



Walker
Steinhage,
Deputy
Borough
Attorney

2025 Board of Equalization Orientation



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Overview

Board of Equalization Orientation

- **2025 Updates: SB0179**
- **Municipal Property Tax Basics**
- **What is the Board of Equalization (BOE)?**
- **Rules & Responsibilities of BOE members.**
- **The Hearing**
- **BOE decision**

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2025 Updates: SB0179

Presentation title

- AS 29.45.200(a): Governing body must appoint one or more BOEs to hear property assessment appeals—must have at least three members from governing body, municipal residents, or both. Governing body may also appoint itself as BOE by ordinance. (KPB already follows this mandate—at least three members with a mix of representatives from the Assembly and municipal residents.)
- AS 29.45.210(b): BOE may not raise a property assessment in the current year **unless requested by the appellant**.
- AS 29.45.210(b)(cont'd): BOE must explicitly provide findings on the record to justify its decision when the appellant has submitted a long-form fee appraisal to support the appellant's valuation **and** the BOE does not find in Appellant's favor

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Municipal Property Tax Basics

AS 29.45

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- The assessor shall assess property at its full and true value as of January 1 of the assessment year....The full and true value is the **estimated price that the property would bring in an open market and under the then prevailing market conditions....** AS 29.45.110(a)(emphasis added).
- The only grounds for adjustment of assessment are proof of **unequal, excessive, improper, or under valuation** based on facts that are stated in a valid written appeal or proven at the appeal hearing.... AS 29.45.210(b)(emphasis added).
- The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1. AS 29.45.210(c).

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What is the BOE?

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- The Board of Equalization (BOE) hears property assessment appeals from property owners seeking relief from alleged errors in valuation not adjusted by the assessor to the owner's satisfaction or, in the case of property subject to a flat tax, an alleged error in ownership or classification of property.
- The duties of the BOE are set out in the Alaska statutes (AS 29.45) and KPB code (KPB 5.12).

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What is the BOE?

(con't)

Board of Equalization Orientation

- **The BOE is a quasi-judicial body.**
 - An individual or organization which has powers resembling those of a court of law or judge.
 - BOE has an *adjudicative*, not a *legislative* function
 - BOE members must be willing and able to apply the relevant law impartially to each case
 - Referred to as an administrative appeal – BOE makes decisions, not recommendations.
 - If either party disagrees with the BOE decision, they can appeal to the superior court.

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Rules & Responsibility

Board of Equalization Orientation

Rules

- Identify conflicts of interest.
- Avoid ex parte contact.

Responsibilities

- Provide a fair & impartial hearing.
- Rely on the evidence.
- Apply the correct burden of proof.
- Develop the record.
- Make a decision supported by findings of fact.

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Rules: Conflicts of Interest

Board of Equalization Orientation

Per KPB code:

- BOE members may not serve on the board for a particular appeal if they have a pecuniary interest in the case. (KPB Chapter 2.58)
- (Pecuniary: related to money; financial)
- Interests of spouses, dependents and certain companies are attributed to the board member for purposes of determining conflict.
- If a BOE member believes a conflict exists, the member must disclose the nature of conflict.

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Rules: Conflicts of Interest (con't)

Board of Equalization Orientation

Common law rules:

- Avoidance of actual conflicts as well as the ***appearance of impropriety***
- Conflict exists where there is the potential for a public official to influence the outcome of a matter where s/he has personal or pecuniary interest – regardless of intent
- Public trust. Always better to err on the safe side and disclose a conflict BEFORE hearing a matter; let the chairperson and body decide.

“When in doubt, shout it out.”

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Rules: Conflicts of Interest (con't)

Board of Equalization Orientation

- *Ex parte* contact is contact outside of the hearing with one party regarding the appeal, without the other party present.
- BOE members may not have *ex parte* contact with either the appellant or the assessor's office about a particular case.
- If such contact occurs, then the member must fully disclose the contact at the hearing and the chair may rule on whether the contact was sufficient to preclude the member from serving on the board for the hearing on that case.

