

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

MONDAY

9:00 A.M.

FEBRUARY 8, 2021

PRESENT:

Eugenia Larmore, Chair
James Ainsworth, Vice Chair
Barbara “Bobbi” Lazzarone, Member
Daren McDonald, Member
Dennis George, Member

Janis Galassini, County Clerk
Jennifer Gustafson, 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. Chair Larmore called the meeting to order, the Clerk called the roll and the Board conducted the following business:

21-037E PUBLIC COMMENT

There was no response to the call for public comment.

21-038E SWEARING IN

Jan Galassini, County Clerk, swore in the appraisal staff.

WITHDRAWN PETITIONS

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

21-039E PARCEL NO. 015-301-38 - LITHIA REAL ESTATE INC - HEARING NO. 21-0032

21-040E PARCEL NO. 142-332-02 - DERMODY FAMILY LIMITED PTSP II/BJ'S RESTAURANTS INC - HEARING NO. 21-0063

21-041E CONTINUANCES

There were no requests for continuances.

21-042E **PARCEL NO. 090-040-05 – LIFESTYLE HOMES TND LLC – HEARING NO. 21-0010**

A Petition for Review of Assessed Valuation was received protesting the 2020-21 taxable valuation on land and improvements located at 0 Red Rock Road, 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.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

There were no public comments on this item.

With regard to Parcel No. 090-040-05 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$32,000, and the taxable improvement value be upheld, resulting in a total taxable value of \$32,000 for tax year 2021-22. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

21-043E **PARCEL NO. 040-943-05 – QUAIL CORNERS S BLDG N 104-106 LLC – HEARING NO. 21-0015**

A Petition for Review of Assessed Valuation was received protesting the 2021-22 taxable valuation on land and improvements located at 645 Sierra Rose Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and photographs, 8 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

There were no public comments on this item.

With regard to Parcel No. 040-943-05 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$443,083, resulting in a total taxable value of \$781,675 for tax year 2021-22. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

21-044E PARCEL NO. 013-321-12 – STORAGE PRO OF RENO LLC – HEARING NO. 21-0017A

A Petition for Review of Assessed Valuation was received protesting the 2021-22 taxable valuation on land and improvements located at 2555 Vassar Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 2 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

There were no public comments on this item.

With regard to Parcel No. 013-321-12 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$402,498, and the taxable improvement value be upheld, resulting in a total taxable value of \$471,713 for tax year 2021-22. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

21-045E **PARCEL NO. 013-321-13 – STORAGE PRO OF RENO LLC – HEARING NO. 21-0017B**

A Petition for Review of Assessed Valuation was received protesting the 2021-22 taxable valuation on land and improvements located at 2445 Vassar Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 2 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

There were no public comments on this item.

With regard to Parcel No. 013-321-13 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$1,143,450, and the taxable improvement value be reduced to \$2,384,828, resulting in a total taxable value of \$3,528,278 for tax year 2021-22. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

21-046E **PARCEL NO. 037-400-13 – COX FAMILY LLC – HEARING NO. 21-0062**

A Petition for Review of Assessed Valuation was received protesting the 2021-22 taxable valuation on land and improvements located at 425 Sparks Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

Exhibit II: Taxable Value Change Stipulation, 2 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

There were no public comments on this item.

With regard to Parcel No. 037-400-13 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$905,985, and the taxable improvement value be upheld, resulting in a total taxable value of \$2,256,219 for tax year 2021-22. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

21-047E ROLL NO. 2265009 - SMITH STORAGE SYSTEMS LLC -
HEARING NO. 21-0025P20

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on personal property located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 29 page.

On behalf of the Petitioner, Mr. Russell Smith Sr. and Ms. Barbara Smith were sworn in by County Clerk Jan Galassini.

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

Mr. Smith expressed confusion about the \$8,000 bill for personal property taxes which he received. He noted he paid taxes to the County monthly for everything sold by his company. He forwarded the bill to his landlord, who called the County to inquire about it. The landlord learned it was not property tax and it was not his responsibility. Mr. Smith then contacted the Assessor's Office (AO) and learned the taxes were for office

equipment. He recounted the substance of his conversation with AO staff. He learned he needed to submit an appeal. He stated the appeal form was for property tax, but since he did not own the property he was unsure how to complete it. He recounted a subsequent telephone conversation he had with the Appraiser. He wanted an explanation of the tax assessment because he received inconsistent information from AO staff. He expressed concern about the method of assessment, which had not included an in-person visit to his place of business. He indicated part of the property was rented by another company. He conveyed his frustration with the AO.

