

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M.

FEBRUARY 21, 2013

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman
James Brown, Member
Philip Horan, Member
Gary Kizziah, Member

Nancy Parent, Chief Deputy Clerk
Peter Simeoni, Deputy District Attorney

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman Covert called the meeting to order, the Chief Deputy Clerk called the roll and the Board conducted the following business:

13-321E PUBLIC COMMENT

There was no response to the call for Public Comment.

13-322E WITHDRAWN PETITIONS

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
013-243-27	LIFESTYLE HOMES FOUNDATION	13-0001E12

13-323E CONTINUANCES

Nancy Parent, Chief Deputy Clerk, notified the Board that a request had been received from Northern Sierra Construction, Inc., Hearing No. 13-0284PP to have their hearing rescheduled to February 28, 2013. Chairman Covert so ordered.

13-324E CONSOLIDATION OF HEARINGS

The Board consolidated items as necessary when they each came up on the agenda.

13-325E PARCEL NO. 518-503-10 – COPELAND, EDENIR & ALLEN RAY –
HEARING NO. 13-0004E12

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 2265 Madrid Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Exemption appeal document, 3 pages.

On behalf of the Petitioner, Allen Ray Copeland was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Department Systems Support Analyst, oriented the Board as to the location of the subject property.

Mr. Copeland stated he was requesting that the remainder of his exemption be used on his personal property. He said he made a change to switch a percentage from his vehicle to real property and somehow it did not get changed in time.

Ms. Diezel stated Mr. Copeland received an exemption for being a 100 percent Disabled Veteran. The exemption had to be renewed every year by June 15th. She explained the Assessor's Office did not receive the renewal in time to be applied to his real property. She stated the remainder of his exemption was \$18,150 of assessed value. She noted Mr. Copeland was appealing in accordance with Nevada Revised Statute 361.155(6).

Chairman Covert brought the discussion back to the Board. Member Kizziah asked the Appellant to explain why he did not get the request to the Assessor's Office by the deadline. Mr. Copeland stated he thought he did it in time then discovered it did not make it to the Assessor's Office, but he was not sure why.

Member Krolick stated as long as the Appellant demonstrated they qualified for the exemption, the Board had granted the exemption in the past.

With regard to Parcel No. 518-503-10, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2012-13, pursuant to NRS 361.155.

**DISCUSSION AND CONSOLIDATION – NORTHERN NEVADA
MEDICAL CENTER – HEARING NOS. 13-0027PP08, 13-0028PP09, 13-0029PP10
AND 13-0030PP11**

On behalf of the Petitioner, Scott Johnson was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been sworn, Mark Stafford, Sr. Appraiser; Joshua Wilson, Assessor; and, Byron Ellis, Tax Management Associates, offered testimony and oriented the Board as to the location of the subject property.

Mr. Johnson, Industrial Complex Property Group, stated he had represented large commercial and industrial properties and hospitals were his specialty. He said there were some errors between the records he received from corporate headquarters and from the local hospital. Many of the assets listed from the local hospital were not on his (corporate) list. He suspected some of the assets were not there and some were very old. He said the subject was built in the early 1980's. He stated he accepted the local depreciation schedule and that was what he would work from and he believed if there was an error, it would be from the County and not the taxpayer.

Mr. Johnson stated he had been involved in eight hospital acquisitions where appraisals of assets were done and some of those he challenged. He said he always prevailed, and noted he had no previous issue in this State. He reported he filed the appeal for a flat fee and not a contingency fee. He said they completed an age-life study on the assets and they did not agree with the current classification. He noted if the equipment was electronic, or had a CRT screen, the economic life was only five years, even though it might be used for 15 years. He said they took the time to go through the asset list provided by the auditor and each item in red, they were asking to be changed. Chairman Covert asked if they were disputing if the asset was there or not there. Mr. Johnson stated he was not disputing that, but he suspected that many of the assets on the list (hospital) were not there. Chairman Covert asked if this was the list that the hospital gave the auditors. Mr. Johnson stated that was correct. He said assets would be brought in and booked when they were bought, but not necessarily removed when they were retired. Mr. Johnson stated he would like the Board's motion to request the County to change the life back to five years, instead of seven or 15.

Mr. Johnson said there were some items assessed as personal property that should be assessed as real property; for example, their MRI build-out. He stated there was MRI monitoring equipment that was personal property. The MRI build-out allowed for the machine to be put in the ground with a special foundation and a special building, which he believed should be classed as real estate.

Mr. Johnson stated the calculator method, after the depreciation was scheduled, showed that group 1 was permanently-installed equipment or attached to the building and part of the general real estate code. He said that also included much of the

oxygen systems and the nurse call systems. He noted much of the cost involved with the nurse call system was in the wall and part of the hospital's real estate.

Member Horan stated Mr. Johnson mentioned the MRI equipment as part of the build-out and wondered if they would use the existing build-out or have to modify the build-out if they had to replace the MRI machine. Mr. Johnson stated the MRI would have to be torn out and re-built, but now most buildings had doors or panels that could be removed and the old machine could be taken out and the new machine rolled in.

Mr. Johnson stated page 19 (Exhibit B) from the American Hospital Directory showed the older equipment classified as five-year life equipment, but it had lasted longer because it was not used very much. He said the subject had a Census Ratio of 33 percent, which he explained was the same as having an apartment complex at 50 percent vacant. He believed that it was not economically viable and would not be sellable, because the fixtures and equipment were all affected by the Census count. He noted most hospitals in the market area had a lot higher occupancy level.

Member Horan asked if the issue between Petitioner and the auditor was the depreciation schedule and whether it was the right number of life-years. Mr. Johnson stated that was correct and also economic obsolescence. He said the equipment was in place but it was not used very often, which meant functional and economic obsolescence must be considered.

Mr. Johnson used the Assessor's Office schedules and did an age-life study where he looked at the resale value of the equipment and matched it as close as he could. He said the Hematology Analyzer (page 24 Exhibit B) was under the 15 year schedule and was a highly computerized piece of equipment. He said asset #3827 was at 13 percent of the five-year life and 66 percent of the 15 year-life, where it was classed right now, and the actual resale was 9 percent of cost. He said he worked with a lot of hospitals and if the equipment was listed "as is" it had not been refurbished. If it had been refurbished, they would add cost to that sale. He said if the equipment was a monitor, a Pulse Oximeter, anything that had a plug, it would not sell on an economic 15-year life or a seven-year life; it would be five or three.

Mr. Johnson stated when their clients purchased a hospital they would take a lot of the used equipment and reuse it and what they could not use they would donate to a foreign country. He noted all the scopes, monitors, Oximeters and lab equipment fit into the sale of the five-year life category, not 15, and not seven or below. He did find some that justified higher than the five-year life category, but those were very rare. He said his request was to change the schedules closer to what was rendered and then allow an additional 25 percent depreciation for economic obsolescence to reflect the Census.

