

Washoe County offers more details on Incline Village, Crystal Bay tax refunds

The following is from a Washoe County news release on the Crystal Bay/Incline Village property tax refunds:

At their meeting on July 26th, Washoe County Commissioners will hear options about ways to fund court-ordered property tax payment refunds for approximately 8,700 residential parcels in the north shore area of Lake Tahoe as ordered by the Nevada Supreme Court in their July 7, 2011 decision that denied Washoe County's appeal of District Court Judge Brent Adams' ruling of same in October, 2009.

Both the Nevada Supreme Court's and Judge Adams' rulings support the Washoe County Board of Equalization's 2006 action to roll back the 2006-07 property values for some 8,700 residential parcels in the Incline Village area to 2002-03 levels. Judge Adams' ruling called for refunds of this payment difference to be made with interest. All decisions were based on certain appraisal methods used by the Washoe County Assessor's Office such as the definition of view value of lake property for assessment purposes and a conclusion by the County Board of Equalization that refunds to ANY Incline Village property owners put that area out of equalization with all other Incline Village/Crystal Bay properties . All court decisions stopped short of applying the same principles to property values outside of the Incline Village/Crystal Bay area.

Washoe County Treasurer Tammi Davis initially estimated the refunds with interest could be in excess of \$40 million, which represents amounts received by all public entities receiving property tax revenues from the Incline Village area. Other entities include the Washoe County School District, North Lake Tahoe Fire Protection District, State of Nevada, and the Incline Village General Improvement District. At this time, Davis is

estimating that Washoe County's share of the total refund amount to be about \$17 million. She also noted that the County has already made \$6.1 million worth of other refunds to Lake Tahoe property taxpayers, who properly filed appeals and had at least one of the unconstitutional appraisal methods applied to their properties, as ordered in four separate cases.

Refund Process Has Begun. Davis informed Washoe County officials that she has already begun the extensive, complex process of determining the amount of the court-ordered refunds as well as who the refunds should go to. The District Attorney's office has advised that upon their initial review of the ruling, the refunds are to be made to the individual who paid the taxes. In many cases, this can be different than the person who was sent the property tax bill. Davis has said the process of determining the individual refund amount and to whom the refund should be sent to will be time-intensive and require additional staffing. She cited a previous refund process in 2009 which involved 800 Lake Tahoe residential parcels and took her staff three months to process. Another issue which may prolong the refund process time is that the refunds must also be calculated and made for all years subsequent to the 2006-07 property tax year. In 2005, Legislative action placed a cap on the amount a property tax bill can increase year to year. When the 2006-07 tax bill is reduced, that will effectively reduce the cap for each subsequent year.

2011/12 Property Tax Bills. Treasurer Davis confirmed that the 2011/12 property tax bills were being processed for the approximately 171,000 parcels in Washoe County prior to the Nevada Supreme Court decision of July 7, 2011. In fact, the tax bills have already been sent to the post office for

mailing. She also noted that due to a court-ordered “stay” of the pending case, the Lake Tahoe properties tax caps were calculated based upon the previous years’ bills as they existed before the court ordered refunds. Therefore, the 2011/12 property tax bills recently sent out for the 8,700 residential parcels in Lake Tahoe affected by this ruling do not reflect the Nevada Supreme Court’s decision,. Davis said those bills will be revised and resent as part of the refunding process. The refunding process is extensive and until it is completed, on a parcel by parcel basis, the actual revised 2011/12 bill amounts cannot be determined.

Funding Options. Given that Washoe County has reduced its budget by \$154 million in the last five years and eliminated 20% of its staff in response to a prolonged recession and collapse of the housing market, the county does not have the resources to meet their projected \$17 million refund obligation. The County’s Finance staff will present funding options to the County Commission at their meeting on July 26th; their report outlining these options in detail is scheduled to be available with the rest of the agenda packet at least three days prior to the meeting. The County posts those agendas with the supporting documents on its website at www.washoecounty.us<<http://www.washoecounty.us>> The Board of County Commissioners will be asked to consider the options, give direction and/or take action through a vote of the commission on the options presented to them.

Scope of Challenge. During this issue’s eight years of litigation, the County waited several years for new, approved methods of appraisal to be adopted by the Nevada Tax Commission. It has also waited years for rulings to occur that would clearly define the

issues in conflict, with two related cases that are still awaiting court decisions. All rulings have been on procedural issues that were implemented as a result of no specific assessment methodology defined by the Nevada State Tax Commission as required by law resulting in Nevada’s 17 individual county assessors developing their own methodologies. There has been, and will continue to be, legal review of the decisions for interpretation, clarification and implementation of this very complex issue that has the potential to impact not only a select geographic area but the entire State as well.

After years of litigation in which both sides won and lost decisions, District Attorney Dick Gammick expressed frustration.

“By the time they are all over, these litigations will have revealed what a complete mess Nevada’s property tax laws are,” Gammick stated. “We have done our best to enforce the existing laws and defend the actions of county tax officials who have simply tried to do their statutory duties, but it’s time Nevada joined the rest of the nation in using a market value-based property tax system. Artificially forcing tax assessors to separate the value of land from the value of improvements is needlessly complicated and leads to disagreements. Property taxes should be based on true value and the market always knows what property is worth. It’s going to be expensive for Washoe County, but hopefully this case will wake people up to demand some fundamental change in Nevada’s property tax laws. When taxpayers find it necessary to resort to dozens of lawsuits which sit in Nevada courts for years and the result is the county has to refund property tax proceeds that were spent five budgets ago, it’s clear Nevada’s got a property tax problem.”

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