

Washoe board cuts land values 15 percent

Assessor says he doesn't know impact on county taxes

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Because of the spike in foreclosures crushing home prices, the Washoe County Board of Equalization on Monday took the unprecedented step of slashing land values across the county another 15 percent for fiscal year 2009-10.

Assessor Josh Wilson asked the board to take the step because of a steep drop in home prices in the second half of 2008.

"Not only are we seeing a spike in the number of foreclosures, we're starting to see foreclosures in exclusive areas such as Lake Tahoe, Caughlin Ranch and Arrow Creek," he said.

In the second half of 2008, Wilson said, the median sales price of homes fell from \$290,000 to \$250,000, a 13.8 percent drop, and from \$285,000 in the second quarter to \$235,000 in the fourth quarter, a 17.5 percent decline.

Splitting it down the middle, he said the latest numbers warrant a 15 percent reduction.

Under state law, Wilson said, the assessor can adjust values only a year in advance of when the new property values are taxed. After July, he told the county tax appeals board it had the sole authority to change land values to adjust for market conditions.

"We are finding a lot of disgruntled taxpayers that are being asked to pay taxes on values that are no longer there," Wilson said.

When the board asked him what impact that would have on the county's property taxes, Wilson said he had no idea. As an elected official, he said that's not his concern.

"I'm concerned with property valuation, and that takes the tax consequences out of my hands. That's my job," he said.

Benjamin Green, a tax appeals board member, said he found Wilson's attitude refreshing.

"Many people have told me appraised values are being raised based on dollars needed by the county," he said. "It's refreshing to hear you say that you're not looking at the taxes."

The 15 percent drop in land values is on top of an 11 percent cut in property values, including buildings, made last fall after his staff reappraised the county.

It's not clear what impact that will have on property taxes collected by the county, school district, cities, state and others, Wilson said.

During the recent real estate boom, Nevada law capped property tax increases at 3 percent for homes and higher for businesses. For every parcel, untaxed property values were put in tax abatement.

Now that bad times are here, untapped increased values can be pulled out of the tax abatement accounts and taxed until the values are all gone. Each year, local governments are allowed to generate up to 5 percent increases in property taxes, drawing from those accounts.

Tax bills mailed in July would reflect those changes and any made by the Nevada Legislature this year.

Wilson said the recent spike in foreclosure sales will continue over the next few months and work to reduce housing prices.

"To what degree is anyone's guess," he said.

He said his office will appraise every parcel for 2010-11 taxes and will continue to adjust land values on market conditions at that time. Buildings are valued on their replacement costs after depreciation.

He said his office was bombarded with appeals before the deadline last Thursday. Wilson said he anticipates many of the 1,400 appeals for 4,500 parcels before the equalization board will be dropped as a result of this latest reduction.

Maryanne Ingemanson, of the Incline Village tax protesters group, said four class-action tax cases would be dropped as a result of the reduction. She also anticipates many of the

900 individual appeal cases from Incline homeowners also would be dropped.

The remaining 500 cases are for 2,600 parcels, many from businesses. Wilson said commercial vacancies are skyrocketing.

"When people don't have money in their pockets, they don't spend it at small businesses and then they don't pay rent. It's a cascading effect," he said.

He expects the real estate market decline to continue until financial markets stabilize, unemployment rates decrease and the availability of capital increases to taxpayers.

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