

Los Angeles County Property Tax Working Group

Draft Recommendations for Improving the Los Angeles County Assessment Appeals Process

December 6, 2022

Taxpayers and Los Angeles County share the same goal when it comes to property tax administration – an efficient, fair, and reliable system that provides certainty. A working group of businesses and associations was formed to solicit feedback and put forth recommendations designed to improve the process. This working group seeks to collaborate with Los Angeles County, and in particular, the Assessor’s office, to support implementing these changes to further these shared goals.

The Los Angeles County assessment appeals backlog currently sits at approximately 27,000 cases. These appeals will take years to clear unless measures are taken to improve the existing process. Further, the release of refunds to taxpayers once a decision has been reached can take **two years or more**. Such delays result in an interest expense to the county, which continues to accrue until the refund is released and keeps capital from being deployed for businesses. These delays are detrimental for both taxpayers and for the County.

Looking at current best practices in California and across the country, not all appeals need a formal hearing by the Assessment Appeals Board (AAB) to be resolved. A majority can be handled through an informal process. In fact, this is the practice in many California counties that do not have backlogged appeals.

This draft identifies issues and recommendations for process improvement, and is the result of input from interviews, surveys, and feedback from a wide group of businesses and associations in addition to the public statements and recommendations from the Assessor and County officials. These recommendations are meant to be a starting point to encourage solution-based discussions and implementation of best practices that result in fair answers faster for both taxpayers and the County.

A sample of key issues:

- Need for efficiencies for County staff and AAB to better handle workloads
- Need for an efficient process to resolve cases and obviate the need for a hearing
- County liability of interest accruing while cases linger
- Issues on scheduling, waivers, and continuances
- Need for a reasonable number of hearings on the appeals calendar

We look forward to a collaborative, transparent approach to this discussion and actions.

Draft Recommendations: Los Angeles County Assessor's Office

- 1. Establish Open Transparent Communication (441(d) Requests):** The Assessor should formalize a process under existing law to communicate with applicants *in advance of hearing dates*, recognizing that many appeals can be resolved without going before a three-panel-member Assessment Appeals Board (AAB). With an exchange of information early in the process (including an explanation of the assessor's value determination), the opportunity to resolve appeals before a hearing increases and fewer cases would require a formal hearing. This saves time and resources for both taxpayers and for the County. **Note:** Existing law allows an applicant and assessor to request information from each other pursuant to R&TC Sec. 441(d), commonly known as a "441(d) request." [Form BOE-441d, Request for Information \(Form BOE-441d\)](#), is used for this purpose, and the request must be made "within a reasonable time period." This recommendation does not mean that the County should issue to applicants "boilerplate" 441(d) requests; the request, but the requests should be fact-based and request only relevant information.
- 2. Adhere to Established Deadlines:** The Assessor should formalize a process using these timing benchmarks:
 - The Assessor should send 441(d) requests to the applicant within **XX** days of the date the applicant filed the appeal, and request a response from the applicant within **XX** days.
 - The Assessor should review the applicant's response to the 441(d) request within **XX** days, and schedule a call or meeting with the applicant to discuss the basis of the applicant's opinion of value and the basis of the assessor's opinion of value, and to:
 - Clarify and discuss issues, facts, and timing of the appeal process.
 - Discuss and request any missing data or request additional information.
 - Discuss evidence and expected witnesses if there will be a hearing.
 - Discuss any other matters that promote the fair, objective, and timely resolution of the appeal; and
 - Negotiate a final settlement of value.
- 3. Establish Formal Communication (Information Exchange):** The Assessor should formalize a process under existing law that allows an applicant to request an "exchange of information" between the applicant and the assessor regardless of the assessed value of the property. [Form BOE-305-X, Exchange of Information for Application for Changed Assessment](#), is used for this purpose. This process is separate and apart from the process used for 441(d) requests. The request to exchange information must contain the basis of the applicant's opinion of value. If the assessed value exceeds \$100,000, the assessor may initiate an "exchange of information" pursuant to R&TC Sec. 1606. Under existing law, any such requests may be filed with the application for at least 30 days prior to the start of the hearing. **Note:** This process would not necessarily need to be used frequently if both the applicant and the County adhere to the timelines for the 441(d) request (see Recommendation #2).
- 4. Reduce the Number of Objections to Hearing Officer Recommendations and Provide Additional Training to the Hearing Officers:** Currently, there is a high rate of challenges from the Assessor for residential appeals heard through the AAB's hearing officer program. Hearing officers appear to need more training with respect to valuation determinations. The Assessor should object to recommendations by AAB hearing officers only when there is a legal issue, or the value in the appeal meets certain parameters. For example, the Assessor should only challenge the hearing officer's recommendation when the hearing officer has agreed to a reduction of more than **\$XXX**.

Draft Recommendations: Los Angeles County Assessment Appeals Board (AAB)

- 5. Revise the Appeals Application:** Not all cases are large and complex; therefore, the AAB should add a checkbox on its [Assessment Appeals Application \(Form BOE-305-AH\)](#) asking an applicant whether a remote or in-person hearing is preferred. For example, the [Alameda County Assessment Appeal](#)

[Application](#) has a checkbox (at line 9) for the applicant to indicate whether a “remote hearing” is preferred.

