

ALERT #30 Nevada Property Tax Revolts Status Update

October 21, 2003

To: Incline Village Crystal Bay Property owners
Memo: Nevada Property Tax Revolts Status Update
From: The Village League to Save Incline Assets, Inc.

Norman Azevedo, the attorney who is representing the taxpayers of Incline Village/Crystal Bay, who had appealed their property tax assessments and paid any of their 2003-2004 taxes under protest, has filed a Complaint in the First Judicial District Court of the State of Nevada at 2:00 P.M. on October 17, 2003 in Carson City on their behalf. (See attached summary of lawsuit).

When the Washoe County Assessor's office mailed the property tax assessments for the 2003-2004 years taxes, in December of 2002, to the taxpayers of Incline Village and Crystal Bay, the Village League to Save Incline Assets, Inc. immediately started to notify as many property owners as could be located, to alert them to appeal their assessment. Because the assessments are mailed and received in December, and the appeals must be made by January 15 of the following year, there is very little time to notify the Assessor that an appeal form is requested and that an appeal of the proposed assessment is going to be made.

Fortunately, I had incorporated the Village League to Save Incline Assets, Inc. in 1998; so, a vehicle was already in place to proceed with locating a tax attorney, contacting people who would be willing to help, (in what we all knew would be a huge undertaking), and getting to work. Ted Harris agreed to be the Chairman of the Tax Revolt Committee, Wayne Fischer became the Web-Master, John Carney has been magnificent as a financial analyst and statistician, Chuck Otto handles communications and publicity, Dale Akers acts as Treasurer as well as procuring documents, tapes and other information that we have needed, and without the incredible legal knowledge and the experience which Les Barta has shared with us, we never would have been able to reach and surpass the goals that we had originally set for ourselves.

This first lawsuit is the culmination of months of time and hundreds of hours of work by these volunteers, as well as other members of the League family who donated their time to obtain nearly 2500 signatures on the Petition to the State of Nevada Tax Commission, which was presented to the State of Nevada Department of Taxation just last week. Additionally, through the efforts of the League and Ina Haupt, the Taxable Value of a large portion of the Mill Creek area was reduced by approximately \$20,000,000. We were in attendance, with our attorney, at all of the Washoe County Board of Equalization hearings that addressed the Incline Village/ Crystal Bay property assessment appeals; and saved from the grasp of the Assessor, approximately \$80,000,000 in Taxable Value for the lakefront property owners.

The hearings of the County and State Boards of Equalization have been completed, so our attorney can now proceed to court with the Complaint for Judicial Review.

Meanwhile, we have been attending the Department of Taxation Workshops in Carson City every week, in order to keep the proposed changes to the Rules and Regulations, that the Assessors were advocating, from becoming accepted. Jim O'Brien, who was the Chair of the County Board of Equalization, was of great assistance to us by addressing some of the issues with which we had concerns. Dan Schwartz has been of inestimable help in getting us statistical data and other information, as well as personally appearing before the Department of Taxation Workshop, which added even more credibility to our presentation, due to his many years of experience in this real estate area.

Currently, we are working with Suellen Fulstone, a litigation attorney with the law firm of Woodburn and Wedge, and will be taking an appropriate action in the near future to seek available remedies for **all** of the taxpayers in the Incline Village/Crystal Bay area. Over 2400 property owners have paid their 2003-2004 taxes under protest; and, we will be mailing, toward the end of November 2003, an Appeal Form to all of the 6970 affected taxpayers. The new assessment cards will soon be arriving – this time we don't want anyone to be left behind!

Many of you saw or attended the "Tahoe Tea Party", which was held at Burnt Cedar Beach last July 18, 2003. The TV stations, here in Reno and Las Vegas, have become ever more interested in covering our Tax Revolt. We definitely are getting the attention of a lot of people, including Forbes magazine and Dateline. The Washoe County Assessor, Bob McGowan, was heard to say that we would just fade away. He may be re-thinking that statement. We are gaining momentum with every day. Unfortunately, it takes an inordinate amount of time to undo a bureaucracy that has become as entrenched as the Washoe County's Assessor's office; but it can be done, and we, with your help, can make it happen.

