

Letter from Robert Skillin received by TRA Office, 6/23/14

6/22/14

To: California State Board of Equalization
Fr: Robert Skillin
Re: 2014 Taxpayer's Bill of Rights Hearings – Property Taxes

I live in rural San Luis Obispo County on a 79 acre lot, and found it necessary to appeal the property taxes on my home for both the 2011-12 and 2012-13 tax years. My purpose today is to discuss my experiences with the intent of shedding light on shortcomings in the appeals process from the perspective of the homeowner, and to comment on the performance of the County Assessor's staff.

It's clear that the Board of Equalization's expectation for the tax assessor is to establish a taxable value based solely on market data, without consideration of personal prejudice. Good professional judgment must be exercised when selecting comps and making adjustments. The taxpayer has the right to be informed as to the specifics of how the taxable value was determined.

However, my experience with the appeals process provides strong evidence that the SLO County Assessor's office is not following these basic precepts.

Here is an outline of the events leading up to my appeal in both years.

- I received a Notification of Assessment Value from the assessor
- I requested an explanation of the value, and was provided a Market Valuation
- I met with the Assessor's staff to understand the Market Valuation; their selection of comps and the adjustments made
- I simultaneously filed an appeal, to cover my bases in case discussions proved unfruitful in reaching a resolution
- The discussions were unproductive, and my case proceeded through the appeals process, culminating in an appearance before the Appeals Board, where in both years I obtained a significant reduction in taxable value.

Here are the issues with which I am concerned.

Taxpayer at distinct disadvantage to tax assessor

- It is a very steep learning curve to understand the laws, rules, and procedures involved in the appeals process, and few homeowners are sophisticated in understanding an appraisal. While professional assistance is available, rarely does it make economic sense to engage this help, as its very expensive.
- The venue is very intimidating, especially for someone not practiced in public speaking. Looking down upon the homeowner from their seated positions are a phalanx of county officials; the assessor and several of his staff, including legal consul, a county clerk, and 3 or 4 members of the Appeals Board.
- Its no wonder that 80-90%+ of homeowners either compromise their position prior to the appeal date, or simply fail to show up at the hearing.

STATE BOARD OF EQUALIZATION



Appeal Name: Property Taxpayers Bill of Rights

Case ID: _____ ITEM # E3

Date: 6/24/14 Exhibit No: 6.9

TP FTB DEPT (PUBLIC COMMENTS)

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Withholding of information (examples from my experience)

- When I questioned the \$/ac figure used to adjust for lot size in the first Market Valuation, I was told it was based on data they had, but they refused to show it to me
- The assessor's staff indicated they would use different comps for the appeals board than in the Market Valuation. When I requested these comps, they refused to provide them, claiming that they had met their obligation to explain my taxable valuation by providing the Market Valuation. But their explanation for using different comps for the appeal was that the Market Valuation was " cursory", and indefensible before the appeals board (yet good enough to base my taxes on). I submit that the real basis for my taxable value was not the Market Valuation, but the comps presented to the appeals board, and that they were illegally withholding that information from me.
- When I obtained assistance from the Taxpayer Advocate in requesting the comps to be used at the appeal, they partially relented, and provided a "short list" of nine sales, indicating they would not decide which they would use until the day before the board meeting. But this was just 1 week prior to the meeting, which didn't allow reasonable time to research all nine. In addition, they failed to provide a Paired Sales Analysis which they presented to the board.
- Their rationalization for not being able to specify which comps they would use included the idea that they were too busy to do the analysis until the last minute. This is nonsense, since they knew this was coming for quite awhile, and could choose to do it at any time they wanted. I believe they chose to do it at the last minute specifically so they could deny me the information.
- I considered initiating a formal exchange of information in order to obtain their comps, but suspected that they would simply provide me with a "long list" of many sales. This would be useless to me and tantamount to withholding their comps. The Taxpayer Advocate confirmed for me that this tactic does get used.

Improper procedures and errors

- The sales the assessor selected for comps were not appropriate, and seemed to be selected based on sales price rather than being comparable to my property. In my first appeal, the assessor presented six comps to the appeals board, which were selected from the eight highest-priced sales in SLO south county. To these sale prices they added on average \$260,000 as a lot size adjustment. These were not good comps.
- In another example of poor choice of comps and adjustments, in my second appeal, the Market Valuation had adjustments as high as 46% of the sales price, and the comps presented to the board had adjustments as high as 44%.
- They failed to make adjustments for yard improvements, even though they described my house as having "little in the way of exterior landscaping" (actually, none). Yet in their first Market Valuation were comps with up to \$135,000 in yard improvements.
- In the cover letter to the assessor's first presentation to the board, it states that the "fair market value of the subject property per the comparable sales is \$2,300,000." Yet the highest adjusted sales price presented was \$1,534,500.

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- Apparently, the appraiser was unaware that a previous appraiser had inspected the interior of my house, and he repeatedly insisted that no one from the office had ever been inside. But that did not stop him from describing it (in the cover letter for the first appeal) as “of excellent quality with custom interior finishes”.
- When asked to explain the adjustments for lot size in the first Market Valuation, they initially claimed it was based on data they had, but eventually, they admitted they had no data, and it was based on personal judgment.
- In my second appeal, the assessor’s staff refused to attempt to find a resolution outside of the appeals process.

In summary, it would be reasonable, even expected, that the assessor would win an appeal through astute selection of comparable sales, and a compelling analysis of the data that could withstand scrutiny. In my experience, this was not the case. Instead, the appraiser was unprofessional, providing work that was full of factual and procedural errors. They relied on a cat and mouse game of hiding their data and attempting to blindside the homeowner with the unexpected during the hearing, while counting on the homeowner’s inexperience to not ask for a continuance. Or, better yet, for the homeowner to be so intimidated by the process so as to not follow through with a presentation to the board – allowing the assessor to win by default.

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Email message from Linda C. Arnett to TRA Office, 6/23/14

From: lindacarnett@aol.com [<mailto:lindacarnett@aol.com>]

Sent: Monday, June 23, 2014 3:27 PM

To: Sutter, Mark

Subject: tbor Hearing Submission

June 23, 2014

Dear Mark, Per our phone conversation this date please present to the Board at tomorrows hearing the concerns I have as the Trustee of my Aunt's Estate. She passed away 12-3-12. Her house in Los Angeles was sold and escrow closed 4-30-13. I received an unsecured property tax bill in late April 2014 which included penalties of \$699.83 and a letter of Notice of Intent to Enforce Collection even though this was the first statement sent. I phoned the Revenue and Enforcement Division to ask what the property tax was about and was told by Sandra James that my Aunt lost her Prop 13 status upon death. I asked why I had not received the bill in a timely manner as I have already paid out inheritance checks to the beneficiaries. Sandra said she "just happened to find me". All my aunt's mail has been forwarded to me since her death and everyone else has found me. I had the trust attorney file all the required government forms and was never informed about losing my Aunt's Prop 13 status on the home that was in a trust. The penalties were reversed and I mailed a check 5-24-14.

Please present my two concerns regarding this Property Tax Bill to the Hearing Committee:

1. Please find a solution to sending property tax statements in a more timely manner.
2. Please advise who I can contact to work on reversing this practice of taking away Prop 13 status at death. My Aunt (and others) who have a property placed in a trust should be safe from losing their Prop 13.

I will look forward to hearing back from the Board.

Thank you and kindest regards,

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Tax bill No. 2013-40587468