MINUTES OF THE CHURCHILL COUNTY BOARD OF EQUALIZATION

155 N. Taylor St., Fallon, NV 89406
January 27, 2022

Call to Order:

The regular meeting of the County Board of Equalization was called to order at 10:03 AM on January 27, 2022.

PRESENT:	Member Robert Getto Jr., Chairman
	Member Tom Riggins
	Member Charlie Arciniega
	Member Josh Berney
	Alternate Member John "Wyatt" Getto
	Civil Deputy DA Benjamin Shawcroft
	Deputy Clerk to the Board Pamela D. Moore
	Jeffrey Mitchell, Nevada Dept. of Taxation
	Denise Mondhink-Felton, Assessor
	Whitney Brown, Property Appraiser
ABSENT:	Member Alan Kalt

Pledge of Allegiance:

The Pledge of Allegiance was recited by the board and public.

Public Comment:

Chairman Getto asked if there was any public comment but there was none.

Verification of Posting of the Agenda:

It was verified by Pamela D. Moore, Deputy Clerk to the Board, that the Agenda for this meeting was posted on the 21st day of January, 2022, between the hours of 9:00 and 11:00 AM at all of the locations listed on the Agenda, in accordance with NRS 241.

Consideration and possible action re: Approval of Agenda as Submitted or Revised:

Member Tom Riggins made a motion to approve the Agenda as submitted. Member Charlie Arciniega seconded the motion, which carried by unanimous vote.

Training Workshop – Presentation and Facilitated Training for the Churchill County Board of Equalization Members:

A- Facilitated Training for the Churchill County Board of Equalization Members conducted by the Nevada Department of Taxation.

Jeffrey Mitchell, from the Nevada Department of Taxation, will provide a facilitated training workshop for the Board of Equalization Members.

FISCAL IMPACT: N/A

EXPLANATION OF IMPACT: N/A
FUNDING SOURCE: N/A
ACTION REQUESTED: None; Informational Only

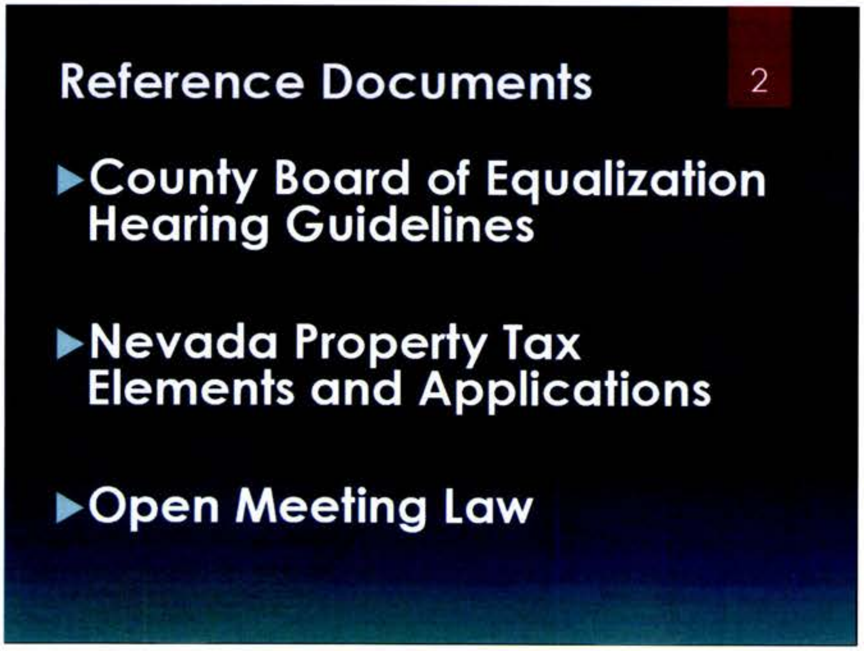
Chairman Getto asked for everyone to introduce themselves for the record. He explained that Wyatt Getto is our Alternate Member. He asked who was missing today. Deputy Clerk Moore indicated that Member Kalt is out of town and unable to make it. Chairman Getto said I wanted to talk with our counsel to bring up the fact that we now have an Alternate Member that has the same last name as I have. I want to discuss this with counsel about whether there is a conflict of interest. I do not feel there is any conflict of interest from my perspective but I want to hear from counsel. Civil Deputy District Attorney Benjamin Shawcroft said we have reviewed the ethical standards and it does not prohibit both of you from participating in the event that our Alternate Member needs to vote on matters.

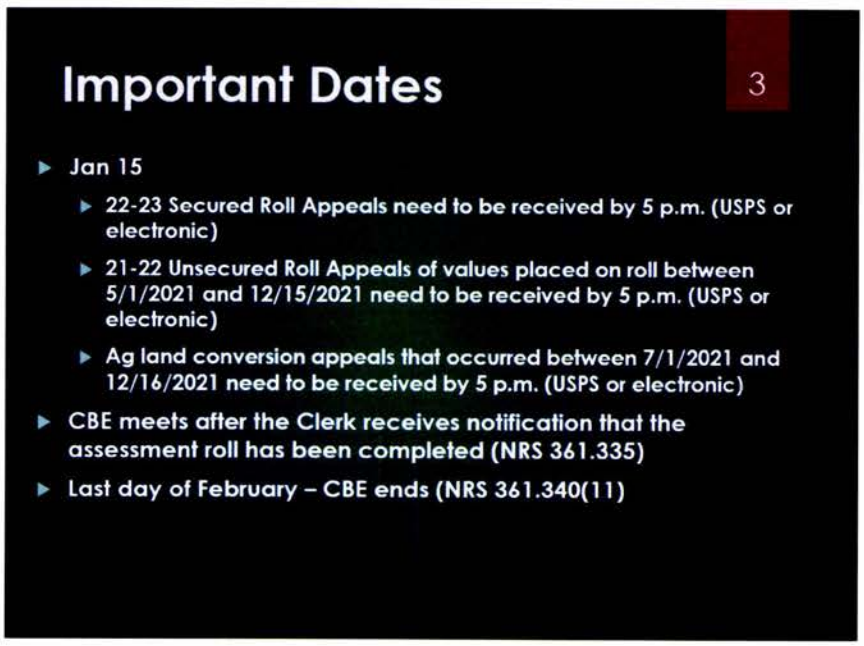
Chairman Getto said the other thing I wanted to discuss, for Wyatt's benefit, as the Alternate, you fill in when somebody is not here. In this case, he is a voting member today. Is that correct? However, if all Members are here, does he vote then? I want to refresh our memories and let him know for his own benefit. Deputy DA Shawcroft said, if we have a full body, then he will not participate in the voting but, otherwise, he can participate. Chairman Getto said I just wanted to get that out so that we all understand what our expectations are.

Chairman Getto said it is now time for our facilitated training. Much of this stuff may be repetitive but I always appreciate and prefer to have this training each time because it is good for the record and also, because we only meet sporadically, I tend to forget what I knew and this helps me to remember. I hope it does the same for all of you too. I appreciate doing the training even though it is repetitive. I think it will be beneficial for all of us to do again.

Assessor Felton said we do not have a presentation today but are here to answer any questions should there be any. She introduced Whitney Brown, one of the Property Appraisers from the office.

Jeffrey Mitchell, from the Nevada Department of Taxation, said I appreciate coming out and quite enjoy doing this presentation. As background, I wanted to let you know that I have been with the department coming up on 10 years now. I used to work in a position called the Coordinator, which established a lot of the different manuals that are used for the valuation of properties. I have been the Deputy Director for about 4 years. The Department of Taxation is quite a large organization. There are 406 employees total in Clark County, Carson City, and Reno. The Local Government Services Division has about 30 employees and that is the division that I work with. We provide a variety of different services. One of those is the valuation for centrally assessed properties and the valuation of mines. We also oversee budgets from local government entities for statutory compliance and we oversee boards and commissions. There are about 4 different boards and commissions that I provide staff to. One of those is the State Board of Equalization, which is the next level of appeal rights if the appeals are not resolved satisfactorily for all parties at the county level. With this presentation, I much prefer conversation. I believe that allows for discussion and gets us where we need to go and allows us to touch on everything we need to touch on. Please interrupt me to ask any questions you may have. I do get a little monotone and I apologize for that. I am happy to discuss whatever you need me to discuss. Are there any questions for me at this point? There were not, so he shared the following PowerPoint presentation:





Assessor Felton added that, if the office makes an adjustment to the secured tax roll any time after January 15th to June 30th, they can actually appeal that value the next year because that was after the appeal deadline. If we make any changes or even if we add a house or reopen the roll from January to June, they can appeal that the next year.

Mr. Mitchell said the State Board of Equalization, by statute, has to convene on the fourth

Monday in March. The different appeals that go to that board are interstate or inter-county property. A lot of the time, you can think of those as the utilities, railroads, and things of that nature. They too are subject to property tax and those valuations are done by the state. If those companies appeal those, those go to the State Board of Equalization. If there are appeals of the County Boards of Equalization, those also come to the State Board of Equalization. As mentioned, there are a couple of other exceptions that go before the state. The State Board of Equalization must conclude its business by November 1st. In general, the State Board of Equalization deals with about 200-300 cases each year that consists of roll-ups from each of the County Boards of Equalization and then those different interstate and inter-county valuations that come forward.

Chairman Getto said, with those 300 cases, are those usually commercial, mining, or railroad or does residential make it that far and what percentage is residential? Mr. Mitchell said, without looking at the specific numbers and just off of the top of my head, I would say it is about 60-40 split. About 60% is commercial and 40% is residential. Chairman Getto said that is higher than I would have thought. Mr. Mitchell said the last two or three years it has swayed more towards the commercial appeals. There has been a rise in the residential market and not as many of those have advanced to the State Board of Equalization but, historically, there are quite a few of the residential properties that come forward.

Member Riggins said, when you are talking about commercial and Secured and Unsecured Rolls, where do fixture items fit in those determinations? Mr. Mitchell said there is something referenced and called the fixture test on the determination of whether or not it is personal property or categorized as real property. That determination is made by the Assessor. I would say that it depends. In general, if it has been determined to be a fixture, it is part of the Secured Roll and appealed that way. Assessor Felton said it depends upon what it is and whether it is affixed to the land. There is a 3 or 4 part test that we conduct to determine what the structure is and whether it is personal property. Mr. Mitchell said we haven't had one of those in quite a while but that used to be an appealable discussion and there were different items that were discussed, whether or not it actually met that fixture test. When it comes to the valuation, that is an important distinction to be made as to whether or not it is real or personal property. We received quite a few appeals on mining properties and telecommunications where that was an intensive discussion.

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Other Important Dates

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- SBE begins on the 4th Monday in March (NRS 361.380)
  - Interstate/Intercounty Appeals (NTC appraisals/valuations)
  - Appeals from CBE
  - Must be received by 3/10/2022
  - 21-22 Unsecured Roll values placed on the roll between 12/15/2021 and 4/30/2022 go to SBE if filed prior to 5/15/2022
  - NPM appeals must be filed by 5/20/2022
- Concludes November 1 (NRS 361.360)

NRS 361.334

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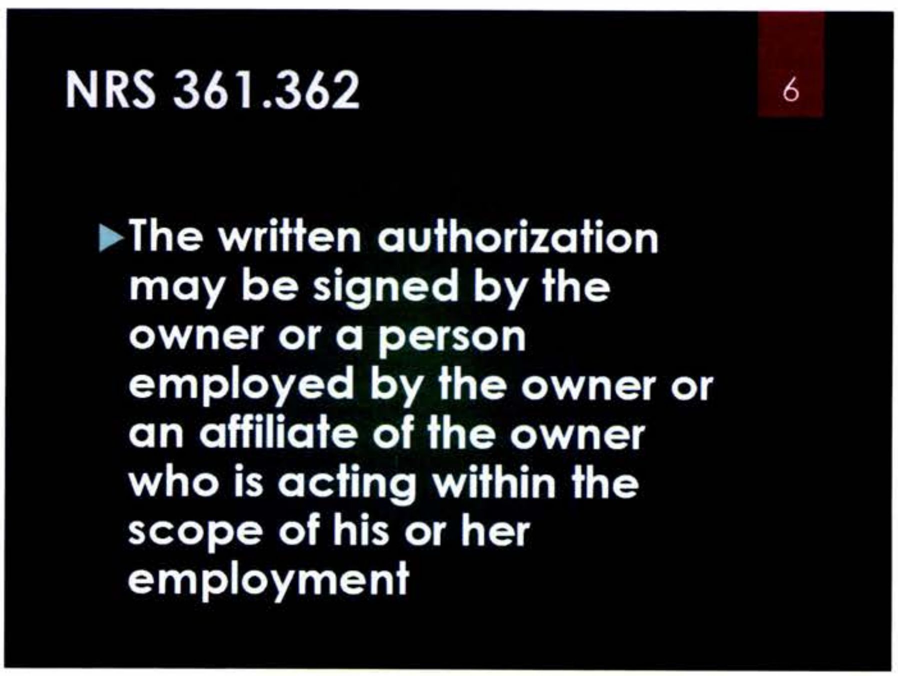
- The term "owner" includes a person who owns or controls taxable property or possesses in its entirety taxable property

Between 2012-2016, there were a lot of cases growing out of Clark County that were being denied from the County Board of Equalization on being able to accept jurisdiction. During the 2015 Legislative Session, changes were made to statute. One of those was NRS 361.334, which redefined the term "owner" as stated above. That was done in Assembly Bill 452 and it did three major things: (1) redefined who an owner is; (2) defined who can sign an Agent Authorization Form; and (3) allowed the taxpayer a longer time to cure an objection to the Authorization. The Clerk of the Board usually determines and goes through that within consultation with the Assessor. Those determinations may make its way in front of you for discussion and decision, not often but occassionally.

