

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

FRIDAY

9:00 A.M.

DECEMBER 11, 2009

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman*
Benjamin Green, Member
Linda Woodland, Member
James Brown, Member

Amy Harvey, County Clerk
Herb Kaplan, Deputy District Attorney

ALTERNATE:

Philip Horan, Member *

The Board of Equalization convened at 9:15 a.m. in the Commission Caucus Room located in the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman Covert called the meeting to order, the Clerk called the roll and the Board conducted the following business:

09-0630E AGENDA ITEM 2

Agenda Subject: "Clerk to administer Oath of Office to new or reappointed Board members."

Amy Harvey, County Clerk, administered the Oath of Office to Member James Brown.

Philip Horan, Alternate Member, arrived at the meeting at 9:59 a.m. At that time, Amy Harvey, County Clerk, administered the Oath of Office to Alternate Member Horan.

09-0631E AGENDA ITEM 3

Agenda Subject: "Approval of the agenda for the Board of Equalization meeting of December 11, 2009."

On motion by Member Green, seconded by Member Woodland, which motion duly carried with Member Krolick absent, Chairman Covert ordered that Agenda Item 3 be approved.

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ORIENTATION AND TRAINING

09-0632E AGENDA ITEM 4A

Agenda Subject: "Washoe County Assessor's Presentation."

Josh Wilson, County Assessor, explained the Assessor's Office conducted a reappraisal of all property in Washoe County and removed approximately \$5 billion dollars of taxable value from the tax roll this year.

9:17 a.m. Member Krolick arrived at the meeting.

Assessor Wilson stated reappraisal of all properties began last year and, based upon the availability of resources, his office would continue to do so each and every year. He next outlined market value of land, full cash value, depreciated replacement cost new and how improvements were determined through *Marshall Swift*. To determine the total taxable value, they would take the market value of land and depreciate the replacement cost new of the improvements at 1.5 percent per year. For this year's improvement value the Assessor's Office adopted the Tax Commission's improvement factor of 1.0. The recommended improvement factor by the Department of Taxation was going to be 1.02, which was what the updated *Marshall Swift* cost reflected; however, after further discussion they chose to adopt a 1.0 factor. He explained that meant the replacement cost new stayed the same as it was last year, and then an additional 1.5 percent would be applied to the improvement value. He stated the bottom line was that most of the improvement values went down in Washoe County.

Assessor Wilson stated land values for some properties stayed relatively the same after the 15 percent reduction, but land values for some condos in the Stead area, and the condo market in general, dropped by more than half of what they were last year. Based on the market trends, they were adjusting those sales prices at 3.5 percent per month to July 1st with 2.5 percent being used for the single-family residential market. He further informed the Board the condo market median sales prices for June 2008 were a little above \$200,000. The median selling price for condos in June 2009 was barely \$100,000 and he expected that to be even lower now. Sales prices that took place initially for The Grand Sierra were at \$150,000 to \$200,000 and were now coming out of foreclosure at \$20,000 to \$30,000. He did not expect any mass land reductions similar to last year.

Assessor Wilson stated there were significant reductions in casino values. A lot of properties in the downtown area had been receiving obsolescence and by law had to be reviewed annually. They discovered that based on current income, the gaming market in this area was not as good as it once was.

Assessor Wilson explained the process for noticing taxpayers of their assessment, which would be completed by December 18, 2009. He stated his office was currently working with taxpayers if they had concerns which may not have been considered in their valuation. He

stated once the Assessment Roll was transferred to the *Reno Gazette Journal* any changes to be made to the roll would have to come before this Board as an Assessor's recommendation or through the normal appeal process.

Assessor Wilson stated they tried to be a little more proactive in analyzing all of the sales trends, including those post July 1st. In an upswing market considering sales after July 1st would not be appropriate, but looking at the assessment and the data after the July 1 deadline seemed to indicate a value that would no longer be supported on January 1st, which was the date of valuation this Board would use. He reported they were doing some land value reductions and those land value reductions were still not bringing the total taxable value below market value. He believed that meant an all time high for newer properties receiving more obsolescence because they were not getting the same benefit of depreciation as older properties were receiving. Assessor Wilson discussed the NRS definition of obsolescence and the regulations for which an assessor must apply obsolescence to determine taxable value.

