

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

WEDNESDAY

10:00 A.M.

DECEMBER 1, 2010

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman
Benjamin Green, Member
Linda Woodland, Member
James Brown, Member
Philip Horan, Member, 1st Alternate*
Thomas Krompetz, 2nd Alternate*

Nancy Parent, Chief Deputy Clerk
Herb Kaplan, Deputy District Attorney

The Board of Equalization convened at 10:02 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, Chief Deputy Clerk Nancy Parent called the roll and the Board conducted the following business:

10-0970E AGENDA ITEM 3

Agenda Subject: “Approval of the agenda for the Board of Equalization meeting of December 1, 2010.”

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

***10:04 a.m.** Alternate Members Philip Horan and Thomas Krompetz arrived at the meeting.

10-0971E AGENDA ITEM 2

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

Nancy Parent, Chief Deputy Clerk, administered the Oath of Office to Members John Krolick and Linda Woodland and to Alternate Members, Philip Horan and Thomas Krompetz.

ORIENTATION AND TRAINING

10-0972E AGENDA ITEM 4A

Agenda Subject: “Washoe County Assessor’s Office presentation and overview of assessment process for the 2011/2012 fiscal year.

Josh Wilson, County Assessor, conducted a PowerPoint presentation, which was placed on file with the Clerk. Assessor Wilson stated all properties in Washoe County were reappraised for the 2011/12 tax year. He began his presentation by discussing the reappraisal process, market data, base lot values, obsolescence and how all improvements had been recosted.

Assessor Wilson explained the base values were reestablished for the market areas in the County and all improvements were recosted, which was different from last year. Last year the State’s factor of 1 percent was adopted, which allowed for 1.5 percent depreciation. This year all of the parcels were recosted based on the applicable *Marshall and Swift Cost Manuals*. He explained his office reviewed a lot of market data for the tax year and reviewed the allocation ratio. He informed the Board the allocation ratio was reduced to 20 percent for the upcoming year, which was previously set at 25 percent. The 20 percent would be applied to the median sale price to determine the land value, which would then be adjusted for site specific characteristics. Chairman Covert inquired if the Assessor's Office had trouble obtaining reliable selling prices. Assessor Wilson replied it was more difficult to find continuity in sale prices because of the foreclosure impact. Most of the residential sales encountered were distressed in some nature and there was a lot of standing inventory and property in default in the County.

Assessor Wilson stated his office did a lot of market rent surveys (vacancy rates) and visited a lot of commercial properties. He spoke with brokers to determine the general trends regarding rental rates, verifying sales and determining market evidence. His office wanted to analyze the data and look at the obsolescence. By law the total taxable value could not exceed market value, and his office was doing what they could to ensure that did not happen.

Assessor Wilson reported there were approximately 171,500 parcels in Washoe County, which had actually gone down from the previous year. He believed that was due to some subdivisions reverting back to acreage.

Member Horan inquired what had been done by the Assessor's Office regarding the assessment of wells. Assessor Wilson responded the Assessor's Office did not change the Board’s decision from last year. The wells would be assessed the same until such time as they could adequately review all of them and determine a fair assessment. He explained he had limited resources to do the review, but they were working with the various entities to obtain all the necessary data.

Member Green mentioned he heard some banks were holding on to their inventory and he wondered if there was any credence to that. Assessor Wilson stated he heard the same thing and when he researched it, he found it to be true. He said if they (banks) were to release their entire inventory on the market and there was the same demand, it would cause

prices to go down further. He thought right now 60 to 70 percent of the sales in this market were either a short-sale or a foreclosure, and 60 percent of all mortgages were upside down. He reported properties were moving but values were coming down.

Assessor Wilson presented a graph in his PowerPoint showing median sale prices from 2002 to 2010. He reported in 2002 the median sale price started at approximately \$175,000 with the peak occurring early in 2006 at approximately \$395,000. He said later in 2006 the prices started going back down parallel to the way they went up, with the median sale price half way through 2010 at approximately \$171,000. He said he received a report each week that measured a three-month median and the report was used for information and not for valuation.

Assessor Wilson went over foreclosure trends stating in 2006 foreclosures only impacted the market by 1 percent and in 2007 it increased slightly. In 2008 and 2009 foreclosures spiked tremendously. He indicated short-sales were not included in the slide presentation because they were very difficult to track. He noted the foreclosure measures represented when a bank put them on the market with a real estate agent for sale, not when the bank took over the property.

