



2017

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 2017 Annual Report covers fiscal period August 1, 2017, through April 4, 2018.

LETTER FROM CLERK OF THE BOARD OF EQUALIZATION

It is with pleasure that we present the 2017 Annual Report for the Board of Equalization for Salt Lake County. The purpose of this report is to:

- Communicate the results of the 2017 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.



I feel honored 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 fluid and cursive, with a long horizontal stroke at the top.

Scott Tingley, CIA, CGAP
Salt Lake County Auditor

HIGHLIGHTS



Lowest number of appeals received since 1994.



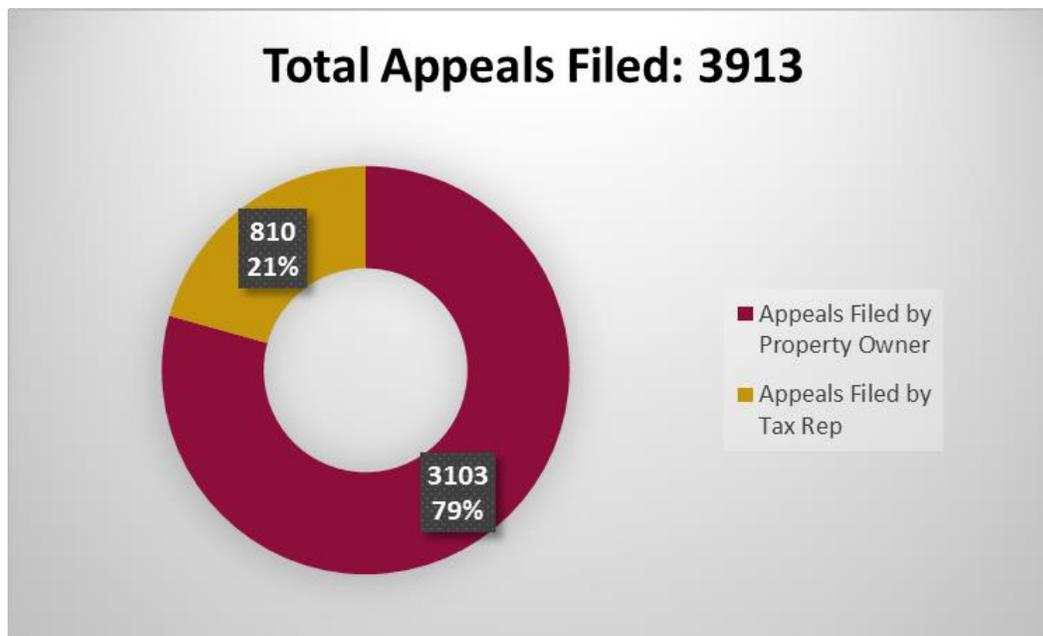
32.8% of all appeals resulted in adjustments; however, the average adjustment rate per appeal of 4.45% is a six-year low.



2017 marks the fourth 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.



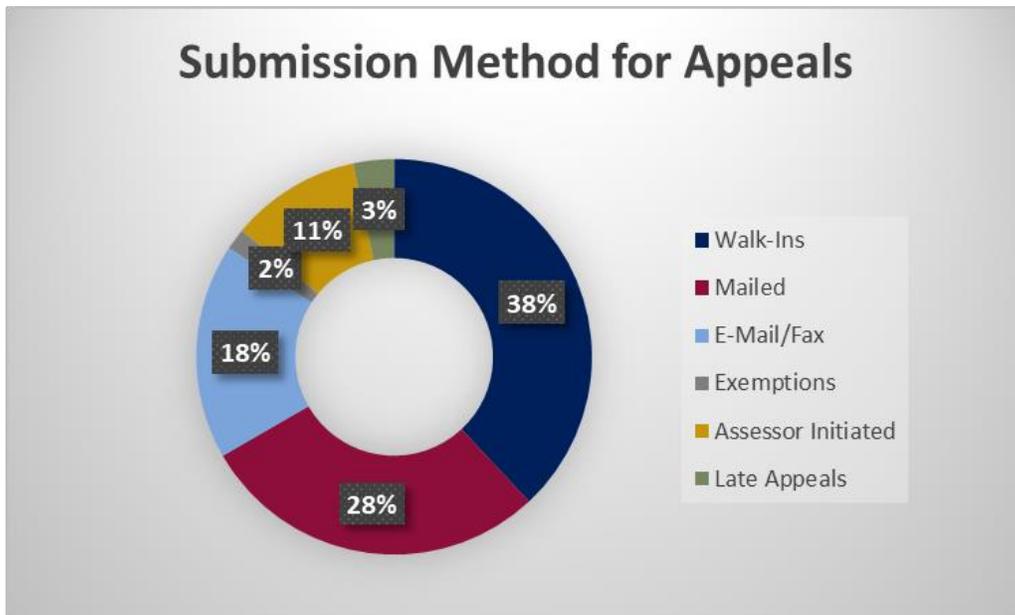
2017 was also the first trial of the eNOV program. Property owners could sign up for eNOV on a trial basis. They received both the electronic version and a paper copy of their Notice of Valuation.