Chairman Covert stated it was not uncommon to have the statutory depreciation schedules for the Internal Revenue Service (IRS) considerably different than the use of the equipment. He said many companies continued to carry expensive pieces of equipment long after they were fully depreciated due to the economic trade-off of having

to buy a new piece of equipment. Mr. Johnson asked the Board to look at the estimated life listed on the assets and noted that most of what he was asking to have changed matched the five-year life and matched the IRS.

Appraiser Stafford stated Nevada Administrative Code (NAC) defined a trade fixture as an item of personal property that had been installed or attached non-permanently to real property by an owner or tenant for the purpose of conducting a business or trade, and had a unique identity and function which was related to the business or trade for which it was installed. He thought that definition defined the MRI as a trade fixture and non-permanently attached to the real estate, which was why it was classified as personal property. Chairman Covert said the Appellant indicated they could swap one machine for another and built the facility to enable that. Appraiser Stafford said the underutilization of equipment as mentioned by Mr. Johnson did not demonstrate obsolescence. He stated the assets were classified pursuant to the *Personal Property Manual* published by the Nevada Department of Taxation and the economic lives assigned to the equipment not only included physical depreciation but also included all forms of depreciation such as functional and economic.

Chairman Covert stated many times a piece of equipment became obsolete long before it wore out, which might indicate the equipment needed to be replaced to stay up with the times, especially in the medical field. He wondered how the County handled a machine that had not finished its useful life and became obsolete due to technology. Appraiser Stafford said the more advanced the equipment was, the shorter the life the Assessor's Office assigned to it. Chairman Covert said the Appellant stated they did not put the old machines in a junk yard, they were sent overseas, which meant they had some value. Appraiser Stafford agreed stating the equipment also had some value as scrap.

Josh Wilson, Assessor, stated each year the Nevada Department of Taxation hosted personal property workshops to change certain classifications for certain pieces of equipment based on technology. He believed what was occurring was the Assessor's Office was following the *Personal Property Manual* based on the Appellant's description and understanding of the equipment. He thought the Petitioner was asking the Board to stray from that *Manual*. He pointed out that if the classifications for certain pieces of equipment in Nevada were incorrect, that needed to be handled through the Nevada Department of Taxation to achieve the appropriate life. Chairman Covert stated he agreed.

Byron Ellis, Tax Management Associates, stated his company conducted personal property reconciliations for local governments and requested a summary trial balance from everyone they audited. He said they looked at the buildings, the land, lease-owned improvements and all of the equipment. He said they would also ask for a depreciation schedule or asset list. He said the bottom line and asset list showed a "total cost," which he would compare to the trial balance, and if he saw the same total, that would tell him he had the entire asset population. Chairman Covert inquired if that would include equipment that was fully depreciated but was still on the books. Mr. Ellis stated that was correct.

Mr. Ellis stated he would classify the equipment depending upon the State's requirements, which for Nevada was class lives. He would assign it the appropriate classification using the purchase date and then run it through a pivot table that would sort the equipment. Chairman Covert commented the method of depreciation the company used would be irrelevant at that time. Mr. Ellis stated their method was irrelevant because all he was doing was following the rules and guidelines set out by the Nevada Department of Taxation. He said sometimes they could look at a piece of equipment and the auditor could have coded it having a 15-year life in one year and code it as a seven-year life in another. If that happened, it was the auditor's mistake and a matter of re-recording it to the proper group. He believed they did everything they could to put the equipment in the proper group.

Mr. Ellis stated the gross capitalized cost was the cost paid for a piece of equipment when purchased and installed. The invoice would include shipping, installation and sales tax. In Nevada sales taxes were exempt and startup costs were usually not picked up. He said when they did the audit, they did not pull a lot of invoices; they tried to make it a simple process by looking at the line items. Sometimes they did have to go back and make post-audit adjustments based on discussions with the taxpayer. He said a piece of equipment that sat in a pit or an MRI machine that needed a foundation was part of the gross capitalized costs. He said the MRI area attached to the real estate was part of the machine and not part of the building, otherwise why would they put a hole in the floor if they were not going to buy an MRI machine.

Chairman Covert stated a hole in the floor could serve many uses, but if the MRI were sold and the foundation was taken out and they used the hole in the floor for something else, that would be part of the real estate and not part of the personal property. Mr. Ellis stated to a point. Member Horan asked if that was peculiar to Nevada or did it happen in other states. Mr. Ellis responded it was common in other states.

Mr. Ellis stated with regard to asking for an additional 25 percent of economic obsolescence, he believed that would show excess obsolescence on a piece of equipment. He said if someone wanted excess economic obsolescence but could not demonstrate why, he would ask them if they had an appraisal on the items. He said it was important to remember the Assessor's Office was using a set of index tables with depreciation factors to price a piece of equipment that had been purchased. Those numbers and factors were researched by the Nevada Department of Taxation who had a system that incorporated obsolescence in their tables. He asked the Board to consider when someone was requesting economic obsolescence to request proof or an appraisal. He thought if there was a problem with being consistent with classification of individual property from year-to-year, they would be glad to fix it, but he agreed with Assessor Wilson when he said the Assessor's Office was following instructions from the State.

Member Horan asked if the Board should view the instructions from the Department of Taxation as to the coding of the equipment and schedules of depreciation such as was being done when viewing *Marshall & Swift* for real property. Appraiser

Stafford stated the only comparison would be that both instruments were being used by the Assessor's Office as required when appraising personal property and real property.

Mr. Johnson stated he believed the data indicated the Board had the right to allow economic obsolescence, which was fully demonstrated in each one of the asset listings (Exhibit B). He did not believe they had to have a full-blown appraisal. He said Exhibit B did not show only monitors, scanners and testing equipment that had obsolescence in the hospital field.

Chairman Covert asked if excess capacity was defined as too many beds. Mr. Johnson said that was correct and was demonstrated by the Census. Chairman Covert asked what caused it physically. Mr. Johnson responded that at one time the hospital business was very profitable, but noted the government started cutting back on Medicaid and Medicare and things started tumbling down for acute care hospitals.

Member Horan wondered if excess capacity was also the competitive spirit of the various hospitals. He believed Reno did not have the population to keep all the machines in use. Mr. Johnson stated that was correct and the real competition was not over the patients; the hospitals were fighting hard for doctors who brought in the patients. He said the economic obsolescence argument was well demonstrated on pages 38 and 39 of Exhibit B. He noted the Board had the right and power to adjust the depreciation schedules or allow some economic obsolescence to grant what was reflected in each one of the assets listed in Exhibit B. Chairman Covert asked if the assets being requested for economic obsolescence were up for sale or if all of the equipment listed was for sale. Mr. Johnson said the specific items on his list were for sale, not from Northern Nevada, but other hospitals and sellers throughout the United States. He said if the Appellant were to sell the equipment as a whole or in pieces, they would be competing with these kinds of prices and that was why he believed the schedules used by the State were incorrect. He said they were asking for obsolescence or to change the schedules.