Member Horan inquired if the Assessor's Office researched the foreclosure activity countywide or only in certain market areas. Assessor Wilson replied the trends reflected more of the individual market base values that his staff established. He explained certain areas maybe had one foreclosure and other areas had many. There were certain market areas within Washoe County, and most market areas with a higher volume of foreclosures were suffering more with regard to value. He said some areas could be isolated to high value/low value, but this year some of those trends flipped-flopped. He reported there were some very high valued homes going into foreclosure.

Assessor Wilson showed a slide reflecting assessed value trends which indicated 2008 as the highest year of assessed value. He reported from 2008 to 2010 the assessed value dropped considerably and he projected a decline of another 8 percent.

10-0973E AGENDA ITEM 4B

Agenda Subject: “Washoe County Clerk’s Office presentation and overview by Washoe County Clerk’s Office of statutory responsibilities as Clerk of the Board and administrative and clerical practices.”

Nancy Parent, Chief Deputy Clerk, discussed the handouts provided 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 compile the hearings for each agenda, but the Clerk’s Office would do the actual posting of the agendas.

The second document Ms. Parent discussed was the information sheet, which the Board authorized to be sent to the petitioners with their Notice of Hearing. She noted the information sheet contained such details as to how many days in advance of a hearing the petitioners had to send in their evidence to the Clerk’s Office.

Ms. Parent next went over the Board of Equalization's website which contained a short biography for some of the members. She encouraged Alternate Member Krompetz and any other Board members who had not done so previously to write a short biography and proved it to the Clerk for posting on the website. 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 the petition was exactly the same as last year.

Ms. Parent informed the Board the County would provide them with laptops again and those would be available before the hearings started. She confirmed the Board members would like to continue to receive their information on a CD instead of paper.

Ms. Parent 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 members and Alternate members. After some discussion, it was determined the first alternate would be called first and then the second alternate called in the event the first alternate would not be available to attend a meeting. Assessor Wilson stated he believed hearings could begin as early as January 24, 2011 and inquired if the Board had a preference as to how property types and market areas should be agendized. The Board indicated they felt the way the Assessor's Office prepared the agendas last year worked very well and directed them to prepare the agendas the same way for 2011.

10-0974 E AGENDA ITEM 4C

Agenda Subject: "Washoe County District Attorney's Office Presentation. Discussion of Nevada Open Meeting Law, Attorney General's Nevada Property Tax Manual and Ethics in Government Law."

Herb Kaplan, Deputy District Attorney, explained the Board of Equalization sat in an administrative capacity much like a quasi-judicial board. He went over the Open Meeting Law and explained to the members certain requirements that went along with compliance of the Open Meeting Law, which included restrictions regarding discussions with other Board members, petitioners and the Assessor's Office. He advised limiting communication regarding petitions to the hearings.

Mr. Kaplan explained there were specific Nevada Revised Statutes (NRS) that applied to appealing real property tax assessment, personal property tax assessment and exemptions from paying taxes. The Board was governed by statute and was limited to handling cases that were identified by statutes, and the appeal form had six separate statutory authorities to choose from. He discussed and explained each authority. He informed the members the State was requesting the Board include in their motion identification of the statute upon which the petitioner brought the appeal. He reviewed that portion of the petition with the Board emphasizing it was the appellant's responsibility to indicate which NRS they were using as their reason for appealing. He noted that sometimes the petitioner was not always correct in their identification and the true reason would come out during the hearing.

Alternate Member Krompetz requested information regarding how the Board would determine if property was assessed comparably with other properties. Assessor Wilson indicated the Assessor's Office would provide information as to what they felt were the most comparable sales, and the petitioner would probably provide some information they had obtained. Mr. Kaplan reiterated what the restrictions were governing the Assessor's Office timeline for comparable sales (July 1st) and noted the Board could consider comparable sales six months (January 1st) past the Assessor's Office time restriction. He emphasized the burden was on the petitioner to prove their case.

Alternate Member Krompetz wondered what the time frame was for an adjustment if the petitioner was able to prove to the Assessor's Office or to the Board there was an error in calculation or assessment. Assessor Wilson responded value notices that were being sent out now represented the new appraised value. If the Board made a further reduction to that value, the Clerk's Office would send out an official notice, the Assessor's Office would adjust the assessment and a new notice would be mailed before the 2011/12 tax year.