Appeals Filed in 2017

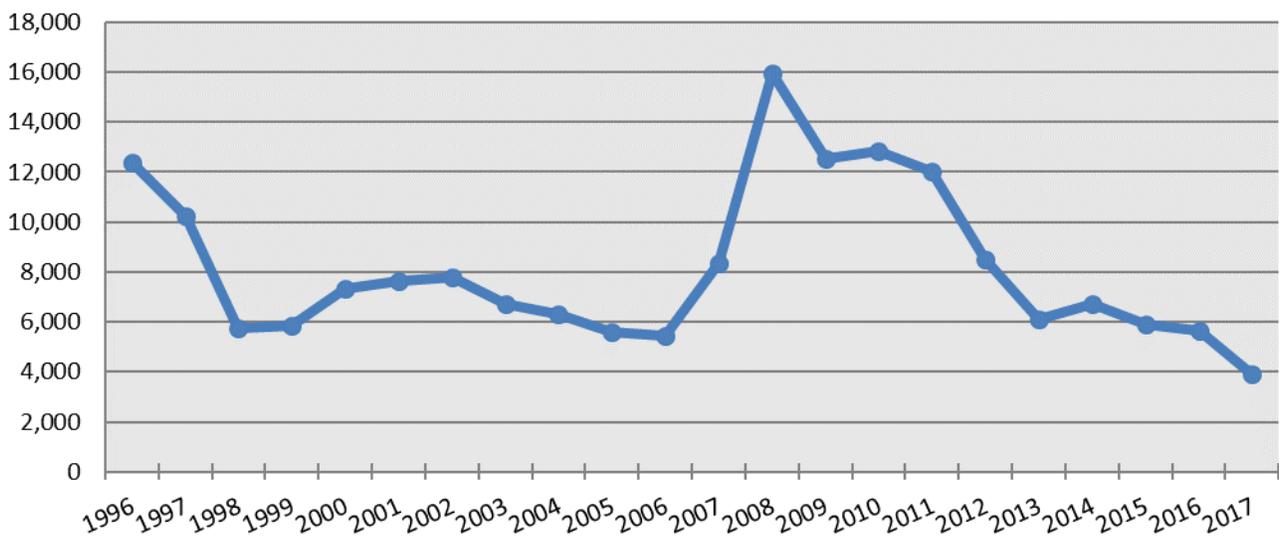
The 2017 Board of Equalization received 3,913 appeals representing approximately 1.1% of the 358,050 parcels assessed by the County Assessor. This represents the fewest appeals received since the 2007 Board of Equalization nine years ago at the tail end of the housing bubble and a 75% drop in appeals since the most recent high of 15,919 appeals received during the 2008 Board of Equalization.

Twenty one percent (21%) of the appeals were filed with help of a representative (tax rep). A large majority of appeals are delivered in person, though a sizable number (29%) still chose to mail their appeal. Appeals initiated by the Assessor made up 11% of the appeals in 2017, just about the same in 2016 of 10%.