Assessor Wilson stated he did not look at the Petitioner's evidence but it sounded as if there were red line items in it. He said in the event the Board chose to reduce the value, he would prefer the motion include the value and not just direct the Assessor's Office to apply 25 percent and reclassify equipment in a certain way. He said that would put the Assessor's Office in a position where the Appellant might feel the Assessor's Office did not adjust something correctly.

Chairman Covert brought the discussion back to the Board. Member Horan stated it seemed the argument was somewhat like using *Marshall and Swift*. He said contrary to what the Appellant said, he did not feel the Board had the power to go against the schedules set by the Nevada Department of Taxation; therefore, he was inclined to support the Assessor's Office valuation. Chairman Covert stated he concurred.

Member Krolick commented if the Appellant was able to demonstrate that the true value was worth less than what it was assessed, then they should be granted relief, but it was an extensive list of items to go through. He said to try to get an appraisal

on each of the lower valued items would not be cost effective. He believed the appeal should go to the State level.

Please see items 13-326E through 13-329E below for the details concerning the petition, exhibits and decisions related to each of the tax years in the consolidated hearing.

**13-326E ROLL NO. 2610003 – NORTHERN NEVADA MEDICAL CENTER
– HEARING NO. 13-0027PP08**

A Petition for Review of Assessed Valuation was received protesting the 2008-09 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 21 pages.

Exhibit B: Inventory list and comparable sales, 39 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 21 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – NORTHERN NEVADA MEDICAL CENTER – HEARING NOS. 13-0027PP08, 13-0028PP09, 13-0029PP10 AND 13-0030PP11.

With regard to Roll No. 2610003, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2008-09 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

**13-327E ROLL NO. 2610003 – NORTHERN NEVADA MEDICAL CENTER
– HEARING NO. 13-0028PP09**

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 21 pages.

Exhibit B: Inventory list and comparable sales, 39 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 21 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – NORTHERN NEVADA MEDICAL CENTER – HEARING NOS. 13-0027PP08, 13-0028PP09, 13-0029PP10 AND 13-0030PP11.

With regard to Roll No. 2610003, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2009-10 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-328E ROLL NO. 2610003 – NORTHERN NEVADA MEDICAL CENTER
– HEARING NO. 13-0029PP10

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 21 pages.

Exhibit B: Inventory list and comparable sales, 39 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 21 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – NORTHERN NEVADA MEDICAL CENTER – HEARING NOS. 13-0027PP08, 13-0028PP09, 13-0029PP10 AND 13-0030PP11.

With regard to Roll No. 2610003, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2010-11 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-329E ROLL NO. 2610003 – NORTHERN NEVADA MEDICAL CENTER
– HEARING NO. 13-0030PP11

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 21 pages.

Exhibit B: Inventory list and comparable sales, 39 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 21 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – NORTHERN NEVADA MEDICAL CENTER – HEARING NOS. 13-0027PP08, 13-0028PP09, 13-0029PP10 AND 13-0030PP11.

With regard to Roll No. 2610003, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2011-12 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-330E ROLL NO. 2462034 – FISHER SAND & GRAVEL CO. –
HEARING NO. 13-0103PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Inventory list, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 33 pages.

Exhibit II: List of equipment, 2 pages.

On behalf of the Petitioner, Thomas Fisher was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property. He noted he had been working with the Petitioner reviewing the documents and came to an

agreement regarding an accurate property listing. Chairman Covert stated the Assessor's Office had property listed that the Appellant claimed was out of state. Appraiser Stafford said that was correct and this was a construction operation that was winding down; however, at the same time their value had increased substantially. He recommended a revised taxable value for the subject of \$5,303,711, which provided an assessed value of \$1,856,299. Chairman Covert asked Mr. Fisher if he was in agreement with the recommendation. Mr. Fisher stated he was in agreement.

With regard to Roll No. 2462034, pursuant to NRS 361.345 based on the stipulation agreed to by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the personal property taxable value be reduced to \$5,303,711, resulting in a total taxable value of \$5,303,711 for tax year 2012-13. With that adjustment, it was found that the property was valued correctly and the total taxable value does not exceed full cash value.

DISCUSSION AND CONSOLIDATION – DILLARD’S (DILLARD INTERNATIONAL INC) HEARING NOS. 13-0104PP08, 13-0104PP09, 13-0104PP10 AND 13-0104PP11

On behalf of the Petitioner, James Robinson and Mitchell Rohnick were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser; Joshua Wilson, Assessor; and, Byron Ellis, Tax Management Associates, oriented the Board as to the location of the subject property.

Mr. Robinson, Director of Property Tax for Dillard’s, stated Dillard’s was disputing audit findings from the Assessor’s Office on all four years (2008-09, 2009-10, 2010-11 and 2011-12). He said the only thing that was different for the four years was a few numbers, but the issue was the same; valuation. He noted Dillard’s had always worked with the Assessor’s Office and they were not trying to hide any assets, they were just correcting the list. He said any and all depreciation schedules were tailored for the Internal Revenue Service (IRS) and everything and anything were in the depreciation schedules. Mr. Robinson concurred that Dillard’s asset listings were not very good and he did not know when assets were taken out. He believed department stores had the worst systems for fixed assets. He said they listed all of their business personal property assets when they filed their returns and the Tax Management Association auditing firm said it appeared they were hiding \$8 million worth of assets. He said they contended they were not and they had an appraisal conducted on all four years by a reputable firm.

Mr. Robinson stated he wanted to point out how to value business personal property. He gave an example using the podium. He said if someone paid \$500 for the podium, paid tax in the amount of \$40 (\$540) and someone from corporate flew in to put the podium in place, which cost \$200; \$100 for a motel room; and another \$100 for meals that would total \$940. He asked if \$940 was the value of the podium, because that

was what they were contending. He said if they returned the podium to the store before they used it, they might only get \$540. Dillard's asset listing was value and use, and what the auditor was using was value and exchange or market value.

Mr. Rohlnick, Appraiser for L & M Appraisal Services, gave a description of his business and where it was located. He commented their inventory section of the appraisal (Exhibit B) was broken down into multiple reporting columns. He discussed how he physically inspected and inventoried the subject. There were over 1,800 pages of comparables for the store, all were listed as used and refurbished and there were no liquidation values and no salvage values of any type in the comparables. He said there were multiple comparables for each subject, which was found via the Internet, through sold items or offers for sale. Chairman Covert asked if they found any assets on their list that were not in the store. Mr. Rohlnick stated they did not compare the store inventory to a list, they physically inventoried every item. He said the only difference would be for prior years, because for those they had to rely on the store manager and employees for that information. He explained that in 2008 the inventory showed 98 display cases; however, in 2009 there were less cases but a new store could have opened which would have taken those. He said if they did not have something in their data base they made an adjustment for the prior years.

Member Kizziah asked if the appraisal report was recently done. Mr. Rohlnick stated that was correct and noted they included leaseholds as well as wall mount fixtures, which he understood Nevada did not acknowledge.