Chairman Getto said that is what we have run into before and, for the benefit of those who are new to the board, some of these owners of property would hire an outside professional to dispute the valuation and then, when it came time for the county staff to give notice, if the notice went to one person instead of the other, then they would use that against the system to say that they were not noticed correctly. That is why, after all this time, it was necessary to define what an owner actually was. Is that correct? Assessor Felton said that is correct and a lot of times it is the operator but not necessarily the owner of the property who wants to appeal because there is somebody in the building who is paying the taxes and they do not agree with the valuation. That is where that all came in as to who has the authority to appeal on a property. Mr. Mitchell said, if there is an outside agency that is hired or an agent that is hired, there is an Agent Authorization Form, which accompanies the appeal packet. It is pretty well defined within the forms now. A lot of this issue is now in the past.



Verification on Appeal Form

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- I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part I below is completed, I further certify I have authorized each agent named therein to represent the Property Owner as stated and I have the authority to appoint each agent named in Part I.

NRS 361.362

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- If there is an objection to a written authorization, the objection must be given to the person filing the appeal by certified mail and the person is given 5 business days after receipt to cure the problem.

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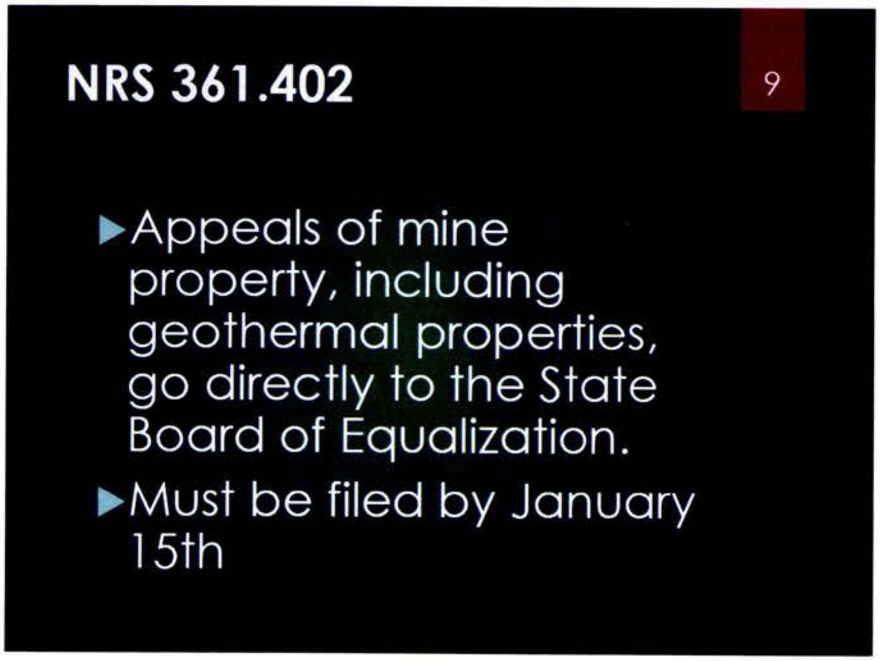


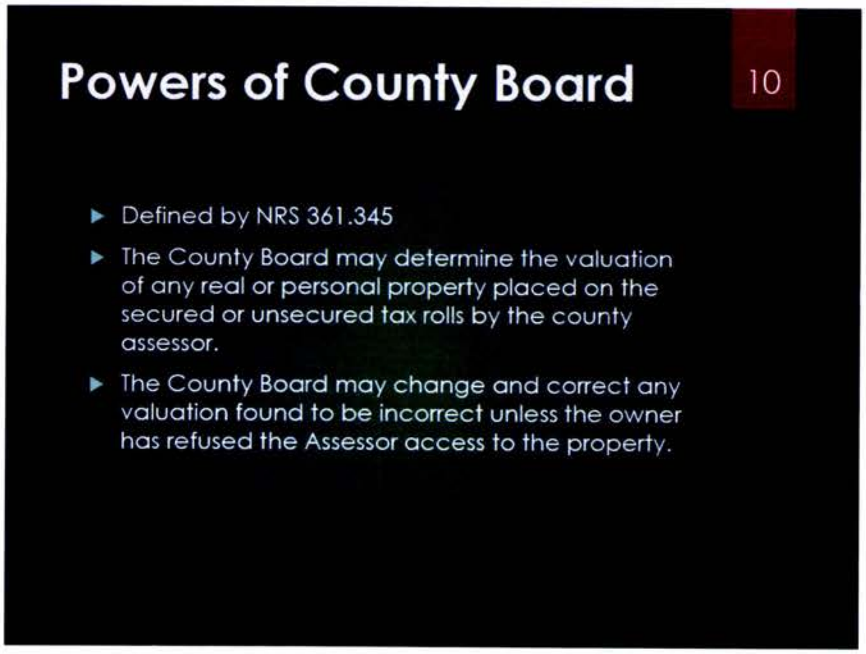
As always, there are some exceptions and there are some mines that are on the Unsecured Roll. As long as those values were placed on the Unsecured Roll before December 15th, the deadline of January 15th still holds. If there were changes, which can occur up until April 30th, that appeal deadline is stretched out to the state.

Member Riggins said where do solar fields and wind towers fit into this? Do they fall under the state? Mr. Mitchell said it depends. That is a great question. In the original valuation of those properties, there is a determination made whether or not they are locally assessed or centrally assessed. With solar farms, a lot of that has to do with where the power is sold. If it crosses county or state lines, then it will be centrally assessed and those appeals will go directly to the state. The majority of these companies are locally assessed because they sell and the transfer of power and the power generating facility are all located within the county and do not cross county lines, so then the valuation falls upon the Assessor to value those and the appeals would follow that same route as property within the county. Assessor Felton just threw out a caveat. Unless, they are attached and considered part of a property that is valued by the state, so there are some solar facilities which are attached to geothermal plants and a geothermal plant is considered a mining property, which is valued by the state. That appeal would go to the state.

Chairman Getto said, with regard to NRS 361.402, where it says mining and geothermal and now we have talked about solar and wind farms, is there talk to add more to this category that goes directly to the state? There are other things out there that are complex that need to go to the state directly. Mr. Mitchell said do you want my personal opinion on that? I do not know if there are other categories that are being considered or being brought forward to the state. The state probably will not bring those categories forward. They are difficult properties to evaluate and develop a value on and that I agree with wholeheartedly. Along those lines, the state is undertaking development of an appropriate cost manual that would give more guidance and direction on a lot of these properties. We are hopeful that will be approved soon. I think that would provide the details. There is quite a bit of benefit to having them valued locally if they fit within that categorization. Part of that is the line of demarcation – where do you go with property and where should it kick up to the valuation of the state? I think that the definitions that are currently in place are serving okay, as long as we can develop the appropriate tools that the Assessors can have to value those. I am open to other thoughts.

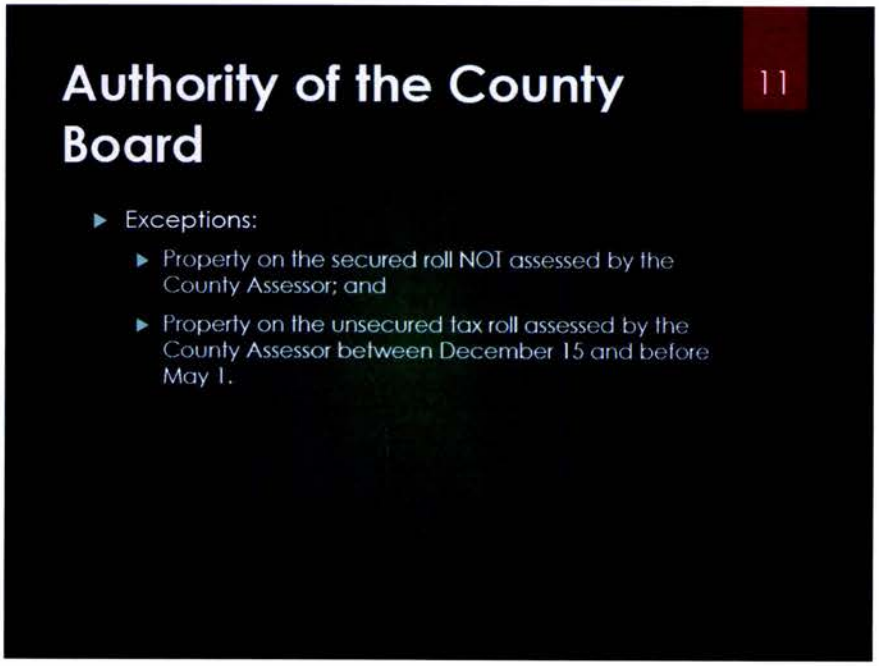
Assessor Felton agreed and said solar fields are what have been the hot topic lately because they were popping up everywhere. No two solar fields are built the same, so even that fixture test becomes difficult because the construction varies from facility to facility. Again, as these things pop up, it doesn't mean that we have available costs right away to be able to equally and uniformly cost them but, as I said, we work through that and are trying to now.

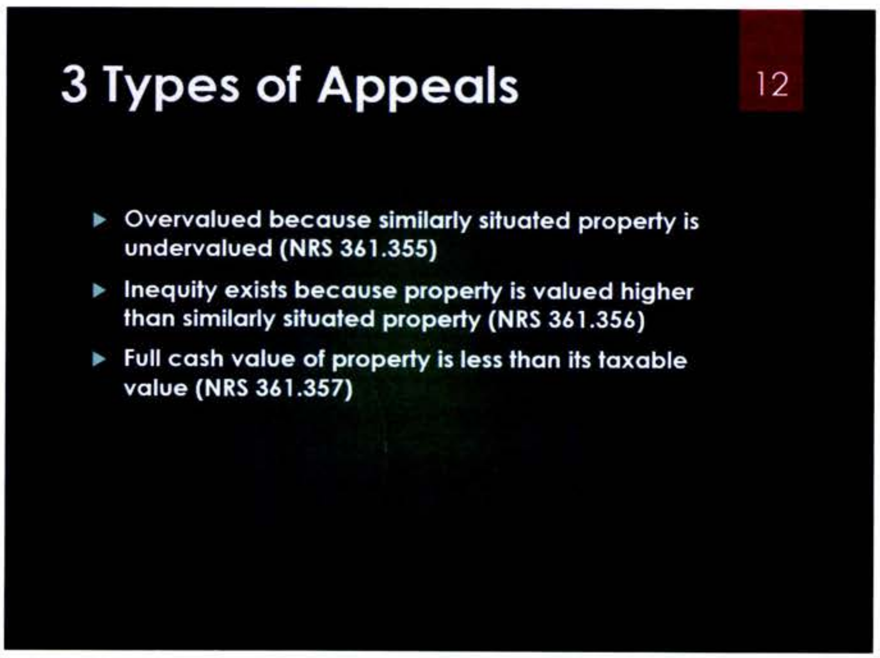
Mr. Mitchell said there are a couple of different avenues in the development of those costs. If the costs are not found within Marshall & Swift or the other currently available manuals, the Assessor can propose a cost that the Tax Commission then reviews and approves if it finds it necessary.

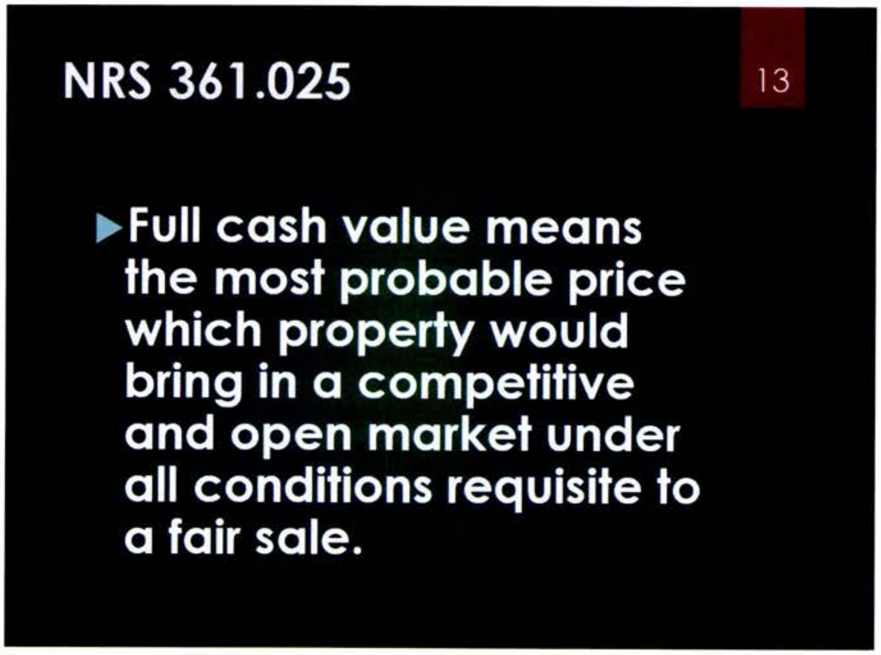


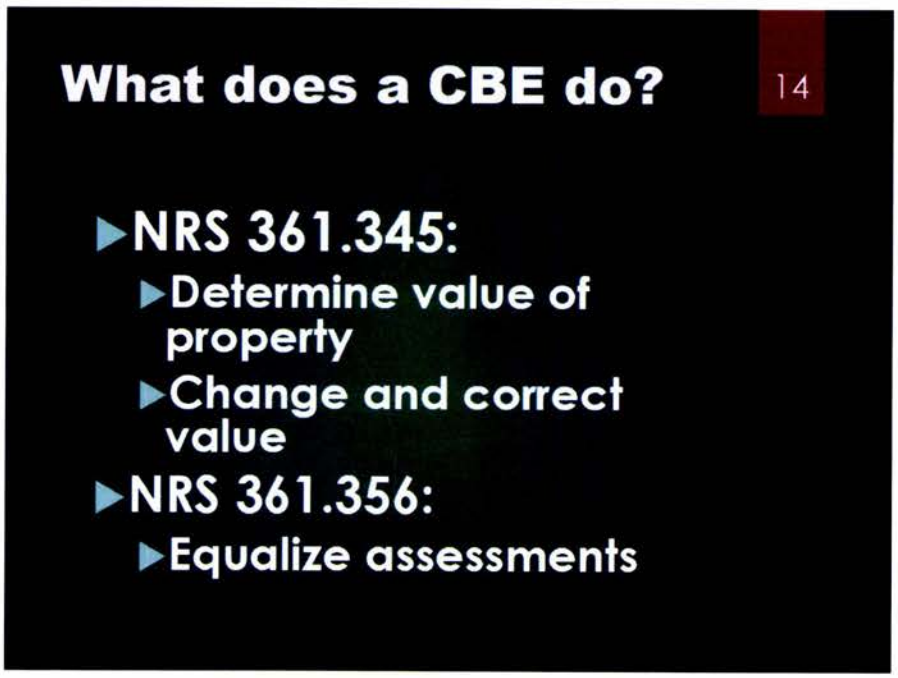
The State Board of Equalization also may not correct any valuation if the owner has refused the Assessor access to the property. Assessor Felton said the statute also gives the power to the Assessor on both rolls to make a valuation. On the Secured Roll, it involves access to the property but, if the declarations are not turned in and they do not respond to the Assessor, the Assessor can also do an estimate that can't be changed at the State Board.

