

PROPERTY OWNERS ALERT # 37

DATE: January 15, 2004
TO: Incline Village Crystal Bay Property Owners
FROM: The Nevada Property Tax Revolt
SUBJECT: Appealing your Property Taxes – What you need to know.

Dear Friends,

Our efforts to generate a groundswell of support encouraging our property owners to appeal their property taxes has been a big success. We have had a tremendous response and support. As of this evening we have heard that Incline Village/Crystal Bay have filed over 1,500 appeals (up from 123 last year) with the County Board of Equalization. As a result we have been inundated with dozens of calls and email messages from property owners asking for information on to how the appeal system works and what you can do to prepare for your appeal.

As a result of your requests we have prepared an outline below of ideas and suggestions on how you might approach your appeal. This turns out to be a rather lengthy document due to the fact that the outline of suggestions attempts to give you as much detail as possible to help you intelligently present your appeal. Most of us have never had the need to become experts in appraisal methodology or regulations so for many of our property owners this information is critical. This will be your major guide, so you may want to print this out and study it carefully.

The administrative appeal process.

Filing an appeal and pursuing it to completion is important for any taxpayer seeking relief from over taxation. Failure to do that could compromise your ability to benefit from relief should some become available.

Most people have received a 50+ page package which, among other things, includes two pages of information and instructions for taxpayers and boards of equalization. This material should be reviewed to familiarize oneself with the formal process. Most of the information contained in this package is general statistical data that gives you no help in analyzing the "Taxable Value" of your land.

The board of equalization can make minor adjustments in assessments based on factual errors. Examples of factual errors include wrong square footage, wrong acreage, wrong quality class, or failure to recognize some detrimental attribute of a property (like an adjacent busy highway, sewage plant, etc). Experience shows that the assessors make many mistakes with alarming frequency. So it is worthwhile to check over the basic data on the residential record card you have received.

Another high error rate area is view classification. We believe the whole view classification system is fundamentally flawed and illegal. Many of those who have compared their actual views to the assessor's view book have been able to get downward adjustments. The assessor reportedly judges your home's view by doing a drive by on the street. The assessor's view book is available at the local library. Unfortunately, the county board of equalization has shown unwillingness to rule on pictorial evidence in the hearings that was provided by the taxpayer.

Last year they directed the assessor to revisit those who had view classification issues. Some 70% of those folks got reductions.

The most serious problem with our assessments stem from the actual methods used to determine land value. Besides being flawed we believe some of them to be illegal.

The assessment of your land last year was probably incorrect in at least one of the following areas:

1. View – If you have any view of the Lake from your home, it was probably over-valued. Their error rate on view calculations was 70% and not in the favor of the taxpayer.
2. Time adjustment – this unapproved method affects the value of every home in the Incline/Crystal Bay area.
3. Tear-downs – if the assessor thought that a home MIGHT be torn down he placed the entire value of that property on the land and then valued YOUR land at that same value PLUS your home. In other words, you were double-taxed.
4. Condos – the land for each condo was valued as if the condo was situated on its own residential sized lot.
5. Lakefronts – a formula was devised that made the land in larger parcels less expensive than in the smaller parcels, and the more frontage that a parcel had the less expensive it became per foot. The method obviously defies logic.

The County Board of Equalization so far has refused to rule on matters related to law and on methodologies. That is why most of those who appealed last year got little relief, if any. But the class action lawsuit is aimed directly at these issues.

The assessor has yet to provide a detailed explanation or justification of their assessment methodologies. A frequently heard response is "the interpretation and use of sales data relies upon appraiser education and experience." And then we get the challenge, "your taxable value doesn't exceed the price you would be willing to sell your house does it?" Neither remark gets us closer to understanding whether we've had a fair and equal appraisal. We are all frustrated by this persistent refusal to convey the exact calculations applied to our properties.

What we do know is that the assessor manufactured vacant land sales by classifying various properties with torn down houses or "to-be-torn-down" houses as "vacant land". Your package includes those properties for different areas in Incline Village.

We also know that, with no vacant land sales data, the assessor time-adjusted upward three and four year old sales to absurdly high levels. We believe that the net result of these two practices reallocates the value of building to the land. So if the actual market value of your home increases, that increase gets reclassified as an increase in your land value. Then the assessor adds their separately determined valuation of your building to that number.

Preparing for your appeal

1. Review the appeal information and instruction package provided by the assessor
2. Review the factual information about your property for gross errors
3. Contact the assessor via fax or phone to request more specific explanation about how your property value was determined. Don't expect to get much.
4. Start preparing a written statement. Begin by writing down points to be heard by the board of equalization.

Here are some ideas:

1. Explain whether you were provided sufficient information to understand your appraisal and prepare your appeal. A significant number of property owners have never had an explanation of the methods used to value their property.
2. Disclose the magnitude of your property's taxable value increase over the last 3 years and how that compares to the median sales price increase in Incline Village.
3. Discuss the specific factual errors made related to your property and provide concrete evidence to substantiate your claim (view, lot size, etc)
4. Report how your land value compares to that of the so-called "vacant land sales"? Did them Assessor provided you with the list of vacant land sales in your neighborhood? If a tear down was used as a comparable land sale, does it apply to you? Have you ever indicated to the assessor that you might tear your home down?
5. If you are disputing view, take pictures and be prepared to explain how they justify a different view classification.
6. Compare your assessments to those of your neighbors. Click on this link to our web site, www.nevadapropertytaxrevolt.org/TaxableValues.html this link will take you to the Assessors data base which shows, by parcel number, the taxable and assessed value for every property in Incline Village and Crystal Bay. You can look up you taxable and assessed values plus all others in you neighborhood. Is there any significant difference between your land value and your neighbors? Are the "taxable values" approximately the same? Does any obvious unfairness or inequity exist?
7. If you've purchased your home in the last five years check if the reverse application of the time-adjustment results in a sales price above what you actually paid. Specifically, take your property's current taxable value and reduce it by the time-adjustment factor five times. Is that value always below your purchase price? If not, we'd like to hear more about that.
8. Ask for specific relief. But what to ask for? It's up to you. The dramatic increase in our taxable values come largely from inappropriate jumps in land valuation after fiscal tax year 2002. You may wish to simply ask for a land value equal to your 2002 "taxable value". Or you may feel the 2001 value better represents your situation. Or you may have

made a calculation based on some specific comparable sales you feel applies to your property. In any case, you'll need to substantiate your request.

Be truthful in all of your statements. They are made under oath. Also, do not spend time discussing property taxes. They are not relevant for getting relief from the board of equalization.

This is important, if you live out of town or for any reason you are unable to personally attend the hearing, on such short notice, by all means write a letter to the County Board of Equalization outlining your objections, send your statement and/or pictures to the County Board of Equalization office and request that it be made a part of your Appeal Record. They must acknowledge your appeal, even if you can not be there in person. Mailing Address: County Board of Equalization, PO Box 11130, Reno, NV 89502, Fax: 775 328-3641

We wish the best luck to everyone. Meanwhile, your pursuit of relief keeps you in the game and supports the lawsuit which we hope will stop these inequities and provide enduring relief to all.

Friends, you have now just had the five minute course on “how to become an instant appraiser”. This is not an easy task because we are up against professionals with many years of experience. On the other hand we believe we have provided you with enough information to help you make a proper appeal. Now you must do your homework.

We will try to keep you advised, through emails and Alerts. Check your Inbox as frequently as possible, so you don't miss the news. It could be very exciting.

Good luck to all.

Regards,

Ted

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