

## Senate Committee on Taxation – SB 478

ALERT: #130

DATE: April 9, 2007

TO: Incline Village & Crystal Bay Property Owners

FROM: Village League Tax Revolt Committee

Dear Friends,

I thought that you might be interested in reading the testimony that was presented before the Senate Committee on Taxation in support of our Bill, SB 478. Senator Townsend is “carrying” our bill for us and has been of enormous help in getting it this hearing.

April 5, 2007

Senate Committee on Taxation – SB 478

Thank you Chairman McGinness and Members of the Committee:

For the Record, my name is Maryanne Ingemanson.

As many of you are aware, the 9000 members of the Village League, of which I am the President, have been involved in a four and a half (4 ½) year struggle with the Nevada taxation authorities in an effort to correct the illegal and unconstitutional appraisal methods that have been used by the Washoe County Assessor to value residential properties in the Incline Village and Crystal Bay areas.

After attending more than 33 “workshops” over nearly a two year period, which culminated on August 4, 2004 in updating the Nevada Tax Commission Regulations for uniform property tax appraisal methods, we euphorically felt that the problem had been solved. We were wrong.

Individual Petitioners and the Village League have been forced to file Petitions for Appeal before nine (9) County and State Boards of Equalization since 2003, as well as to initiate ten (10) separate lawsuits.

Last December 28, 2006, the Nevada Supreme Court, after an en banc hearing, unanimously affirmed the Order of courageous District Court Judge Maddox in favor of the Village League Plaintiffs, and ruled that the appraisal methods that had been used by the Washoe County Assessor were indeed Illegal and unconstitutional. Again, we felt that the problem had been solved. Again, we were wrong.

Why, you might ask, has the Village League, which is a voluntary non-profit organization, been forced to spend over half a million dollars (\$500,000) to date, for legal fees, court costs, transcripts etc. in an attempt to correct the unconstitutional actions of Nevada’s taxation officials?

The answer to that question is why I am here today in support of SB 478. Nevada's Statutes and Administrative Codes are clear and easily understood. The problem lies in the fact that there is no accountability or consequence if a state agency or employees determine that they simply do not want to follow the law. In other words, the laws have no "teeth". The passage of SB 478 would correct that situation. If the laws that all of us follow daily had no consequences, no one would even feel compelled to stop at a red traffic light.

Even though the Washoe County Assessor was told that the appraisal methods that they were using were wrong by three (3) County Boards of Equalization, two (2) world renowned appraisal experts, the State Department of Taxation, the Chairman of the Nevada Tax Commission, two (2) District Court Judges and the Nevada Supreme Court, the Assessor still claims that they are right.

In spite of all of our victories in the courts, the Washoe County Assessor still refuses to follow the regulations that were promulgated by the Nevada Tax Commission in 2004, and has so stated in many public forums.

Thomas Sheets, Chairman of the Nevada Tax Commission, said to the Washoe County Assessor's office and I quote:

"...this has been going on for three and a half, four years now. The Village group has spent a lot of time, money and effort to bring their issues to the attention of a lot of affected constituencies. They've gone out and gotten an expert to address the situation, one of the top two or three experts on valuation in the country, who incidentally has said... THERE'S A PROBLEM.

You've got the county board of equalization on a couple of different occasions saying... THERE'S A PROBLEM. You've got Judge Maddox saying ...THERE IS A PROBLEM...and you've got the [Lake Tahoe] special study (done by the Department of Taxation)...saying... THERE ARE PROBLEMS.

You know what? It sounds to me like... THERE'S PROBLEMS HERE. I don't claim to be the smartest guy in the world, but when you have that many constituencies coming from that many different places saying the same thing, maybe you're just not equalizing the way you ought to..."

Unless accountability is made a part of the Nevada laws, this battle for equality and uniformity in the assessment of property taxes will continue indefinitely. As a demonstration of the inequities caused by the refusal of the Washoe County Assessor to use the Nevada Tax Commission's approved appraisal regulations, please turn to Section 2 in your packet where I have placed a comparison of two (2) similarly situated properties. One is in Washoe County and the other is in Douglas County.

You can see that "A", the Washoe County property, is smaller, older, valued at \$1.2 million dollars (\$1,200,000) less, has 2/3 less land size, and has less lake frontage, but its taxes are **275% higher** than "B", the Douglas County property. The amount of taxes assessed to the property in Douglas County for the 2007 tax year is \$20,188; the amount of taxes assessed to the

lesser valuable property in Washoe County for the 2007 tax year is nearly \$74,453. The Douglas County Assessor provided me with all of the facts pertaining to Property "B". I am intimately familiar with Property "A" in Incline Village, as it is my own home. This situation is not specific to these two properties, but is an overall discrepancy between these two adjacent sister counties which share the same lake, same beach, same sky, and same state but have dramatically different tax burdens.

