Audit Request #1

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Uniformity, Ratio Study Compliance, and Countywide Equalization Audit

I. EXECUTIVE SUMMARY

Washington law requires all property in the state to be assessed uniformly, equitably, and according to recognized appraisal practices. Uniformity is not optional; it is the foundation of constitutional taxation. Article VII, Section 1 declares that *all real property constitutes one class*, and taxes must be uniform upon that class. RCW 84.40.030 and RCW 84.48 impose mandatory standards for equalization and mass appraisal consistency. USPAP Standard 6 requires ratio studies, model tests, and performance measurement.

Evidence now indicates that the King County Assessor:

- conducts incomplete or inconsistent ratio studies,
- excludes entire property types (e.g., vacant land) from uniformity testing,
- produces significant year-to-year valuation disparities among similar parcels,
- disproportionately increases valuations in rural/unincorporated areas,
- fails to equalize assessments countywide as required by law, and
- may be using valuation modeling that produces systemic non-uniformity.

If these issues are substantiated, the county may be in violation of constitutional mandates, statutory requirements, and mandatory USPAP standards — undermining the legality of the tax base itself.

A full Uniformity, Ratio Study, and Equalization Audit is urgently necessary.

II. AUDIT OBJECTIVES

This audit seeks to determine:

1. Whether King County performs complete, USPAP-compliant ratio studies across *all* property classes, including vacant, rural, agricultural, and non-residential parcels.
2. Whether assessments are uniform within the meaning of Article VII, Section 1, including geographic, class, and condition-based equalization.

3. Whether year-to-year valuation changes reflect market conditions or revenue requirements.
4. Whether rural and unincorporated communities are disproportionately overvalued.
5. Whether modeling assumptions and coefficients are applied consistently across similar properties.
6. Whether King County complies with statutory requirements for equalization under RCW 84.48.
7. Whether systemic non-uniformity indicates intentional or structural overvaluation trends.

III. SCOPE AND METHODOLOGY

The Auditor should conduct an operational, statistical, and legal compliance audit that includes:

A. Parcel-Level Uniformity Analysis

- Analyze year-to-year valuation percentage changes for every parcel.
- Identify clusters of extreme increases or decreases among comparable properties.
- Test for equal treatment of similarly situated parcels.

B. Ratio Study Compliance Review

- Collect all ratio studies for the past 10 assessment cycles.
- Verify compliance with USPAP Standard 6 metrics, including:
  - Median Ratio
  - Coefficient of Dispersion (COD)
  - Price-Related Differential (PRD)
  - Coefficient of Variation (COV)
- Confirm whether ratio studies were performed for every property class.

C. Equalization Analysis

- Evaluate compliance with RCW 84.48 equalization requirements.

- Determine whether King County equalizes values across districts consistently.
- Assess whether different tax code areas exhibit disproportionate valuation inflation.

D. Mass-Appraisal Model Inspection

- Review all valuation models, coefficients, and input variables.
- Determine whether calibration and performance testing occur annually.
- Examine geographic modifiers, neighborhood factors, and manual overrides.

E. Geographic Tax Burden Mapping

- Use GIS to map valuation increases across incorporated, suburban, rural, and unincorporated regions.
- Identify statistically significant disparities.

F. Vacant Land Treatment Audit

- Determine whether vacant land is included in ratio studies.
- Assess how excluding vacant land affects uniformity and tax burden distribution.

G. Sales Ratio Testing

- Compare assessed values to actual sale prices.
- Identify geographic or class-based patterns of overvaluation.

IV. LEGAL BASIS

1. Constitutional Requirements

Washington Constitution Article VII, Section 1
"All taxes shall be uniform upon the same class of property… All real estate shall constitute one class."

This means:

- Uniformity must be achieved *countywide*.
- Zoning categories do *not* create separate constitutional property classes.
- Geographic differences cannot justify unconstitutional valuation disparities.

Washington Supreme Court — State ex rel. Barlow v. Kinnear (1967)
The Court held that the state (via DOR) has the duty to ensure countywide uniformity, and assessors must conform to mandatory constitutional valuation standards.

2. Statutory Requirements

RCW 84.40.030
Requires true and fair value, based on actual market conditions.

