

# North Lake Tahoe Bonanza

October 6, 2004

Letters to the Editor Wednesday

## A convenient state of denial

This is in response to last Friday's Bonanza article about the property tax study.

The article stated that Incline residents might be disappointed with the reaction to Dr. Wolverton's study showing powerful evidence about inequalities in our property tax valuations. However, most of us are not surprised by the reaction of the Department of "Higher" Taxation and the Washoe County Assessor. These folks are our opponents in several lawsuits and the overall property tax dispute. They have taken our money illegally and they want to keep it. They will try to discredit anything we say or show, no matter how clear and obvious it may be. As such, their opinions are eminently predictable, biased, and unreliable. The important thing is what the Nevada Tax Commission decides and what the courts decide. What is truly disappointing is that those charged with the responsibility to uphold the law and protect the public interest – the Attorney General, the Department of Taxation, the Assessor – have refused to honor that responsibility.

The disagreement over Dr. Wolverton's study involves the comparison of actual assessed values to actual selling prices. This relationship cannot show whether a particular valuation is proper, because taxable value is not market value. However, a comparison of this relationship among large groups of properties can show whether assessment rules have been applied inconsistently. Dr. Wolverton has

used this method to show conclusively that Incline/Crystal Bay assessments are grossly out of equalization.

According to the Bonanza article, Department of Taxation director, Chuck Chinnock, said "Nevada does not use market value for valuation of property, it uses a taxable value system". Actually, this is an astonishing and extremely welcome admission by the director, because until now they have been applying a market value system. His own Attorney General has argued that if taxable value is below market value, "...it is a good indication of the reasonableness of a valuation". His own State Board of Equalization has found that it doesn't matter whether a property's taxable value is correct, if it is below its market value. The State Board even stated recently, "Perhaps we should raise all values to 100 percent of market value". So, when the State Board wants 100 percent of market value, it's OK to be on a market value system. But, when indisputable evidence shows that the relationship of taxable value to market value is completely inconsistent, then suddenly we are on a taxable value system. It seems that the Department's position is based much more on convenience than truth.

Contrary to the statements of the Department and the Assessor, the method used in Dr. Wolverton's study is not only authorized by law, but is even required under NRS 360.215. It is often used by the Department and the Assessor,

themselves, in a variety of reports and testimony citing the relationship between taxable value and market value.

The Nevada Supreme Court has upheld the use of this method by requiring "equality of taxation in proportion to the value of the property taxed". (Sun City Summerlin vs. The Department of Taxation, 1997). Yet, for our taxing authorities, when this method is used to reveal a truth which is not to their liking it somehow becomes magically irrelevant.

As for the Assessor's comments, the McGowan/Faulkner definition of "fact" is, "whatever supports our opinion is fact; whatever does not is just someone else's opinion". Perhaps if we had been as generous to Mr. McGowan's cause as some of the casinos allegedly were, (they got a 30 percent reduction in property taxes), our "opinions" would be "fact" too.

In the face of overwhelming evidence of a problem with our assessments, our taxing authorities have chosen to fold their arms in stubborn denial. This will not make us go away and it will certainly not make the problem go away – it will only grow until it collapses upon them. Despite the negligence of our taxing authorities, we will continue to pursue justice.

**Les Barta**

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