

Rule changes aim to prevent tax challenges

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New rules approved by the Nevada Tax Commission in 2004 should prevent any future cases of Incline Village residents challenging unfair methods to value their homes for taxes, said Washoe County Assessor Josh Wilson.

Under the new rules, the Village League to Save Tahoe Assets has not filed any lawsuits over property values during the current tax year or the last two tax years. The rules over Tahoe views, beaches and other factors were at the heart of a series of lawsuits that spanned eight years

Here's how the rules have changed:

Lake Tahoe views

Old rule: The county had a 12-step view classification system. A viewbook graphically portrayed a view at each step, from limited to a full panorama. In some neighborhoods, land values rose by \$150,000 to \$200,000 for each step for better views. Before the first lawsuit challenging the rules was filed in 2003, the rules had changed frequently.

New rule: Views are accounted for with a percentage adjustment on the base value of a typical lot in the neighborhood used in mass appraisal work. Better views than the typical view get a percentage increase. Worse views are downgraded. Views are based on how much of a panoramic view of the lake is visible from the land, not somewhere in the house.

Beaches

Old rule: Beaches added property value, depending on the quality. At the top of the scale were sandy beaches, then sandy/cobble, cobble/sandy and rocky beaches. Value was added by linear feet of beach. A 100-foot length of sandy beach was valued \$1.25 million more than a rocky beach.

New rule: Beaches are used as a percentage adjustment, based on comparable sales of similar properties.

Tear-downs

In Incline Village, homes are sometimes torn down to build bigger homes or mansions.

Old rule: If a demolition permit was issued for a property shortly after it was purchased, the property went down in the assessor's book as a vacant land sale. If the owner told the assessor the house was to be torn down, that also was used to put more value on the land than the building. Higher land values were used to justify raising land values for the rest of the neighborhood. But in a few instances, however, homes were not torn down after the permit was obtained.

New rule: Land values are generally established by examining recent sales in a neighborhood. The land value is what is left over after the building's value is figured. Buildings are valued at replacement cost after depreciation.

Time adjustments

Old rule: In the past, there was no limit to how far back in time the assessor could use a property sale in his studies. Old property sales were adjusted to make current and used to value other properties. State regs were silent on whether this practice be used.

New rule: Adjusting old sales for current market conditions are now authorized. Assessors in counties with more than 40,000 population are limited to going back only three years to find property sales for their studies.

Source: Washoe County Assessor Josh Wilson and RGJ research