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.

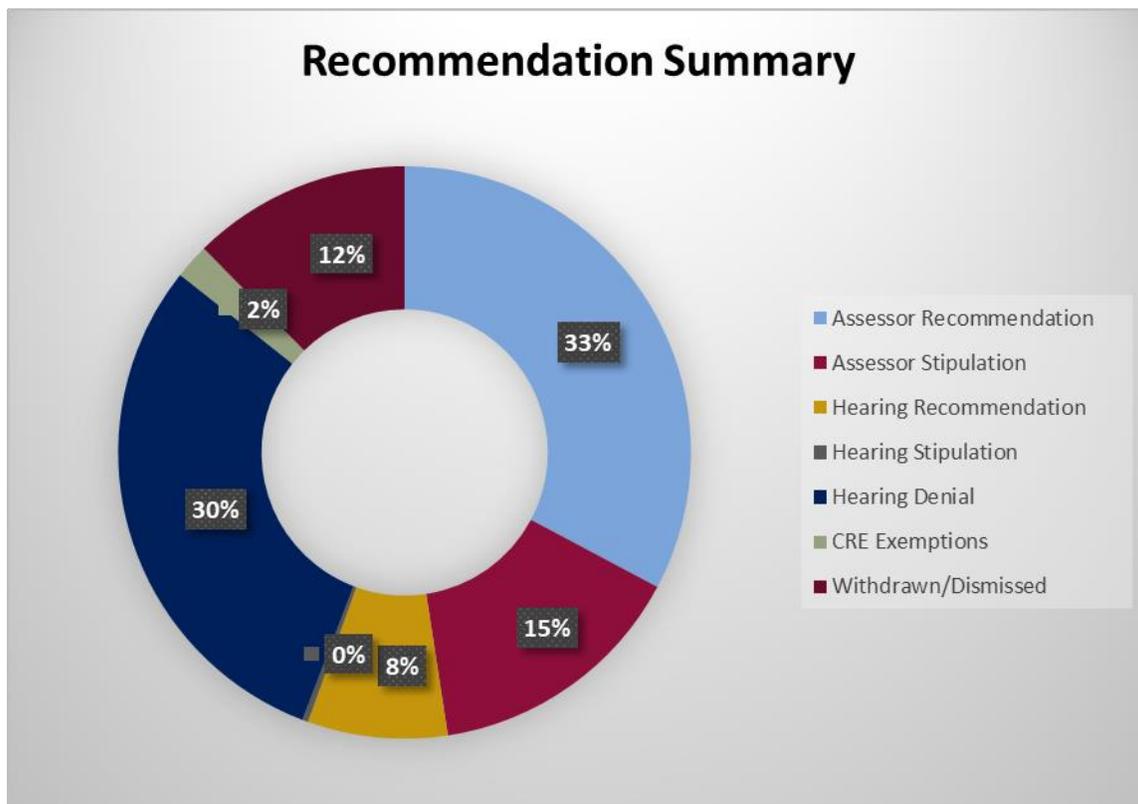
BOE Historical Appeal Volume



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 (58%) 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 | 2017 | % |
|-----------------------------|------|------|
| Assessor Recommendation | 1283 | 33% |
| Assessor Stipulation | 579 | 15% |
| Hearing Recommendation | 309 | 8% |
| Hearing Stipulation | 13 | 0.3% |
| Charity/Religious/Education | 70 | 2% |
| Total Appeals Adjusted | 2254 | 58% |

| Appeals Denied | 2017 | % |
|--|------|-----|
| Withdrawn/Dismissed | 484 | 12% |
| Denied | 1175 | 30% |
| Total Appeals Withdrawn/Dismissed/Denied | 1659 | 42% |



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 2017 Board of Equalization adjusted the value of properties appealed by about 6% on average, which is the smallest average change in the last three years. In 2011, for example, the Board of Equalization lowered the values of appealed properties by an average of almost 10%.