Assessor Wilson next distributed the State's newly adopted County Board of Equalization (CBOE) appeal form. He informed everyone the Assessor's Office website had the form available for downloading. He said it was in a different format, but basically had a lot of the same information.

Assessor Wilson informed the Board that his office would follow the same administrative processes that were followed last year. The appeals would be filed at the Assessor's Office and then logged in and forwarded to the Clerk's Office. He said he would like to block out certain dates for certain types of appeals and then he would like to reserve the last three days of the month for rescheduled hearings. Right now there were approximately 61 appeals filed. The majority of those appeals regarded exemption issues.

Assessor Wilson reported he thought foreclosures were the driving force in this market, because 50 percent of total sales were properties coming out of foreclosure. He explained he met with Brian Bonnenfant and Brian Kaiser from the Small Business Development Center at UNR and the outlook was not necessarily as bright as one would hope. Property values were a good deal right now because a house could be bought for less than it could be rebuilt, which meant the land was almost free. It looked like a good deal when compared to the median income; however, that was one of his biggest concerns. Unemployment was at 12 percent with no signs of slowing and there was a lot of inventory on the market. He thought there were over 1,000 properties the banks had not even listed. The price of real estate was based on supply and demand and he thought those two combinations were not good.

Assessor Wilson reported they were starting to see an indication the commercial market may be following suit to the residential market. He stated the extent of the reductions for the commercial properties was not similar to the residential properties, and gave some examples of how properties were being sold at different cap rates. He said there were indications of properties selling at nine and ten caps versus the five and six caps that were achieved a few years ago. Assessor Wilson said that he was very concerned that most of the municipalities were at the top of the statutory cap of the tax rate. He had children in public school, his wife was a public school teacher and he was down 22 people in his office out of 85 authorized. He felt if he had to

experience the same level of cuts next year, he did not know how government would function or how he could run his office.

Assessor Wilson introduced his staff who were in attendance to the Board: Gary Warren, Senior Appraiser; Cori DelGiudice, Senior Appraiser; Gail Vice, Senior Appraiser; Rigo Lopez, Senior Appraiser; Theresa Wilkins, Chief Deputy Assessor; Lora Zimmer, Data Management; and, Ivy Diezel, Data Management Supervisor.

Chairman Covert inquired if the Board would be dealing with short sales and foreclosures as comparable sales. Assessor Wilson stated that was correct, because they were the market. He thought someone could make the argument that they were not a driving force because they were not an arms-length transaction or they were not a representation of a market value estimate. He said that was absolutely true if there were only had a handful of them, but they were a driving force in this area, predominantly because of the volume. When a potential purchaser was looking at property they would look for property for sale by owners as well as the properties coming out of foreclosure by a bank. Short sales were a little more difficult to identify, because the deed would indicate seller to purchaser, so the Assessor's Office would not know if there was a short sale accepted or not. He reiterated that the majority of the comparable sales this Board was going to see would probably be foreclosure comparables.

09-0633E AGENDA ITEM 4B

Agenda Subject: "Washoe County Clerk's Office Presentation."

Amy Harvey, County Clerk, greeted the Board and introduced her staff; Lisa McNeill, Deputy Clerk; Stacy Gonzales, Deputy Clerk; Jaime Deller, Supervisor; David Mosher, Department Computer Application Specialist; and, Nancy Parent, Chief Deputy Clerk.

9:59 a.m. Alternate Member Horan arrived at the meeting.

Nancy Parent, Chief Deputy Clerk, discussed the handouts in the Board's packet which included a task list of duties performed by the Clerk's Office and the Assessor's Office. She stated the Assessor's Office would complete the notices of hearing. In the past the Board directed the notices of hearing to be sent out ten days in advance.

The second document Ms. Parent discussed was the information sheet which the Board authorized to be sent with the notice of hearing. One of the things it provided was how many days in advance of the hearing a petitioner had to send in their evidence to the Clerk's Office. Last year it was set at ten days; however, there were some complaints because the petitioner received their hearing notice about nine to seven days prior to the hearing, which made it impossible for them to submit their evidence to the Clerk's Office ten days prior to the meeting. Ms. Parent stated the Board liked to receive their hearing packet three days in advance of the hearing, so the Clerk's Office would have to receive the evidence at least a couple of days before that to be able to process it and get it to the Board.

