



**FULTON  
COUNTY**

**FULTON COUNTY, GEORGIA  
OFFICE OF THE COUNTY AUDITOR  
FOLLOW-UP REVIEW: TAX ASSESSORS' OFFICE REVIEW  
OF COMMERCIAL PROPERTIES**

**April 9, 2024**

**TABLE OF CONTENTS**

TABLE OF CONTENTS..... 1

INTRODUCTION ..... 1

BACKGROUND ..... 1

OBJECTIVE ..... 2

SCOPE ..... 2

METHODOLOGY ..... 2

STATUS OF CORRECTIVE ACTION PLAN..... 3

Review of Assessed Values versus Sales Prices..... 7

Concern..... 9

Recommendation ..... 10

Conclusion ..... 11

Appendix.....12

## **INTRODUCTION**

In accordance with the 2023 approved Audit Plan, the Office of the County Auditor conducted a follow-up review of the Tax Assessors' Office. The review determined if adequate measures were taken to resolve the concerns and the recommendations addressed in our prior audit report dated July 17, 2019.

## **BACKGROUND**

The Fulton County Board of Assessors (BOA) was established by state law to determine the fair market value of all real and personal property in the county for property tax purposes. Taxation is based on the concept that persons should share the cost of government according to their ability to pay. In the property tax system, the ability to pay is measured by the value of the property.

The BOA determines the estimate of property value and this process is called the "Appraised Value" of property. The Board then applies the statutory 40% to that appraisal to generate the "Assessed Value" on which taxes are based.

The BOA is responsible for preparing a fair and equitable tax digest in accordance with applicable laws and professional standards. The Tax Digest is the assessment of all real and tangible personal property subject to taxation in Fulton County. Property owners who disagree with their assessment notice may file an online appeal or a manual appeal. The appeal must be completed before the appeal deadline date printed on the notice.

Property owners who file an appeal to the BOA within forty-five (45) days of the assessment notice date are called an Appellant. The appeal is reviewed by the BOA and reserves the right, when circumstances warrant, to take an additional one-hundred-eighty (180) days, pursuant to the Official Code of Georgia Annotated (O.C.G.A.) 48-5-311(3)(B), to review the appeal of assessments of property value or exemption denials. In such a case, the BOA will notify each taxpayer of its decision to utilize the additional time period to issue a determination. However, if the Board's decision is a "no change," the appeal is forwarded to the Board of Equalization (BOE).

The BOE is comprised of property owners appointed by the Grand Jury of Fulton County. In addition to being property owners, the appointees to the BOE must also be qualified and competent to serve as grand jurors and be high school graduates. Each member must satisfactorily complete forty (40) hours of certified training before he or she can participate as a member of the Board. Each member must also complete an eight (8) hour continuous education class annually. The Board is charged by the O.C.G.A. 48-5-311 to hear appeals of property tax matters.

Appellants will receive a notice of the date and time of the scheduled hearing. An Appellant may appear before the BOE themselves, with a representative, or authorize a representative to represent them in their absence. However, the taxpayer shall specify in writing to the BOE the name of such agent or representative prior to any appearance by the agent before the Board. Acceptable documentation to present may include audited financial statements, evidence of purchase price, and appraisals, including photographs of the interior, exterior, and surrounding areas. Evidence of sale price, rent roll, and comparable property values may also be presented.

The Appellant or the BOA may appeal the decisions of the BOE. The notice of appeal must be filed within thirty (30) days from the date on which the BOE decision was mailed. The appeal to the Superior Court must be filed with the BOA by the owner or his/her attorney. Within forty-five (45) days of receipt of a taxpayer's notice of appeal and before certification of the appeal to the Superior Court, the county BOA shall send to the taxpayer notice that a settlement conference, in which the BOA and the taxpayer shall confer in good faith, will be held at a specified date and time which shall be no later than thirty (30) days from the notice of the settlement conference. The taxpayer may exercise a one-time option to reschedule the settlement conference to a different date and time acceptable to the taxpayer, but no later than thirty (30) days from the date of the notice. If at the end of the forty-five (45) day review period, the BOA elects not to hold a settlement conference, then the appeal shall terminate, and the taxpayer's stated value shall be entered in the records of the BOA as the fair market value for the year under appeal and the provisions of subsection (c) of Code Section 48-5-299 shall apply to such value.