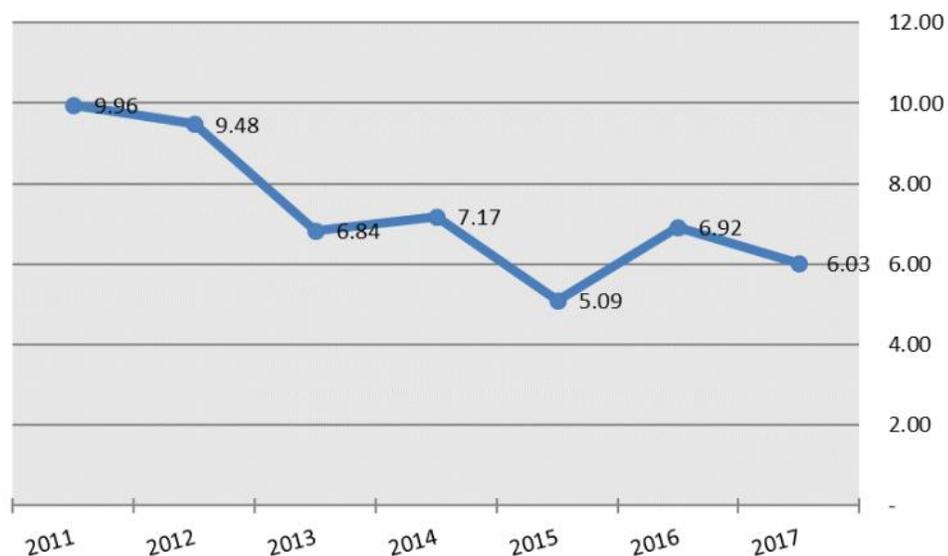
Market Value Changes

(Detailed Values)

| Year | Value before BOE | Value after BOE | Change in Value | Change in % |
|------|------------------|-----------------|-----------------|-------------|
| 2017 | \$8,742,654,220 | \$8,215,706,250 | \$526,947,970 | 6.03% |
| 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 17 years. The 2017 BOE reductions to taxable value totaled 0.62%. 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.

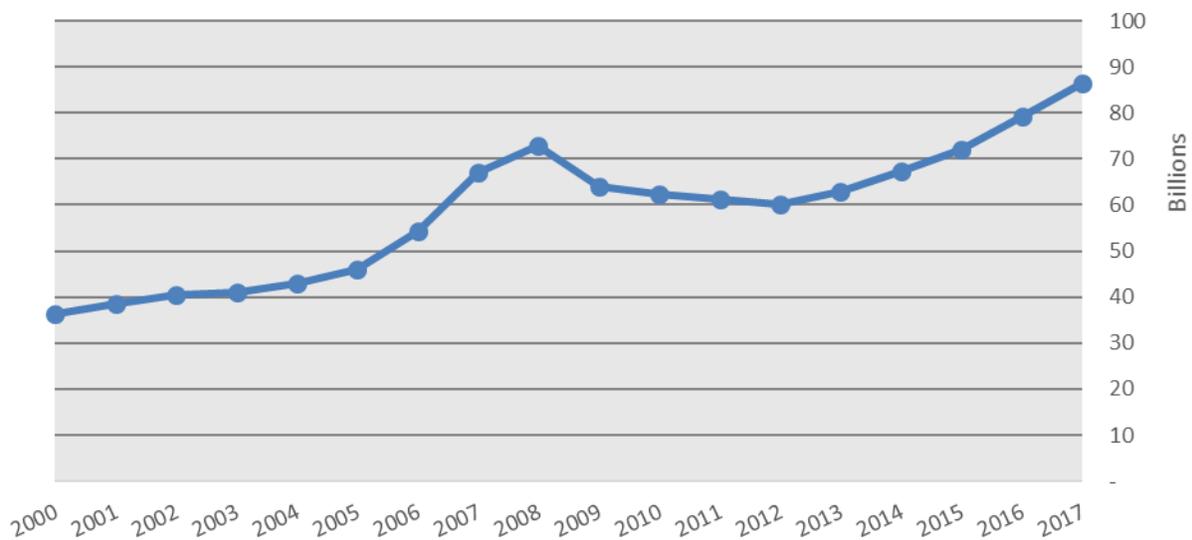
Taxable Values

(Detailed Values)

| Year | Value before BOE | Value after BOE | Change in Value | Change in % |
|------|------------------|------------------|-----------------|-------------|
| 2017 | \$86,336,774,869 | \$85,801,918,382 | \$534,856,487 | 0.62% |
| 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% |