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Rules: Conflicts of Interest (con't)

Board of Equalization Orientation

- Please notify the BOE attorney of any potential conflicts **prior** to a hearing, so arrangements can be made for an alternate BOE member to attend the hearing, if necessary.
 - Always err on the side of caution for full disclosure. **"When in doubt, shout it out."**
 - The public has your email addresses so be careful what you open during appeal season as people don't always know (or follow) the rules.

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Responsibilities: Provide a Fair & Impartial Hearing

Board of Equalization Orientation

Hearing Outline:

1. Summary of Assessment data - BOE Chair introduces cases & summarizes appeal
2. BOE takes up any outstanding issues/motions/requests for additional time.
3. Appellant's Opening Presentation
4. Assessor's Opening Presentation
5. Appellant's Rebuttal
6. Assessor's Rebuttal/Closing
7. Appellant's Sur-Rebuttal/Closing

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Responsibilities: Provide a Fair & Impartial Hearing (con't)

Board of Equalization Orientation

Case Law:

- The appellant bears the burden of proof. AS 29.45.210(b); KPB 5.12.060(P)
- *Cool Homes, Inc. v. Fairbanks North Star Borough*, 860 P.2d 1248 (Alaska 1993).
 - A taxpayer contesting an assessment need only prove that the valuation is improper. The taxpayer does not have to offer the correct amount, range or method of valuation.
 - The burden then shifts to the taxing authority to introduce credible evidence which substantiates its assessment.
 - However, AS 29.45.210(b) still requires that the taxpayer prove **facts** at the hearing (emphasis added).
 - Taxing authorities are to be accorded broad discretion in deciding among recognized valuation methods.
 - If a reasonable basis for the taxing agency's method exists, the taxpayer must show fraud or the clear adoption of a fundamentally wrong principle of valuation.

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Responsibilities: Provide a Fair & Impartial Hearing (con't)

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More Case Law:

- Precise method for determining full and true value of property is within assessor's discretion.
 - *Black v. Municipality of Anchorage BOE*, 187 P.3d 1096 (Alaska 2008).
- The relevant inquiry is whether a valuation method selected by the assessor provides a reasonable estimate of the market value of the interest to be taxed, not whether the appraisal method has received the imprimatur ("thumbs up") of acceptance from the appraisal community.
 - *FNSB Assessor's Office v. Golden Heart Utilities, Inc.*, 13 P.3d 263 (Alaska 2000).
- If the assessor has a reasonable basis for a valuation method, that method will be allowed so long as there was no fraud or clear adoption of a fundamentally wrong principle of valuation.
 - *FNSB Assessor's Office v. Golden Heart Utilities, Inc.*
- But assessor must consider actual recent sales as one of "a whole range of factors."
 - *CH Kelly Trust v. Municipality of Anchorage BOE*, 909 P.2d 1381, 1382 (Alaska 1996).

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Checklist for Hearing

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- Appellant (property owner) has the burden of proof.
- Did they present facts (not opinion) that the assessor's adjustment was:
 1. Unequal; OR
 2. Excessive; OR
 3. Improper; OR
 4. Under valued

If yes to any of the above, then the burden of proof shifts to the assessor.

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Responsibilities: Rely on the Evidence

Board of Equalization Orientation

Tips for being a good "judge" . . .

- Decisions made by the BOE must be based on the Board's **general** knowledge of the real estate market and evidence presented during the appeal process.
- Decisions **may not** be based on individual board member's specific knowledge of a property obtained outside the appeal process.
 - Ex. "I have been to that property and know you cannot access the beach from that property."
 - Note – this can also be the source of a conflict of interest

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Responsibilities: Rely on the Evidence (con't)

Board of Equalization Orientation

- Do not introduce your own evidence.
 - Example: "I live on that road, and I know my neighbor's house went up in value last year."
- Do not make assumptions about the evidence.
 - If you don't understand exhibits or testimony, **ask questions.**
- The BOE cannot accept exhibits into the record that were not properly submitted prior to the hearing.
- If the appellant has refused to allow the assessor to access their property, the BOE cannot consider testimony from the appellant about any issue related to items for which the assessor lacked access to.
- The BOE cannot come up with its own valuation.