Byron Ellis, Tax Management Associates, talked about the Assessor's responsibilities. He said assessors were charged with discovering property, classifying it, valuing it, and notifying everyone of what their assessment was. The very essence of the assessor's job was to guarantee to the best of his ability that every taxpayer was treated fairly and equitably. Dillard's would use a fair market appraisal, which they had every right to do. He noted the County was coming up with a fair market value by running the original invoice price through the template, which computed a fair market value. Dillard's was going to shop the market and based on actual sales data they obtained, would come up with a different fair market value. He said there was nothing wrong with the two different methodologies to determine fair market value. The problem was a question of subjective evidence versus objective evidence. Nevada used objective evidence for personal property to come up with fair market value.

Mr. Ellis gave an example of locally owned McDonald's restaurants by individual proprietors and how they would each list and value their personal property. He said it did not matter who operated which restaurant, it was about equity and consistency of value. His contention was that Dillard's should report their original price, and they were right about some of their capitalized costs. He said generally accepted accounting principles were followed in this country, and soft-costs were not capitalized.

Mr. Ellis said Dillard's audit did not have a complete depreciation schedule or asset listing. He thought Dillard's accounting department should book their

assets correctly and adjustments should be made easy to follow. He mentioned transactions listed in the audit of comparable sales. He did not like comparable sales listed on EBay because that was where items were purchased cheap. He believed dealerships were more of an arms-length transaction. He asked the Board to think it through and question whether it made sense to use the submitted appraisal or use something objective (original invoice price) when valuing personal property.

Appraiser Stafford said there were two indications of value, the cost approach and the sales comparison approach, but what he would like to see was an income approach. He noted the property in question generated income and unlike the comparables that were selected for the appraisal, some of the photos looked like something dumped out of a truck or into a storage shed. He reminded the Board this was property in place in an operating department store and was generating revenue, it was not equipment at the end of its economic life and being auctioned off.

Mr. Rohlnick argued that EBay was a viable source according to the American Society of Appraisers. He said not all the comparables for an item were only from EBay. He said that was not the market; the market was some comparables from EBay and used retail outlets, and that was how their appraisal was done.

Mr. Robinson commented that book value did not equal market value and that was why they had an appraisal completed. He did not know if Mr. Ellis worked on a contingency basis, but if he did it would be advantageous to find assets because they would make money off the difference. He said they stood by the appraisals conducted by L & M because they counted every asset and fixture in the store.

Chairman Covert asked the representative to clarify what they were asking the Board to consider as the value. Mr. Robinson responded for 2008-09 they would like the market value (not assessed value) to be \$2,342,000; for 2009-10 a value of \$2,130,000; for 2010-11 a value of \$2,226,000; and for 2011-12 a value of \$1,890,000.

Member Horan asked if Dillard's used EBay to acquire or sell equipment. Mr. Robinson responded they did not and when they moved equipment out it was transported to the dumpster, not sold.

Assessor Wilson stated his philosophy with the auditing program was that it was not about revenue, it was about equity. He said he would never employ a firm that worked on a contingency basis. He noted the Assessor's Office selected accounts to audit based on the size of the account and they were paid a flat fee whether it came to this Board or not.

Member Kizziah commented Mr. Ellis gave an example of McDonald's restaurants and indicated how one of the ten could have a lower value versus the other nine restaurants. He said there could be a taxpayer who chose to go outside the system and have the property appraised. He asked Assessor Wilson to comment on how that would factor out if Dillard's could prove through the appraisal process that the taxable

value was not right for the four years. Assessor Wilson stated he had not reviewed the appraisal, but the issue was if an appraisal was offered to the Board, he felt the Board should give it the weight they felt was appropriate. Some appraisals were determined to be very good and some were not so good. He noted the total taxable value could not exceed market value by law.

Appraiser Stafford stated he looked at the appraisal and his problem was with the comparables selected, because he thought what had been rendered was liquidation value. He believed the photos were of equipment that reached the end of its useful life and was being liquidated, which was not the case at-hand. He said the subject had property that was in very good condition and was generating revenue. Member Kizziah asked if the appraiser did a cross random selection of items to see if those particular items were in line with the template. Appraiser Stafford stated he did not, but by looking at the total he could tell it was completely out of line. He explained the auditor requested documents from Dillard's and they refused to submit them and they also refused access to the property. He wrote a letter to Dillard's requesting the information and they provided the information, plus the appraisals, which indicated approximately \$6 million worth of property that had not been previously reported.

Member Krolick asked for the Petitioner to respond to that because the creditability of the appraiser right now seemed to be an issue and would carry a lot of weight with the decision from the Board. He stated he would like a background of the company and how much time they spent on each appraisal. Mr. Rohlnick stated each appraisal took about a month. He noted the evidence submitted (appraisal) showed a background of the company, along with all of the other companies they worked for. He said he appreciated the issue with EBay, but there were many comparables listed other than EBay. He said there were no auction values contained in the report; they were all "buy it now" values. He said people no longer had store-fronts because it was more cost effective to have an EBay store-front. He said there were at least five or six used retail fixture companies listed throughout the appraisal.

Member Krolick stated appraisals usually contained a low value, medium value and a high value. He said the number represented for 2011-12 was \$1,890,000 and he wondered if that was low, medium or high. He said somewhere in the appraisal there would be an opinion on replacement cost. Mr. Rohlnick stated there was no replacement cost list, only the value of the comparables found. Member Krolick commented the appraisal was not like a residential appraisal and the total was the appraised value they projected for the personal property. Mr. Rohlnick stated that was correct.

Chairman Covert brought the discussion back to the Board. Member Krolick stated he intended to give weight towards the fee appraisal because that had been the Board's practice in the past. Chairman Covert stated he wished the numbers were a little closer together. He mentioned he had been in the Dillard's store and he found it difficult to believe they could run the store on only \$2 million worth of equipment. Member Horan stated it seemed to him that if the equipment was disposed of and then the

balance sheet was adjusted for whatever value was left, they would get full credit. In the meantime when they disposed of that type of equipment, it would be almost like a liquidation value as opposed to any real value. He said he was inclined to go with the valuation process the State had in place as far as personal property assets were concerned. If they no longer used the asset, they had the ability to adjust whatever value was left.

Chairman Covert stated from an accounting standpoint there were certain types of equipment that could be used for useful life, then depending on the type of depreciation used, it would be depreciated over that useful life. Sometimes it had salvage value and sometimes it did not. A couple of things could happen such as the equipment could be destroyed in a fire. At that point, they could take a credit against the income for the remaining depreciable value of the property. At the end of the useful life, the equipment could be scrapped, the equipment could be sold, or the equipment could continue to be used. If the equipment was still being used, then the income statement would receive no benefit from the depreciation expense. If the equipment was sold, the selling price would be recorded, less the book value, and either report a gain or a loss. If the equipment was scrapped, whatever value was left on the books would be deducted from the income.

