

# Court orders Incline tax refund

*Board of Equalization expected to schedule hearing*

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The Nevada Supreme Court on Thursday ordered the Washoe County assessor Thursday to give tax rebates and roll back the property values of 17 Incline Village property owners, saying his methods of valuing the properties three years ago were wrong.

The decision could open the door to tax rebates for the 9,000 owners of real estate in Incline Village and Crystal Bay for the 2066 tax year.

Depending on how far the court ruling is extended, county Treasurer Bill Berrum said the financial impacts to the county and the county school district could be considerable. The primary sources of revenue for the school district are property taxes and state aid.

"We'll see how far-reaching this is. This could be huge," Berrum said. "This will take days to sort out."

Maryanne Ingemanson, president of the Village League to Save Incline Assets but not one of the 17 owners in the high court ruling, was ecstatic over the ruling after fighting for four years.

"Everything we asked for, we got," she said. "We got rollbacks, refunds and 6 percent interest."

The supreme court invalidated the assessor's use of values of Lake Tahoe views, beaches for lakefront properties and "tear down" properties in reappraisals for the 2003-04 tax year. The decision court said the methods may have been recognized in the appraisal industry but were not consistent with those used in the rest of Washoe County or in other counties.

The methods were created to value land because of the lack of sales of vacant property at the lake. Private land is so scarce at the lake that million-dollar homes are torn down to build larger ones.

Justice James Hardesty of Reno wrote the unanimous decision that also slapped the Nevada Tax Commission for not establishing "sufficient regulations for assessors to follow" for mass reappraisals. After the appraisals, property values rose by about 30 percent at Incline Village and Crystal Bay in 2003-04.

Seventeen Incline homeowners appealed to the county and state tax equalization boards and in Carson City District Court. Judge William Maddox invalidated the appraisal methods in January 2006. The county and the state appealed his decision to the Supreme Court.

Norm Azevedo, a Reno lawyer representing most of the 17 homeowners, said he expects their 17 tax rebates will total \$55,000 for the 2003-04 tax year. Because mass appraisals are still the basis for current values, he said the homeowners should be paid \$210,000 for the four subsequent tax years and 6 percent interest.

"Many of their properties are legacy properties, obtained through family members," he said. "They are concerned about losing them."

Les Barta, one of the 17, said he expects a tax refund of \$10,000 to \$15,000 plus interest.

"I'm extremely pleased," Barta said. "It's very unfortunate government tax officials failed to do their duty and used the power of government to abuse taxpayers' rights. We want there to be an end to it."

Azevedo also represents at least 60 owners, including Ingemanson, who appealed their 2004-05 taxes. In that case, now on appeal, to the Supreme Court, Carson City District Judge Michael Griffin agreed with Maddox. Ingemanson said she expects a refund of at least \$160,000 for her Tahoe lakefront home.

Facing the two court cases, the county tax equalization board in March voted unanimously to roll back the taxable values to the 2002-03 levels for all 9,000 parcels at Incline Village.

With the high court ruling, Terry Shea, the deputy district attorney assigned to the assessor's office, said he expects the State Board of Equalization will schedule a hearing on the board's action to roll back tax values this year.

Suellen Fulstone, a lawyer who represented Barta in the 2003-04 case, said the Supreme Court' ruling should be applied much broader and include tax rebates to Incline owners for the past four years.

"If the method applied was unconstitutional, then it is unconstitutional wherever it was applied," she said.

The Supreme Court said Washoe County methods developed for Incline Village "are invalid and violated the Nevada Constitution."

"I still think we did it right," said Assessor Robert McGowan, who is ending his 24 years in the job. He added no one ever argued the values exceeded market values, which he considers the ultimate test.

### **What's next**

Washoe County officials plan to review the Nevada Supreme Court decision next week and determine what they have to do to issue the tax rebates and roll back property values for 17 property owners in Incline Village.

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