Chairman Getto said are you seeing a change of attitude as far as being able to access a property? Are things getting better and are people understanding that you need access to the property or are things getting worse and you are being denied access? Assessor Felton said I don't think it is a generalization. I personally feel that it is how you and your staff work with your taxpayers. We do not seem to have those issues because we work really hard to try to work with all taxpayers. I just think it more of a personality thing, in my opinion, than an overall generalization. Mr. Mitchell said not too many of those cases tend to come forward. I think the Assessors, in general, do a good job of working as best they can with people. We do see a couple of those but it is not common.



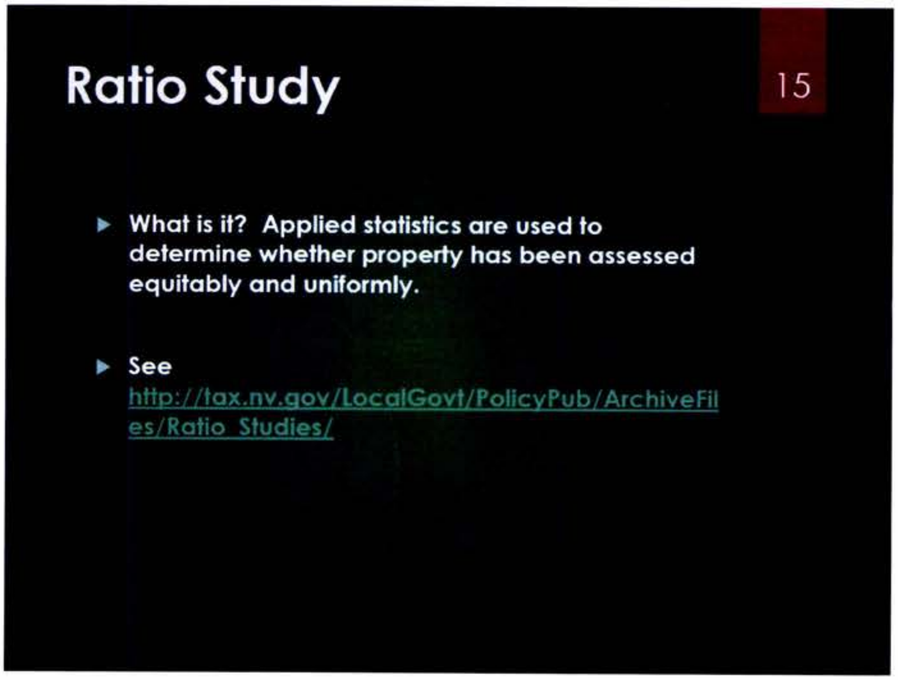






A less common appeal that can come forward is an equalization argument, meaning that, yes, my property is less than full cash value and I am not arguing that but the 3 bedroom, 2 bath house next door with a 2 car garage is valued less than mine, or, the Assessor used a higher quality for me personally than another. If they were not valued equally, that can be an appeal brought forward to you.

To provide a little assurance in that, there is a statute that requires the state to come out and review the work of the Assessor every 3 years.


Ratio Study
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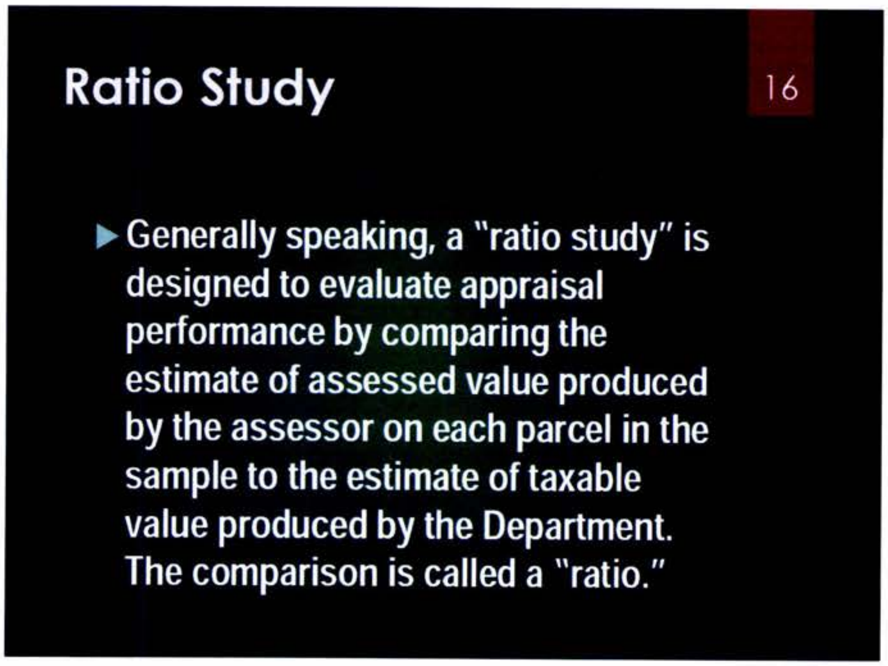
What is it? Applied statistics are used to determine whether property has been assessed equitably and uniformly.
See http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Ratio_Studies/


Ratio Study
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Generally speaking, a "ratio study" is designed to evaluate appraisal performance by comparing the estimate of assessed value produced by the assessor on each parcel in the sample to the estimate of taxable value produced by the Department. The comparison is called a "ratio."

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2020-21 Ratio Study

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MEDIAN RATIO

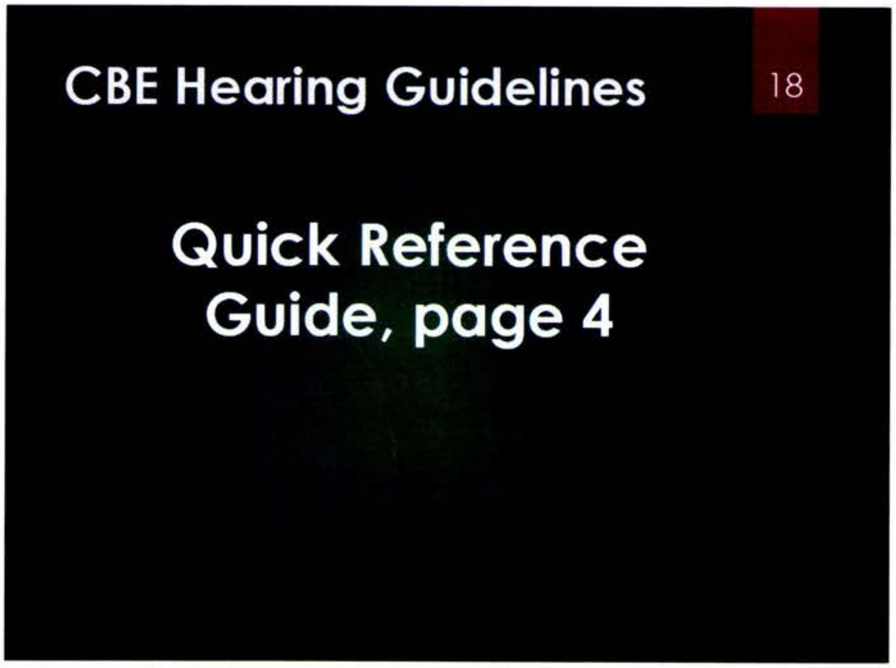
Subject County	All Property	Improvements	Improved Land	Vacant Land	Single Family Residence	Multi-Family Residence	Commercial Industrial	Rural Land & Improvements
		Class of Property						
CARSON CITY	34.3	34.0	34.6	33.1	34.0	34.5	34.4	35.0
CHURCHILL	34.7	34.5	34.4	34.4	34.7	34.3	34.6	35.0
ELKO	34.6	34.9	34.4	34.1	34.6	34.0	34.7	35.0
LANDER	34.5	35.1	33.9	33.9	34.9	34.3	34.6	35.0
PERSHING	34.9	34.7	34.5	34.6	34.7	34.7	35.2	35.0
WHITE PINE	34.1	34.2	33.9	33.4	34.0	34.1	34.2	35.0
ALL COUNTIES	34.4	34.6	34.3	34.1	34.4	34.3	34.6	35.0

Churchill County is doing a fine job as far as the state is concerned in regards to equitability in valuation of properties.

Member Riggins said what comes under rural land and improvements, is that farm ground, grazing permits? What all is included in that? Mr. Mitchell said that is correct – farm ground, agricultural land, things of that nature. Agricultural land is assessed differently than other vacant land. There is pasture land, grazing land, and different categories that the land falls within. Those specific assessed values are set by the Nevada Tax Commission and those values are communicated out to the Assessors and they apply them to the different land that comes forward. In general, that is why those are all 35%. It is basically a check that, yes, the Assessor applied the valuations as they should have and those were approved. That is a fun little caveat. If you do see a 34% or a 33% in that category, that is a bigger deal than a 33% or 34% in some of the other categories. They are still within the statutory framework of that 32-36% but it tends to be a red flag if that starts to vary. The same could be said for unsecured property because a lot of those valuations and depreciation schedules are also set by regulation.

Chairman Getto said, if there were a county that was outside of the guidelines, to correct that, does the state provide training to that office to help them adjust or what happens? Mr. Mitchell said it depends on the severity. The Tax Commission has a couple of options in front of them. One of those is for the Department of Taxation to provide training, to spend a little bit of time in the office and make sure that the policies and procedures are up to date, and tighten it up that way. The Tax Commission, if all properties are undervalued, can order an overall value increase to bring that within ratio. That is more of a dramatic step. They can also order the revaluation of property. Those are the different three prongs that the Tax Commission tends to rely on in their toolbox.

Chairman Getto said I would expect that to be front page news. Has that ever happened before that you are aware of? Mr. Mitchell said we have been ordered to provide training and we have been ordered to re-evaluate a county a second year in a row. Because it only happens every 3 years, we can point out the areas where they are starting to get a little sideways on and look at it again the next year. There has not been a valuation order as long as I know of, so at least within the last 10 years. Even then, something like that would reverbiate, so I would have heard about it if it had happened probably within the last 20-30 years. Not that I know of. I think a lot of that speaks to the Assessors' offices within the state. They take their job seriously to uphold the statutes and regulations. The only instances where I could think where it would occur is if the Assessor was intentionally valuing things less than they should. Fortunately, that has not happened.



