

PROPERTY OWNERS ALERT # 39

DATE: Tuesday, January 20, 2004
TO: Incline Village Crystal Bay Property Owners
FROM: The Nevada Property Tax Revolt
SUBJECT: **Appealing your Property Taxes – More of - What You Need to Know.**

Dear Friends,

We have heard that over 1,600 appeals have been filed with the County Board of Equalization by the deadline of January 15th. Property owners are now being notified they are scheduled for hearings beginning Jan 22 and many are having problems understanding the specific issues we are challenging. For many property owners, especially the hundreds of property owners who are absentee owners, this is the first time they have become aware there is a reason to appeal their Taxable Values and are just beginning to learn how to go about presenting their appeal. We have had dozens of calls and e-mail messages asking, “What do I do now that I have filed my appeal? And, how do I appeal when I live far from the Reno area?”

Following is a list of “Frequently Asked Questions” and a list of suggestions and points to make if you cannot attend your scheduled hearing.

Q. How do I appeal if I cannot or choose not to appear at the hearing in person?

A. It is very important that you write a letter to the Board of Equalization stating “For the Record” your reason for objecting to the Taxable Value of your property. (See points to cover below)

Q. How can my properties Taxable Values be too high if they are less than full cash Value?

A. Your taxable values are always less than full cash value because the Assessor can not value property on full cash value basis. The law requires that land value shall be valued at full market value based on comparable lot sales. The building shall be valued based on a replacement cost index published by Marshall & Swift less depreciation. The Taxable Value average in IV/CB is typically 50% to 70% of the sale price. When the assessor asks if you would you sell your home for the taxable value, which is a “red herring”, your response should be; “That question is irrelevant. I am interested in determining if the taxable land value is correct and, separately, if my structure’s replacement value is also correct.”

Q. What are the “illegal methods” being used to value my property?

- a. **Using “View Classifications”** to value property instead of comparable land sales. View classification systems being used in Incline Village/Crystal Bay are arbitrary and subjective and are not being used in any other area of the county or state. Even if a new law is passed to permit the use of view classifications, for the majority of properties the appraiser will not look at each individual property to determine the quality of the view. At the request of property owners last year the assessor reviewed over 100 properties and they (the assessors) were found to be wrong 70% of the time. Given this huge error rate how can you expect me to accept this as the basis for my taxes without a re-evaluation

- b. **Using Teardowns as comparable land sales** by applying the full sales price to land value. Using the full sales price of a property and calling it a teardown when it has not been torn down, and assigning the total value of the sale to the land even though the house is fully functional and may have a very high market value. Even using the full sales price of a parcel where the house is torn down is not proper because there are residual improvements that must be valued separately.
- c. **Applying a “Time Value Adjustment”** to sales that are four or five years old to up the value of comparable sales. Taking rates of change in old sales prices for improved properties and claiming that they describe trends in recent vacant land sales is indefensible. The both the Washoe County and State Board of Equalization recently overturned this practice for Incline Lakefronts during 2003. Overturning its application to all of the other areas and other years needs to be done.
- d. **Applying a “front foot” dollar value formula to lake front properties**. This is not justified because there is no valid correlation between lakefront sales prices and their front footage.

Q. How can I appeal if there has been no change in my assessment since last year?

- A. Your appeal should be based on the continued use of illegal unsubstantiated methods used to arrive at the taxable value of your land. None of these valuation methods are supported by statute or regulation, and again are not being used in any other county or the state.

Q. Why we are so sure these valuation methods are unfair?

- A. The former top attorney for the state tax department of taxation was shocked at what he considered the blatant disregard for state assessing regulations by the Washoe county Assessor. All property in the state is supposed to be evaluated under fair and equal methods and procedures. For example, sales prices have risen some 50% in neighboring Douglas County Lake Tahoe properties while taxable values have risen only 5%. In Incline, prices have actually leveled out while taxable values on homes and condos have risen 50%.

Following is an outline of points to cover when writing to the Board of Equalization:

Examples of an opening statement in your letter might be:

I am an owner of property in Incline Village/Crystal Bay, Nevada. My appeal of the taxes assessed against my home has been filed, and I am requesting that this letter be read at my hearing scheduled before the Washoe County Board of Equalization and be made part of the record and my permanent file.

I will be unable to attend the hearing on my property tax appeal, but for the record I respectfully request that the County Board of Equalization consider the following objections to the Taxable Value of my property.