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Assessor Wilson stated he thought the ten day rule was discussed at length last year and his office was able to achieve that timeline; however, it may have been reduced to seven days because of starting hearings earlier in January and the ten day notice was not feasible at that time. He explained the Assessor's Office would send out the notices at least ten days in advance and earlier than that if possible. Chairman Covert inquired if five days was sufficient time for the petitioner to get their evidence back to the Clerk's Office. Ms. Parent confirmed that would work and should allow time for the Clerk's Office to process the evidence for the Board's hearing packet.

On motion by Member Green, seconded by Member Woodland, which carried unanimously, Chairman Covert ordered to change the time for submission of evidence by the petitioner to the Clerk's Office from ten calendar days to five calendar days before their hearing date.

Ms. Parent next went over the Board of Equalization's website. It was determined that a short biography on each member would be good to have on the site and for each member to submit something to the Clerk's Office. Ms. Parent discussed the area of the website regarding frequently asked questions and she asked the Board to review those and see if there were any additional questions they felt should be placed on the website. She informed the Board that a portion of the website was dedicated, verbatim, to the State's Information and Instructions to Taxpayers. The State was no longer using the old petition, as presented earlier, and their instructions have changed. She said the Clerk's recommendation was to delete the old information, and put the new information on the site if the Board so directed. She also inquired if the Board would like links placed on the site to find the new appeal forms and information. Chairman Covert stated he wanted to give the taxpayers as much help as they needed and to let the taxpayers know this Board was an independent group and not part of the Assessor's Office.

Ms. Parent informed the Board the County would provide them with laptops again this year and those would be available before the hearings started. She inquired if the members had a chance to complete their availability calendars and if so to turn them in to her so that a calendar could be prepared for the Board and Alternate Member Horan.

09-0634 E AGENDA ITEM 4C

Agenda Subject: "Washoe County District Attorney's Office Presentation."

Herb Kaplan, Deputy District Attorney, introduced Mary Kandaras, Deputy District Attorney, who would be attending the hearings Mr. Kaplan could not attend.

Mr. Kaplan went over the Open Meeting Law and Ethics in Government law with the Board. He explained there were certain requirements that went along with compliance of the Open Meeting Law, which included noticing and agendas for the meetings. He stated if the Board or someone had a specific item they would like placed on an agenda, he suggested they go through the Chairman and the District Attorney's Office for appropriate wording. He next informed the Board of current regulations with regard to quorums, which requires a majority vote of three members regardless of how many members were present.

Mr. Kaplan reported it would not be considered a meeting of the County Board of Equalization (CBOE) when the Board recessed for lunch and three or more members happened to be in the same place at the same time. He advised if it was known in advance of a time and place when a possible social function would occur, he would take the appropriate measures dependent upon the nature of that social function. He also advised that board members could have discussions with other individuals that were not board members. If one board member wanted to discuss an item with another board member that was acceptable, but there could not be serial communications amongst board members.

Mr. Kaplan next advised there was another accepted exemption from the Open Meeting Law which dealt with attorney/client communication, but he felt that would not apply to this Board.

Mr. Kaplan discussed the Chairman's authority to have someone removed from a meeting. He advised that an individual's action had to essentially stop a meeting from proceeding in an orderly fashion and he encouraged the Chairman to take that into careful consideration before exercising his authority to have someone removed. Mr. Kaplan stated that this Board did not have a Bailiff or other authority, which would make it difficult to have someone physically removed if it came to that. He explained there could be individuals who would talk over board members, or act inappropriately, but for the most part he thought there were few situations that would require someone to be removed from a meeting.

Mr. Kaplan suggested the Board review the Code of Ethical Standards which were located in NRS 281A.400. He reported NRS 281A.420 stated that a public officer shall not vote upon or advocate the passage or failure of, but may otherwise participate in the consideration of, a matter with respect to which the independence of judgment of a reasonable person in his situation would be materially affected. He said there were going to be situations where a board member may know a petitioner and advised a board member should disclose a possible relationship and state for the record whether or not he/she felt it would affect their independent judgment. If it was determined it could, the members could recuse themselves, but that was the only time a board member could abstain from any action. He explained there were other members of other boards who could not make a decision and wanted to abstain. He said indecision was not a basis for abstaining. The only time a member could abstain was if there was an actual conflict. He said there were certain relationships such as family that may determine abstention, but not necessarily for a neighbor or acquaintance. The potential for problems for not disclosing a relationship could be brought before the Ethics Board, which he thought was something a member would not want to deal with, so the best course was to disclose a relationship of any and all kinds.