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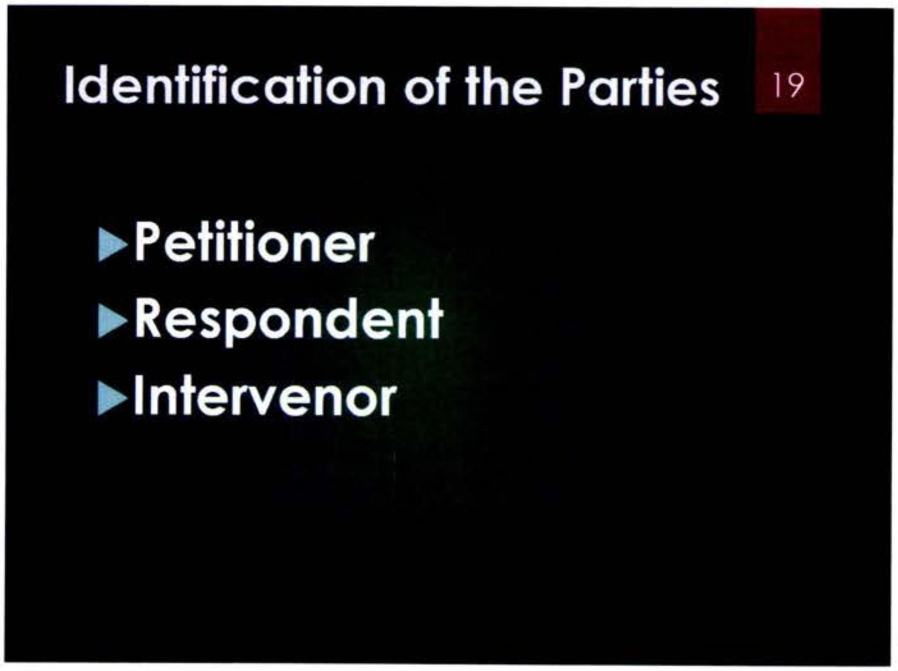
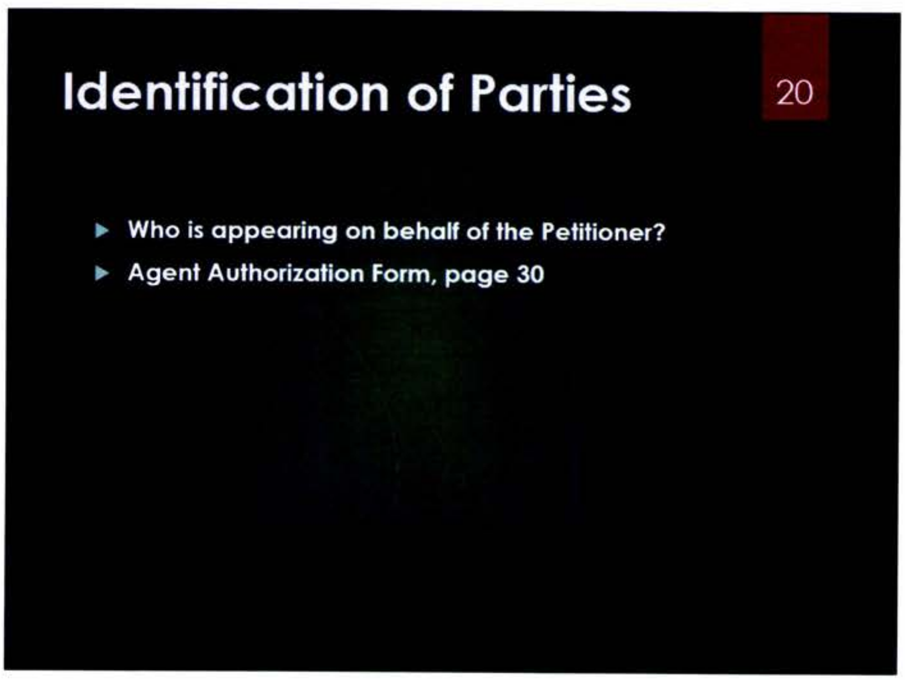
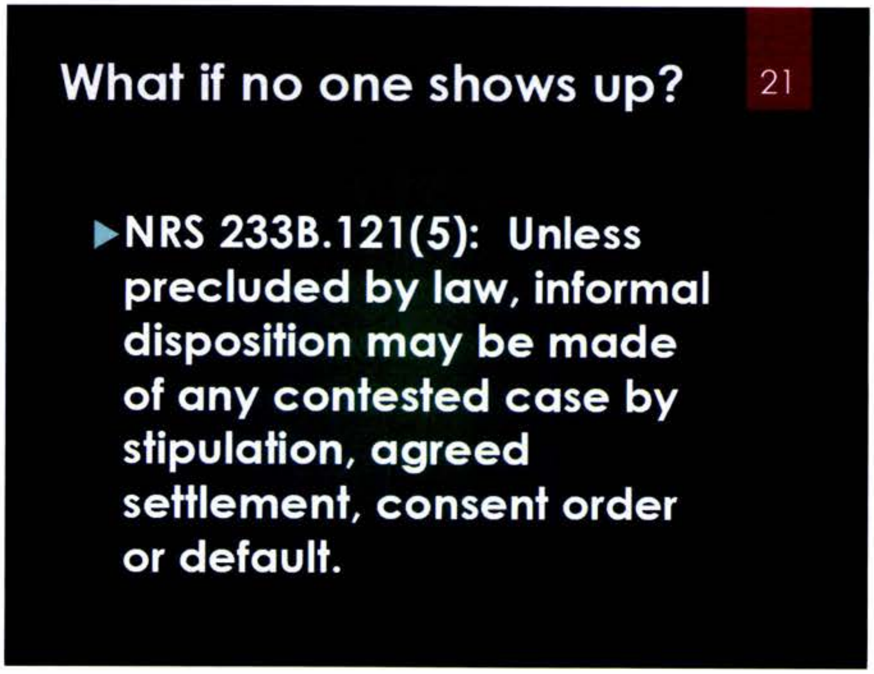
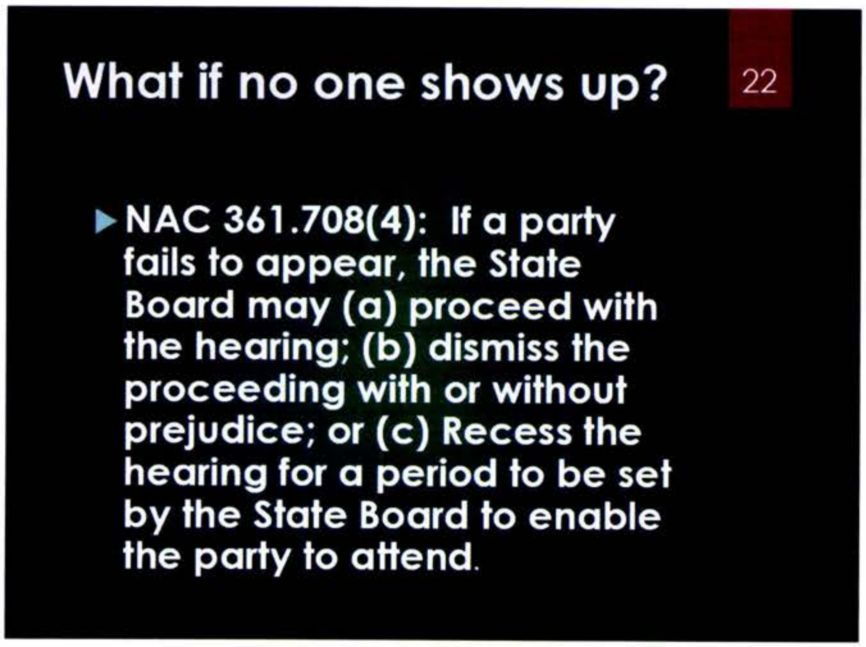


An Intervenor is somebody who may be affected by a decision but isn't necessarily the Petitioner or the Respondent. A great example of that would be state assessed property when we have a utility that is being appealed and the counties are going to be directly affected by the decision of the State Board of Equalization. They didn't value it and they are not defending it but they are affected by it. With that, they are allowed to file as an Intervenor and be part and party to any conversations that occur between the two parties, as well as if they have any evidence to present at the case. They are also welcome to speak and present evidence.

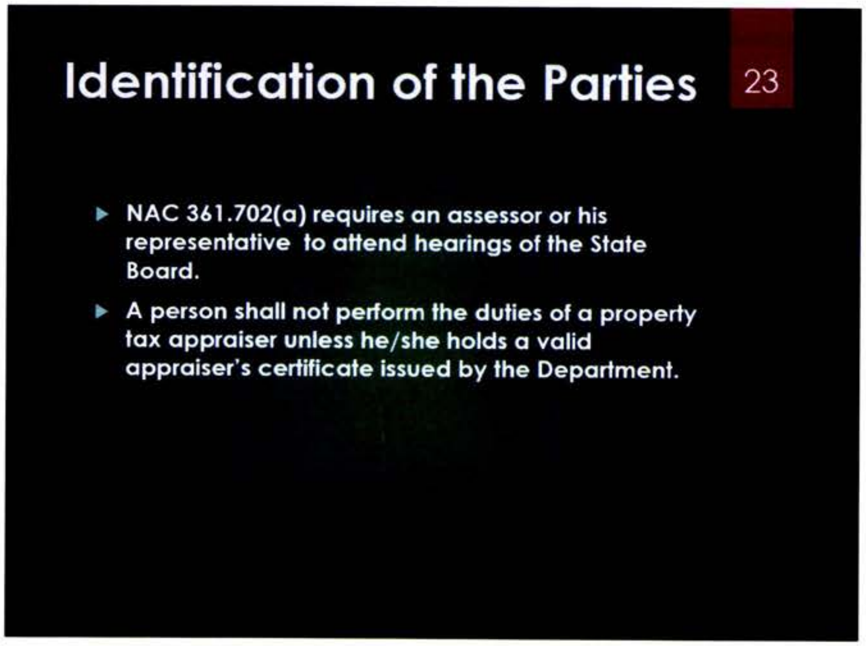






The County Board of Equalization may also proceed or decide to postpone the hearing to a different time. At the state level, we tend to just proceed if parties have been noticed correctly.

Member Arciniega said, if we were just to proceed without an appearance, would they have the opportunity to appeal to the state? Mr. Mitchell said, yes, their appeal rights are still in place. That does happen, not necessarily frequently but often, if there are different levels. It tends to happen more often with perpetual Appellants, those that appeal every year and they do not feel as if the County Board of Equalization is hearing their case, sometimes they will not appear and then appeal directly to the State Board of Equalization. The State Board of Equalization is constrained by what is contained and presented at the County Board of Equalization, so my personal opinion is that it is not to their benefit not to appear because they then do not have the opportunity to present testimony to their evidence.



The Assessor is required to be present. A person shall not perform the duties of a property tax appraiser unless he or she holds a valid appraiser's certificate issued by the department. Presenting yourself as an appraiser without the appropriate license or certificate is not a good thing. The State Board of Equalization has referred them to the Division of Real Estate for investigation because somebody cannot pretend to be an appraiser if they are not licensed as an appraiser within the State of Nevada. I don't know if you have any any instances of that. Assessor Felton said where we have run into that is when the tax representatives provide an opinion of value. That is where we have questioned that it in the past. Mr. Mitchell said that tends to be, in general, where this rears its head where an agent is not licensed but they are presenting an opinion of value, which is defined as an appraisal. They can present evidence, they can present different things for you to look at, but they need to be careful when opining on value.

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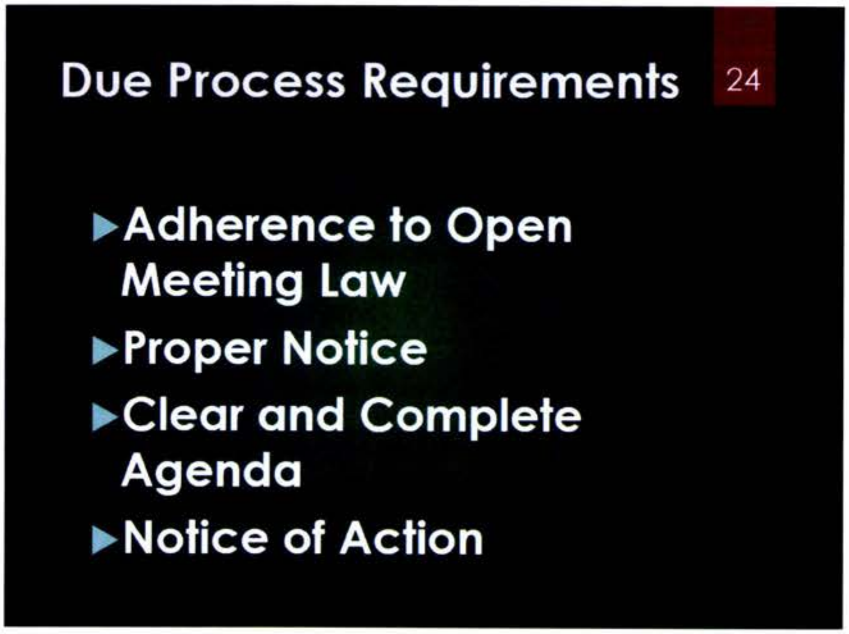
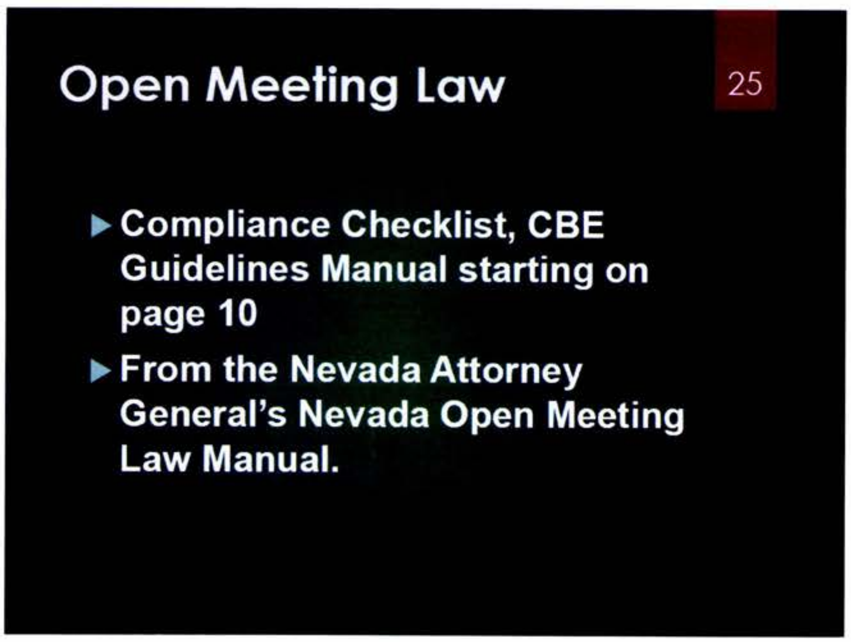

Due Process Requirements
24
Adherence to Open Meeting Law
Proper Notice
Clear and Complete Agenda
Notice of Action


Open Meeting Law
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Compliance Checklist, CBE Guidelines Manual starting on page 10
From the Nevada Attorney General's Nevada Open Meeting Law Manual.

