

Office of the Governor  
Bob Riley

In the process of determining how Jefferson County values my home for tax purposes I came across several examples of what appear to be favoritism. Upon further investigation I found under the law Section 40-2-11, the Alabama Department of Revenue or ADOR is “To have and exercise general and complete supervision and control of the valuation, equalization, and assessment of property...”

Over the last six months I have found through e-mails with Mr. Bass, ADOR Property Tax Division Director, and Mr. Easterly, ADOR Secretary, that the ADOR has **NO** audit or oversight procedures in place. Based on the apparent inequality I have found in my own small neighborhood, I would guess the problem is rampant statewide.

I was encouraged by reading Mr. Tom Scarritt’s commentary “Openness only path to trust” in the January 27, 2008 edition of the Birmingham News. This article discusses the same type of problems I see with the ADOR’s administration of the state property tax system.

How can you just assume that property tax valuations are being computed properly, fairly, and consistently according to state law without clear oversight or audit procedures? The amount of money at stake is enough to tempt the most honest person. Audits are necessary both to insure the taxpayer of proper conduct and to prevent basically honest people from being temped. We have certainly had our share of corrupted public officials.

For Mr. Easterly to say “At the state level, we do all that we can to assist them in their jobs” denies their responsibility under the law of “complete supervision and control of the valuation, equalization, and assessment of property...” Even though there may be many “dedicated county assessing and collecting officials that endeavor to do their jobs to the best of their abilities”, common sense dictates that an audit and oversight system be in place to insure the correction of blatant inconsistencies and inequities in the property valuation/assessment process. Otherwise, taxpayers are blindly trusting that these “assessing and collecting officials” are consistently performing their tasks fairly and equitably. As has been said “Power corrupts and absolute power corrupts absolutely”.

Under the spirit of the Alabama Open Records law it is important for the Property Tax division of the ADOR to make available on-line all information necessary for the taxpayers of Alabama to clearly understand how Property valuation is determined. In addition procedures must be in place to allow them to report valuation favoritism (or worse); similar to the Crime Stoppers procedures.

Citizens inherently have a right to clearly understand the basis for their taxations and the assurance that all taxpayers are treated fairly.

Three things are required:

1. Begin audits of individual property valuation by the State Department of Revenue to prevent favoritism.
2. Openness in educating taxpayers as to how property valuation is determined to include Web access to all materials provide to the Counties by the State.
3. Crime Stoppers procedures to protect and encourage taxpayers to come forward with evidence of favoritism

**“1. Begin audits of individual property valuation by the State Department of Revenue to prevent favoritism. “**

Mr. Russell’s, ADOR Commissioner, response to number 1 was that 2,700,000 are too many to audit and I agree. As the IRS can not audit every tax return they have a sampling method. To do nothing, as is their current practice, is NOT the answer. Imagine what would happen if the IRS announced “We will do no audits”?

As far as the statistic, Sales Ratio, the county report of these is meaningless in controlling favoritism. Let me explain why. A parcel with a low ball appraisal like any other parcel is never reported to the state until the year after it sells. Therefore, favoritism can exist year after year never appearing in the sales ratio. Only if the parcel sells will it be reported to the State and then only in the year after it sells. Changing the appraisal in that year such as percent (%) good from 40 to 95 makes the parcel compliant with the required sales ratio. This is why sales ratio is meaningless.

Mr. Easterly’s response to this, replying for Mr. Russell, was to ignore the example above that shows how meaningless Sales Ratio is and to instead list other statistics that are equally meaningless in controlling favoritism. He goes on to say that parcel owners now receiving favored treatment can go to the county board of equalization to demand to pay more. If the board refuses to raise their tax they can then go to circuit court and pay a minimum of \$1,000 in court costs and attorney fees to turn themselves in. **GIVE ME A BREAK!**

**“ 2. Openness in educating taxpayers as to how property valuation is determined to include Web access to all materials provided to the Counties by the State. “**

Mr. Russell’s response to number 2 is that it is too big a job and too complicated.

My response to him was ”Please give me the right to copy these documents and I will put them on-line at no expense to the state. Actually, I have the right under the Alabama open records law to copy these documents. Please make these documents available to me as soon as possible if you do not intend to put them on-line.

If instead you feel that process is too complicated to be understood, let the people of Alabama see it and let them decide. If it turns out to be true then ADOR must find a better way to explain the process.”

Mr. Easterly’s response to this, replying for Mr. Russell, was to mail me an electronic copy of the *Alabama Appraisal Manual*. I will put it on the internet so that it will be available to all Alabama taxpayers. Once this is done I will be requesting any other material the ADOR has that will help Alabama taxpayers understand how parcel valuations are to be determined.

**“3. Crime Stoppers procedures to protect and encourage taxpayers to come forward with evidence of favoritism”**

Mr. Russell’s response to number 3 was “when a taxpayer asks us to investigate a particular situation we will respond”.

I have asked for a copy of any such procedure under the Alabama open records law and was told it does not exist. If there is now such a procedure, please provide me with a copy.

If this written procedure grants me anonymity, legal protection and an unbiased-fair hearing, I am ready to come forth with documented examples that appear to be favoritism in my own neighborhood.

Mr. Easterly’s response to my request for an unbiased-fair hearing, replying for Mr. Russell, was to completely ignore it. Why?

In summary if the favoritism I feel I see in my small neighborhood is any example, the problem is likely to be pervasive state wide. Large amounts of legitimate revenue are being kept from the counties and cities of Alabama by the ADOR’s refusal to exercise proper oversight. Unless the ADOR does the job clearly assigned to them under Alabama law we will be forced to pay higher and higher taxes.

Mr. Easterly concludes by saying “At this point, any relief that you seek must be pursued at another level.” Clearly they do not want to audit the counties let alone look at my examples of favoritism. Therefore I am requesting of you, an independent audit of the ADOR’s practices in preventing favoritism.