	\$231,982,170	38.70%	\$367,411,360	61.30%
2011	\$835,193,780	\$277,825,170	33.26%	\$557,368,610	66.74%



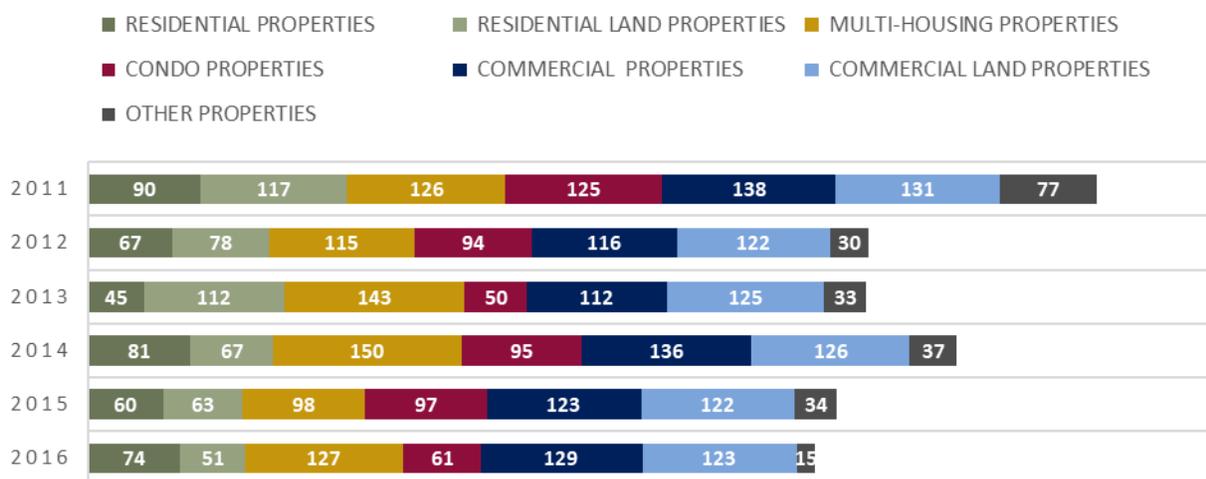
# KEY PERFORMANCE MEASURES

During 2016, the average time from the time an appeal was received to when a decision was mailed out was 83 days. The average time to decision varies greatly depending on the nature of the appeal, ranging from just 15 days to 127 days. The 2016 average of 83 days is the fastest out of the last five years.

While this is a useful performance measure for the process as a whole, it depends on more than just one office, as the Auditor, Council-Tax Administration, and the Assessor work together to process appeals from beginning to end. In future years, we will keep track of office-level data to determine how long appeals spend during each stage of the appeal.

While this year was an improvement in speed, the real measure of our performance is whether we are maintaining the integrity of the process and whether we are treating all taxpayers fairly. While this is much harder to measure, it remains our primary focus.

## Total Days by Type (Average)



## Scanning Appeals (Paperless Property Tax Appeals)



During the 2016 year, the Auditor's office continued to digitize appeal records during the whole process. This enables other offices to utilize the electronic record as opposed to the original paper file throughout the year.



As a natural extension of the above, for 2017, we are creating regular reports that will allow the Assessor and Council-Tax Administration to know which appeals are pending in their workflow. This will enable them to access the appropriate appeal files online through the document management system as opposed to physically transporting files to their offices.

## Online Appeal Filing



The move to a fully electronic process will not be complete until an online filing system is in place. We are currently researching options and hope to move forward within the next two years.

## Electronic Notices of Valuation



The Utah Legislature passed a bill this year that will allow the Auditor to deliver the Notices of Valuation electronically. This is a larger project that is in the planning stages. Once completed, this, along with the other initiatives, would allow an appeal to be processed electronically from beginning to end.

*Apart from joining the 21<sup>st</sup> century, these initiatives should ultimately allow us to streamline the process and also allow us to better control the workflow and maintain the data in order to ensure the integrity of the process.*



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