Member Horan stated the difference was between accounting issues and tax issues. Chairman Covert agreed, stating income tax statements were filed under a totally different set of depreciation circumstances. He thought the dispute was between the appraised values from the Appellant versus the statutory amount the Assessor's Office was required to use. He said if the Assessor's Office had a piece of equipment on their list that the Appellant did not have and could prove they did not have, then that was up for contention. Member Horan stated he was in support of the Assessor's Office value.

Member Kizziah stated he thought the methodology used by the Assessor's Office was more in line with the equipment in place and he believed the appraisal was done more in line with liquidation value. He said he was inclined to go with Assessor's Office valuation.

Please see items 13-331E through 13-334E below for the details concerning the petitions, exhibits and decisions related to each of the tax years in the consolidated hearing.

13-331E **ROLL NO. 2204638 – DILLARD'S INTERNATIONAL, INC. –**
HEARING NO. 13-0104PP08

A Petition for Review of Assessed Valuation was received protesting the 2008-09 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Owner's opinion of value and letter, 3 pages.

Exhibit B: Appraisal and supporting documents, 1,223 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 33 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – DILLARD’S (DILLARD INTERNATIONAL INC) HEARING NOS. 13-0104PP08, 13-0104PP09, 13-0104PP10 AND 13-0104PP11.

With regard to Roll No. 2204638, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2008-09 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-332E ROLL NO. 2204638 – DILLARD'S INTERNATIONAL, INC. – HEARING NO. 13-0104PP09

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Owner's opinion of value and letter, 3 pages.

Exhibit B: Appraisal and supporting documents, 1,223 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 33 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – DILLARD’S (DILLARD INTERNATIONAL INC) HEARING NOS. 13-0104PP08, 13-0104PP09, 13-0104PP10 AND 13-0104PP11.

With regard to Roll No. 2204638, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2009-10 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-333E **ROLL NO. 2204638 – DILLARD'S INTERNATIONAL, INC. –**
HEARING NO. 13-0104PP10

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Owner's opinion of value and letter, 3 pages.

Exhibit B: Appraisal and supporting documents, 1,643 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 33 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – DILLARD’S (DILLARD INTERNATIONAL INC) HEARING NOS. 13-0104PP08, 13-0104PP09, 13-0104PP10 AND 13-0104PP11.

With regard to Roll No. 2204638, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2010-11 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-334E **ROLL NO. 2204638 – DILLARD'S INTERNATIONAL, INC. –**
HEARING NO. 13-0104PP11

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Owner's opinion of value, 3 pages.

Exhibit B: Appraisal and supporting documents, 1,838 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 33 pages.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – DILLARD’S (DILLARD INTERNATIONAL INC) HEARING NOS. 13-0104PP08, 13-0104PP09, 13-0104PP10 AND 13-0104PP11.

With regard to Roll No. 2204638, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Krolick voting no, it was ordered that the Assessor's taxable values for the 2011-12 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

10:35 a.m. The Board took a brief recess.

10:45 a.m. The Board reconvened with all members present.

13-335E **ROLL NO. 2211689 – MEHTA, RAJ – HEARING NO. 13-0013PPA**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 3 pages.

On behalf of the Petitioner, Raj Mehta was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Joshua Wilson, Assessor, oriented the Board as to the location of the subject property.

Mr. Mehta stated he owned four fast-food businesses and he was having a tough time maintaining those businesses. He had been told by the landlords that real property values had declined and some had come before the Board for tax relief. He said he was behind in his rent and leases. He reported he had been able to pay the property taxes for the last several years, but 2012 had been a financial burden.

Assessor Wilson stated it seemed, based on the testimony by the Petitioner, that this was not an appeal of the personal property valuation established by the Assessor but more of an appeal or challenge of the personal property assessment based on the business not performing as well as they had hoped. He did not find that there was any error in the assessment of the personal property and he recommended the Board uphold the assessment.

Chairman Covert questioned if the assessment changed each year based on the age of the equipment. Assessor Wilson stated it would and the Department of Taxation published their *Personal Property Manual* annually which included the cost index and additional depreciation that would be applied based on the life classification schedule of the personal property into. In addition the personal property assessment could change based on acquisition or sale of the property.

Mr. Mehta commented that assessment of real property was based on the market value. In the case of personal property methodology, the market conditions and changing environment were not being taken into consideration. He believed because the environment had changed, the property value should be dropped. He said he was not questioning the way the personal property was assessed, but under the current economic conditions he felt there should be some tax relief for the hardships incurred by businesses.

Chairman Covert stated the value of the real property would be contingent on the economic environment, but not necessarily personal property. Member Krolick stated he believed that was correct.

With regard to Roll No. 2211689, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-336E ROLL NO. 2210727 – MEHTA, RAJ – HEARING NO. 13-0013PPB

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located at 2888 Vista Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 3 pages.

Raj Mehta, previously sworn, offered testimony on behalf of the Petitioner and stated he stood on his testimony from the previous hearing.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property.

With regard to Roll No. 2210727, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-337E ROLL NO. 2210933 – MEHTA, RAJ – HEARING NO. 13-0013PPC

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located at 95 N. Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including account data and a description of the assets, 3 pages.

Raj Mehta, previously sworn, offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property.

Mr. Mehta stated there was a special assessment fee for the subject area. He noted businesses were not doing well in this area and lots were closing. He believed the assessment was too high.

Appraiser Stafford stated there were two special assessment districts in the area; a police special assessment and a downtown maintenance special assessment that were levied in addition to the Reno tax rate. Chairman Covert stated those would affect the real property tax, but not the personal property. Appraiser Stafford concurred but stated it was an expense that would be passed on to the tenant through the lease.

With regard to Roll No. 2210933, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-338E ROLL NO. 2210782 – MEHTA, RAJ – HEARING NO. 13-0013PPD

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located at 1495 E. Prater Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 3 pages.

Raj Mehta, previously sworn, offered no testimony on this hearing.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property.

With regard to Roll No. 2210782, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

**13-339E PARCEL NO. 130-152-07 – THUNDERBIRD LODGE
PRESERVATION SOCIETY – HEARING NO. 13-0020E12**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 1056 Tahoe Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Frequently Asked Questions from Assessor's Office website, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, 3 pages.

On behalf of the Petitioner, Bill Watson was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Department Systems Support Analyst, offered testimony. She noted the property was purchased on June 19, 2012 and they had until July 5, 2012 to file for an exemption. She said it was filed late, but they have since been qualified for an exemption under NRS 361.140; however, that exemption would be applied to the 2013-14 tax year. She said this appeal was filed on December 14, 2012 for the tax year 2012-13.

