

2014/15 TAX BILLS

ALERT: #281

DATE: July 24, 2014

TO: Incline Village & Crystal Bay Property Owners

FROM: Village League Tax Revolt Committee

Dear Incline Village & Crystal Bay Property Taxpayers,

By now most of you have received your property tax bills for the 2014/15 tax year. Some of you are wondering if your bill is fair and correct, and if payments should be made under protest. Short answer: the assessments we have reviewed appear to be lawful and reasonably supported, and we have no 20214/15 litigation or Village-wide issues that cause us to recommend making payment under protest.

Some have expressed concern that their land values and improvement values moved in different directions. Because Nevada has a unique one-of-a-kind property appraisal system, land is assessed separately and differently from the buildings. In brief, land is assessed at its market value while buildings are assessed based on a formula intended to capture the cost of rebuilding your residence again new. That result is then reduced by 1.5% for each year of building age. Consequently, land and building assessments can go up and down independently and simultaneously. In a healthy normal economy, land generally appreciates while buildings depreciate. But sometimes inflation drives building costs up and markets drive land values down.

I visited our assessor, Josh Wilson, shortly after assessments were mailed to us last December. I can report that nothing unusual occurred with building valuations. Most homeowners experienced slight reductions.

The area of greatest impact was land valuations. For the 2014/15 tax year values moved in all directions. Some went up, some stayed the same and some went down. The assessor did not apply any broad brush. He looked at 85 different neighborhoods encompassing about 9,300 parcels. Some 22% of Incline Village neighborhoods had their land assessments go down. Another 21% had no change at all. The remaining 57% had increases. Some of those increases follow decreases from 2012. Overall, land assessments are about where they were over 10 years ago. Most of the land valuation increases were modest in size. However, four neighborhoods had land values increase by more than

\$100,000. They were Mill Creek, LakeView subdivision, Crystal Bay Cove and StillWater Cove. These are all neighborhoods on or near the lake where market activity is high (and apparently hot).

One resource for looking at recent sales is available from Lakeshore Realty. Their analysis shows that sales prices are rebounding after falling steeply in 2011. Notably the median selling price for single family homes is up 25% and for condos is up 38%.

Check out: <http://www.lakeshorerealty.com/Buyer-Resources/Buyer-Suggested-Reading/203-Charts-Residential-CONDOs-PUDs-Lot-Land>

Most important was to determine if the assessor had used any of the illegal and unconstitutional methods that we fought against back in 2003. I can report no indication of methodology or data abuse.

Lastly, remember that Nevada's tax abatement law limits resident's increase in actual taxes to 3% (8% for non-resident property owners). So even if your assessment went up significantly, your taxes will not increase beyond the applicable limit.

Sincerely,

Todd Lowe

**Todd Lowe, President
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