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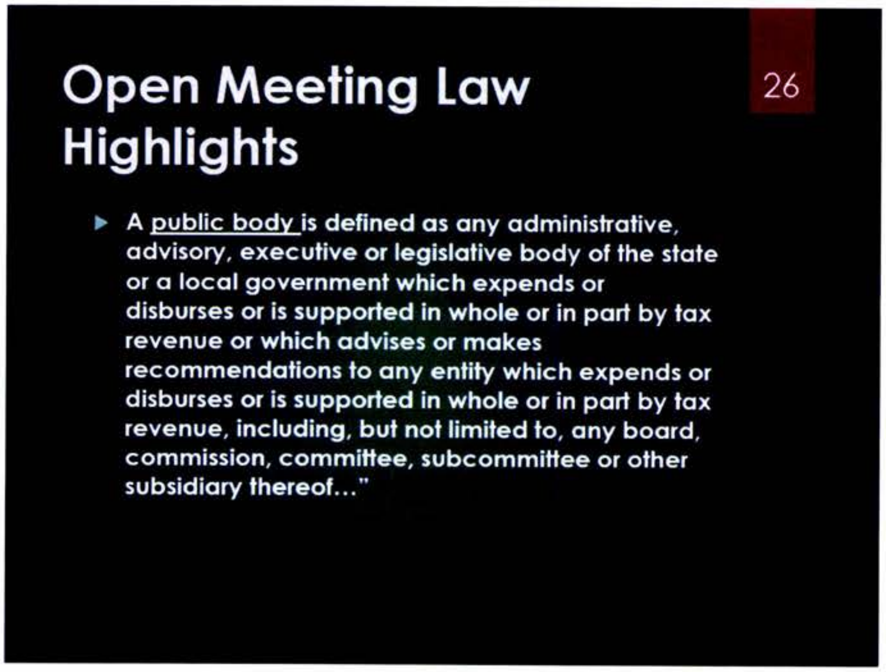
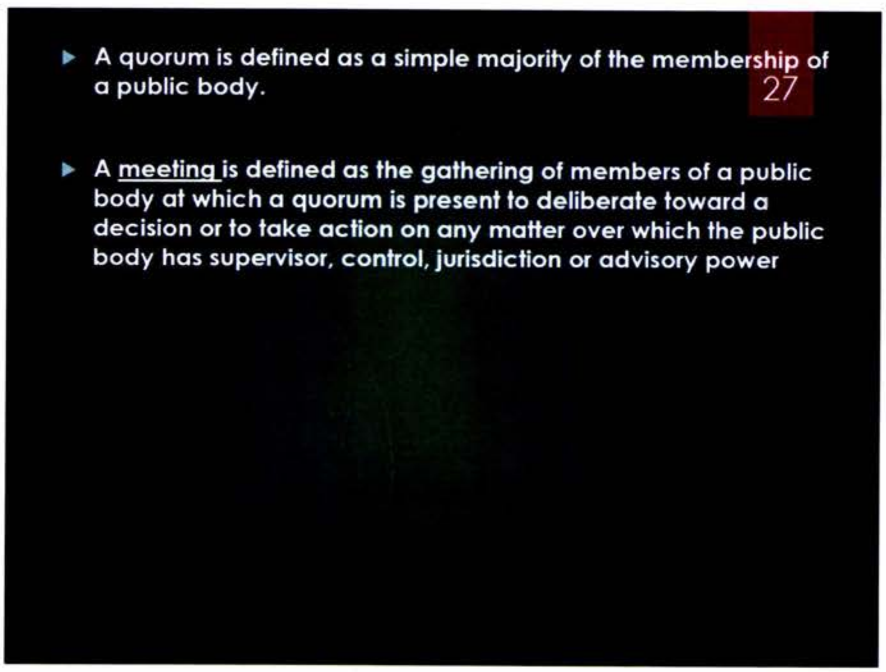

Open Meeting Law Highlights
26
A public body is defined as any administrative, advisory, executive or legislative body of the state or a local government which expends or disburses or is supported in whole or in part by tax revenue or which advises or makes recommendations to any entity which expends or disburses or is supported in whole or in part by tax revenue, including, but not limited to, any board, commission, committee, subcommittee or other subsidiary thereof…"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A quorum is defined as a simple majority of the membership of a public body.
A meeting is defined as the gathering of members of a public body at which a quorum is present to deliberate toward a decision or to take action on any matter over which the public body has supervisor, control, jurisdiction or advisory power

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- The Office of the Attorney General states that if a majority of the members of a public body should gather, even informally, to discuss any matter over which the public body has supervision, control, jurisdiction or advisory power, it must comply with the Open Meeting Law.

Notice

29

- NRS 361.340: Publish schedule of meetings in the newspaper 5 days before the first meeting.
- NAC 361.626: Notice pursuant to the Open Meeting Law – NRS Chapter 241
- Posting time, place, and location of meeting three days before the meeting.
- NAC 361.626; NAC 361.634 See "Guidelines" page 9.

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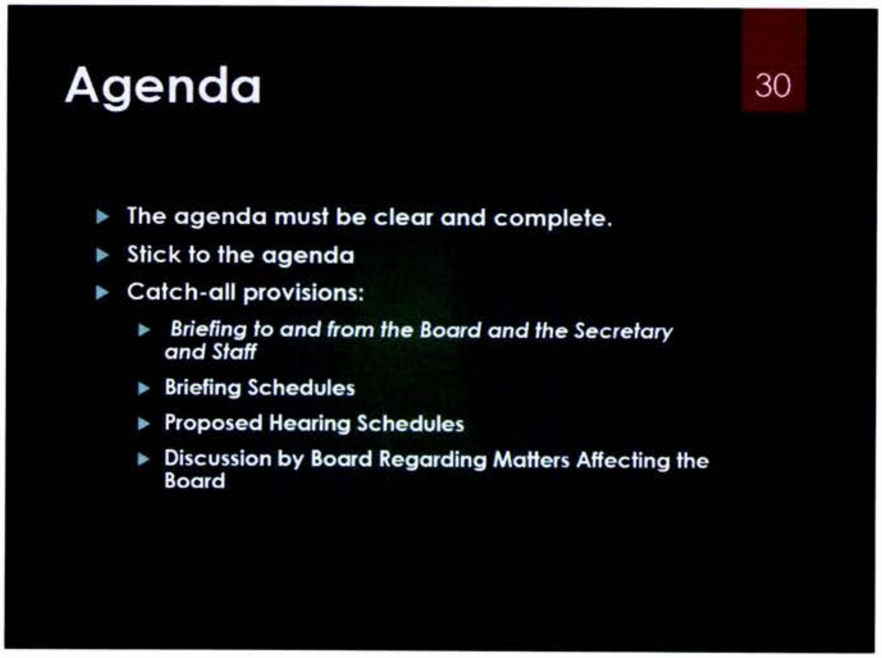

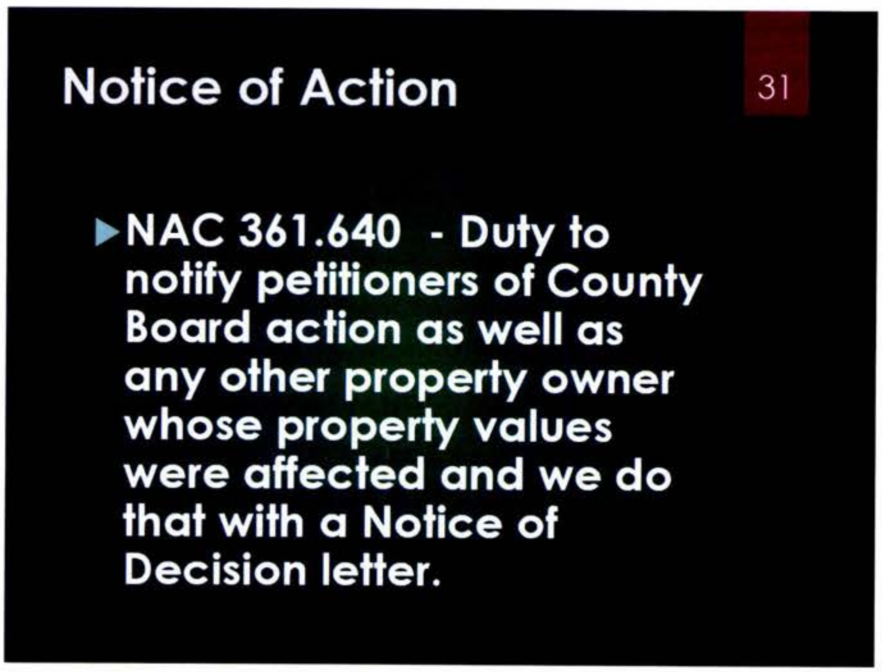

With the equalization appeals, if you find that a bunch of properties are out of equalization, that, obviously, affects multiple property owners so, although they did not file an appeal, they will be affected by a decision and they too need to notified and be given an opportunity to be present and to speak.

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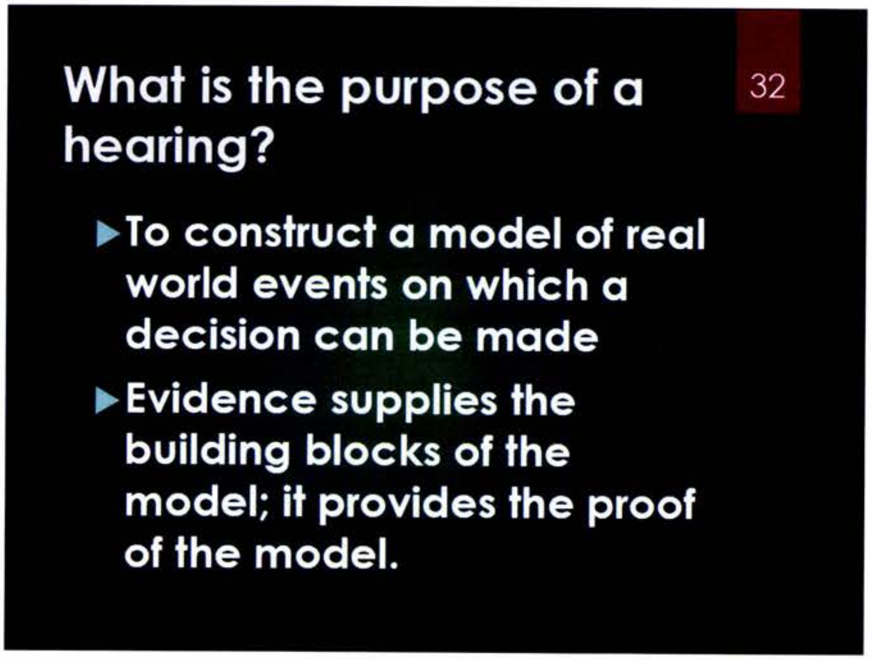
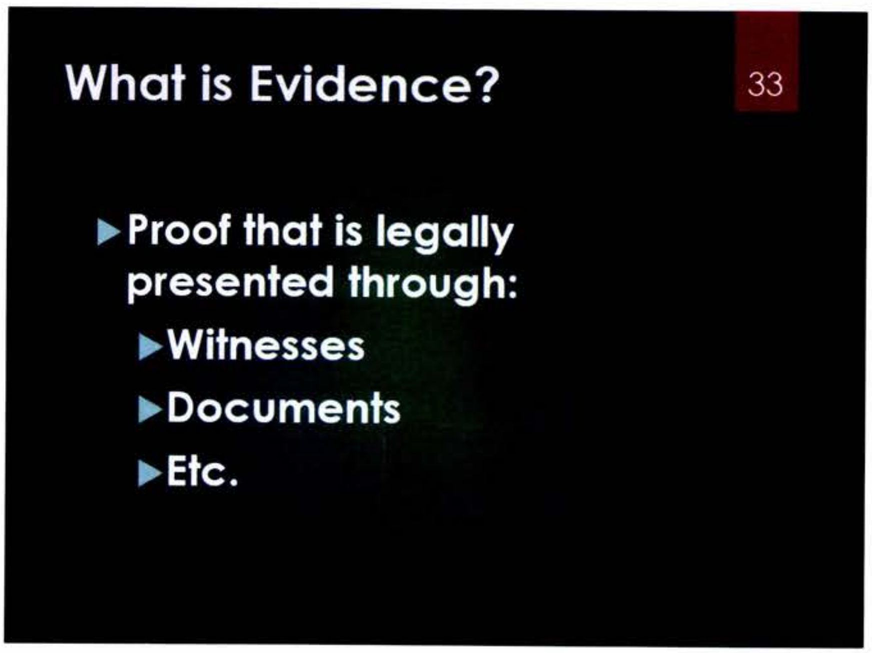

What is the purpose of a hearing?
32
To construct a model of real world events on which a decision can be made
Evidence supplies the building blocks of the model; it provides the proof of the model.


What is Evidence?
33
Proof that is legally presented through:
Witnesses
Documents
Etc.

