

Incline Village residents win tax case

District judge orders county to begin refund to property owners

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Giving Incline Village residents a victory for a third consecutive tax year, a Carson City District Court judge has ruled in favor of about 830 homeowners in a long-running property tax fight with the Washoe County assessor's office.

With \$200 a day in interest costs at play, the district attorney's staff petitioned the court in August to make a decision after the case had languished for two years. The Nevada Supreme Court already ruled twice on the same issues.

"It was just silly to keep this thing going," Deputy District Attorney David Creekman said.

Millions of dollars in tax refunds could be paid by the county in the case, and many millions more to 8,700 Incline property owners in a case to be heard early next year by the Nevada Board of Equalization.

The case for the 830 taxpayers was decided Dec. 19 by Senior Judge Charles McGee, who ordered the assessor and treasurer to immediately begin work on property tax refunds, including 6 percent interest, for the 2005-06 tax year.

In the case named for property owner Alvin Bakst, the Supreme Court ruled in December 2006 that the assessor's office had created its own rules for valuing Lake Tahoe views, lake beaches and homes purchased and torn down for new homes without bothering to have the rules approved by the Nevada Tax Commission.

The court rolled back property values to 2002-03 levels for 17 property owners, including Bakst, for the 2003-04 tax year. The 2002-03 values were set before a mass

appraisal based the values on the nonsanctioned rules of the assessor's office.

And in a ruling last summer called Bakst II, the court granted the same rollback to 35 Incline homeowners for 2004-05.

In Bakst III, McGee based his ruling on the two prior cases. But he did not include 300 condominiums, saying the nonsanctioned rules were not used in valuing these properties. The county board of equalization was ordered to decide these cases as soon as practical.

But for the first time, the judge addressed the issue of factoring. While he rolled back property values for the 830 homes, he also approved an 8 percent factor to raise the values. That factor was based on a study of recent home sales in the area, which he described as totally separate from the nonsanctioned rules.

The Village League to Save Incline Assets will decide this week whether or not to appeal the factor portion of the decision, said Maryanne Ingemanson, league president.

She was pleased to have scored a win for a third year in a row, bringing several million dollars in tax refunds for the 830 people.

"They will be happy campers," she said.

The first two Bakst cases involving 52 homeowners have cost the county about \$1.25 million in tax refunds and interest, county Treasurer Bill Berrum said.

Berrum had no estimate for the 830 tax refunds or for the pending case involving 8,700 Incline taxpayers for fiscal year 2006-07.

In the June 2007 case, the county board of equalization decided to equalize values in Incline Village by rolling back tax values for

all 8,700 homeowners at Incline and Crystal Bay after 300 homeowners won appeals, in order to comply with the Bakst case. In the past, some county officials have estimated those potential refunds at \$12 million.

Village Leaguers expect the state board to make a decision before March, when it will start reviewing cases for a new year of taxes. Its decision could be appealed to district and supreme courts.

The case was waylaid for two years while a dispute was resolved on whether the county board had put enough evidence on

record to make its decision. The Supreme Court recently ruled it had.

The Village League also has lawsuits pending in state and federal courts on whether state tax commission rules, including added rules that address Tahoe issues, are applied uniformly, said Suellen Fulstone, the Village League's lawyer.

Instead of laying down specific rules to value properties, Fulstone said the commission gave county assessors a choice of rules that can be mixed and matched.

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