RCW 84.40.0301
Requires recognized appraisal practices.

RCW 84.48.010–.018
Requires each county to perform:

- equalization,
- ratio studies,
- performance testing,
- class-level and area-level uniformity analysis.

3. Professional Standards

USPAP Standard 6
Requires mass appraisal uniformity testing, ratio studies, model calibration, error analysis, and public documentation.

Failure to perform mandatory ratio studies = failure to comply with USPAP.

4. Equal Protection Implications

Arbitrary disparities in assessment levels across neighborhoods or property types may violate equal protection principles.

V. PROBLEM STATEMENT

Preliminary evidence suggests:

1. King County does not perform full ratio studies for all property classes, including vacant land.
2. Valuation changes vary dramatically among similar parcels, violating constitutional uniformity.

3. Rural and unincorporated areas show disproportionate valuation increases that do not reflect actual market behavior.
4. Year-to-year valuation patterns appear disconnected from market trends and may correlate instead with revenue pressure.
5. The mass-appraisal model may be uncalibrated or inconsistently applied, producing unequal valuation outcomes.
6. Equalization procedures required under RCW 84.48 appear incomplete or absent.
7. The county does not publish model inputs, coefficients, or ratio-study documentation, violating USPAP transparency requirements.

If confirmed, these issues indicate systemic constitutional and statutory violations.

VI. BACKGROUND

Washington has one of the strictest uniformity requirements in the United States. The Supreme Court has repeatedly held that:

- Uniformity is mandatory,
- Equalization is enforceable,
- Assessors cannot pick and choose compliance, and
- All real property is a single constitutional class.

King County's valuation system relies on mass appraisal models that require:

- yearly ratio studies,
- geographic equalization,
- class-level uniformity testing, and
- transparent performance metrics.

Evidence from property owners, public records, and tax district comparisons suggest that these requirements are not being met.

Significant concerns include:

- exclusion of vacant land from ratio studies,
- massive disparities among similar properties,

- rural parcels receiving far higher valuation increases,
- inconsistent application of neighborhood modifiers,
- lack of published calibration documents, and
- opaque equalization procedures.

These issues undermine the fairness and legality of the tax system.

VII. FINDINGS

Finding 1 — Ratio Studies Are Incomplete, Selective, or Entirely Absent for Certain Classes

Evidence indicates that:

- Vacant land is excluded from ratio studies (confirmed in writing by the Assessor).
- Rural and agricultural parcels show no documented ratio-study testing.
- USPAP Standard 6 requires ratio studies for *every* class and subclass — not merely improved residential.

Failure to conduct full ratio studies:

- violates RCW 84.48 (equalization requirements),
- violates USPAP,
- undermines the legitimacy of assessed values.

Finding 2 — Assessments of Like Properties Are Not Uniform

Parcel-level data shows:

- Nearly identical parcels receive dramatically different percentage increases (sometimes 30–50% variance).
- Houses with the same age, condition, and size in the same neighborhood are assessed at wildly different values.
- Rural parcels in District 9 have shown valuation spikes far beyond comparable suburban areas.

This violates:

- Article VII §1 (“taxes shall be uniform upon the same class of property”)

- USPAP uniformity standards
- RCW 84.40.030 (“true and fair value” cannot differ arbitrarily)

Finding 3 — Geographic and District-Level Disparities Indicate Systemic Non-Uniformity

Comparisons of levy codes show radically different burdens for the same class of property:

Levy Code	**Total Levy Rate**
4795 (unincorporated rural)	$11.69969
5042 (nearby district)	$9.79848
1126 (another district)	$10.68714

Under WA Constitution Art. VII §1:

“All real estate shall constitute one class.”

Meaning:

- The taxing authority = the county, not the school district.
- Therefore uniformity must be countywide, not district-by-district.

These disparities violate:

- constitutional uniformity,
- the holdings of *State ex rel. Barlow v. Kinnear* (1967),
- equal protection principles.

Finding 4 — Vacant Land and Rural Parcels Are Disproportionately Burdened

Because vacant land is:

- excluded from ratio studies,
- not tested for COD/PRD/COV,
- and often assigned rising valuations despite no market activity,

vacant landowners experience:

- non-uniform treatment,
- higher percentage increases,
- unconstitutional unequal tax burdens.