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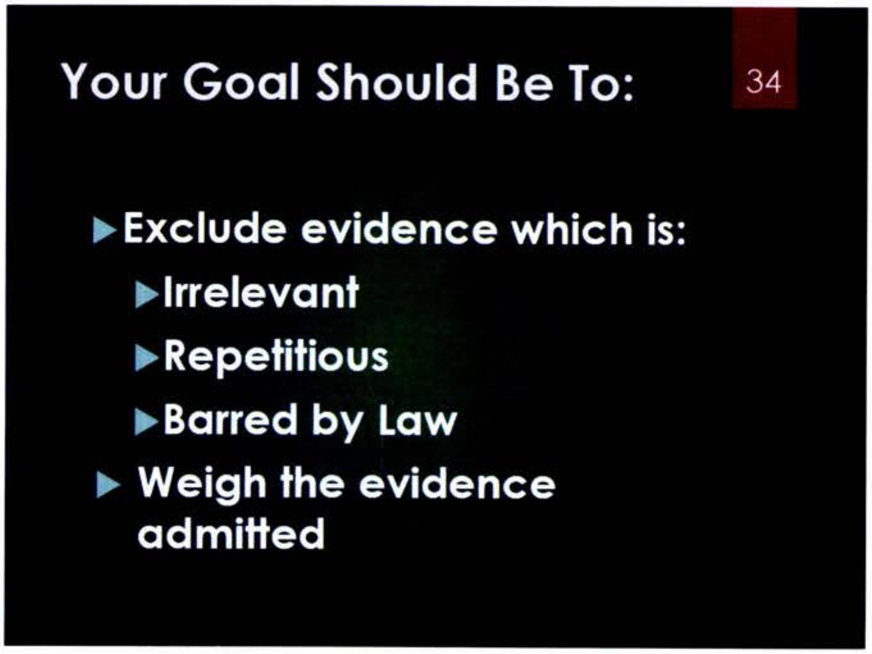
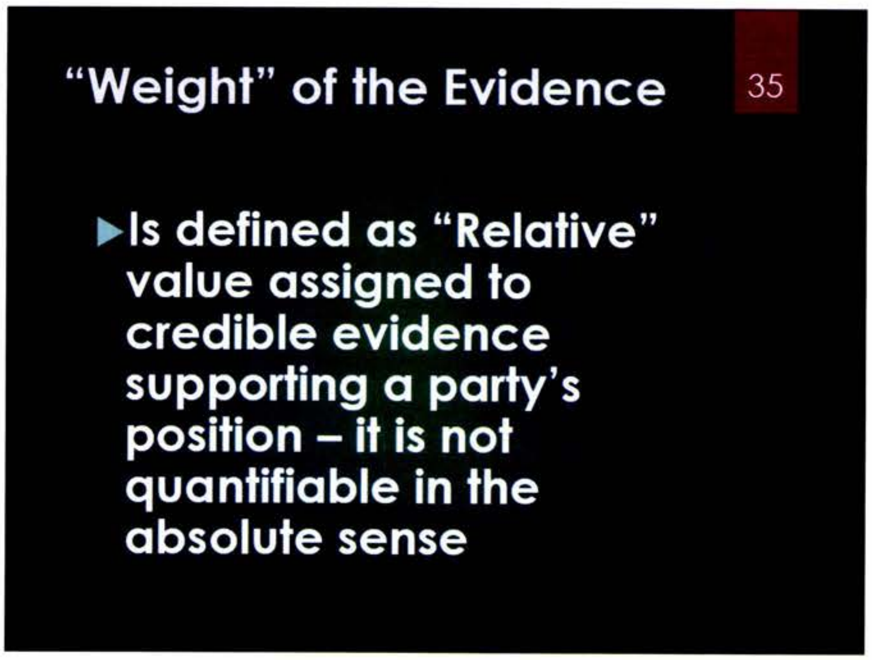
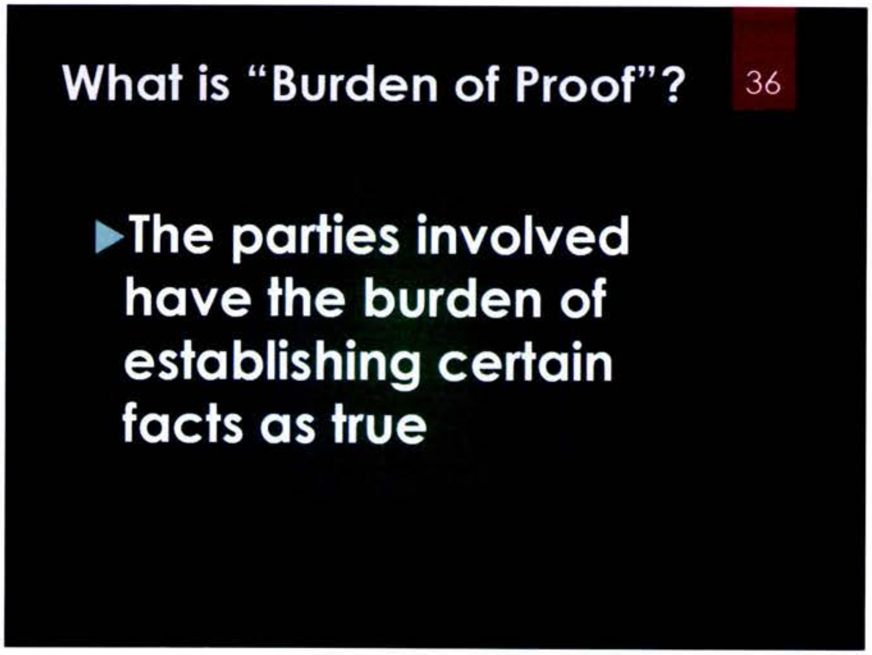
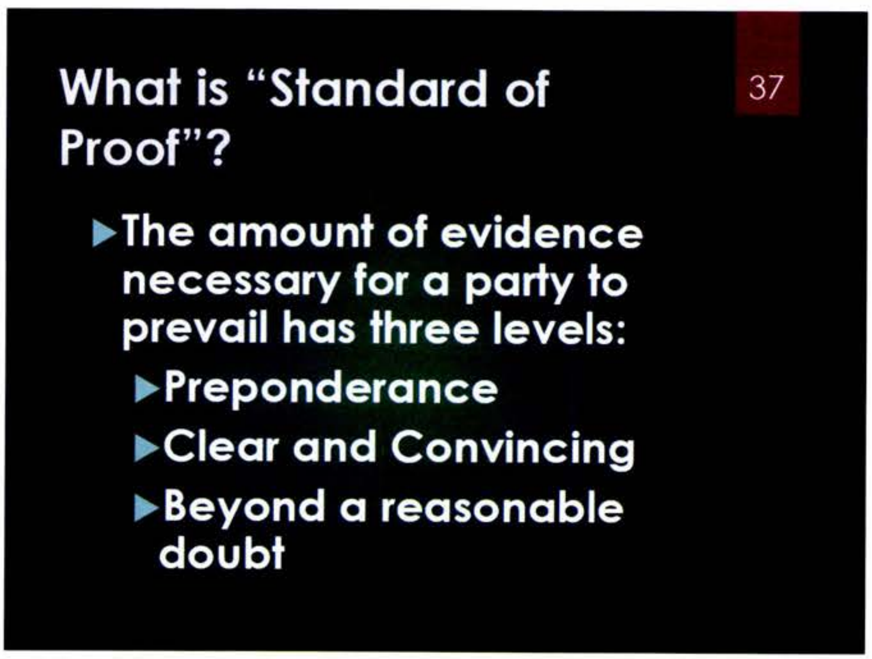


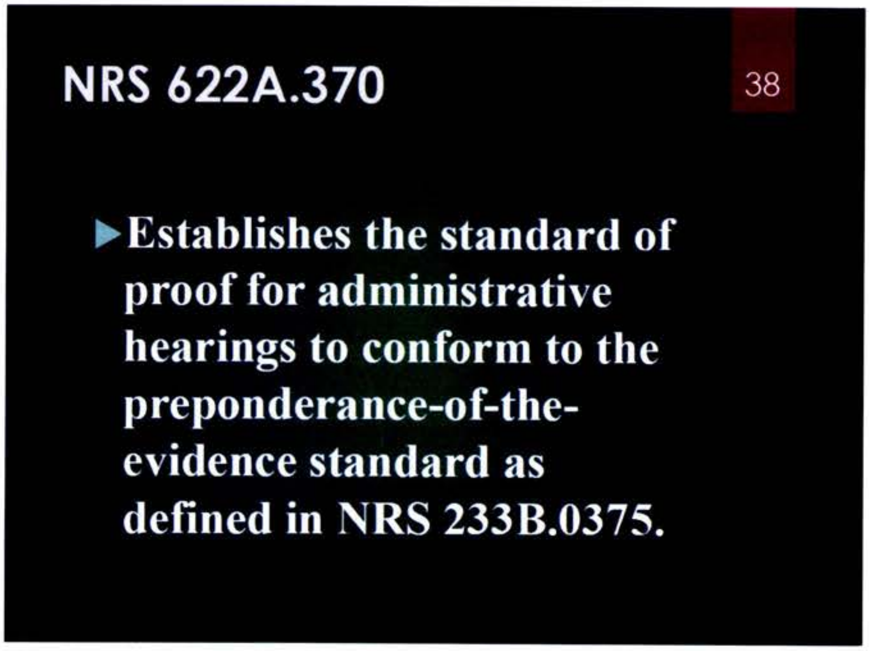


With that, I will talk about the different processes available in the appeal route. The first step is the County Board of Equalization, after which it is the State Board of Equalization. That can then be appealed judiciously to the District Courts and then up through the courts. What happens at the County Board of Equalization is that groundwork and foundation of evidence. That is the evidence that is carried forward and heard by the State Board of Equalization. The District Courts look back on that evidence way back to the initial hearing. If the State Board of Equalization feels as though the record is incomplete, they can remand the hearing back to the County Board of Equalization. If they do not think the County Board considered or weighed evidence or if there was no evidence and they just made a decision, they can and frequently do remand those back and they will give instructions along those lines. That way, that record is complete in case it does continue to move forward.

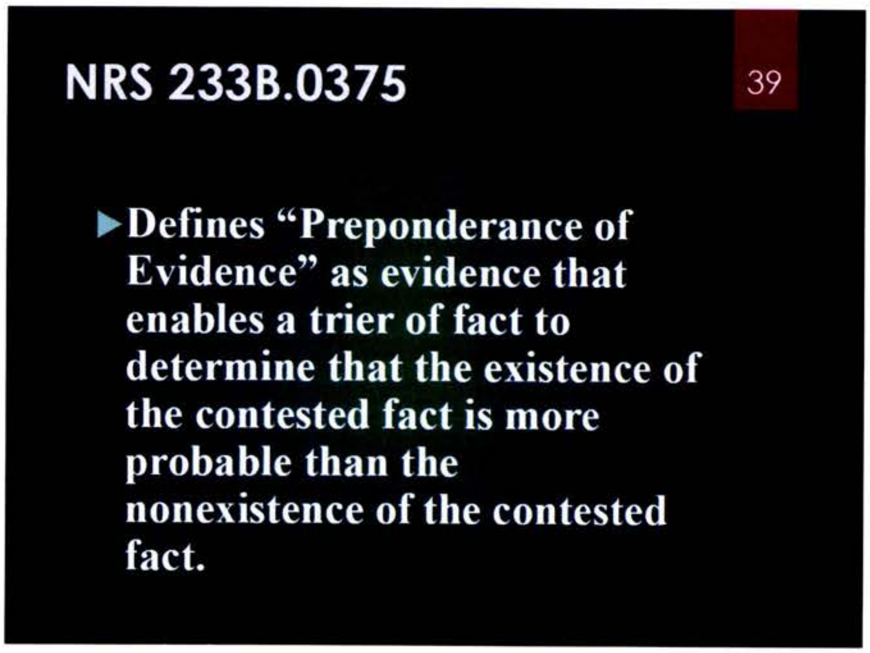


The Petitioner has the burden to prove that the Assessor's value is wrong. The Assessor's value is presumed correct until proven otherwise.

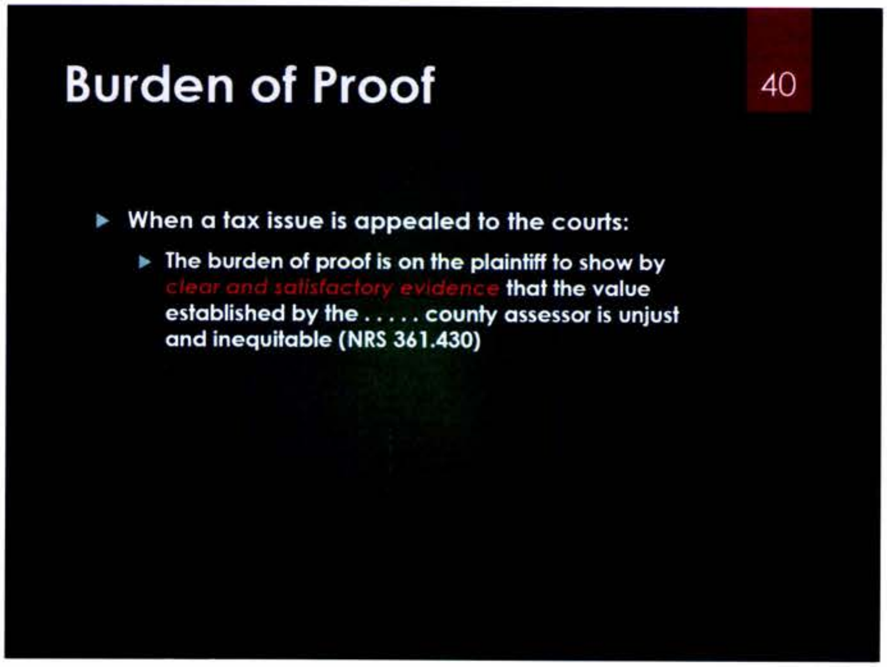




With county boards and state boards, there does not have to be proof beyond a reasonable doubt. We rely upon the preponderance of the evidence.