Bill Watson, Executive Director of the Thunderbird Preservation Society, stated this matter was one of timing. He explained the Thunderbird Lodge resided on U.S. Forest land and therefore was exempt from taxes as land owned by the U.S. Government. In 2012 they received a gift from a donor for warehouse space in Incline Village for the purpose of preserving and storing artifacts used in their educational programs. He explained that property closed on June 20, 2012. That was a very busy time for them and upon the closing of the property they realized they might qualify for an exemption. He then went to the Assessor's Office website to determine what the time for filing an exemption would be. He read from Exhibit A noting that for an exemption to be used on real property, the application must be made on or before June 15. That was only five days prior to the close of escrow. Mr. Watson stated they verified the website against the Nevada Revised Statutes. Shortly thereafter on or about June 12, 2012 his bookkeeper called the Assessor's Office and asked what they could do to get an exemption for the 2012-13 tax year. He said the forms were sent to them and they learned they actually had until July 5, 2012 to file; however, that date has passed also. He immediately submitted the paperwork, which brought them to this Board.

Ms. Diezel thanked Mr. Watson for bringing the filing deadline error to her attention and she noted that would be corrected on the Assessor's Office website.

With regard to Parcel No. 130-152-07, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2012-13, pursuant to NRS 361.155.

13-340E PARCEL NO. 127-040-09 – THE REGENTS OF THE UNIVERSITY OF CALIFORNIA – HEARING NO. 13-0048E12

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at Country Club Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, 5 pages.

On behalf of the Petitioner, Mary Hayakawa was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Department Systems Support Analyst, offered testimony. She said the Appellant applied for an exemption on the Science Building at the Sierra Nevada College campus in Incline Village. She stated they acquired the property on April 20, 2012, but the Assessor's Office did not receive their application for exemption until January 3, 2013, which was the same time they filed their appeal to the Board. She noted the Appellant had since been approved as an exemption entity under NRS 361.140 for the 2013-14 tax year.

Ms. Hayakawa, Executive Director of Real Estate Services for UC Davis, stated they purchased the building in April and there was no change of use. Originally, the Sierra Nevada College owned the building and for financing purposes it was determined to be more advantageous for the Regents to own the building and lease it back Sierra Nevada College. She said they missed the filing deadline in June and became aware of it when they received the tax bill in July. She thanked the Assessor's Office who had been very helpful in getting them through the process.

With regard to Parcel No. 127-040-09, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2012-13, pursuant to NRS 361.155.

**13-341E DISCUSSION AND CONSOLIDATION – ALTAIRNANO INC–
HEARING NOS. 13-0099PP08, 13-0100PP09, 13-0101PP10 AND 13-
0098PP11.**

A Petition for Review of Assessed Valuation was received protesting the 2008-09, 2009-10, 2010-11 and 2011-12 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence for all four appeal years:

Petitioner

Exhibit A: Letter and supporting documentation, 46 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 9 pages.

On behalf of the Petitioner, Karen Warner and Sheila Henderson were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Appraiser, oriented the Board as to the location of the property. He explained this was an audit account, which had been audited for years 2008, 2009, 2010 and 2011.

Ms. Warner, Senior Assistant Controller, stated she was not present when the audit took place. She said they were requesting that the re-assessed taxes based on the January 2012 audit for reporting years 2008, 2009, 2010 and 2011 be reduced to match their recent findings. They were defending their originally declared assets reported to the Assessor's Office. She noted they had corrected some of the asset lives previously reported and were now showing a more accurate picture of what the property tax amount should have been.

Chairman Covert asked if the Appellants felt the original values were overstated. Ms. Warner stated they believed they reported the correct amounts and went back and compared their amounts to what was audited.

Ms. Henderson stated she worked for the Appellant at the time the audit was performed by the Assessor's Office for tax years 2008, 2009, 2010, and 2011. She said after she left the company the audit came in and she was asked to go back and complete a reconciliation of the audit. She noted she found that many of the assets that were listed on the audit were duplicates. She explained that many of the assets had been combined into a lump sum asset on their original declarations; therefore, when the auditor did the assessment it appeared that some of the assets that had been added back into the fixed asset register from 2011 were duplicated because they were included in that original lump sum number. She said the actual valuation of the assets was correct on the original declaration; however, when the audit was performed it looked like those assets had been dropped from the register, when indeed they were actually listed as individual assets. She said that was due to a change in their accounting system.

Chairman Covert discussed an experience he had from a previous business regarding valuing and identifying assets. Ms. Henderson stated the asset value was correct when the individual items were broken out that were included in the lump sum.

Ms. Henderson asked if the Board had received a copy of the audit schedule for all four years she performed at the reconciliation (Exhibit A). Nancy Parent, Chief Deputy Clerk, stated an exhibit had been received but was marked for Hearing No. 13-0101PP10. The representatives stated it was to have been submitted as evidence for all four appeals. The Chief Deputy Clerk introduced the evidence as Exhibit A for all four appeals. Ms. Henderson reviewed Exhibit A stating how the assets were declared on their original declaration and the costs associated with each individual asset that was included in the one item on the declaration. She said the duplicate value and base-value columns represented all of the items that were included on the audit findings. The column representing the added manufacturing equipment (\$1,370,871) was one single asset, but in addition to that, all of the assets were included in that one number also on the audit findings, so they were all duplicate values. Chairman Covert said it was the Appellant's contention that the Assessor's Office counted the assets twice, once in the total of

\$1,370,871 and then once as individual line items. Ms. Henderson stated that was correct and also after she did the audit, she re-valued all of the assets based on the individual items that were included in the one lump sum to show a more accurate scope of what they should have been paying in personal property taxes, which was shown on the summary page of Exhibit A.

Appraiser Stafford stated he had not seen Exhibit A and did not have any remarks. Member Horan stated it appeared to be an administrative error. Appraiser Stafford stated if what the Appellant's representative was stating was correct, than it would be considered an administrative error. Pete Simeoni, Legal Counsel, stated the Petitioner had the burden of proof, but it was unfair to the Assessor's Office not to be able to review the evidence submitted by the Petitioner. He suggested giving the Assessor's Office time to review by continuing the hearings. The Board discussed their options of how to handle the hearing at this time. Chairman Covert stated he would prefer to have the Assessor's Office review the evidence and continue the hearing until February 28, 2013. He said if the Assessor's Office and the Petitioner reached an agreement between now and then, the Petitioner would not have to return to the Board.

On motion by Member Horan, seconded by Member Kizziah, which motion duly carried, it was ordered to continue Hearing Nos. 13-0099PP08, 13-0100PP09, 13-0101PP10 AND 13-0098PP11 to February 28, 2013.

13-342E ROLL NO. 5600288 – HOWELL, LESLIE H –
HEARING NO. 13-0049PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 7 pages.

Exhibit B: Letter and supporting documentation, 9 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of the assets, 8 pages.

On behalf of the Petitioner, Bob Howell was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property.

Mr. Howell stated he received a tax bill for his aircraft; however, the plane had never been located in Washoe County. The response he received when he informed

the Assessor's Office of that was that it was his responsibility to prove to the Board that the plane had never been located in Washoe County. He explained he met with Appraiser Stafford a couple of years ago regarding another aircraft. He learned the County's evidence that an aircraft was located in Washoe County was taken from the Federal Aviation Administration's (FAA) registry data. He explained to the Assessor's Office that he believed that data did not indicate the location of an aircraft, but only the mailing address of the registered owner. He said at that time the issue died until this year when he received the same request, but for a different aircraft. He was told he had to go to the County Board of Equalization (CBOE) to resolve.