Mr. Taylor reiterated the bill was for personal property tax, not sales tax. He stated the AO mailed out notices to prompt business owners to file personal property information in June of each year. The deadline to file those forms was July 31, and a 30-day extension was offered. He said the taxpayer accessed the account on June 29, 2020 and reported no taxable assets. An email was sent to request an asset list; a second reminder was sent out on October 23, 2020. He indicated the account's value had been estimated pursuant to Nevada Revised Statute (NRS) 361.265, which also stated any person who failed to submit a personal property rendition waived the right to an adjustment. He said he attempted to explain the reasoning for the assessment to Mr. Smith via telephone. He noted Mr. Smith had been contacted when his appeal was received. AO staff requested financial information so an appeal could be considered, but Mr. Smith did not provide any documentation. He said the estimate was based on comparable businesses under the North American Industry Classification System. The account was assessed by considering the asset values of the comparable business Industrial Handling Equipment Inc., and the estimate was supported by a cost analysis valuation system report supplied by a third-party vendor. He reviewed Assessor's Exhibit I, including the cost analysis valuation on page 11 which supported the valuation. He noted the comparables used were companies that gave the AO a list of assets each year. He asked for the taxable value to be upheld.

Chair Larmore asked for clarification of the difference between sales tax and personal property tax. Mr. Taylor replied sales tax was charged on items that were sold while personal property tax applied to the personal property used to do business, such as office equipment and tools. Chair Larmore asserted the two were assessed completely separately and the unrelated taxes were collected by different entities. Mr. Taylor confirmed that was correct; the State assessed sales tax and the County assessed personal property tax.

Vice Chair Ainsworth asked how long this company had been in business. Mr. Taylor responded two years in the current location and several years at a different location prior to that. Vice Chair Ainsworth asked whether the property forms had previously been submitted; Mr. Taylor replied they had not. Vice Chair Ainsworth asked whether the personal property tax had been estimated every year; Mr. Taylor confirmed it had. Vice Chair Ainsworth commented he did not recall any appeals during prior years, which Mr. Taylor confirmed.

Vice Chair Ainsworth asked how the assessment was performed without visiting the business. Mr. Taylor replied the assessment was based on comparable

businesses within the same scope. Vice Chair Ainsworth asked how rental equipment was distinguished from personal property. Mr. Taylor clarified anything owned or used by the company to conduct business was a taxable asset pursuant to statute and inventory was not assessed. Vice Chair Ainsworth asked how inventory was distinguished from personal property. Mr. Taylor said he would have no idea unless the business owner submitted some financial information. Vice Chair Ainsworth said the issue was confusing without inventory information from the taxpayer. Mr. Taylor agreed, noting the services advertised on the business' website all required the use of personal property.

Member George asked whether any payments for personal property tax had been received. Mr. Taylor replied the AO did not process payments; payments were collected by the Treasurer's Office and he had not checked whether the business' account was up to date. Member George asked whether there were any circumstances in which the assessment process would require an on-site visit. Mr. Taylor replied yes, a site visit was conducted but assessors were not allowed to enter businesses because of COVID-19 (C19).

Member George asked whether Mr. Smith recalled having anyone from the AO perform a site visit. Mr. Smith replied no. Member George asked whether Mr. Smith recalled ever paying personal property tax. Ms. Smith said they received something in the mail some years prior, but she did not receive anything by mail or email the previous year. Mr. Smith asked whether the County was partially responsible for the taxes since part of the money his company made was paid to the County.

Member George observed a continuance seemed appropriate for this hearing because it did not sound as though Mr. Smith refused to pay. Mr. Smith said he simply wanted an explanation of the tax and it could be resolved.

Ms. Smith expressed confusion about a name listed on page 12 of Assessor's Exhibit I. Member McDonald explained the AO looked at similar businesses because they had not received records for this business. Ms. Smith said those other businesses were not similar, they offered different services. Member McDonald said Mr. Taylor used comparables that were similar in industry type. He acknowledged they may not be good comparables, so Mr. Taylor needed an asset list to assess this business correctly. Member McDonald noted Mr. Smith said he paid a significant amount of sales tax which would indicate they carried more inventory than the comparable businesses who reported lower sales tax. Member McDonald observed a stipulation might be agreed upon if the hearing was continued and the appellant provided an asset list in the interim. Ms. Smith said they would provide the information if they received the paperwork. Member McDonald suggested the appellants verify their mailing address and contact information. He asked for confirmation that the bill for property tax had been received and Ms. Smith said it was.

Mr. Smith reiterated the bill had not been explained and restated his confusion about taxes paid on sales versus the personal property tax. Member McDonald provided the comparative example of annual plate fees paid to the State, which included personal property tax based on the valuation of the vehicle. It was separate from the sales

tax paid at the time of purchase of the vehicle. Mr. Taylor elaborated the Department of Motor Vehicles collected registration fees and personal property tax on vehicles. Anything added to the vehicles, such as toolboxes, would be assessed at the County level.