## **OBJECTIVE**

The objective of the review was to determine if adequate measures were taken to resolve the concerns and recommendations noted in the prior report, dated July 17, 2019. Additionally, we sampled the annual appraisals of commercial properties for the calendar year 2022 through August 2023 to compare the sales price of selected commercial properties to the appraised value to determine the adequacy of the justification for any significant differences.

## **SCOPE**

The scope of the initial audit was from January 2016 – December 2018. The information reviewed for the follow-up was from January 1, 2022 – August 31, 2023.

## **METHODOLOGY**

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The focus of our review was to address concerns related to the appraised value of Fulton County commercial properties. During our review of the commercial properties we,

- Reviewed applicable laws and regulations regarding appraisals;
- Conducted interviews and inquiries with appropriate personnel;
- Selected and reviewed three - hundred twelve (312) commercial property files to determine outcomes of decisions made;
- Reviewed the appraised values prior to the sale to determine if properties were properly assessed;
- Conducted an analysis of appraisals after the sale to determine the appropriateness;
- Worked with key personnel to evaluate processes and internal controls over property valuations and adherence to those controls; and
- Reviewed the current procedures of the department to determine if they were adequate.

We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives which are detailed in the section below.

**STATUS OF CORRECTIVE ACTION PLAN**

In response to the July 17, 2019, Tax Assessors' Office Review, the department addressed the four (4) auditor's concerns and the six (6) management concerns provided by the previous management of the department. Table 1 summarizes the current status of each concern.

**Table 1**

	<b>Concern</b>	<b>Recommendation</b>	<b>Current Status of Corrective Action Plan</b>
1	Inadequate Number of Hearing Officers	The Clerk of Superior Court, in conjunction with the County Attorney's office, created a resolution that was approved by the Board of Commissioners to address the Clerk's inability to procure more than two (2) hearing officers. We recommend that the departments continue to collaborate to ensure Fulton County remains competitive and have the necessary resources to adequately hear and process commercial	<p><b>Management's Response:</b> This responsibility is under the authority of the Clerk of Superior Court.</p> <p><b>Superior Court's Response:</b> The Clerk of Superior and Magistrate Courts have nine (9) hearing officers for the 2023-2024 Tax Season.</p>

	Concern	Recommendation	Current Status of Corrective Action Plan
		appeals. Additionally, having more than two (2) hearing officers will result in the County having a more diverse pool of hearing officers and will allow the hearing officers to be rotated and/or assigned to various hearings.	
2	Tax Representation on the Appeal Process	We recommend periodic reviews of decisions made at the BOE level be performed to ensure that the decisions are justified.	<b>Management's Response:</b> The Board of Assessors are presented with all decisions rendered at the Board of Equalization and considers staff recommendations for filings to Superior Court.
3	Insufficient Supporting Documentation	The Board of Equalization Manual states: If an appeal is not filed to the Superior Court, the appeal administrator is authorized to properly destroy any records from the hearings before the county Board of Equalization or hearing officers but shall maintain records of all notices to the taxpayer and the taxpayer's attorney and certified receipts of returned or unclaimed mail for 12 months. If an appeal to the Superior Court is filed, the appeal administrator shall file such appeal and records in the civil action that is considered open by the Clerk of Superior Court for such appeal, and such records shall become part of the record on appeal. Although the manual	<b>Management's Response:</b> This responsibility is under the authority of the Clerk of Superior Court.  <b>Superior Court's Response:</b> The record retention process is governed by OCGA 48-5-311 (d)(4)(D); however, the Clerk of Superior and Magistrate Courts can agree to retain the records for twenty-four months.