Chairman Covert asked Mr. Howell where the aircraft was housed. Mr. Howell stated it was housed in lots of different locations, but it was not in Washoe County. Chairman Covert asked if it was housed somewhere in the State. Mr. Howell responded it was a training aircraft and had been based in Carson City, Elko and other states. He said his attorney told him it was not his duty to prove that the aircraft did not reside in Washoe County. Chairman Covert asked what information Mr. Howell gave to the Assessor's Office to prove the aircraft was not in Washoe County. Mr. Howell stated he did not give any evidence to the Assessor's Office, but he signed an affidavit stating it was not in Washoe County.

Appraiser Stafford stated the Assessor's Office sent a property declaration to the taxpayer. He referred to page 3 of Exhibit I showing the FAA registration with a street address of 6190 Franktown Road, Reno, Nevada, which the Howells owned. He reported the taxpayer simply wrote "not in Washoe County" on the declaration and returned it to the Assessor's Office. Page 5 of Exhibit I showed a letter dated October 17, 2012 to the property owner requesting them to establish a situs for the aircraft. He said this was also a way they could verify where the aircraft was even though the owner lived in Washoe County. Once they learned where the aircraft was housed, they would call that county assessor to make sure it was being assessed. Appraiser Stafford cited NRS 361.265(2)(a) regarding the statutory support and authority for the request made by the Assessor's Office to the owner. He said NRS 361.265 also stated the written statement shall be in the form and format as prescribed by the county assessor.

Mr. Howell noted he had owned the aircraft since 2005. Chairman Covert asked he had an issue with Washoe County from 2005 through 2012. Mr. Howell stated he had not and had not moved from Washoe County during that time.

Chairman Covert asked Appraiser Stafford what made this year different from the others. Appraiser Stafford stated he had received no response from Mr. Howell and felt that if the issue came before the Board there could be some type of resolution. Chairman Covert stated Mr. Howell testified under oath that the aircraft was based in Carson City and other areas. Appraiser Stafford stated he contacted the Carson City and Elko assessors and was informed the aircraft was not on their tax rolls. He noted he had not seen the aircraft.

Mr. Howell stated he did not claim the aircraft was housed in Carson City. He said the Appraiser left out the part in paragraph 1 of the NRS 361.265 that stated information needed to be provided for personal property located within the county. He said if the Board took the Assessor's Office argument, all of the mining equipment, ranch equipment and farm equipment that he owned in half a dozen other states and different counties within this State would have to be listed to inform the Assessor's Office where it was. Chairman Covert asked if the equipment was registered to him or a company. Mr. Howell said both, and the equipment was located in lots of different places. He thought the interpretation of who had to file, would mean he would have to file on all of that equipment regardless of where it was located and then prove to the Assessor's Office that it was not taxable in Washoe County. He said there were quite a few jurisdictions across the country that did not tax aircraft, and that was why there was no record of personal property taxes being paid in other counties or other states.

Mr. Howell stated it was not based in Washoe County and it was of no interest to Washoe County where it was located. Chairman Covert asked Legal Counsel for an opinion as to whether a registered owner who lived in Washoe County had a duty to inform Washoe County where the aircraft was based to ensure it was taxed in the right jurisdiction. Pete Simeoni, Legal Counsel, stated NRS 361.265 required that if an individual owned personal property and it was located in Washoe County, the property owner must submit a statement containing certain information. He asked if it was correct the Assessor's Office had information which identified the property as being located in Washoe County. Appraiser Stafford replied the Assessor's Office did not have that information. Mr. Simeoni stated it was incumbent upon the Assessor's Office to show that they had other information that would lead them to believe it was located in Washoe County and therefore could be assessed. He said if the Petitioner testified it was not located in Washoe County and there was no other way to prove it other than the Petitioner was stating under oath and penalty of perjury, if it was found that the airplane was located in Washoe County during this particular tax year, the Petitioner may be subject to civil or possible criminal action.

Chairman Covert asked if the three airports in Reno had records showing takeoffs and landings of every aircraft. Appraiser Stafford stated they did not. He said the FAA showed the aircraft was registered to a homeowner in Washoe County which prompted their requirement to follow up. Mr. Simeoni stated the written statement must include a description of the location of any taxable personal property that was owned, claimed, possessed, controlled or managed by the natural person or business, but stored maintained or otherwise placed at a location other than the principal residence of the natural person, firm, corporation or association. He asked if the Petitioner provided that statement. Appraiser Stafford stated they provided a statement, but he did not believe the statement met the requirement of the NRS. The Petitioner's response was that the aircraft was "not in Washoe County." He said his opinion of the NRS indicated if the property was not in Washoe County, the owner needed to tell the Assessor's Office where it was. Mr. Simeoni stated his independent interpretation of the NRS was that the statement must include a description of where the personal property was located.

Chairman Covert stated an aircraft could be located anywhere. Mr. Simeoni stated he did not believe the statute meant while the aircraft was in transit from location to location. He thought the statute meant the primary place of location, for a certain amount of time during the year. Chairman Covert clarified the Assessor's Office stated they did not have that information from the Appellant. The only information the Assessor's Office had from the Appellant was that it was not based or stored in Washoe County. Appraiser Stafford stated as part of their process they had to try to verify the location of the property. Chairman Covert stated United Airlines flew all over the world and would not necessarily be based in any one spot at any one time. Appraiser Stafford responded scheduled airlines were centrally assessed by the State based on the reported number of air miles they flew over Nevada and they paid taxes based on that information. Those taxes were then allocated back to the individual counties.

Mr. Simeoni stated under property tax assessment in Nevada, and as it pertained to the CBOE and the State Board of Equalization (SBOE), the Petitioner had the burden of proof to show that his property was improperly assessed or if it should be assessed at all. Chairman Covert asked if the CBOE could make a motion dependent upon the Petitioner providing that information. Mr. Simeoni stated the CBOE could continue the hearing. Chairman Covert stated he did not want to penalize the Appellant, but if the County could not determine by verification that the aircraft was somewhere else, he did not want to penalize the County either. Mr. Simeoni stated he did not think it was a matter of penalizing anyone; it was a matter of if the personal property was properly assessed or should be assessed at all. He suggested the Board could uphold the value and the Petitioner could appeal to the SBOE, or the Board could continue the hearing. He noted he was not inclined to advise the Board to make conditional determinations.

Mr. Howell stated he thought it was pretty clear in the NRS 361.265(1) that the statement was only required for property that was located within the County, otherwise the statement could be required for any other property that was in any state and in any jurisdiction, anywhere. He believed if the property was located in the County then the Assessor would be entitled to the information he needed to properly assess it. If the property was not in the County and never had been, he wondered why there would be an obligation to provide that information. Mr. Simeoni stated he was not suggesting the Petitioner was not being truthful, but if the Assessor's Office had reasonable evidence the property was located in Washoe County then the Petitioner had the duty to provide proof that it was not.