Mr. Kaplan stated the Department of Taxation put out a publication that was entitled the *County Board of Equalization Hearing Guidelines*. He informed the Board the 2010 version would be available in a couple of weeks or the first part of January. He stated he would

make sure each member got a copy or he would provide the link to the State's website when it became available.

Mr. Kaplan said the State's new appeal form had fields for the petitioner to complete stating the legal basis for which they were making their appeal. This Board was governed by statute and was limited to handling cases that were identified by a statute and the appeal form had six separate statutory authorities to choose from. Mr. Kaplan discussed and explained each authority. He was concerned that petitioners would check a box but may not really understand the correct basis for their appeal. However, he stated it was the petitioner's burden to check the box and identify the basis upon which they were petitioning the Board. He informed the members the State was requesting that the Board include in their motion an identification of the statute upon which the petitioner brought the appeal. He advised that he would revise the standard motions to address each separate statute upon which the petitioners could petition so the Board could accommodate the State's request that the motion identify the NRS upon which the action was based.

Member Green inquired what would happen if a petitioner checked the wrong box and how the Board should handle it. Mr. Kaplan stated he was concerned individuals would check the wrong box. He stated in the past the Assessor's Office identified possible errors with regard to the year of the appeal, but he was not sure if that would pertain to NRS filings. Assessor Wilson stated he did not want to assume a box had been incorrectly checked, and he felt that the language used in a motion would clarify the decision. Mr. Kaplan stated he did not know if a box checked on the petition would actually control or limit the Board's decision. He stated the argument and claims from the petitioner would define the basis for the Board's decision.

Mr. Kaplan next discussed the Agent Authorization Form. He explained the statute required an authorization form be filed within 48 hours of the filing of the petition. He stated it was important to have the form on file within that time frame and especially if someone filed the petition on behalf of the petitioner. In the past this Board allowed authorization to be received after the 48 hour timeframe, but he felt that could lead to confusion and misrepresentation. With the authorization on file that would ensure the person's property and their interest in connection with that property were actually being pursued with their authorization. The intent behind the requirement of the form was so that someone did not file on behalf of a property owner without the property owner's knowledge. Chairman Covert stated he felt an appeal should not be heard without an Agent Authorization Form on file.

Mr. Kaplan informed the Board that today's agenda had an item to approve the agenda and that was not a requirement and would not be necessary for the upcoming meetings.

09-0635E AGENDA ITEM 5

Agenda Subject: "Discussion and possible adoption of Rules and Procedures to be used by the Board for hearings during the 2010 Board of Equalization meeting."

Chairman Covert stated the Rules and Procedures determined last year would be followed again this next year including beginning the hearings at 9:00 a.m.

Assessor Wilson clarified the Assessor's Office would try to send written notification of a hearing to the petitioner ten to seven days in advance of the hearing and give personal notification seven to three days in advance if there was a situation where they could not meet the ten day written notice. Assessor Wilson asked for clarification regarding distribution of petitions received after the January 15th deadline. Chairman Covert stated those would be handled the same as last year and forwarded to Mr. Kaplan to handle.

Ms. Parent requested clarification regarding requests for continuance of hearings. Chairman Covert stated last year those requests were brought to the Board and they tried to accommodate their request. After further discussion concerning continuances and withdrawn appeals, it was determined withdrawn appeals and requests for continuances could be a standing item on each agenda to be considered at the beginning of each meeting.

09-0636E AGENDA ITEM 7

Agenda Subject: "Public Comments."

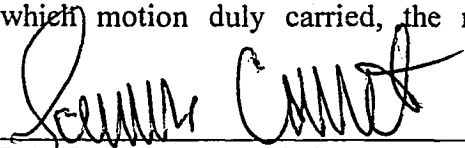
There was no response to the call for public comment.

09-0637E AGENDA ITEM 8

Agenda Subject: "Board Member Comments."


There were no Board Member comments.

10:45 a.m. There being no further business to come before the Board, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried, the meeting was adjourned.



JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:



AMY HARVEY, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Jaime Deller, Deputy Clerk*

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