	Concern	Recommendation	Current Status of Corrective Action Plan
		reflects the aforementioned passage, we recommend that any evidence presented to support an appeal remain accessible for a reasonable amount of time.	
4	Qualification Requirements for the Board of Equalization	The Office of the County Auditor recommends a thorough review of the qualifications required for individuals hearing commercial appeals. Implementing more robust qualifications for the BOE could increase the confidence in decisions made at that level.	<p><b>Management's Response:</b> This responsibility is under the authority of the Clerk of Superior Court.</p> <p><b>Superior Court's Response:</b> The qualification requirements are guided by statute.</p>

	Management Concern	Management Recommendation	Current Status of Corrective Action Plan
1	Audio/Video recording of all appeals to the BOE, Arbitration, or Hearing Officer with values over \$1m	If hearings were recorded it could be used to support evidence of the decision made, as well as foster a more professional environment.	<p><b>Management's Response:</b> This responsibility is under the authority of the Clerk of Superior Court.</p> <p><b>Superior Court's Response:</b> The Clerk of Superior and Magistrate Courts currently records all BOE and Hearing Officer hearings via Zoom.</p>
2	Consider all income (including tax credits) in arriving at Fair Market Values	Tax credit income should never be excluded from the income approach.	<b>Management's Response:</b> Consideration of tax credits is legislatively mandated under OCGA 48-5-2.
3	Use change in income, vacancy, and cap rates to void 3 year freeze	Georgia Code Title 48-5-299c section 4 states that the BOA may increase or decrease the value of the real property if, after a	<b>Management's Response:</b> Georgia Code Title 48-5-299c section 4 has since been amended to read: "The board of tax

	Management Concern	Management Recommendation	Current Status of Corrective Action Plan
		visual on-site inspection of the property, it is found that there have been substantial additions, deletions, or improvements to such property, or the board of tax assessors finds an occurrence of other material factors that substantially affect the current fair market value of such property. Therefore, management feels if there is evidence of material change has occurred such as change in income, vacancy and cap rates, the freeze should be lifted.	assessors may increase or decrease the value of the real property if, after a visual on-site inspection of the property, it is found that there have been substantial additions, deletions, or improvements to such property or that there are errors in the board of tax assessors' records as to the description or characterization of the property, or the board of tax assessors finds an occurrence of other material factors that substantially affect the current fair market value of such property". It is the Board of Assessors' interpretation that 299c can only be removed due to physical changes due to the supplemental guidance of section 560-11-10-.09-2-c (Real Property Appraisal/Reassessments) of the Appraisal Procedures Manual (APM).
4	Eliminate parcels with unchanged values being used as comparable in appeal hearings	Parcels with an unchanged value (299c) should be eliminated from being used as a comparable in an appeal hearing.	<b>Management's Response:</b> This recommendation is not under the authority of the Board of Assessors and would have to be legislatively mandated.
5	Transaction price should isolate the portion applicable to the Real Estate	BOA recommends that the purchase price should be presented on the real estate transfer tax form (PT-61); with a clear breakdown of the amount	<b>Management's Response:</b> This responsibility is under the authority of the Clerk of Superior Court and the Board of Assessors does



	Management Concern	Management Recommendation	Current Status of Corrective Action Plan
		attributable to the Real Estate	not have an opinion on the matter.  <b>Superior Court's Response:</b> The Clerk of Superior and Magistrate Court does not believe the requested information should be provided by our office.
6	Subpoena powers for appeals to Superior Court	The Georgia Code Title 48-5-300 states that the county Board of Assessors may issue subpoenas for the attendance of witnesses and may subpoena of any person any books, papers, or documents which may contain any information material to any question relative to the existence or liability of property subject to taxation or to the identity of the owner of property liable to taxation or relevant to other matters necessary to the proper assessment of taxes lawfully due to the state or county.	<b>Management's Response:</b> OCGA 48-5-300 appears to relate to the personal property class only. If so, there may not be a significant impact on the appeals process.

