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Board of Equalization reschedules hearing

Session expected to shed light on assessment methods

John Dougherty

LAS VEGAS — Backing off a threat to issue subpoenas to the state's 17 county assessors — who had indicated they would refuse to attend a Dec. 3 hearing to discuss appraisal methodologies — the state Board of Equalization is delaying the hearing until early next year.

The highly anticipated session is expected to provide a rare window into the intricate and varied methods assessors use to appraise more than one million parcels statewide. The board called the hearing to gather information to determine whether state assessors are complying with a December 2006 Supreme Court order requiring them to only use appraisal methodologies that have been approved by the Nevada Tax Commission.

The Nevada Assessors Association, on behalf of all county assessors, last week sent a letter rejecting the state board's Nov. 10 request to attend the Dec. 3 hearing, citing workload issues and lack of travel funds for assessors to make the trip to Las Vegas.

Board Chairman Tony Wren, a Reno appraiser, said Wednesday he asked the state Department of Taxation to reschedule the hearing for January. Wren said he was unaware that assessors faced a Dec. 18 deadline to mail valuation notices to taxpayers.

On late Tuesday the department notified all assessors that the hearing would "most likely" be rescheduled for early January in Northern Nevada, although at least one assessor said that also is a bad time.

In preparation for the hearing, the board sought written responses to pointed questions, a move that

angered some assessors. Several of them said the board was intruding into the actions of elected officials and questioning policies that fall under the control of the Nevada Tax Commission. The board's questions were aimed, in part, at getting a better understanding of the methods assessors use to appraise property.

"We don't know what is being used and from my standpoint, the hearing is so we can find out," said SBOE board member and Las Vegas accountant Dennis Meservy.

The board requested assessors provide their answers in writing by Nov. 24. Only seven county assessors complied with the deadline: Carson City, Churchill, Douglas, Elko, Eureka, Humboldt and Pershing.

Clark County Assessor Mark Schofield said delaying the hearing is the "prudent" action and will give assessors and board members an opportunity to calm down before meeting next year. Schofield said holding the meeting in January, however, is problematic for assessors because they are preparing for appeals before their respective county boards of equalization.

Schofield, along with other assessors interviewed, said they are willing to provide information to the state board, but they insist that the board has limited authority over appraisal methodologies.

"I have no problem explaining methodologies to them so they clearly understand them," Schofield said.

At the same time, Schofield said the board has "no authority" to "change methodologies or to create regulations that must be followed in the assessment

process. That's the job of the Nevada Tax Commission. Their authority is to equalize property."

Nevada Assessors Association President Michael Mears, the Eureka County Assessor, suggested that the board meeting be expanded to include members of the state tax commission and the department of taxation. Schofield also supports expanding the number of players involved. However, he wants to keep input from the public and legislators limited during the initial round of discussions.

Schofield also suggested that the department of taxation make a presentation to the board on the various methodologies used by the state's assessors rather than have assessors appear before the board in a formal hearing.

"The best approach would be to have the department of taxation gather this information and make a presentation to the state board on behalf of all the assessors," Schofield said.

Schofield said some assessors are wary of the board hearing, believing the board is setting a trap for assessors. Some "may feel that this is simply something designed to basically prove that there are inconsistencies in the applications of methodologies across the state," he said.

State records and interviews reveal there is wide variation in the types of methodologies used by assessors across the state. The looming debate centers over whether those variations conflict with state law, the Nevada Constitution and recent Supreme Court decisions.

"You have several methodologies that are available for your use and those methodologies are being used but they may not all be being used the same way," Schofield said. "It depends on the level of technology that each [of the] assessors have. ... To me, I don't find that to be significant problem."

Using appraisal methodologies that have not been specifically approved by the Nevada Tax Commission has become a major problem for Washoe County.

The state Supreme Court has ruled that Washoe County violated the law by using unapproved methodologies on properties in the wealthy enclaves of Incline Village and Crystal Bay on the North Shore of

Lake Tahoe. The rulings have resulted in property-tax rollbacks for a handful of property owners.

The Supreme Court rulings in *Bakst vs. State Board of Equalization* (2006) and *State Board of Equalization vs. Barta* (2008) are fueling a taxpayers' revolt that could result in more than \$20 million in additional refunds to about 9,000 property owners. A Nevada state court judge last month ordered the Washoe County treasurer to issue the refunds.

Washoe County is appealing the ruling.

The possibility of a taxpayers' revolt spreading from the Lake Tahoe basin to across the state because assessors use appraisal methodologies not specifically approved by the state Tax Commission is a growing concern.

"That door has been opened, and we've seen those appeals," said Nevada Assessors Association President Mears.

John Dougherty is the principal of InvestigativeMedia.com and has long been one of America's leading investigative reporters. He has been retained by the Nevada Policy Research Institute to report on critical issues of Nevada governance.

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