

Nevada justices take on Incline taxes case

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Nevada Supreme Court justices hammered away Thursday at why state officials allowed Washoe and Douglas County tax assessors to use different methods for so long in appraising land at Lake Tahoe.

They questioned whether that could lead to different property values, contrary to the state constitution requirement for an "equal and uniform" taxation.

A court decision, due in three to six months, could result in potentially millions of dollars of property tax refunds for residents for the past three years and a tax break next year for up to 8,700 Incline property owners.

In ruling on a 2003-04 tax case in January, Carson City District Judge William Maddox voided four methods used to value Incline Village land by the Washoe County assessor, including rating lake beaches, old land sales and "tear downs." He ordered tax rebates plus interest held in abeyance until the supreme court rules on the state and county appeal.

Another judge has decided to follow Maddox's lead in another case over taxes for 2004-05 and an appeal is pending.

For the year starting July 1, the Washoe County Board of Equalization has voted to return property values in Incline and Crystal Bay to 2002-03.

Maddox wrote the 17 appraisers in Assessor Bob McGowan's office are "free to apply and evidence has shown do apply whatever method whenever they desire. As a result, any one property has 17 potential assessed values."

More than 200 Incline Village residents jammed into the courtroom in Carson City for a scheduled 30-minute hearing that lasted 90 minutes.

Shirley Willard, whose family has owned a condo at Incline since 1975, drove all night

to get to the hearing before the Nevada Supreme Court. Willard and other residents fear they will have to sell their homes if the court rules against them.

"Taxes are out of whack," said Willard. "There needs to be justice."

This year, Willard said she paid about \$4,600 in taxes for a 1,160-square-foot condo at Incline Village. After the 2002 reappraisal, she said her taxes went up by \$2,000. Others with lakefront or near lakefront homes pay \$60,000 or more a year in taxes on properties worth millions of dollars.

If the Incline residents lose the case, "it will galvanize everybody for Sharon Angle's Proposition 13 initiative," said Chuck Otto, a member of the Village League to Save Incline Assets.

Justice James Hardesty said the Douglas County assessor divided Tahoe properties on the south shore into three categories: lakefront, filtered view and no view. For tax year 2002, Washoe had six view categories and has had up to a dozen.

When the state board of equalization was confronted by two counties valuing Tahoe properties differently, Hardesty repeatedly asked why the board didn't intervene and decide what the rules should be.

Deputy Attorney General Karen Dickerson, representing the board, said little difference exists in the land values set by Douglas and Washoe.

If the justices decide for the residents, she said it could "unravel Nevada's entire property tax system" and lead to "cookie-cutter" rules set by the state.

She also said that "volumes" exist on ways to value property.

"Shouldn't the board pick one so everybody knows what it is?" Hardesty asked.

Dickerson said the Nevada Tax Commission is the agency to create new regulations and did so in 2004 after numerous

workshops with the Incline residents, assessors and others.

Hardesty got a big laugh when he questioned whether Washoe County appraisers could "maybe do a swim by" to find out whether a homeowner's private beach has more cobbles than sand.

Maddox found county appraisers judged property views in "drive-by" reviews.

"Some of this sounds funny if it didn't involve so much money," said Norm Azevedo, a lawyer for most of the 17 property owners in the Maddox case.

Of the 17, the state board of equalization reduced land values for four, raised values for three and upheld the values of nine others.

Reno lawyer Tom Hall said the questioning showed justices didn't know whether to blame the Nevada Tax Commission, the state Board of Adjustment or McGowan for not seeking state regulations for valuing Lake Tahoe views, beaches and other factors.

"You really can't predict outcome on questions they ask, so we'll see," said Terry Shea, a Washoe County lawyer representing the assessor.

Shea argued it doesn't make any difference what method assessors use as long as they get to the full cash value of land. When the state has not set regulations, he said assessors are required to use their discretion.



Incline Village residents line up Thursday morning at the Nevada Supreme Court to hear arguments for the final appeal of the Incline property tax case. More than 200 residents attended the hearing in Carson City. *Photographer: Sue Voyles / Reno Gazette-Journal*

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