6. **Encourage Applicants to Use Hearing Officers:** The AAB should encourage applicants with simple appeals that meet certain threshold amounts to use one of the AAB’s hearing officers instead advancing to a full panel. Currently, only residential property that does not exceed \$3 million of assessed value qualifies to be heard and decided by a hearing officer. If the “hearing officer program” box was not checked on the application, the AAB should follow up with an explanation of the program to qualified applicants and offer the program. Further, applicants with simple appeals should have the option of requesting one member of the AAB to hear their case, instead of three members. This option should be reflected on [the Los Angeles County Assessment Appeal Application](#).
7. **Shorten Timing of Refunds:** (a) If an applicant does not agree to extend the two-year statutory deadline by signing a waiver, and the statute of limitations expires, the AAB should transmit the information to the Los Angeles County Auditor-Controller to correct the roll and release the refund within **60 days**, or some other reasonable time period. If the deadline is not met, taxpayers should receive **XX**. (b) Under current law, if an applicant prevails at the AAB, the clerk must transmit to the Auditor-Controller no later than the second Monday of each month (or more frequently) a “statement of all changes to the roll made by the county board during the preceding calendar month,” in accordance with R&TC Sec. 1614. The clerk should report monthly to the Los Angeles County Board of Supervisors the age of all outstanding appeals that are more than two years old, along with their assessed values proposed by the assessor and the assessed values proposed by the taxpayer. These reports should be included in the Los Angeles County Assessor’s Annual Report.
8. **Limit the Number of Postponements:** The AAB should establish a policy of granting a **limited number** of postponements (before the commencement of the hearing) and continuances (after the commencement of the hearing) for applicants and to the Assessor. This should decrease the large number of postponements and continuances granted, driving efficiency for all.
9. **Limit the Number of Hearings on the Calendar:** The AAB should limit the number of hearings on the AAB calendar, especially on days where there are complex cases. The goal should be to decrease the often-unrealistic number of appeals scheduled in a day.
10. **Use a Hearing Attendance Confirmation Process:** The AAB should adopt the Assessor’s recommendation and use a hearing attendance confirmation process, such as a postcard. Failure to appear should be grounds for dismissal of the appeal unless there is reasonable cause
11. **Professionalize the AAB:** The AAB should be professionalized: Funding should be pursued to increase the compensation for AAB members and the part-time boards should be converted to full-time boards. There is no cap on the number of boards, and this recommendation may result in fewer boards. Further, a professional staff, including real-time access to a county attorney, during AAB hearings. This is one of the best practices in Santa Clara County.

Draft Recommendations: Los Angeles County Assessor and the Los Angeles County Assessment Appeals Board (AAB)

12. **Limit the Use of Waivers:** The Assessor and the AAB should investigate to determine root causes the excessive use of Waivers to extend the Statute of Limitations. Waivers are a major cause of delay, and their use must be minimized. The Assessor and AAB are allowed to request waivers if they are running up against the two-year statutory deadline to make a determination. The Assessor must address resources to be prepared for the hearing. Currently, if an applicant signs a waiver, the applicant may terminate it with written notice addressed to the AAB. The AAB then will hear the appeal during “any period of time remaining between the date of execution of [the waiver] and the expiration of the two-year period, plus **120** days from the date of receipt by the AAB.” If a Waiver is terminated, the timeframe should be shortened from 120 days to 60 days. The Assessor and AAB may be able to formalize the rule internally rather than seek a legislative change.
13. **Transfer Findings of Fact Responsibility:** The Assessor should pursue his recommendation of transferring responsibility of preparing proposed findings of fact from the Assessor to County Counsel. County Counsel, in turn, should establish a policy of having the prevailing party submit proposed findings of fact, where appropriate.
14. **Funding:** The Assessor and the AAB should pursue funding to update technology and systems for processes, such as an electronic calendar for the AAB that automates confirmation postcards and a warning system for cases with an expiring statute of limitations.
15. **Use Temporary or “Borrowed” Personnel:** The Assessor and the AAB should evaluate and execute plan to utilize temporary assignment or “borrowed” personnel from other counties, retired personnel, or other qualified resources to diminish the backlog.
16. **Establish an “Amnesty-Type” Program:** The Assessor and AAB should work with the Los Angeles County Board of Supervisors to establish a program for a limited time for an offer to applicants that meet a certain criterion to reduce of their assessed value at a certain percentage – perhaps a **XX** percent concession. This would provide applicants certainty of their assessed value. In exchange, the applicant must agree to withdraw the appeal. Perhaps this could be done for residential appeals, and could be administered like the “[amnesty](#)” for traffic tickets or the previous amnesties for state income/franchise taxes and sales/use taxes conducted by the state Franchise Tax Board and the California Department of Tax & Fee Administration.

Draft Recommendations: Los Angeles County Auditor-Controller

17. **Report Property Tax Refund Interest Expense:** Corrected assessed values from appeals that are decided by the AAB in favor of the applicant often experience a delay in getting entered on the rolls. This results in delayed refunds and more interest expense for the county. The Auditor-Controller should report twice a year to the Los Angeles County Board of Supervisors: (1) the amount of interest the county paid on assessment appeal refunds by appealed year; and (2) the amount of interest that accrued after an appeal had been decided by the AAB. The report also should include the age of appeal cases in the AAB’s inventory, using the file date as the start date.
18. **Report Property Tax Refunds:** Under existing law, the AAB clerk must, no less than the second Monday of each month, deliver to the Auditor-Controller all changes to the roll made by the county board during the preceding calendar month, in accordance with R&TC Sec. 1614. The Auditor-Controller should report monthly to the Los Angeles County Board of Supervisors, any appeals where the roll has not been corrected within **XX** days of the final determination.