

Incline property owners win refunds in Supreme Court

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The Nevada Supreme Court ruled unanimously Thursday that methods used to assess property value at Incline Village in 2003-2004 were unconstitutional, and ordered a refund for the 17 residents who sued over their tax bills.

Washoe Assessor Bob McGowan said it will take a while to determine exactly how to apply the ruling and what it means in dollars to the county treasury.

"First, we have to determine if it's just those 17 or the whole area," he said.

He admitted if the ruling goes to all 9,000 properties in the Washoe portion of the Tahoe Basin, it could cost a lot of money but said, "It's not clear it's a big loss yet."

McGowan said, in any event, the law requires land be valued at market value.

"And nobody is going to say land at Lake Tahoe is worth less today than it was years ago," he said.

The battle centered on four methodologies applied to the often unique properties at the lake - quality of a parcel's view of Lake Tahoe, the quality of its lakefront access, analysis of sales of similar properties over years past adjusted as though they were current sales and, finally, value of the land if the structures on it were completely demolished.

It ruled those methods invalid, agreeing with property owners they aren't authorized in any statute or regulation approved by the Nevada Tax Commission for the 2003-2004 tax year.

The ruling upholds the decision made earlier this year by Carson District Judge Bill Maddox, who found that inconsistent application of those assessment methods within Washoe County "illustrates the high probability that the taxes were not assessed on an equal and uniform basis."

That was the logic expressed by Justice Jim Hardesty of Reno, in a 23- page opinion issued Thursday. He found those methodologies unconstitutional because they were inconsistent both with the methods used throughout Washoe County and with the methods used in other Nevada counties.

The Nevada Constitution requires assessment methodologies be consistent statewide in order to ensure fair and equal assessed values of land and buildings.

But the opinion lays the blame more on the Nevada Tax Commission than on the Washoe Assessors office, pointing out the commission didn't meet its statutory duty to establish regulations that county assessors could use in difficult assessment areas such as Incline where lots are often unique and what most would consider a middle class tract home will sell for upwards of \$1 million.

"In the absence of guidance from the Tax Commission, the county assessors in 2002 had to find their own methodologies for assessing property values," Hardesty wrote.

The opinion states, however, that the Legislature intended the commission to set statewide standards, not to let individual counties create their own systems for setting property values.

The opinion sets those land values back to what they were in 2002-2003, noting that the taxpayers involved "concede that their properties were properly valued" that year. And it orders the taxpayers receive a refund of the difference between that and what they paid in 2003-2004.

McGowan said that doesn't mean a check will be in the mail because it will take time to work out exactly who is entitled to how much.

More importantly, he said, is figuring out what happens next.

"First of all, if it was wrong and the court says it was, and needs to be fixed, what is

wrong and what has to be fixed?" he said. "And I don't think the court meant those land values are fixed at the 2002 level forever. We need to know how to move forward."

And McGowan said it's not at all clear whether the ruling can be used to challenge tax payments by other Incline homeowners or property owners in other counties.

He said resolving those questions may mean a lot of work for the Tax Commission.

But he also said it won't be his headache since he is retiring and will be succeeded in two days by Josh Wilson, the newly elected Washoe County assessor.

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