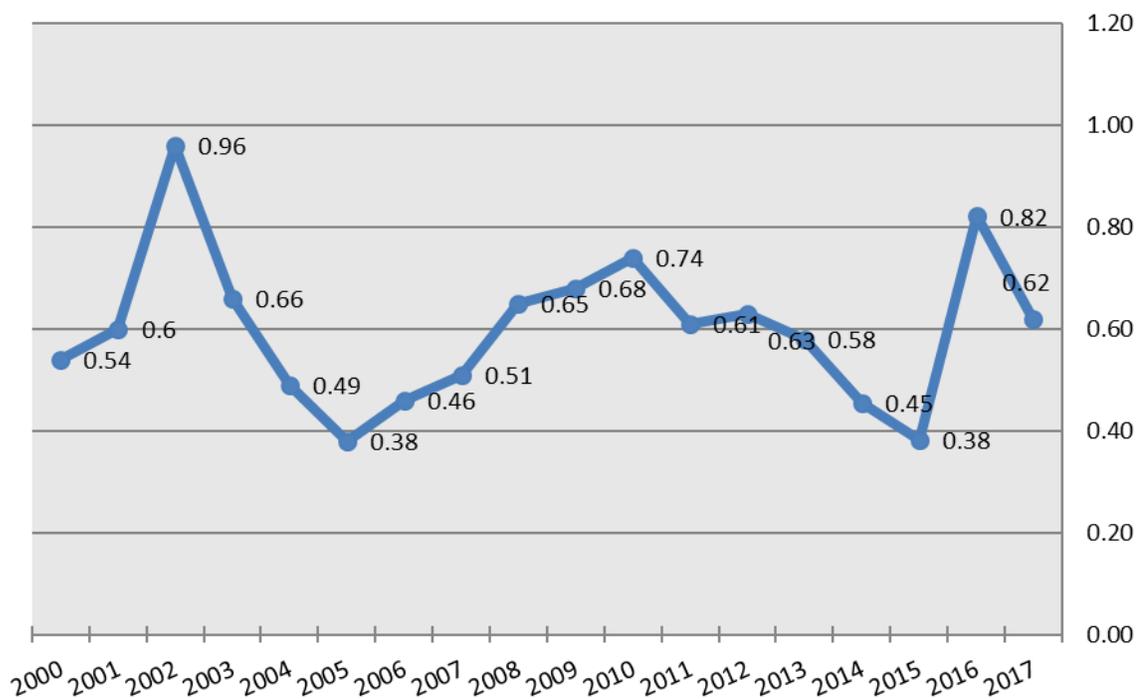
Total County Taxable Value by Year

\$



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 2017, this was even more pronounced than



usual. Ten percent of the 2017 appeals were responsible for 96.21% of the total change in value for that year. Only about 0.62% 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.

Appeals with Value Changes Greater than \$250,000

| Year | Count | % of Total Appeal Count | Amount | % of Total Change in Value |
|------|-------|-------------------------|---------------|----------------------------|
| 2017 | 409 | 10.45% | \$506,988,440 | 96.21% |
| 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% |