Additionally, we sampled the annual appraisals of commercial properties for the calendar year 2022 through August 2023 to compare the sales price of selected commercial properties to the appraised value to determine the adequacy of the justification for any significant differences. We have reflected on what was identified below.

**Review of Assessed Values versus Sales Prices**

We sampled a total of 311 properties, or 63%, from the 490 valid sales. A general concern in our initial review was that the appraised value prior to the sale was under-assessed when compared to the sales price. The assumption is that the sales price represents the market value of the

property. Our sample included a review of appraised values compared to sales prices as represented by **Table 2**.

**Table 2**

Year	Appraised Value	Sales Price	Difference
2022	\$738,291,316	\$868,771,357	(\$130,480,041)
2023	\$228,720,400	\$246,934,049	(\$18,213,649)
<b>Total</b>	<b>\$967,011,716</b>	<b>\$1,115,705,406</b>	<b>\$148,693,690</b>

Our review of the data determined an eighty-seven percent (87%) appraisal to sale rate, indicating approximately thirteen percent (13%) of revenue left untaxed. To determine why the variance occurred, we reviewed the Real Estate Transfer Tax form (PT61) for each property. This form contains detailed information about the seller, specific information about the buyer, property tax computations, and property information, including the location of the property, map and parcel ID, land district, acreage, and lot. We also reviewed the commercial and industrial review document, which identifies all activity of the property, including ownership and sales data, permits, miscellaneous improvements, land data, and appraised value. In addition, we consulted with the tax assessor to obtain additional information when needed.

The data revealed that of the three-hundred and eleven (311) properties reviewed, seventy-two (72) of the properties were appeals:

- Twenty-nine (29) were Hearing Officer decisions;
- Sixteen (16) are pending a Hearing Officer decision;
- Five (5) were Board of Equalization (BOE) decisions;
- Seventeen (17) are pending a Board of Equalization decision;
- One (1) was a Superior Court decision;
- Three (3) are pending a Superior Court decision; and
- One (1) was a BOE Appeal

Assessment bias is measured using the Price Related Differential (PRD). The standards for assessment bias are the same for all homogeneous groups of property. The acceptable range for assessment bias is 0.95 to 1.10 (or 95% to 110%). The PRD must be greater than or equal to 0.95 or less than or equal to 1.10 in order to pass this statistical test. Eight (8) of the properties were under the 95% threshold. We've reflected the justification provided for the eight (8) property appraisals that fell below the 95% threshold:

- Two (2) sales occurred in 2022 for a particular property; one sale occurred on 4/1/2022 for \$30,000 and the last sale occurred on 12/02/2022 for \$25,000. Pursuant to SB346, the taxpayer must be provided the sale price for one year only after the sale, if the sale price is lower than the County's Fair Market Value (FMV). The FMV shall be \$25,000 for tax year 2023.

