



Open Letter to Washoe County Manager

letters to the editor

Dear Ms. Singlaub:

Michale Ellerman kindly provided me with a copy of your letter to her regarding residential property taxes at Incline Village. Your letter contains numerous errors as well as misleading omissions which compel me to write you.

First, it is seriously misleading to tell Ms. Ellerman that the "assessment notice" she received from the Washoe County Assessor's Office is just for her "information and reference." Although it may not increase her tax bill in the coming year more than the Legislature's 3 percent tax cap, that assessment notice establishes the value of her property for ad valorem purposes. The 3 percent tax cap is not constitutionally mandated and could be removed by the Legislature in the future. In that event, if Ms. Ellerman has not challenged the valuation set forth in the just received assessment notice in upcoming hearings before the County Board of Equalization, the County will be the first to claim that she "sat on her hands" and is forever barred from any such challenge.

Furthermore, in justifying the failure of the Assessor's 2008-2009 valuations to reflect declining market conditions, you advise Ms. Ellerman that "(s)ince State regulation specifies that assessment methods utilize the past three years worth of comparable housing sales information, the 2008-2009 assessments included 2004 housing market data," further noting that "2004 was still part of the unprecedented housing boom that the entire country

experienced and, therefore, most properties in Washoe County continued to see an increase in their assessments this fiscal year." Your reference to comparable housing sales information is erroneous. The correct reference should be to comparable vacant land sales. More important than that mistake, however, is your failure and omission to state that the Washoe County Assessor is going back five years to obtain sales information, but only for Incline Village/Crystal Bay properties! Using your own logic, the obvious result of singling out Incline Village and Crystal Bay for five years of comparable sales is that Incline Village/Crystal Bay property valuations will be more heavily influenced than other properties in Washoe County by the housing boom years of 2000 to 2003.

Your argument about sales ratio studies is also both inaccurate and misleading. In truth, identically priced residential properties had tax valuations in the valley that were approximately half of the amount of the valuations assigned to the Village property. The discrepancies are even greater when Incline Village/Crystal Bay properties are compared with Tahoe properties located in Douglas County.

Your description of the Bakst case and the Nevada Supreme Court's decision in that case also leaves a false impression. In truth, the Bakst property owners challenged only four of the Assessor's methods and all four of the challenged methods were found unconstitutional on grounds that effectively invalidated other methods used by the Assessor as well. The Supreme Court made

no finding, express or implied, supporting any method used by the Washoe County Assessor to appraise residential real property at Incline Village and Crystal Bay for ad valorem tax purposes.

You also advise Ms. Ellerman that "all four of the affected methodologies (found unconstitutional in Bakst) have since been revised and approved by the Nevada Tax Commission." Again, the truth is otherwise. The four methodologies specifically invalidated in Bakst were (1) a dollar amount classification system to value a property's view (2) a similar "rock" classification system (3) "paired sales analysis" and (4) the use of "teardowns" as comparable "vacant" land sales.

The valuation regulations were revised by the Tax Commission before the Bakst decision not afterwards. If you question my statements, please read Nevada Administrative Code 361.118 and 361.119. Assessor Wilson will confirm to you that those are the two regulations adopted by the Tax Commission for the valuation of the land portion of residential property.

Under Nevada statute which existed before the Bakst decision and which remains unchanged, attributes of real property such

as view or geographic features must be considered in valuing the property if appropriate. No Incline Village property owner has ever suggested that a property's "view" or its geographic features or other attributes should not be considered. The Supreme Court found the taxpayers' objections to a view "classification" system, "rock" classification system or other classification system to be well-taken and no such valuation methodology has been authorized by the Tax Commission, either before or after the Bakst decision by the Court.

Finally, I am offended by your patronizing suggestion that the "complexity" of the system makes it difficult to explain to ordinary citizens. In truth, the system is pretty simple. The complexity comes in the efforts of the bureaucrats at both the county and state levels to increase government funding by attempting to create a "market value" system in contravention of the legislatively mandated "taxable value" system.

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President

*Village League to Save Incline
to Save Incline Assets, Inc*

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