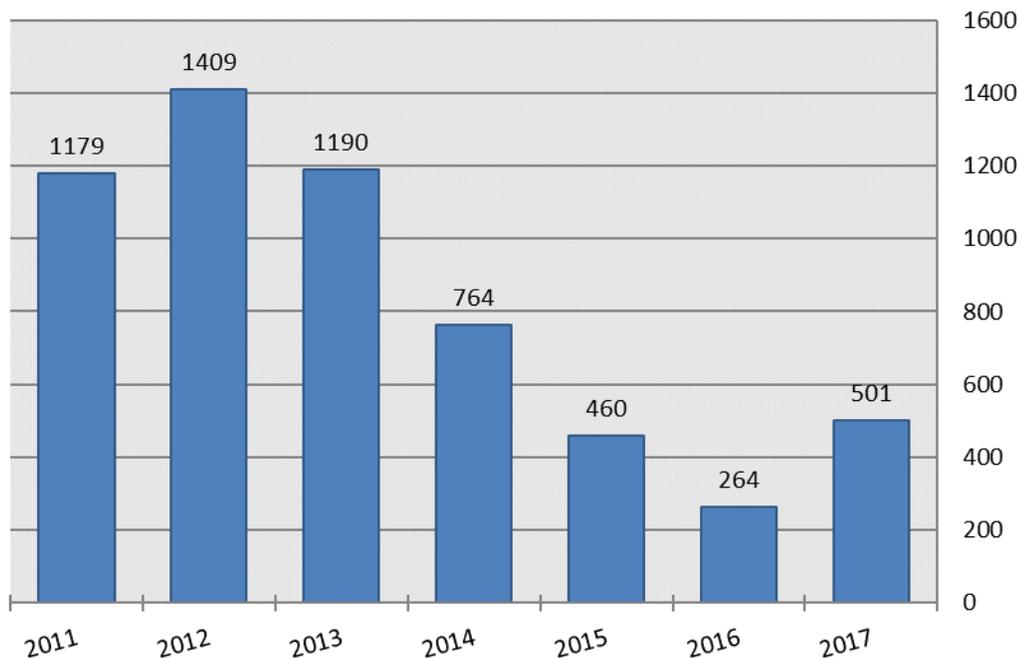
Even though the total effect is small, several large appeals can have an effect on a taxing entity's budget, and tax rates are adjusted up accordingly due to changes in value as a result of the BOE.

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

In spite of fewer received appeals over the last few years, in 2017, more appellants 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 decreasing percentage of total appeals over the last few years. However, appeals filed by tax representatives constitute a larger portion of the adjustments than their percentage of total appeals would suggest. For example, in 2017, appeals filed by tax representatives constituted 21% of all appeals, but 49% of the amount ultimately adjusted by the BOE.

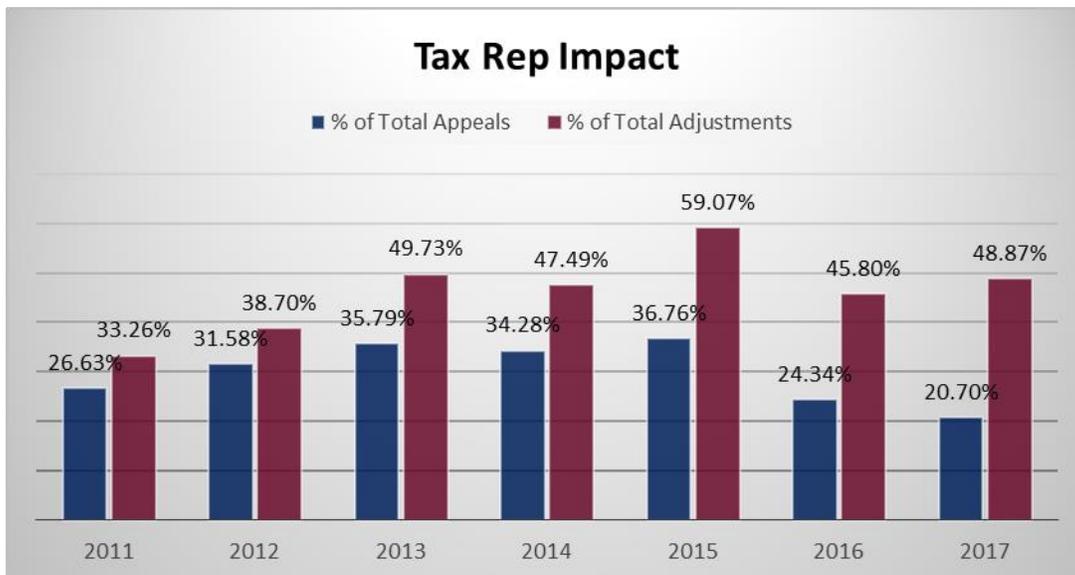


This outsized impact could either mean that tax representatives are more effective at successfully appealing values or that taxpayers with higher value properties who are more likely to get larger reductions by virtue of higher starting values are also more likely to hire tax representatives.

