

PROPERTY TAXPAYERS ALERT # 26

TO: Incline Village/Crystal Bay Property Owners
FROM: The Village League to Save Incline Assets, Inc.
SUBJECT: Bonanza Letters to the Editor, Sunday August 24th

Dear Property Owner:

There are many folks on our original data and many new additions to our data base who may not have seen the attached letter to the Bonanza, written by Chuck Otto, because they spend only part of their time here. We urge everyone to read this letter because this is the simplest and clearest explanation of our protest and the issues we face as property owners.

Our petition gathering campaign was very successful. We were able to generate over 2,400 signatures on our "Declaration of Protest" to be presented to the Nevada State Tax Commission at their upcoming hearings. Also, we were able to add over 900 new e-mail addresses to our already sizeable data base. This allows us to communicate with all interested property owners often and at no cost. E-mail is the reason we have been able to generate tremendous community support on this issue. As we stated repeatedly to the signers of the protest petition, we will not sell, rent or give this data base to anyone. And, the addresses will be used ONLY for disseminating information relating to the "Nevada Property Tax Revolt".

Please take a minute to forward this message to your friends who own property here and may not already be on our e-mail list. As always, we encourage you to call or send e-mail with any questions or concerns. We do not have all the answers but will do our best to help you with any question you might have.

Regards,

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p.s. For all our new or existing members of our mailing list, in case we have added your email address in error and you prefer not to receive e-mail on this issue, please click on your reply button with the word "Remove" in the subject line.

North Lake Tahoe Bonanza Letter to the Editor

August 24, 2003

The property tax protest

by Chuck Otto

Are the property owners of Incline Village and Crystal Bay being unfairly treated by the Washoe County Tax Assessor's Office?

Clearly emotions are high in the community over this hot topic. Consider the following: 123 owners formally appealed their property assessments; hundreds called to protest and were blown off; hundreds have now paid their taxes under protest; and thousands have signed a petition to the Nevada State Tax Commission protesting the arbitrary and discriminatory methods the county uses to do its assessments in our area. Let's take each of these points and examine them.

Why did only 123 appeal their assessments? Every property owner got a postcard-size assessment notice last November. It compares last year's assessment to this year. But, since it does not have a dollar amount which you owe nor does it have a due date for payment; most owners don't pay much attention to it.

Add to this the fact that the majority of owners do not live here year-round and do not participate in the local "politics," most, then, were not aware of the red flags that were hoisted early on. The biggest red flag was the discovery that our assessments were raised by an average of 31 percent while the rest of the county was something less than 6 percent! While a few people understood the magnitude of our increases and tried to mobilize the citizenry to take action, only a relatively small percentage actually appealed. I suspect the Assessor's Office knew this would happen.

However, we have discovered that many people did try to call and protest both the assessment when they received it and their tax bill which they got last month. They were, indeed, blown off. The standard answer was "your Taxable Value is less than the Market Value" and/or "would you be willing to sell your property for the Taxable Value?" Sounds logical and most people did not know how to respond to this deceptive and misleading answer.

Simply stated, Nevada does not tax based on market value. They use a complicated formula to calculate a "Taxable Value." Because of this formula, the "Taxable Value" is always less than the market value; it is supposed to be less than market value and, by law, cannot be greater than market value. Their Assessors' answer, designed to shut us up, is incredibly deceptive and ignores the very real possibility that the "Taxable Value" was calculated improperly or, even possibly, illegally.

A group of concerned citizens has banded together (The Village League to Save Incline Assets) and retained respected and expert legal counsel. The Tax Assessors methods have been exposed and come into serious question. The most obvious is their unique-to-Incline Village/Crystal Bay "View Classification System." Without going into all the gory details, they assign a numerical value to each property - the better the view, the higher the number which then translates into significantly higher assessed value.

But, they don't go into each home to observe the view. Rather, they drive by and subjectively make a determination. Guess which way the results come out? Not in your favor! Some call it "cherry-picking", (picking the best view home on the block and then ascribing that same rating to all). The few people who are persistent and get an assessor to come out, may get a reduction - but what about everyone else?

It's worth noting that 40 people requested the assessor to re-evaluate their views and 30 of the 40 got a considerable reduction. This amounts to a 75% error rate on the part of the assessor. Wonder what the appraiser was looking at on the original appraisal?

It would seem the Assessor's Office knows they can throw a lot of crap on the wall and most of it will stick - they bank on it. During the appeals process before the County Board of Equalization, the assessor

made the comment "We make errors. We frequently make errors, but it is the responsibility of the property owner to catch these errors." To their (property owners) detriment, it would be a safe assumption, that a very high percentage of property owners don't understand the process and/or don't know the basis on which to argue with the assessor on their appraisal or on the method required to file an appeal.

One other practice they employ is called the "time-value" method. If there are an insufficient number of recent comparable sales in your neighborhood on which to determine the value of your land, they arbitrarily assign a 1 percent per month increase to the value of comparable properties that sold as long as 2 or 3 years ago! By adding this 1 percent per month increase in value to these "old sales", these comparable "old sales" are now being assigned a much higher value, which, in turn, are now being used to justify the increase in value to your land.

There may be some properties which have increased at the rate of 1 percent per month but given that many real estate professionals say that the median and average values have gone down over the last 3 years since the peak of the dot.com boom, this arbitrary calculation is both illogical and punitive. All properties in Incline Village and Crystal Bay have not increased in value by 1 percent per month. I could go on about other unique methods applied only to us but we'll save those for the courts.

Many have asked why this is happening. The Tax folks say that we have had it too good for too long and this is catch-up time. They hold fast to the mantra that "they are within the law." Others have told us that "the laws are the issue, and if you want remedy, get the laws changed."

My personal opinion of why it is happening is simple. The County Administration has created spending which cannot be supported by existing revenue. New taxes are created, and pressure is put on all taxing agencies to get as much as they can get. Easy targets are identified, and we are an easy target - perceived high income (Income Village), part-time residents, no real local government, perceived inability to organize and protest, etc.

Of course, no one will ever admit this. Rather they will try to portray us as the spoiled, the rich, the selfish, and the whiners. Boy, are they wrong this time. They have gone too far.

We must act now and act in unison. They now know that we know what they're up to. The State Tax Commission (which regulates the County Assessor's Office) has indicated a willingness to listen. All of us paying under protest and signing the petitions will let them know we are serious. We have retained outstanding legal help to ensure fair and impartial rulings on our allegations. We have a great community and must stand together.

I do not like to see our senior citizens, the many who are on fixed incomes, and the "regular" people forced to consider or actually sell because they have been taxed out of their homes.

If you have not already done so, please pay your taxes under protest. Sign the petitions that are circulating, and if you feel moved, please contribute to our legal fund. We are determined to see this through to a successful conclusion.

Chuck Otto is a Board Member of the Village League to Save Incline Assets.