

## Response to Questions on the FY 2011 Budget

**Request By:** Supervisor Cook

**Question:** What percentage of cost incurred by the County during a Board of Equalization appeal is currently recovered? What fee level would need to be charged, if, like in Land Development Services, we look to recover 75 percent of the cost incurred by the County?

**Response:** Currently no costs incurred by the County in defense of a Board of Equalization (BOE) real estate assessment appeal are recovered as there is no enabling authority to charge a BOE application fee. Virginia Code, §58.1-3380 gives the right to any taxpayer to apply to the BOE for a real estate assessment appeal.

### Costs of BOE Cases

Virginia Code, §58.1-3375 mandates that “the members of every board of equalization shall receive compensation” for their BOE duties. Over the past two years, direct BOE charges (i.e., member compensation and case file copying costs) averaged approximately \$134,000 per year. On average, nearly 1,300 case applications are filed.

However, only about 38 percent of cases that are filed are actually heard by the BOE. This is because after DTA review and response to the case application, many applications are resolved (either because the assessment is lowered or the applicant withdraws based on the strength of the assessment evidence). Commercial applications in particular are often filed almost as a BOE placeholder.

In addition to the direct BOE costs, DTA has a substantial staff commitment in order for appraisal staff to review the applications, conduct an appeal analysis (more analogous to a fee appraisal than the normal mass assessment process), prepare the case documentation, and presenting the case before the BOE. Commercial cases are generally more time consuming due to the complexity, and applicants often use professional tax representatives and attorneys.

Based on cases actually “heard” by the BOE, a fee of approximately \$700 per residential case and \$1,200 per commercial case would be necessary to recoup 75 percent of staff costs. However, currently there is no state enabling legislation for the County to levy such a fee.