Mr. Kaplan discussed how much time a petitioner would be allowed to present their case, but noted the Board Chairman would address the rules at the beginning of each day's hearings. Chairman Covert said the Board wanted to give everyone time to present their evidence; however, lectured them to not be repetitive.

Member Brown asked if Mr. Kaplan planned on preparing motion language for the Board utilizing the different NRS authorities captured on the petition. Mr. Kaplan stated he would draft language for the Board to use as a guideline. Member Brown also requested that the recommendation provided by the Assessor's Office in their Hearing Evidence Packet be in a format consistent with the prepared motion language. Assessor Wilson stated he would take that under advisement and work with his staff.

Chairman Covert inquired if any statutes had changed from the previous year. Mr. Kaplan stated not to his knowledge. He reminded the Board the State Department of Taxation provided guidelines for the County Board of Equalization hearings. He was not sure if any of those guidelines had been changed, and he encouraged the Board to review the guidelines once they were provided for 2011.

Mr. Kaplan stated the Board of Equalization was governed by the Open Meeting Law, which was put into effect to allow the public to attend all meetings held by governing boards. He explained the Chairman had the authority to have someone removed from a meeting if that individual's action essentially stopped a meeting from proceeding in an orderly fashion. He encouraged the Chairman to take that into careful consideration before exercising his authority to have someone removed. 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. In order to avoid Open Meeting Law complaints, he discouraged the Board members from discussing Board business outside of the hearings. Mr. Kaplan discussed an Open Meeting Law complaint filed last year

with regard to alleged improper posting of an agenda. It was determined by the Attorney General's Office that no violation occurred.

Mr. Kaplan stated this Board was made up of five members and any actions taken must be taken by at least three members (majority vote). He said if there were only three members present, all three would have to vote unanimously to pass a motion. He suggested the Board review the Code of Ethical Standards, which was located in NRS 281A. He said there were going to be situations where a Board member may know a petitioner and he advised that 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 said indecision was not a basis for abstaining. He said there were certain relationships such as family that may determine abstention, but not necessarily for a neighbor or acquaintance. Mr. Kaplan gave Alternate Member Krompetz the *Acknowledgment of Ethical Standards Public Officials* form to sign and turn in to the State. He said he would research to determine if any of the other members would need to sign the form to be submitted to the State.

Member Green stated he heard approximately 25 appeals had been overturned at the State level. Assessor Wilson stated there may have been some further adjustments, but he did not have any actual figures to give to the Board. Chairman Covert encouraged the Board members to attend the State hearings.

10-0975E AGENDA ITEM 5

Agenda Subject: "Discussion and possible adoption of Rules and Procedures to be used by the Board for hearings during the 2011 Board of Equalization meetings."

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. He said he would begin the hearings explaining the ground rules for the petitioners and the process of how the hearings would be conducted.

Assessor Wilson stated the State Board of Equalization placed untimely filed petitions on the agenda as an appearance to allow the petitioner a chance to explain why the appeal was filed after the deadline. Mr. Kaplan spoke of the requirement for petitions to be filed or postmarked by January 15, 2011 (unless that date fell on a Sunday or holiday). If a petition was received after the deadline date, he noted the Board would not have jurisdiction to hear the appeal. Chairman Covert clarified that all appeals received after the deadline would be forwarded to Mr. Kaplan.

Chairman Covert briefly discussed Agent Authorization forms and Mr. Kaplan confirmed the Board would follow the procedures set out in statute with regard to the owner of record filing the petition.

Ms. Parent requested clarification regarding requests for continuance of hearings. After further discussion concerning continuances, it was determined the Board would try to accommodate all requests and that the requests would be placed on appropriate agendas.

10-0976E AGENDA ITEM 6

Agenda Subject: "Public Comments."

Assessor Wilson introduced his staff members present: Rigo Lopez, Theresa Wilkins, Ron Sauer, Lora Zimmer, Cori DelGiudice, Mark Stafford, Gail Vice and Gary Warren.

10-0977E AGENDA ITEM 7

Agenda Subject: "Board Member Comments."

Member Green stated he wanted to commend the Clerk's Office for all their hard work and how much he enjoyed working with the Assessor's Office.

Chairman Covert reiterated the plan to begin hearings on January 24, 2011 unless it was determined it was not necessary due to the number of appeals filed.

AGENDA ITEM 8

11:35 a.m. There being no further business to come before the Board, on motion by Member Green, seconded by Member Woodland, 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*