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Responsibilities: Develop the Record

Board of Equalization Orientation

- The BOE may only decide a case based on the evidence presented.
 - More evidence is better.
 - Ask questions! Do not wait until you are deliberating to realize that you do not have all the information you need to make good findings.
 - If a party appeals, the superior court will likely rely entirely on the BOE record.
 - Appellate courts don't like to substitute judgment on facts, so...

It must be clear from the record why the BOE reached its decision.

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Responsibilities: Develop the Record (con't)

Board of Equalization Orientation

Establishing a Fact:

- Statement: The assessor overvalued my home's worth, giving too much value to the view. The view was destroyed last year when a new condo complex was developed.
- Is this enough to meet the burden?

NO – it is just a statement. To be enough to satisfy the law, there must be something to back up the statement. A photo showing the new condo complex in relation to the home and showing that it in fact blocks the view is a "fact" as opposed to a statement.

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Responsibilities: Develop the Record (con't)

Board of Equalization Orientation

Caveat:

- Not all facts need proof, though. It's okay to use common sense on some facts.

For example, appellant states: "When I go swimming in the ocean I get wet."

So, you can use your own personal experiences and common sense when evaluating this statement. However, if you've never seen an ocean or ever heard of an ocean, you cannot research it.

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Make a Decision: Motions

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- **Decisions are made by motion.**
- **Make a motion for action, wait for a second.**
 - **If seconded, discuss motion.**
 - **Make findings supporting or not supporting motion**
- **Vote on the motion.**

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Make a Decision: Motions (con't)

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Examples of Most Common Motions:

- Motion to **move into adjudicative session**
 - 2017 example -
 - At hearing, BOE member Mr. Bagley states, "I move we go into adjudicative session to discuss this." BOE member Mr. Cox, "I second." [Chair asks if there is any objection, receiving none, the BOE goes off record, and into adjudicative session.]
- Motion to **uphold assessor's valuation, reduce or increase assessment, defer a decision, or dismiss the appeal.**
 - Ex. From 2017 Decision: "After deliberating in an adjudicative session, the BOE returned on the record. BOE member Mr. Bagley moved to reduce the Assessor's 2017 revised recommended value for parcel number 12345 to \$10,000, which includes a land value of \$1,000 and an improvements value of \$9,000. The motion received a second and no objections were received. Having received no objections, the following findings were made:"

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Make a Decision: Motions (con't)

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Findings example:

The appellant demonstrated via photos that the view from his home has been eliminated due to the development of a condominium complex;

The photos show that the 25 story condo complex completely blocks all views to the mountains and no longer give appellant's property a scenic view;

The assessor testified that the scenic view accounted for \$10,000 worth of the assessment. The documents presented by the assessor's office support her statements.

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Make a Decision: How to Get There

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- **BOE may immediately decide, or take the matter under advisement.**
 - Motion to uphold, reduce, or increase the assessment.
 - BOE cannot make a new appraisal.
 - If the BOE decides to take the matter under advisement, it must issue its decision by the last day of hearings.
- **Deliberations do not need to be public.**
 - Motion to adjourn into adjudicative session.
 - TIP: Don't leave adjudicative session **w/out developing findings**
 - **Decision must be public.**

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Make a Decision: Improper Grounds for Finding

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- **The taxes are too high.**
- **The value changed too much in one year.**
- **The appellant cannot afford the taxes.**

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Make a Decision: Good Findings

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****Most Important Aspects of Decision****

- Again, appellate courts don't like to substitute judgment on facts
- The BOE's findings of fact need to be **specific and detailed**.
 - **What evidence did you rely on to reach your decision?**
 - List or describe the specific evidence, or lack thereof, that you relied on to make your decision.
 - Ex. "...based on the appellant's appraisal..."
 - Ex. "...the 50 comparables provided by the Assessor."
 - Findings should be customized to each specific appeal
 - Findings should explain or address why & how the BOE decided each disputed fact or argument. **Address the arguments made.**

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Make a Decision: Checklist

Board of Equalization Orientation

Requirements for all decisions:

- Majority vote.
- All sitting members must vote.
 - Excluding any sitting members with a conflict specific to the case being decided.
- FINDINGS using:
FACTS/ADMITTED EVIDENCE from hearing to support DECISION
- Must be in writing

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Questions?

Walker
Steinhage,
Deputy
Borough
Attorney



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