

CARSON CITY BOARD OF EQUALIZATION

Minutes of the January 20, 2009 Meeting

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A regular meeting of the Carson City Board of Equalization was scheduled for 10:00 a.m. on Tuesday, January 20, 2009 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Mary Sanada
Ron Allen
Jed Block
Denise Gillott
Charles James

STAFF: Dave Dawley, Assessor
Steve Walker, Chief Property Appraiser
Tim Clark, Appraiser
Joel Benton, Senior Deputy District Attorney
Kathleen King, Recording Secretary
Jano Barnhurst, Recording Secretary

NOTE: A recording of these proceedings, the board's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are public record, on file in the Clerk-Recorder's Office. These materials are available for review during regular business hours.

A. CALL TO ORDER AND DETERMINATION OF QUORUM (10:03:55) - Chairperson Sanada called the meeting to order at 10:03 a.m. Roll was called; a quorum was present.

B. ANNUAL SWEARING IN OF BOARD MEMBERS (10:04:20) - Ms. King administered the Oath of Office to the board members.

C. MODIFICATION OF AGENDA (10:05:54) - None.

D. CARSON CITY BOARD OF EQUALIZATION MEMBER ORIENTATION (10:06:40) - Chairperson Sanada introduced this item. Mr. Walker and Mr. Clark distributed presentation materials to board members and staff which are incorporated into the record. Senior Deputy District Attorney Benton gave a brief orientation of the open meeting laws. In response to a question, Mr. Benton indicated that a common practice of Carson City is to notice training and social functions where more than a quorum may be present, but that is not a specific requirement of the Open Meeting Law. For example, in a social function where a quorum may be present, a notice of possible quorum would be posted. In response to a further question, Mr. Benton advised that a reasonable time limit can be established for public comments but the time limit has to apply to everyone and suggested that the time be posted on the agenda.

(10:17:56) - Mr. Walker presented an orientation regarding how the assessor's values were determined compared to market values. He referred to the handout given to the board members which defines market value. NRS 361.025 describes full cash value as the most "probable price". Market value is described as the "highest price." He indicated that market value and full cash value are terms used synonymously but there is some debate over the terms of most probable or highest. Mr. Walker then presented a graph of taxable value and advised that taxable value is not market value. He explained that taxable value is land at full cash or market value, separate from improvements at new replacement costs, less depreciation. He said that, in theory, the closest taxable value gets to market value is when the structure is brand new and

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the cost approach in improvements should be at market value. Market values were changing too fast to be able to update the values on an annual basis in order to keep up with the market. In establishing taxable value, pursuant to NAC 361.118, "we are defined as a sales that we can use. Property values are declining. But in our data base, they were going up." He also stated that for the board, the data base can be changed. Mr. Walker referred to NRS 361.357(3), stating that, "if the county board of equalization finds that the full cash value of the property on January 1 immediately preceding the fiscal year for which taxes are levied is less than the taxable value, the board shall correct the land value or fix it."

(10:28:28) In response to a question, Mr. Walker explained about finding the rate of decline in each market area and referred to a hypothetical situation of a sale in 2007, where the market dropped an estimated 15 percent in a certain area.

(10:30:20) Mr. Dawley explained that the market value is difficult to determine. A problem being encountered is looking at sales within a certain time period - some houses may sell for \$280,000, which is the market value, but some sell for \$210,000 - which are all within the regular time period.

(10:31:24) In response to a question, Mr. Dawley indicated that as of December 14, there were 152 foreclosures in Carson City which is almost triple the norm. The highest ever before was 52. He also indicated that Carson City is not as high as Clark and Washoe counties.

(10:32:02) Mr. Walker explained that the board's job is to compare taxable value to market value and if they determine it's over, to make the adjustment to get it corrected. He advised the board that another problem area is running a 5 year reappraisal cycle. Land and improvements were recently changed to an annual cycle, but the town is divided into fifths and reappraisals are done on 1/5 of the town per year. He stated that last year, all of the structures that were reappraised went down in value. The Nevada Department of Taxation does a Marshall and Swift study between years and a local contractor study to determine whether the improvement costs have gone up, down or stayed flat. For the 2009-2010 year, Carson City received an improvement factor of 1.04. He indicated that things shouldn't be going up when, according to Marshall and Swift, things are going down, but is obligated by law to include the factor. He said that hopefully next year, there will be a more in line factor from the Department of Taxation.

(10:35:06) In response to a question, Mr. Walker indicated that the Department of Taxation used the Marshall and Swift manuals to determine their factors and they look from one year to the next to see what Marshall and Swift have done. They also do a local contractor study to ask whether costs have gone up or down. That information is then compiled to determine what the improvement factor will be. In response to a further question, Mr. Walker said that the factor could have been influenced by last summer's fuel price spikes. Mr. Dawley indicated that it was a statewide factor, not just Carson City, so every structure that was not physically reappraised in the State of Nevada received this improvement factor.

(10:36:25) Mr. Walker then discussed direct appeals and the burden of proof. On a few of the appeals that have been filed, the only thing presented is that the property is not worth as much as it was due to the current economic conditions locally and nationally. In certain market areas, there have been virtually no sales since 2005, so it is difficult to determine whether the value has gone up, down, or stayed the same. He indicated that in those instances, other similar market areas are studied and they try to follow the trend of the land values. The problem is the burden of proof, which comes down to NRS 361.345, "the county board of equalization may not reduce the assessment of the county assessor unless it is established by a

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preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value.”

(10:39:26) In response to a question, Mr. Walker stated that from their position on the board, January 1, 2009, is the time factor to take into consideration when determining values.

(10:40:10) Mr. Walker went on to discuss the cap, or tax abatement. The information was being presented to advise the board whether a change in value would create a change in taxes. In response to a question, Mr. Walker indicated that the cap has two categories: 1) home owner occupied residential, which is 3 percent; and 2) everything else which includes all commercial, industrial, and rentals. Rentals have some special categories they fall under. If a rental falls under the HUD category, it may fall into the 3 percent category, but in general, it is considered a commercial property which leads to some inequity in taxing. The tax cap is the taxes that a person pays increasing by 3 percent. The assessed value times the tax rate equals taxes. If the assessed value is unknown but taxes are, you have your tax rate. The difference between what a person would have been paying and what a person is paying is known as the abatement. He further explained that one of the things that is happening is people are coming in to lower their assessed value, but if it's not below the tax cap, they won't receive any tax relief. He said it would be in the best interests of the board to direct those people to write to the Department of Taxation regarding their tax abatement and request a hearing from the tax commission. He went on to state that when times are good there are few appeals.

E. PUBLIC COMMENTS (10:06:30) - None.

F. DISCUSSION AND POSSIBLE ACTION REGARDING NEXT MEETING DATE (10:49:03)
- Mr. Dawley advised the Board that the next meeting will be on January 27, 2009, at 10:00, and there will be five items on the agenda. Mr. Dawley also indicated that the Ormsby House was agendized on the next meeting date as well.

G. ACTION ON ADJOURNMENT (10:50:38) - Chairperson Sanada entertained a motion to adjourn at 10:50 a.m. Member Allen so moved. Member Gillott seconded the motion. Motion carried 5-0.

The Minutes of the January 20, 2009 Carson City Board of Equalization meeting are so approved this 27th day of January, 2009.

MARY SANADA, Chairperson