Rural and agricultural areas show:

- higher year-to-year increases,
- no documented equalization adjustments,
- modeling inconsistencies that favor incorporated/urban regions.

This constitutes geographic discrimination within a single constitutional class.

Finding 5 — Mass Appraisal Models Lack Calibration and Verification

Model calibration documents:

- are not published,
- are not available to the public,
- do not appear to meet USPAP Standard 6 requirements.

Evidence suggests:

- neighborhood modifiers are arbitrarily assigned,
- condition assumptions are not verified,
- coefficients are not tested countywide,
- error rates and performance metrics are undisclosed.

This indicates:

- possible intentional inflation,
- substantial procedural deficiencies,
- lack of transparency,
- systemic risk of valuation distortion.

Finding 6 — Equalization Procedures Required Under RCW 84.48 Are Not Performed

RCW 84.48.010–.018 requires:

- yearly equalization,
- testing across all areas,
- adjustment of disparities.

However:

- no public equalization reports exist,
- no evidence of area-level adjustments,
- rural-to-urban disparities have accumulated unchecked.

Failure to perform equalization is a direct statutory violation.

Finding 7 — Year-to-Year Fluctuations Suggest Revenue Targeting, Not Market Behavior

Patterns show:

- assessment spikes in years with levy increases,
- stagnation when levy growth slows,
- values rising in rural areas during market downturns,
- percentage increases unrelated to sale ratios.

This suggests:

- valuation models respond to budget needs, not market conditions,
- non-uniform inflation,
- potential misuse of valuation authority.

Finding 8 — Constitutional Uniformity Has Broken Down at a Structural Level

Due to:

- disparate treatment across districts,
- inconsistent ratio studies,
- modeling disparities,
- exclusion of property classes,
- lack of equalization,

King County's assessment system may violate:

- Article VII §1 (uniformity requirement),
- Article VII §2 (valuation based on true and fair value),
- Equal Protection under the Fourteenth Amendment,
- statutory mandates under RCW 84.40 & 84.48,
- USPAP Standards.

These are not minor administrative errors — they represent a systemic breakdown requiring external intervention.

VIII. RECOMMENDATIONS

The Auditor should require the Assessor to:

1. Conduct and publish full, USPAP-compliant ratio studies for all property types.
2. Document equalization procedures in accordance with RCW 84.48.
3. Publish mass-appraisal model inputs, coefficients, calibration documents, and performance metrics.
4. Perform countywide uniformity mapping to identify systemic disparities.
5. Implement corrective equalization adjustments where disparities exist.
6. Develop transparent, standardized methods for applying neighborhood factors, quality ratings, and condition assumptions.
7. Institute annual public reporting of uniformity metrics and ratio-study outcomes.

IX. IMPACT ASSESSMENT

Non-uniform assessment systems cause:

- unlawful tax burdens,
- disproportionate harm to rural and unincorporated residents,
- distortion of property markets,
- loss of public trust,
- multiple years of overpayment, and

- constitutional vulnerability of the entire tax roll.

If uniformity failures are systemic, the county may face:

- equalization orders,
- recalibration of valuation models,
- refunds or corrections, and
- legislative or judicial intervention.

X. TRANSPARENCY & REPRODUCIBILITY REQUIREMENTS

The Auditor must ensure:

1. Release of parcel-level datasets (CSV, GIS).
2. Publication of ratio-study calculations.
3. Disclosure of modeling assumptions.
4. Reproducible methodologies.
5. No proprietary software barriers.
6. Public posting of all findings and appendices.

This ensures independent verification by CAPR, researchers, and the public.

XI. CONCLUSION

Uniformity is the cornerstone of constitutional taxation in Washington State. Evidence indicates significant deficiencies in King County's compliance with constitutional, statutory, and USPAP requirements. These failures may undermine the legality of the tax base and disproportionately burden property owners in certain districts and classes.

For these reasons, we respectfully request that the King County Auditor conduct a full Uniformity, Ratio Study Compliance, and Equalization Audit, transmitted via Councilmember Reagan Dunn's office, and mandated by council vote if voluntary cooperation is not provided.

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