Chairman Getto said this is where we will have a taxpayer come forward and say our house is worth this amount of money and the assessed value is okay but my problem is that my taxes are too high. That is not an issue that we deal with and our standard answer is to contact your Legislative representative about that. We cannot help with that issue, yet, they continue to come before this board with that because they do not know any better. Mr. Mitchell said that is a good comment. You are not here to hear an appeal on taxes. It is an appeal on value. Taxes are established but are not an appealable item. Value is a judgment or an opinion and that is why it is an appealable action item. That is a very important distinction to make. I have compassion. Even though I work for the Department of Taxation, I am not a huge fan of taxes. Fortunately, that cannot cloud my judgment when establsihing the value of a property. Establishing the value of the property needs to be my priority, that way it is done equitably and then the taxes fall where they may. There are different options for those who cannot afford their taxes. The County Treasurer is a great first step to point the person in that direction. If there is just not an ability to pay, there are different laws out there that help protect and provide for those instances.



Again, that speaks to what we pointed to that the value is establsihed and the burden of proof is on the Petitioner.

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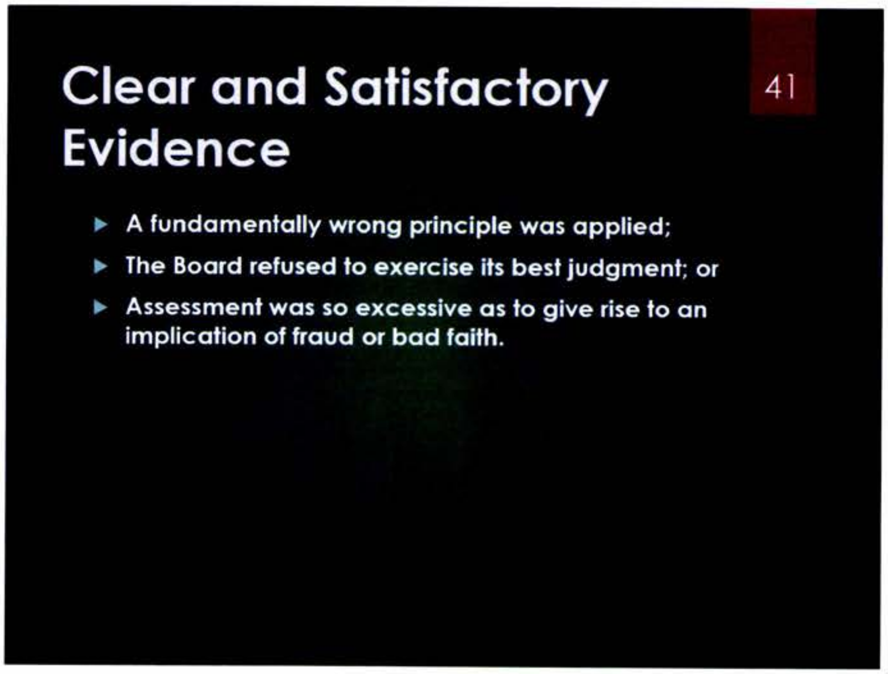
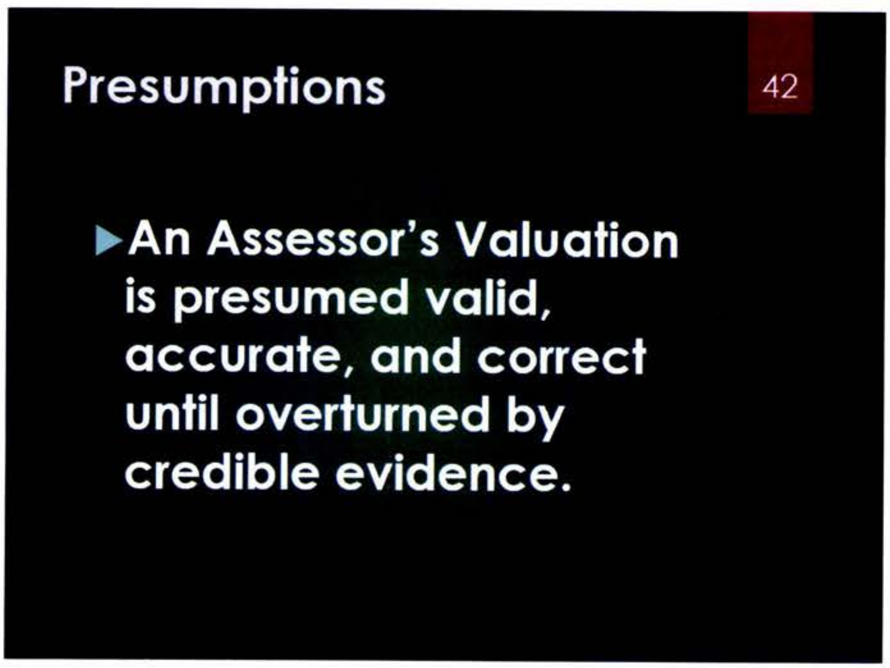

Clear and Satisfactory Evidence
41
A fundamentally wrong principle was applied;
The Board refused to exercise its best judgment; or
Assessment was so excessive as to give rise to an implication of fraud or bad faith.


Presumptions
42
An Assessor's Valuation is presumed valid, accurate, and correct until overturned by credible evidence.

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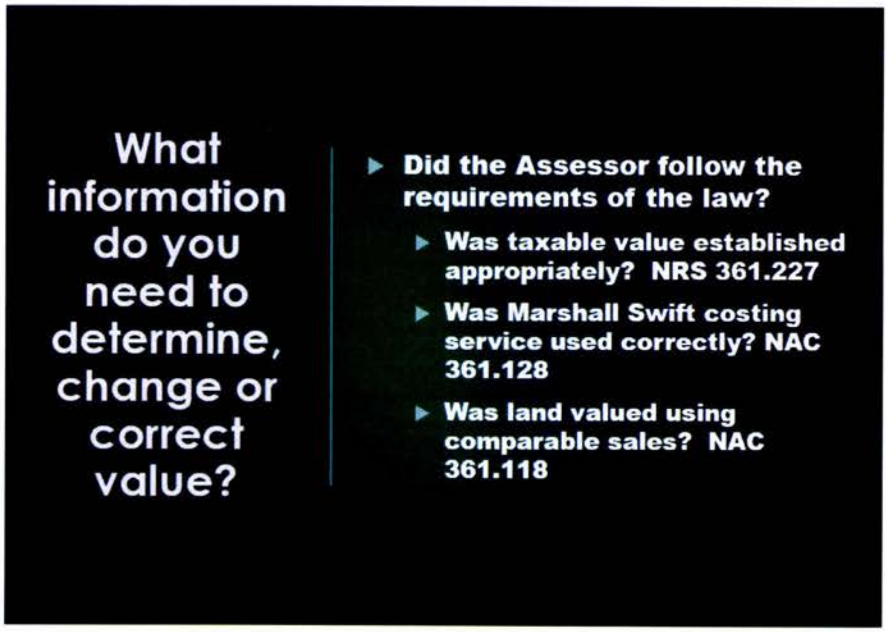
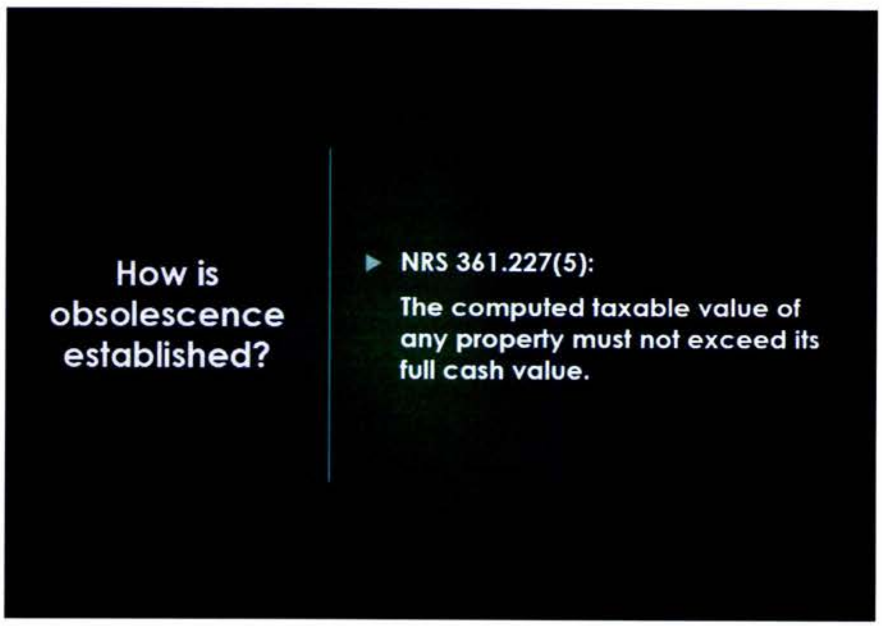
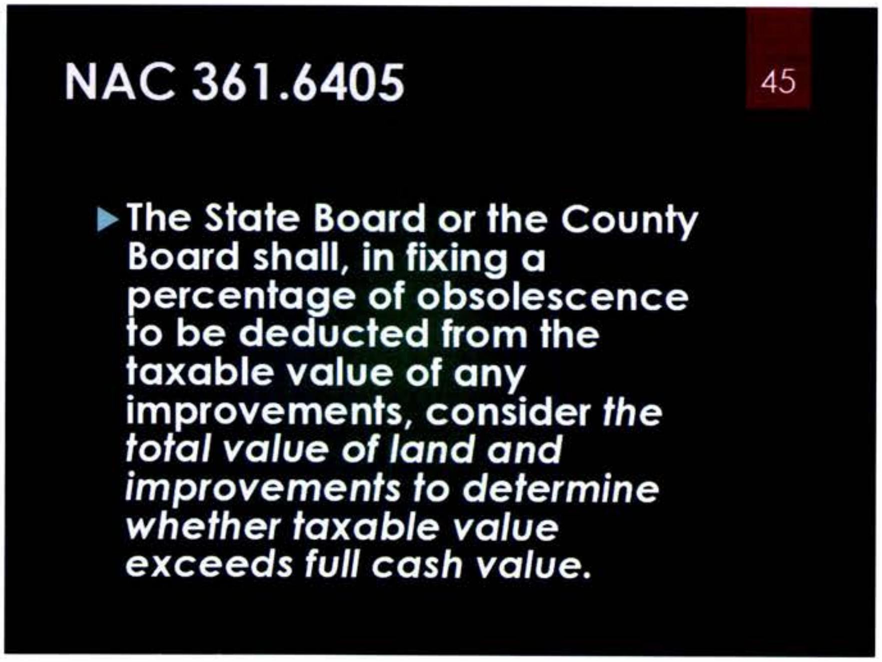
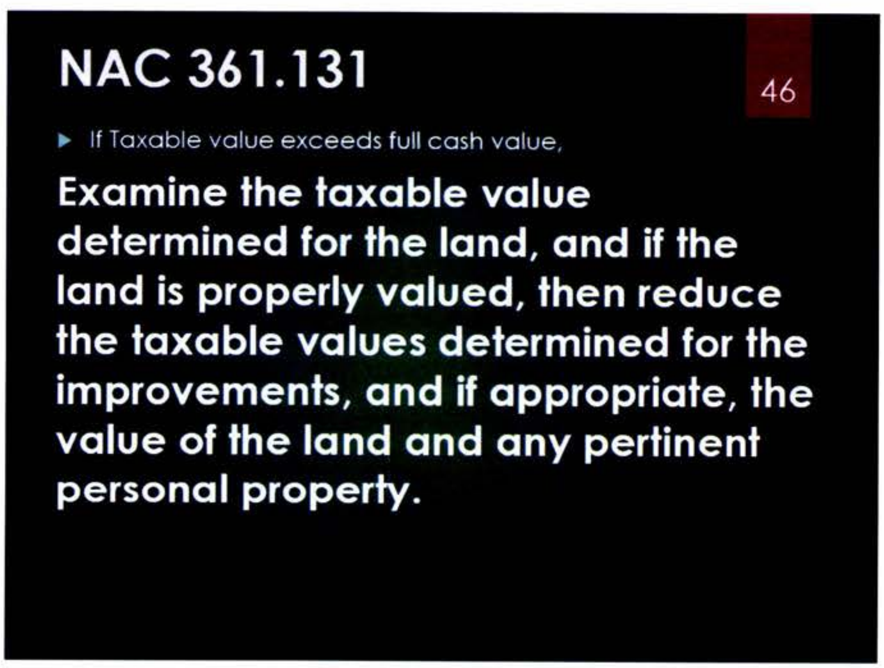


These are appropriate questions to ask when hearing appeals. By regulation, all real proeprty is valued by Marshall & Swift or other cost services as approved by the Department of Taxation. Was that used correctly? Was the land valued according to full cash value? Were there comparable sales? What information did the Assessor use to establish that land value.