Village League to Save Incline Assets, Inc.
Maryanne Ingemanson, President

Contact for Questions:

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Village League to Save Incline Assets, Inc.
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Lawsuit filed in the First Judicial District Court of the State of Nevada at 2:00 P.M. on October 17, 2003 in Carson City.

Complaint filed Pursuant to NRS 361.410, NRS 361.420 and Petition for Judicial Review on behalf of taxpayers in Incline Village and Crystal Bay, who had exhausted all Administrative Procedures in efforts to appeal their property tax assessments which were made by the Washoe County Assessor's office.

Plaintiffs are being represented by Norman Azevedo, Esq., a tax attorney whose law firm is located in Reno, Nevada.

All Plaintiffs have paid their 2003-2004 taxes under protest.

The Defendants are:

1. State of Nevada
2. Washoe County
3. Washoe County Assessor
4. State of Nevada Tax Commission
5. State of Nevada Department of Taxation

Plaintiffs are protesting their 2003-2004 years tax assessments based on the allegations that none of the following appraisal methodologies used by the Assessor's office had been approved, prior to their use, by the Nevada State Tax Commission, as is required by law:

1. View classification system was used to determine the base taxable value for their land if their homes had a supposed view of Lake Tahoe.
2. Sales of improved properties were classed as "vacant land" for comparable sales purposes, to determine other land values.
3. "Time Adjustments" were used by the Assessors to increase the sales prices of supposedly comparable sales to determine the taxable value of their land.
4. An unknown method was used for determining land values for condominium units.

No new sales of vacant land occurred which would have increased the taxable values of land in 2003-2004. Such increases have no basis in any factual or legal authority.

The criteria for view classifications changed several times during the Washoe County Board of Equalization hearings.

Written requests for an explanation of what constituted a "tear down" went unanswered. Sales were used as comparables, and labeled as "vacant land"; when, in actuality, there were entire homes on the parcels. The price paid for these sales was then assigned to the LAND of neighboring properties; PLUS, the home on the neighboring property was additionally taxed; thus, almost every home in the Incline Village/Crystal Bay area was double taxed.

"Time Adjustment" was another method of increasing the assessed value of land. Effectively, the Assessor took the position that if a parcel of land had been sold at a higher price than its prior sale, the percentage of the price increase should apply to every other sale in the area being assessed, even though the real estate market had become less active and prices were lower. The assessors stated that the trend had been going up, thus necessitating the percentage increases. Editor's note: A trend is not destiny !!

The **land** for two different condominium units, both located in Crystal Towers in Incline Village, both having the same square footage of living space and only one floor apart was

assessed for Unit A at \$750,000 and Unit B at \$1,200,000. There was no explanation for this tremendous discrepancy by the Assessor. Remember, this was the taxable value for the **land only**, not the entire condominium.

It became ever more apparent during the State Board hearings that the assessors had no intention of using just the appraisal manuals that had been approved by the Tax Commission, as is required by law. The members of the State Board themselves stated that different methods could be used, other than the ones previously approved.

Therefore, they are discriminatory and violate Amendment Fourteen of the Constitution of the United States and Article X, Section 1 of the Constitution of the State of Nevada. For example, higher rates of taxable value are assessed by Washoe County in Incline Village/Crystal Bay as compared to our neighbor, Douglas County.

The Plaintiffs are asking for declaratory judgment against the Defendants for the following:

1. Taxable property values may be determined by appraisers only after the Tax Commission has adopted the use of the applicable standards as required by law.
2. That the Plaintiffs' rights have been violated under the Taxpayers Bill of Rights.
3. Those refunds must be made to the Plaintiffs of any taxes paid for the years 2003-2004 that are in excess of the properly calculated taxes based on the years 2002-2003 taxable values, plus 6% interest.
4. Defendants pay for costs of the suit and attorney's fees.