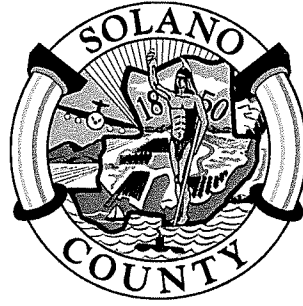


ASSESSMENT APPEALS BOARD

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August 1, 2018

Honorable John B. Ellis, Presiding Judge
Hall of Justice, Room 306
600 Union Avenue
Fairfield, CA 94533

Re: 2017-2018 Grand Jury Report Entitled: Property Tax Assessment and Payment
Process Review

Dear Judge Ellis:

On behalf of the Solano County Assessment Appeals Board, I have reviewed the above-referenced Grand Jury Report and offer the following responses to the findings and recommendations made therein:

FINDING 1 – Assessment Appeals Board - The Solano County Grand Jury finds a regular pattern and practice of repeated assessment appeals initiated by a few large commercial property owners that extends for many years. This pattern has resulted in the County incurring significant defense costs and ongoing fiscal opportunity losses amounting to millions of dollars.

RESPONSE – The Assessment Appeals Board agrees that a few large commercial property owners have repeatedly filed assessment appeals. Typically, these appeals involve unusual valuation issues due to the unusual nature of the fixtures or improvements on the property. The Board agrees that the Assessor's Offices and its outside legal counsel, as well as the Board's staff, spend a considerable amount of time preparing for the Board's consideration of these appeals, either at a contested hearing or through a stipulation. The Board agrees that the Auditor-Controller impounds a portion of the tax revenue associated with these appeals, and that these impounded revenues are not available for use by the County or for distribution to other agencies while the appeals are pending, but the Board does not know the amount of such impounds or whether the fiscal opportunity losses to the County and other agencies resulting therefrom is significant to their operations.

RECOMMENDATION 1a - Since the primary basis of the pattern of appeals is an annual claim that the value of their commercial property is but a fraction of the assessors' current and previously mutually agreed to valuations, the problem is evidentiary. The AAB's established rules and procedures be strictly applied to these cases in order to encourage a timely and rational resolution of valuation questions.

RESPONSE – The recommendation has been implemented. Most of these large commercial appeals allege that the properties – typically the fixtures or improvements, but occasionally the land as well – have declined in value as of the current year's lien date (January 1) relative to the prior year's lien date. The value of the property as of the prior lien date, either as determined by the Board or as agreed to by the taxpayer through a stipulation, is one very important piece of evidence for determining value as of the current lien date, but the Board must also consider any arguments presented by the taxpayer and the Assessor's Office explaining why the property may or may not have declined in value during the past year. The Board will continue to apply its established rules and procedures strictly to ensure that each side presents its arguments clearly to the Board, in a timely manner, and that the Board's decisions of value are supported by solid evidence.

RECOMMENDATION 1b - The AAB take steps to expedite the assessment appeals process and limit the granting of waiver agreements under Rule 10 of the Local Rules. Similarly, written requests for postponements and continuances must show good cause for a postponement under Rule 25 of the Local Rules.

RESPONSE – This recommendation requires further analysis. An assessment appeal must be heard within two years of the filing date unless the taxpayer has agreed to a time waiver. Because the taxpayer has the burden of proof on any appeal not involving a single-family dwelling occupied by the taxpayer as a principal place of residence, the Board routinely grants time waiver requests as a courtesy to the taxpayer. In addition, a time waiver is in the best interests of the taxpayer, the Assessor's Office, and the Board when the taxpayer and the Assessor's Office cannot sufficiently prepare for a hearing within the two-year period, due to unusual circumstances presented by the appeal, or are attempting in good faith to reach a stipulated settlement. Within the next six months, the Board will evaluate the following: (1) whether its time waiver application form should be revised to require the taxpayer to state a reason for the request, (2) whether the Assessor's Office should be allowed an opportunity to object or concur in the request, and (3) whether any such changes should be applied to all time waiver requests or limited to appeals involving large-value properties.

Hon. John B. Ellis, Presiding Judge
Re: Grand Jury Report
August 1, 2018
Page 3

RECOMMENDATION 1c - The Board of Supervisors, County Counsel and Chair of the AAB take all available measures to obtain relief from the regular pattern of repeated, prolonged appeals that expose Solano County to unnecessary risk and potential financial loss.

RESPONSE – This recommendation requires further analysis. The Board has no authority to limit a taxpayer's right to file an assessment appeal, but the Board does have authority to control its own calendar and ensure that the parties to the appeal – i.e., the taxpayer and the Assessor's Office – are prepared to have the appeal heard and decided in a timely manner. Within the next six months, the Board will evaluate the various methods implemented by the trial courts pursuant to the Trial Court Delay Reduction Act to see whether similar measures, such as the periodic scheduling of case management conferences, could be helpful for resolving assessment appeals. The Board will consider whether to recommend to the Board of Supervisors that the Board's local rules be amended.

Please do not hesitate to contact me if you need any explanation regarding the above responses.

Sincerely,



Philip R. Williams,
Chair

cc: Cheryl Clower, via email: cdclower@solano.courts.ca.gov