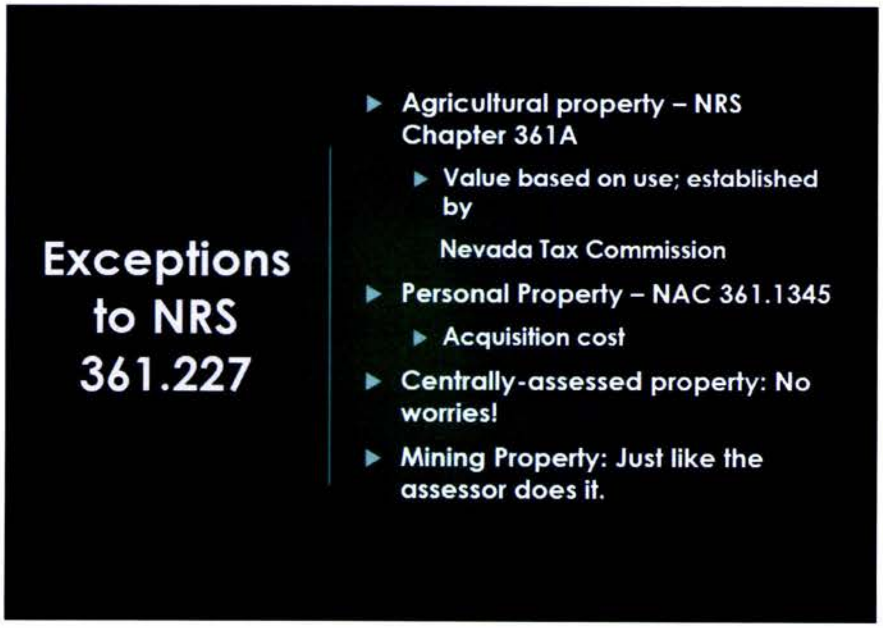


What happens if you determine that there needs to be an adjustment to the property that the computed taxable value is exceeding the full cash value and there needs to be a reduction. That is often referred to as obsolescence. That is referenced within regulation, as well as to the appropriate manner to apply that regulation. For real property, it applies to the buildings first. That is the first value adjustment downwards. That helps if it is ever appealed to the State Board of Equalization. For example, you have a value established at $400,000 but you believe that the value really should have been $300,000, the land values at $100,000, so you would reduce the value of the building and if that is put on the action that is voted on, that helps greatly in the record of the testimony that goes forward where that value reduction is being placed.





When speaking to the Assessor valuing property according to statute and regulation, in general, that falls under NRS 361.227. There are exceptions to those valuations and, during the appeal process, the Assessor should establish under which statute and regulation that value was established.



We do have property that is valued by the state that has come before the County Board of Equalization and that needs to be spoken of by stating that this was not established by us and it needs to be referred to the Department of Taxation.

With personal proeprty, the Unsecured Roll, the valuation on that is laid out again in statute and regulation. It is acquisition cost and then there are appropriate depreciation schedules established in what is referred to as the Personal Property Manual. That should be presented to you as evidence so that you can see how that value was established and make sure it was done according to the proper procedures.

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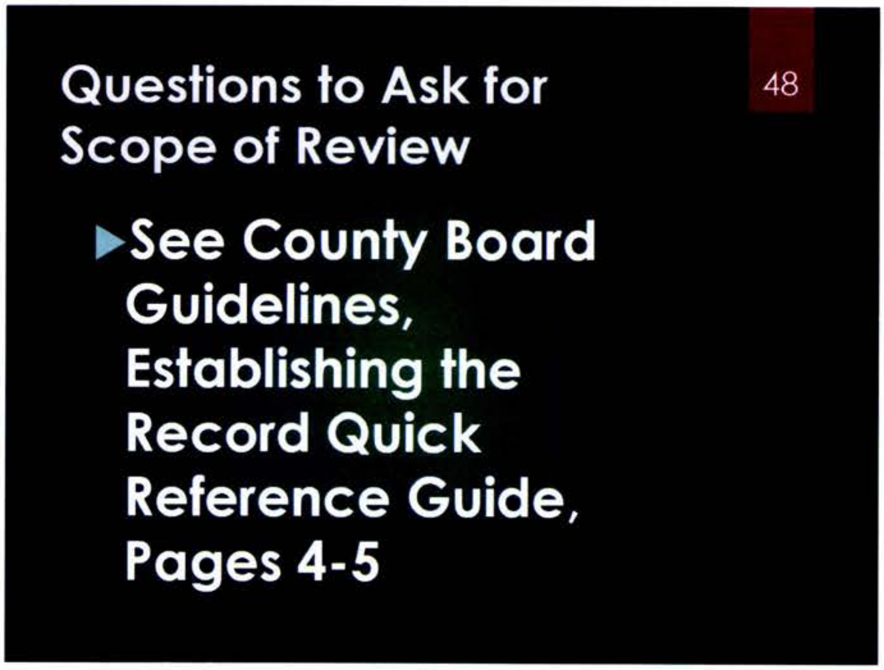

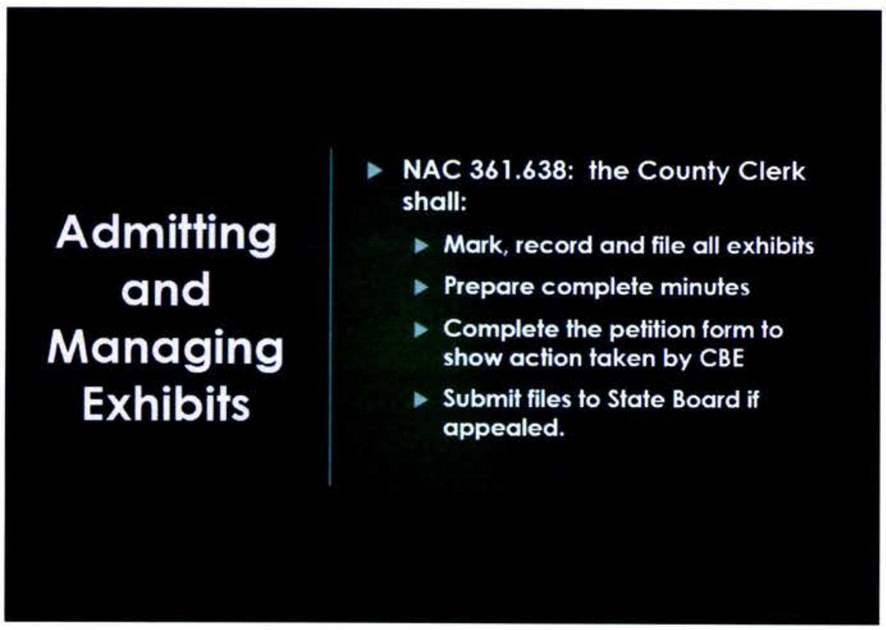

When action is taken in a motion made by somebody other than the Chair, it is seconded by somebody, and then voted on. If that is clear within the transcript, the Decision Letter should also reference the action that was taken.

Chairman Getto asked if there were any questions. Member Riggins said I have a question that is not directly related to what you went through but, in the last general Legislative Session and maybe one before that, there was talk of changing the way real property is valued and assessed in this state. Are you aware of anything in the works for this next Legislature? Mr. Mitchell said there is no language or bills that I have reviewed or seen. In this last Legislative Session, they did establish different interim committees that will meet throughout the upcoming biennium.

One of them is the interim committee on revenue. They are charged with looking at all of the different kinds of taxes and revenues. Their first meeting was yesterday. I do not know if they will take action or recommendations but they will review and look at the different items that are out there. I haven't heard of anything upcoming but, fortunately, I am not part and privy to those conversations. I usually find out about those things at the same time that the Assessors do.

Chairman Getto said does Nevada operate the same as other states or differently than other states and what is that difference, generally? Mr. Mitchell said we are unique. In general, although I do not know the exact number of states but it is in the 40s, those states are a market state. Taxable value is established as some percentage or some different relevance to market value. Nevada is a cost state. Real property is valued at cost, with a state mandated depreciation. The only thing that is really established at market value is vacant land within the state. We have a bifurcated or two pronged system where we value land at market value and then improvements at cost. Most states are entirely market value in one form or another. Then they have different caps and so forth on those different market values.

Chairman Getto said this question is for Member Riggins, as an appraiser, is there a benefit one way or another? Not that we can do anything about it but that is interesting to me. Member Riggins said my initial reaction, when they talk about going to a market valuation, is let's look back at what happened in 2007-2012. With the system the way it is now, to me, it adds stability to the taxing structure that the market value may not because the assumption that real property is always going to go up, basically, was disabused in the last slump. From a revenue standpoint, it seems more predictable to have the system we have now. Assessor Felton said I agree with Member Riggins. Even now, when we add a brand new house to the tax roll, we are way under market because of just cost by itself. We do not use land as a plug figure but land is at market but it does create more of a stable value. We are not changing the values. The other thing is, if they did change the basis for taxes, it probably would not be in the favor of taxpayers. Cost usually comes in lower than market. As you said, in the situations where the market does go backwards, then that is when you find yourself trying to adjust. We have to adjust cost when the market goes down but market is even more so. They have more frequent swings than just the cost basis.

Chairman Getto said another question I have is we went through that period where we had our cap on our taxes, regardless of what the market was doing. For a while, that created a lot of silence from the taxpayer but now we are to the end of that. This will change the feeling that the taxpayer has because they will not understand what happened there. Where are we at in that whole timeframe and process? Mr. Mitchell said the property tax cap could be a 4-6 hour discussion all on its own. In general, the cap is 3% on residential and 8% on commercial. It is also not to exceed the 10-year rolling average of increase in assessed value within a county. For example, in a rural county if you have a mine close down, which does happen, they tend to be very large assessed values within that county, so you can see an assessed value go up 8% a year and then, all of a sudden, there is a 30% drop in the total assessed value of the county. When you look at a 10-year average of that, that now may only be a 2-3% increase as a rolling average for that 10-year span. Even if you have an 8% cap, it could be lower than that based upon how the assessed values have increased in the county. That law is still in effect and that cap is still in place. The floor of that cap tends to be twice the CPI. This year, inflation has been very robust, so the floor for the cap isn't going to come into effect in a lot of the counties. A lot of the counties will be looking at either 3% for residential property as the most that taxes can increase and 5-8% on the commercial, depending on where that growth is coming in at. I can look at where Churchill County was last year. That report is produced mid-February and then early April, so we do not have it for this upcoming year yet, but I have last year's.

Chairman Getto said my rationale for that question was trying to predict what kind of volume of applications you will have over the next few years and whether there might be built-up energy coming your way. Assessor Felton said we monitor the market daily, so we keep track of listings and sales daily. We try to stay on top of that but you can't deter everybody from appealing for one reason or another.

Civil Deputy DA Shawcroft said I know you are looking up that information but I have a question for you. We have had a couple of instances in the past, mostly with residential, where they will come in with comparable sales that they looked up and found over the last couple of weeks before the hearing. Yet, our Assessor is restricted in looking at comparables up to July 1st. We have had that question and landed on the answer that this is the restriction of the Assessor but not on the taxpayer and so we have allowed that evidence into the record, even if it was just very recent. That does not seem very fair. Have you had that question come up and how have you resolved it? Mr. Mitchell said we have. I don't know the exact statute or regulation off of the top of my head but the Assessor is constrained by looking at sales by the July 1st timeframe. If it is appealed to the County Board of Equalization, they can look at sales up until January 1st. They should not be looking at sales that occur after January 1st to whenever the hearing has occurred. They are allowed to present sales and information up until January 1st.

Deputy DA Shawcroft said if I could make a couple of comments to the board that might be helpful. When you are hearing cases, when we start talking about what has been the evidence that has been presented to you, I have sat through a few of these and sometimes we get bogged down where nobody really knows what to do. We sit here in silence for quite a while trying to figure out what to do. My advice to you is, when you are stuck like that, just take a step back and say, okay, what has been presented to us? The Assessor has presented her information; the taxpayer may not have. My general feeling is that, most often, on the residential side, they do not come with much evidence. I could even say the same thing for commercial too because they are pretty bad, also. They just do not give you much information, so you have to go back and say who has the burden here of proving that the value is wrong? That goes back on the taxpayer, so you can always fall back on that and say that we do not have enough evidence here to be changing what the Assessor has given to us. If they have, then absolutely talk about it.

Another thing that I would say is, when you are making your decision, which comes with a little bit of practice and some of our more experienced members are pretty good at this, when you make your decision or motion, you have to be able to express and articulate why you are making that decision. You have to say it is because the taxpayer did not provide sufficient evidence or, if you are going to make an adjustment, you have to say why you are making that adjustment. You can't just say, well, just to be fair we are going to reduce it by 3% or whatever. You have to explain why the Assessor's value was wrong or why the Petitioner presented sufficient evidence to convince you that it needs to be adjusted. Just be prepared that, as you make motions and such, articulate very clearly for the record why you are making the decision you are making.

Mr. Mitchell said the cap last year was 3.6%, so there was 3% on residential and 3.6% on commercial.

Chairman Getto asked if there were any other comments or questions but there was none. This item was presented for training purposes only and no action was taken. He thanked Mr. Mitchell for the presentation and said he finds it to be helpful. Mr. Mitchell said I truly do enjoy making these presentations. If there is something else you would like me to go into further detail about in upcoming years or things you want me to exclude, please do not hesitate to let me know.

Chairman Getto asked if there was anything we needed to do with the additional supporting materials but was told we did not. They were provided for informational purposes for the board. Assessor Felton added that the Elements and Applications is actually interesting to read. There is even some history in there from Nevada that you might find to be interesting. I would encourage everybody to peruse that because it does do a really good job of giving you a good overview. Chairman Getto said it reduces it down to more understandable language.

Chairman Getto asked if we needed to do anything with the Open Meeting Law. Civil Deputy DA Shawcroft said we have done many trainings in the past and we will be here to assist you in the event an issue comes up, so I think we will be good there.

Public Comment:

Chairman Getto asked if there was any public comment but there was none.

Adjournment:

The meeting was adjourned at 11:15 AM.

APPROVED: Robert M. Getto
Robert M. Getto, Chairman

APPROVED: ________________
Josh Berney, Member

APPROVED: ________________
Tom Riggins, Member

APPROVED: ________________
Charlie Arciniega, Member

ATTEST:
Linda Rothery, Clerk/Treasurer

Pamela D Moore

Pamela D. Moore, Deputy Clerk to the Board