Tax Rep Impact

(Detailed Information)

| Year | Amount Adjusted | Tax Rep \$ | % | Owner \$ | % |
|------|-----------------|---------------|--------|---------------|--------|
| 2017 | \$526,947,970 | \$257,521,930 | 48.87% | \$269,426,040 | 51.13% |
| 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% |



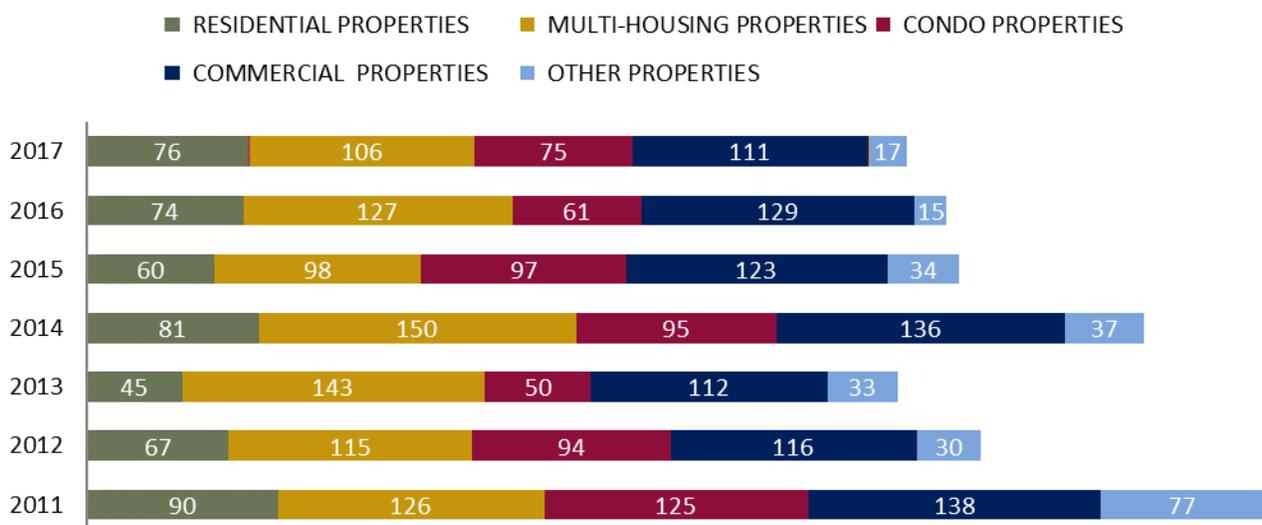
KEY PERFORMANCE MEASURES

During 2017, the average time from the time an appeal was received to when a decision was mailed out was 80 days. The average time to decision varies greatly depending on the nature of the appeal, ranging from just 17 days to 111 days. The 2017 average of 80 days is the fastest out of the last six 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 2017 year, the Auditor's office continued to digitize appeal records throughout the whole process. This enables other offices to utilize the electronic record as opposed to the original paper file throughout the year.

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 working with the County IS team and will have an online appeal filing process for 2018.

Electronic Notices of Valuation



In 2017, the Auditor's Office, along with the Treasurer, initiated a trial eNOV program. Property owners could sign up to receive their NOV electronically through email. For 2017, an electronic NOV was sent, as well as a paper copy, to all property owners. Once completed, this, along with the other initiatives, would allow an appeal to be processed electronically from beginning to end.

Apart from joining the 21st century, these initiatives should ultimately allow us to more easily find efficiencies in 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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