- One (1) sale was not recorded in the Computer Assisted Mass Appraisal (CAMA) system until after the notices for tax year 2023 were mailed out as there was a delay in processing the deed. The Tax Assessors' Office will mail out a corrective notice and the FMV will be corrected and modified for tax year 2023 to reflect the conditions and the valid sales price, if corrected prior to the filing of an appeal.
- One (1) sale was recorded in the CAMA system after the 2023 notices were mailed out. The County's FMV was higher than the sales price. As a result, the taxpayer requested a courtesy review to address the sales price versus the 2023 FMV. Pursuant to SB346, the request was honored. In summary, the FMV, by law, had to be reduced to the sales price, which was lower, for 1 year only. The taxpayer was re-noticed for tax year 2023 with the sales price since the sales price was less than the County's FMV.
- One (1) sale occurred on 1/9/2023 for \$15,000,000. The property appraisal fell below the 95% threshold due to it being the result of an Estate Sale.
- One (1) sale occurred on 2/23/2023 for \$600,000. The sale included multi-parcels, that can not be combined into a single taxable parcel.
- One (1) sale occurred on 6/23/2023 for \$2,875,000. This sale was the result of OCGA 48-5-299(c) being applied, resulting in the property valuation being unchanged due to previous appeals.
- One (1) sale occurred on 5/24/2023 and was noticed at \$13,916,300 for tax year 2023. The taxpayer appealed the notice value and during the appeal process, the Hearing Officer reduced the subject property value to \$10,620,800 with OCGA 48-5-299(c). This value shall be unchanged for 3 years resulting from OCGA 48-5-299(c). The sale was validated in 2023 for tax year 2024. Pursuant to OCGA 48-5-299(c) the appeal value shall remain unchanged in the amount of \$10,620,800 for the present year plus two additional years.
- One (1) sale occurred on 7/31/2023 and was noticed for \$539,500. After review of land parcels and applying uniformity and reviewing pictometry/field checks of the subject property, it was determined that the property shall have a higher negative influence factor based upon topography, therefore the land and value changed from -85 to -75%. This change in influence affected the 2023 FMV.

For the three-hundred (311) commercial properties, we determined the appraisals met the standards in accordance with Georgia Law and the Georgia Department of Revenue Rules, Regulations and Guidelines.

### Concern

The total population of commercial transactions during our audit scope was 7,356 properties. Of that amount, 6,866 transactions, or 93.3%, were deemed invalid sales. The number of invalid transactions were quite concerning and resulted in additional interviews with the Tax Assessors' Office. The department provided the information below in response to the significant number of invalid sales:

- 3,354 sales are **partial interest transactions**. They are timeshare acquisitions of the “partial use” of the Wyndham Margaritaville Hotel located on Centennial Olympic Park Drive. The timeshares share the same parcel number for each timeshare transaction and there is not a separate parcel identification number for each transaction.
- Some of the sales include **quit claim deeds** (value \$0.00 to \$1,000). Also called a non-warranty deed, a quitclaim is one of the methods for transferring residential or commercial property between family members.
- Some of the sales include **multi-parcel sales**. The parcels included in the multi-parcel sales may be located in Fulton County and some parcels included in the multi-parcel sale/portfolio may be located in adjoining counties, and in some cases, other states. Some of the multi-parcel sales share the same tax district and land lot, which means they are adjoining, part of the total purchase for assemblage, or part of a future development. Multi-parcel sales are not included in our sale ratios. The PT-61 and the publicized market data clearly defines the details of the sale.
- Additionally, there are **duplicate parcels** with the same parcel number and sale price, or the second parcel may be a quit claim deed with a nominal value (\$0.00 to \$1,000). Consequently, the total sales count appears to be higher, but in reality the total count of invalid sales is lower because the same parcel is counted twice.

***(Please see Appendix for a more detailed listing of the invalid sales)***

We also conducted external research of two of our neighboring counties in reference to their invalid sales. The Deputy Chief Appraiser from DeKalb Tax Assessors' Office provided the following information from their commercial/industrial sale data:

- ✚ 2022 – 67% valid sales to 33% invalid sales
- ✚ 2023 – 62% valid sales to 38% invalid sales

The Commercial Division Manager of the Cobb County Board of Tax Assessors pulled their commercial/industrial sale data for the 2022 and 2023 Digest Years and provided the following information:

- ✚ 2022 Digest - 48% valid sales to 52% invalid sales
- ✚ 2023 Digest - 49% valid sales to 51% invalid sales

### Recommendation

Our office recommends that the significant number of invalid sales/transactions be thoroughly reviewed and monitored on a regular, routine basis to ensure appropriate and accurate appraisals and compliance in accordance with Georgia Law and the Georgia Department of Revenue Rules, Regulations and Guidelines. Additionally, it may be beneficial to streamline the report(s) provided to ensure an accurate depiction of valid and invalid sales are being reflected.