The Nevada Constitution demands that all taxation in the state be "Uniform and Equal". It is apparent that the property tax assessments that are imposed on the Incline Village and Crystal Bay area properties are unconstitutional and unequal.

We were hopeful that the attitude of the office of the Washoe County Assessor would change with the election of the new Assessor. However, we were wrong again! I received an email from one of the property owners in Incline Village, whom I do not know, recounting his experience with the assessor's office just last January. He had called to inquire about his taxes. The appraiser with whom he was speaking advised him that all of the land values had been increased by 15%. The taxpayer then asked the appraiser if he was aware of the recent Supreme Court decision, to which the appraiser answered, "F... the Supreme Court." A copy of this email is in Section 3 of your packet.

Why should the taxpayers of Nevada have to police the State's Agencies? The reason is because there are no consequences for wrong doing built into the statutes. In the 2003 Legislative Session two (2) bills were passed, (NRS 622.400 and NRS 622.410), that gave State Agencies, if they were the prevailing party in a lawsuit against a member of the public, the right to have legal fees incurred by the state be paid by the Defendant; however, there is no reciprocal protection for the taxpayer.

The passage of SB 478 would "level the playing field", and bring accountability to the state agencies and employees. A copy of these bills is in Section 4 of your packet.

The problem of illegal and unconstitutional property taxation is currently focused on the 9000 members of the Village League in the area of Incline Village and Crystal Bay; however, if these ongoing legal battles continue, (and Washoe County has stated that they will fight the citizens of that geographical area every inch of the way), the possibility looms that the perception of illegal property taxation could spread throughout the state.

Judge Todd Russell stated the following quote directly to Deputy Attorney General Dawn Kemp, Counsel to the State Board of Equalization, and Deputy District Attorney Terrence Shea, Counsel to the Washoe County Assessor:

"...the Court is troubled by the fact that the State Board of Equalization is putting the taxpayers through these hearings. It's just beyond me where you have established a particular determination that's been made by the Supreme Court, that basically the assessed valuation procedures used by the county were incorrect, and again, this Court does not know the new factors in regards to the 2006-2007 matter; but the dictates of the Bakst cases are very specific in regards to what it made a determination on. And, if, to the extent that the 2006-2007 tax assessments ... have any relationship to that case, then why is the State Board of Equalization putting these people through these particular hoops and having these hearings in light of that?"

SB 478 will add accountability to the current statutes and administrative codes which have been previously approved by the Legislature. If there are no consequences to ignoring the laws, then we may as well not have laws. The taxation officials have shown no respect for the public, the statutes, the Legislature or the courts. The passage of SB 478 would help to alleviate this cavalier attitude which is currently prevalent.

All of the 9000 members of the Village League, whom I represent, sincerely request your support in passing this important legislation. Thank you for your consideration, and our most sincere thanks to Senator Townsend for his guidance in helping us to bring this matter to your attention.

I would be pleased to answer any questions that you may have.



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Maryanne Ingemanson, President

Village League to Save Incline Assets Board Members:

Maryanne Ingemanson, President, Ted Harris, Tax Revolt Committee Chairman,  
Les Barta, Law Research, John Carney, Analyst, Wayne Fischer, Webmaster,  
Todd Lowe, Financial Analyst, Dale Akers, Historian, and Chuck Otto, Public Relations

Village League to Save Incline Assets, Inc. – an approved non-profit organization  
FEIN 88-0399029

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Comparison – 2003-2007

**Washoe County - A**

APN 130-241-21  
5162 sq.ft. - home  
1983 – Avg. year constructed  
.47 Acre Parcel  
1165 Vivian Lane, Incline Village  
Lakefront – 110 FF  
Common area walkway to beach  
Taxable Value –  
**\$5,896,420**  
Property Tax - **\$65,986**

**Douglas County - B**

APN 1318-16-801-002  
7877 sq.ft. – home  
1993 –Year constructed  
1.46 Acre Parcel  
418 Bitlers Road  
Lakefront – 123 FF  
Gated Community  
Sale – Oct. 11, 2003  
**\$7,000,000**  
Property Tax - **\$18,039**

**Tax Year 2005-2006**

A. Property Tax Cap – 3%  
Property Tax - **\$69,528**

B. Property Tax Cap - 3%  
Property Tax - **\$19,029**

**Tax Year 2006-2007**

A. Property Tax - 3% Tax Cap  
Property Tax **\$71,614**

B. Property Tax - 3% Tax Cap  
Property Tax **\$19,599**

**Tax Year 2007-2008**

A. Property Tax – 3% Tax Cap  
Property Tax - **\$74,453**

B. Property Tax – 3% Tax Cap  
Property Tax - **\$20,188**

**Conclusion:**

Property A vs. Property B – Older and smaller improvements, valued at \$1,200,000 less, 2/3 less land size, less FF on Lake Tahoe.

**Property A. Property taxes are 328% higher than Property B.**

**Four years have passed, and equalization has still not been achieved.**

**April 5, 2007**