Member Brown asked Mr. Howell where the aircraft was located. Mr. Howell stated it was somewhere near San Jose because one of his children had it.

Member Horan asked if the Assessor's Office would be amiable to receive a statement from the Petitioner that the item in question was not located in Washoe County and that it was an asset based in different jurisdictions for different periods of time. Appraiser Stafford stated if the aircraft was located in a county in California, he would contact that county and if they had a tax bill then that would show the airplane had

a principal situs and Washoe County would be satisfied. He explained there were over 1,000 registered aircraft in Washoe County and only 459 of them were being locally assessed. He understood it did not mean it was taxable in Washoe County just because it was registered to a Washoe County entity.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated he was prepared to uphold the Assessor's Office value. Member Krolick stated he thought it was better to continue the hearing because there would be no weight given to the sworn testimony from the Petitioner. Chairman Covert stated the Board was running out of time.

Mr. Howell stated the Board could rule one way or another and he could file with the SBOE. He said the issue was whether he had to file another statement as requested by the Assessor's Office for equipment that had never been located in Washoe County and was not taxable in Washoe County. He believed the signed statement submitted by him should have been adequate.

With regard to Roll No. 5600288, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-343E ROLL NO. 2171045 – COOKE, ROBERTS & REESE, LTD. –
HEARING NO. 13-0005PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Roll No. 2171045, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the personal property be reduced to \$2,079,

resulting in a total taxable value of \$2,079 for tax year 2012-13. With that adjustment, it was found that the personal property was valued correctly and the total taxable value does not exceed full cash value.

13-344E ROLL NO. 5600883 – TIGAN, JAMES M. –
HEARING NO. 13-0022PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Postal receipt, Bill of Sale and email, 3 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Roll No. 5600883, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the personal property be reduced to \$0.00, resulting in a total taxable value of \$0.00 for tax year 2012-13. With that adjustment, it was found that the personal property was valued correctly and the total taxable value does not exceed full cash value.

13-345E ROLL NO. 5600843 – LANDMAN, HANK –
HEARING NO. 13-0283PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 4 pages.

Exhibit B: Letter and supporting documentation, 4 pages.

Exhibit C: Letter and supporting documentation, 6 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Roll No. 5600843, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the personal property be reduced to \$0.00, resulting in a total taxable value of \$0.00 for tax year 2012-13. With that adjustment, it was found that the personal property was valued correctly and the total taxable value does not exceed full cash value.

13-346E ROLL NO. 5600648 – UNDERCOFFER, MARK –
HEARING NO. 13-0016PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 18 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Roll No. 5600648, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the personal property be reduced to \$0.00, resulting in a total taxable value of \$0.00 for tax year 2012-13. With that adjustment, it was found that the personal property was valued correctly and the total taxable value does not exceed full cash value.

13-347E PARCEL NO. 087-044-27 – EDMONDSON, VICTORIA –
HEARING NO. 13-0002E12

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 17870 E. Aspen Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Exemption appeal document, 3 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Department Systems Support Analyst, oriented the Board as to the location of the subject property. She stated the Petitioner qualified for the surviving spouse of a 100 percent Disabled Veteran exemption and the issue for the late filing to the Assessor's Office was she was unable to get the death certificate on time.

With regard to Parcel No. 087-044-27, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2012-13, pursuant to NRS 361.155.

13-348E ROLL NO. 5600789 – MARCRAFT LLC –
HEARING NO. 13-0160PP

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Affidavit, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including account data and a description of assets, 8 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property. He stated the mailing address for the registered owner was a known address for registered agents of a limited liability corporation (LLC). He said it was common for an aircraft to be the sole property of an LLC. He noted even though the corporation was registered in the State of Nevada, he believed the aircraft was located in another jurisdiction but he had no hard evidence to prove that. He noted the owner stated they were unable to provide information about the location of the aircraft because of the occupants who flew in the aircraft. He said the Assessor's Office was informed the aircraft was located in Texas, but

after contacting them he found the aircraft was not there. He stated he only received correspondence informing him that the indicated registered agent was located in Reno, but nothing else.

Member Horan asked how this appeal was different from Mr. Howell's hearing (Hearing No. 13-0049PP). Appraiser Stafford stated this was registered to an LLC in Nevada, whereas the other aircraft was registered to a private party who owned a home in Washoe County, but the statute was the same. Member Horan asked if the statute was being applied differently in this case. Appraiser Stafford stated he was not suggesting anything or making a recommendation. Member Horan stated Appraiser Stafford was adamant about applying the statute as written for Hearing No. 13-0049PP, but was stating he believed the aircraft was not located in Washoe County without supporting documentation.

Chairman Covert asked Appraiser Stafford if he any evidence that would indicate the aircraft was not located in Washoe County and why the Board was dealing with the appeal. Appraiser Stafford explained that because the aircraft was registered to a Reno organization the Assessor's Office sent them a declaration asking where the aircraft was located. He noted they did not return the declaration. He said NRS 361.265(4) required that if a property owner neglected or refused to return their property declaration the Assessor's Office would assess the property appropriately. He said the Appellant filed the appeal, but was not present to explain why they did not return their declaration.

Member Horan stated the Appellant provided the same statement as was provided for in Hearing No. 13-0049PP and the Board determined to uphold that case. Chairman Covert stated the Appellant was actually refusing to provide the information.

With regard to Roll No. 5600789, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Assessor's taxable values for the 2012-13 Unsecured Roll Year be upheld. It was found that the Petitioner failed to meet his/her burden to show that the personal property was valued incorrectly or that the total taxable value exceeded full cash value.

13-349E ROLL CHANGE REQUESTS - DECREASES

On motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered to accept the following personal property Roll Change Requests as recommended by the Assessor's Office, which contained errors to their 2012-13 tax year assessments.

ROLL NO.	NAME	RCR NO.
2211495	LAS TROJES EXPRESS UNR	PP13024
2211434	LAS TROJES MEXICAN RESTAURANT	PP13025
5600786	SONGEY NORMAN A	PP13026
5600848	SCHOTTENHEIMER JOHN A	PP13027
2124395	GO FER CAR WASH	PP13028

5600829	TOTAL LAND EXPLORATION	PP13029
2202479	AUTO BARGAIN CENTER USED CARS	PP13030
2188049	WATER WAGONS LTD	PP13031
2922322	VFS LEASING	PP13032
5600844	JACOBSEN, DENNIS S ET AL	PP13033

13-350E BOARD MEMBER COMMENTS


Member Brown commented he thought the State Legislature needed to craft or expand the specific statutes regarding private aircraft domicile language, because the current language was not sufficient for the Board to make an informed decision.

13-351E PUBLIC COMMENT

There was no response to the call for Public Comment.


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12:24 p.m. There being no further hearings or business to come before the Board, on motion by Member Horan, 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*