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How to appeal your property-tax bill

System requires action before tax actually levied

John Dougherty

LAS VEGAS — Nevada's two-step property-tax assessment and billing system gives unsuspecting property owners no chance to contest their tax bills unless they carefully monitor assessment notices that county assessors must mail to them by Dec. 18.

Property owners only have until Jan. 15 to determine whether they want to contest the taxable value of their property — appearing on the county assessor's "Notice of Assessment" — and file an appeal with their county's board of equalization.

Unless quick action is taken during the upcoming holidays, property owners will not be able to contest property taxes for fiscal year 2010-11 that will not be levied until next July. Property owners must go through all the administrative appeals, including appearances before county and state boards of equalization, in order to preserve their right to later contest property-tax assessments in court.

If there is any doubt about the county assessor's valuation, say tax experts, property owners should act quickly.

Carole Vilardo, executive director of the Nevada Taxpayers Association, said property owners who question the taxable value on their property should "immediately" contact their county assessor and speak to an appraiser.

If the valuation question isn't resolved, Vilardo said, property owners should demand the assessor to provide a copy of the most recent appraisal on their parcel. The county assessor must provide a written copy within 15 days for a nominal copying fee.

If the property owner doesn't believe the assessor's appraisal is correct, then he or she must file an appeal

with the county board of equalization. The appeal form must be obtained from the county assessor and filled out completely (in Clark County, call (702) 455-3891; be prepared to provide the parcel ID number).

The county board of equalization hearings will begin in January and must be concluded by the end of February. Property owners can represent themselves at the hearing, but must be prepared to provide evidence that proves there is an error in the taxable value of the property. The burden of proof is on the property owner to show the valuation is not the correct taxable value or that it exceeds the full cash value of the property.

Property owners should also consider arranging to have official transcripts prepared, documenting their appeal to the county board. The transcript will be necessary if the property owner decides to appeal the county board of equalization ruling to the state board of equalization and, if necessary, state court.

Maryanne Ingemanson, president of the Village League to Save Incline Assets, Inc., a nonprofit homeowners group that has been waging a seven-year property-tax revolt from the North Shore of Lake Tahoe, urges property owners to gather as much information as possible to support their appeal.

Ingemanson said that property owners should "demand a copy of all information used" by the assessor to determine the taxable value of their parcel. This includes a list of comparable sales used by the assessor and whether the assessor used unusual methods to establish values, such as subjective estimates of views.

The Village League discovered numerous instances where Washoe County's assessor had used methods to determine property valuations not approved by the

Nevada Tax Commission. The Village League eventually won two Supreme Court decisions that now require assessors to only use appraisal methods that have been first approved by the tax commission. The 2006 and 2008 Supreme Court rulings led to a Washoe County Court ruling last summer ordering the Washoe County treasurer to repay more than \$20 million to about 9,000 North Shore property owners.

Washoe County is appealing the ruling.

The Clark County assessor's office is using a complex methodology known as abstraction to determine the valuation of the majority of residential homes in the county. The tax commission has not approved the specific way Clark County is using abstraction, and Village League legal experts contend that the county's use of appraisal technique is violating state law.

Clark County Assessor Mark Schofield brushes aside these concerns, pointing to the Nevada Administrative Code that lists "abstraction" as an approved method that can be used by assessors. The NAC, however, provides no guidelines as to how abstraction should be applied. The Nevada Policy Research Institute's ongoing investigation of property-tax administration in Nevada has uncovered state records that reveal there is no single, generally accepted way to apply the methodology.

Las Vegas accountant Brent Howard is the first Clark County property owner who has stated publicly that he is filing a lawsuit challenging the county's appraisal methodologies. He also said he intends to focus on the tax commission's 10-year failure to abide by state law and publish a tax assessment manual to be used by county assessors. Without the manual, there is no way to be certain assessors are using the same methodology to value property across the state.

Ingemanson also suggested that property owners with similar appeal issues and those living in the same geographic area consider working together and consolidating their cases in order to be represented by an attorney or another expert who understands the intricacies of Nevada property-tax law. The Village League has fought intense legal battles and has often been opposed by numerous county and state agencies in court.

Property owners must be aware that Nevada is the only state in the country that does not base property-tax valuations on the market value of residential homes and businesses. Instead, Nevada uses full cash value to determine the value of land and the cost of construction of the improvement, less 1.5 percent per year depreciation based on the age of the home, to determine the value of structures. The cost of construction is based

on guidelines published by Marshall & Swift, a building costing service.

The land and improvement values are added together to determine the total taxable value of the property. Taxable value is multiplied by 35 percent to determine the property's assessed value. The assessed value is then multiplied by the local tax rate, which is not determined until next June.

Although taxable value has been the standard in Nevada since 1981, there remains widespread misunderstanding of how to apply the system. For years, some assessors and boards of equalization have discouraged homeowners who argued for a lower taxable value with a simple retort: "Would you sell your property for that price?"

If the property owner answered "no," then the assessor or the equalization boards would use that response as justification for not lowering a homeowner's taxable value. Assessors would point to a state law that mandates the taxable value may not exceed full cash value as justification.

But Nevada tax experts say the tactic misconstrues the law by failing to take into account the fundamental intent of the legislature when it created Nevada's taxable-value system: In most cases, taxable value is intended to be lower than market value, and, depending on the age of the improvement, substantially lower.

Village League member Todd Lowe has filed numerous appeals and has been engaged in significant litigation with Washoe County and the state board of equalization for several years. Lowe said the county and the state are deliberating driving up the taxable value of properties by transferring improvement costs into the value of the land. This increases the overall taxable value of a property because the improvements are depreciated by 1.5 percent per year.

Lowe said the transfer is occurring because assessors and the state Department of Taxation, which oversees regulations passed by the state Nevada Tax Commission, have a "pathological misunderstanding of the intent of our taxable-value system."

Assessors and equalization boards, he said, "honestly believe that as long as [taxable value] doesn't exceed full cash value, taxpayers have nothing to complain about."

Barbara Smith Campbell, the state's former top tax official, shares Lowe's opinion that state and county officials are abusing the law by focusing strictly on whether taxable value exceeds market value.

"I think there are people on the boards of equalization at the county and state level that kind of have that concept, too," said Campbell, who served as

chairwoman of the Nevada Tax Commission for 10 years.

"For somebody to come forward and say 'You wouldn't sell your house for that,' so what!" she said. "That's not the way the property-tax system is set up."

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