Following are the points you might mention in your letter. Not all of these apply to every property; choose the points that fit your property.

1. **I believe the assessment of my property is unjust and inequitable.** However because the assessor’s has refused to provide specific comparable lots sales etc. pertaining to my property to NRS 361.227 (8), I have no knowledge about the basis

of their assessment nor has assessor explained the methods uses to arrive at the value of my property. Therefore I have been denied the opportunity to respond.

2. **I have not received adequate notice of my hearing.**
3. **The assessor has used improper methods to value my property.** These methods are contrary to law and to the regulation of the Nevada Tax Commission, and have resulted in an unjust and excessive valuation of my property i.e. arbitrary view classifications, inappropriate time value adjustment, and illegal use of teardowns. My property was not evaluated under fair and equal methods and procedures that are required by law to be uniform for the entire state.
4. **I wish to incorporate by reference into the record** on appeal all of the facts and testimony presented in the appeals of Incline Village properties for both the 2003/2004 AND 2004/2005 assessments.

Point out specific factual issues concerning your individual valuation:

1. **My View is overvalued:** If you feel your view is obstructed or esthetically impaired by trees, houses, parked cars, power lines, etc, which may not have been considered by the assessor, describe the specific examples of these. If you have photos of obstructions, or if you have photos of your view and you are sure that it is overvalued, enclose these photos with your letter (standard 4x5 color photos will do) If you have little or no view, yet the assessor has assigned a view value to your lot, this should be stated in your letter (you can call the assessor's office to find out whether they have assigned your property a view classification).
2. **My land value is affected by adverse factors:** examples, irregularly shaped lots, very small lots (less than ¼ acre), steep driveways, impaired access, inferior location e.g. near a very busy highway or intersection, very low IPES score limiting coverage, high altitude with excessive snow problems, adjoining commercial or utility structures, easements, inability to build a garage, not private, etc. – anything which would tend to diminish the value or desirability of you land.
3. **Comparable sales indicate a lower value:** If you know comparable vacant lots which sold for lower values, list the information (address, price, sales date, etc). Include any other information about your land which you feel may diminish the value of you lot.
4. **My taxable value is excessive and inequitable:** If you have information about the market value of your property (a recent refi. Appraisal, a recent purchase, etc. then do the following; a) Add up the assessor's total appraised "taxable value" of your land and improvements. This information is available on your assessment notice and on your tax bill – or you can get it over the phone from the assessor's office. B) If this total taxable value is more than 70% of the market value of your property, then state the following in your letter, "My taxable value is _____% of the market value of my property. Because the average ratio in IV/CB is 70%, and because the average ratio of similar properties around Lake Tahoe is much lower, it is likely that my property is excessively valued and is out of equalization with other properties.

Because the assessor's valuation of my property is excessive and inequitable I respectfully request the County Board of Equalization to provide the following relief:

1. The assessment of my property should be reduced to the level of the assessment for 2002/2003

2. The assessor should be directed to establish new appraisal methods which are consistent with law and with the regulations of the Nevada Tax Commission.
3. My property should be reappraised on the basis of correct and legal methods of appraisal adopted and approved by the Nevada Tax Commission
4. I should be awarded a refund for any taxes paid in excess of the amount justly due based on the difference in valuation resulting from the reappraisal, together with interest on the excess taxes.

In conclusion, it is very important that each person prepare an outline in their own wording using as many of the points above that apply to your property. For those who cannot or choose not to appear in person this outline should be presented in the form of a letter mailed or faxed to the County Board of Equalization. If you fax your appeal due to time pressure, it is good practice to provide a follow up letter forwarding your appeal. The emphasis here is on individual letters and not a form letter. If a form letter were to be used, the Bboard of Equalization could easily lump all these "same" appeal letters together and make a consolidated ruling. This is not what we want. With an individual letter your appeal must be heard and acted upon. Your letter must be read into the official record and they must make a decision on the points in your appeal and, they must notify you of their decision. Be sure to include your name address and parcel number in you letter.

Address and Fax:

Washoe County Board of Equalization:

PO Box 11130

Reno, NV 89520-0027

Fax 775.328.3641

We have tried to cover as many points and suggestions as possible to help you prepare an intelligent appeal. We hope this helps you to a successful appeal. This alert will be posted on the home page of our web site for future reference. Good luck to all.

Regards,

Ted

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