**Conclusion**

Based on the follow-up review conducted on the Tax Assessors' Office commercial property appraisal process, we determined that of the four (4) auditor concerns identified in the previous audit, three (3) of the recommendations fall under the purview of the Clerk of Superior Court and the District Attorney's Office. The recommendation for the remaining concern was implemented by the Board of Assessors. Additionally, our review determined, that of the six (6) management concerns, two (2) of the recommendations fall under the purview of the Clerk of Superior Court and three (3) concerns remain unchanged, as the current processes are supported by the Official Code of Georgia (O.C.G.A). The remaining recommendation is not under the authority of the Board of Assessors and would have to be mandated by legislation. As such, we recommend management continue to ensure appropriate corrective actions are taken to strengthen internal controls and improve the operations of the Tax Assessors' Office.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted to Shauna Herbert, Audit Manager, in the Office of the County Auditor at [shauna.herbert@fultoncountyga.gov](mailto:shauna.herbert@fultoncountyga.gov). We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.

# APPENDIX

SALE VALIDITY CODE	SALE VALIDITY CODE (DESCRIPTION)	TOTAL SALES
0	VALID SALE	490
1	SALE PARCEL IN MULTI JURISDICTIONS	1
2	TO/FROM EXEMPT OR UTILITY	3
3	REMODELED/CHANGED AFTER SALE	56
4	RELATED INDIVIDUAL OR CORPORATION	74
5	LIQUIDATION/FORECLOSURE	15
6	LAND CONTRACT /UNUSUAL FINANCING	6
7	INCLUDED ADD'/Interest in excess of pp	9
8	NOT TYPICAL OF MARKET CONDITIONS	71
9	UNVALIDATED/DEED STAMP	476
2A	SALE TO/FROM CHARITABLE ORGANIZATION	5
2B	SALE TO/FROM GOVT AGENCY	56
2C	SALE TO /FROM PUBLIC UTILITY	1
2E	SALE TO/FROM A SCHOOL	21
3A	SUBSEQUENT SALE- NO RENOVATION/UPDATE	1
4D	PURCHASED IN POOR CONDITION AND HELD	1
4E	SALE TO FROM WHOLESALER	5
5A	DEED UNDER POWER	2
5B	SALE TO BANK OR FINANCIAL INST	1
6E	NO MARKET OR SELLER FINANACING	34
6F	QUIT CLAIM DEED	205
7A	PERSONAL PROPERTY INCLUDED IN THE SALE	10
A	CONVEYED TO OWNER OF ADJOINING PROPERTY	12
C	VALUE SUBJECT TO 299C	128
D	DUPLICATE SALE	1
E	TRADE OR EXCHANGE OF PROPERTY	4
F	PORTFOLIO SALE	65
G	DEED OF GIFT	131
I	PARTIAL INTEREST	3354
L	LIFE ESTATE	12
M	SALE INCLUDED MULTI PARCELS	1239
M0	VALID MULTI PARCEL SALE	26
M1	MULTI - MULTI JURIS	1
M2	MULTI - TO/FROM EXEMPT	2
M3	MULTI CHANGE AFTER SALE	3
M4	MULTI- - RELATED INDIVIDUAL OR CORPORATION	3
M7	MULTI - INC PERS PROP	2
M8	MULTI - NOT TYPICAL OF MARKET	1
MC	MULTI - CLASS	1
MF	MULTI -PORTFOLIO	3
P	LAND ONLY AS OF JAN 1	5
T	SALE <= 1000	774
TS	TAX SALE	19
W	SALE CONVEYED TO ADMINISTRATOR	23
Z	INVALID SALE - UNDEFINED	4
<b>AUDITORS TOTAL SALES</b>		<b>7356</b>