Chair Larmore said the Board would not discuss the fairness of the taxation. The agreement was that the personal property needed to be assessed and the disagreement was the assessment amount. She said the Board would need to uphold the assessor's value unless the appellant provided actual information to the AO which might reduce the assessed amount. Mr. Smith asked for a list of what was considered personal property. Chair Larmore believed a list had been provided, but she explained personal property encompassed the equipment used in the business. Mr. Smith expressed a willingness to work with the AO to resolve the issue.

Vice Chair Ainsworth asked whether C19 prevented on-site visits. Mr. Taylor said on-site visits were not being performed, but a Zoom assessment could be performed. A video of the inside of the business along with an asset list and depreciation schedules could be used to produce an accurate assessment. He said the documentation submitted to the federal government should be submitted to the County. Vice Chair Ainsworth asked whether Mr. Taylor could provide a specific list of the information he required. Mr. Taylor said he would need to know the type of equipment and the year acquired.

Chief Deputy Assessor Corinne Burke suggested this appeal be continued to February 26, 2021.

There was no public comment on this item.

On motion by Vice Chair Ainsworth, seconded by Member George, which motion duly carried, it was ordered that this appeal be continued to February 26, 2021.

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County Clerk Jan Galassini said the next two hearings were represented by Mr. David Milner. She asked whether the Board wanted to hear them together or separately. Chair Larmore asked whether the two hearings were based on the same information. Ms. Galassini replied the information was partially the same. Chair Larmore asked to hear them together.

21-048E ROLL NO. 2001897 – WEST ELM #6196 – HEARING NO. 21-0064P20

A Petition for Review of Assessed Valuation was received protesting the 2020-21 taxable valuation on personal property located at 50 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 1 page.

Exhibit B: Letter and supporting documentation, 95 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 47 pages.

On behalf of the Petitioner, Mr. David Milner was sworn in by County Clerk Jan Galassini via Zoom. Ms. Galassini noted new petitioner's evidence was submitted to the Board that morning, a copy of which was placed on the record.

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

Mr. Milner said the 59-day government-mandated business closure, which was part of the COVID-19 (C19) response in the state of Nevada, represented 16 percent of the sales year. He stated there were three types of obsolescence that were applicable to property. He highlighted Nevada Revised Statute (NRS) 361.227 which stated taxable value of property must be determined by subtracting all applicable depreciation and obsolescence. He stated the company's May 3, 2020 quarterly report showed a 1/3 decline in operating income and a 20 percent reduction in property and equipment value. He requested 16 percent additional obsolescence in light of the Nevada stay at home order and the company's financial statements, which were factors outside the property owner's control. He said these factors had affected both stores.

Ms. Bower said the Assessor's Office (AO) received the appeals on January 15, 2021. She stated valuations were made by the AO for assessment purposes only and the personal property valuations were not being disputed. She said Mr. Milner requested 16 percent obsolescence because of the fiscal impacts of the government shutdown which occurred in Fiscal Year 2019/2020. The 2020/2021 assessment was based on the value of the business equipment as of July 1, 2020, at which time businesses in Washoe County had been allowed to reopen. The equipment was in place and the business was operating at that time. She stated the taxable value of the business assets did not exceed market value; therefore obsolescence was not warranted. She observed it would be unfair from an equalization standpoint to offer this type of adjustment to only these two businesses. She believed this Board was not the appropriate avenue for tax relief. The AO was required to follow NRS and NRS did not provide guidance for this situation, so the AO was unable to offer an adjustment. She asked for the taxable value to be upheld.

Mr. Milner said he presented the financial information as close to July 1, 2020 as possible because he understood the assessment was based on the value as of that date. He thought the trend indicated the company lost one-third of their assets as of the valuation date. He noted stores were not opened at 100 percent capacity when they were

able to reopen. He said assets were rendered but they waited until the appeal period so they could correctly quantify the impact on the assets as opposed to possibly overstating it.

Member McDonald noted that, other than replacement costs, the income method was occasionally considered when discussing real property. He asked whether a comparable version was available for personal property. Ms. Bower replied personal property was based on the value of the business asset, not on the revenue of the business.

Chair Larmore noted the data presented was at the national level and not the local level. According to Washoe County economic indicator presentations, she said, the County's taxable sales started to increase in May and were higher than pre-C19 levels. She understood the national impact had been significant, but the impact locally had been very short-term. She would have liked to see some local financial data because it was difficult to determine whether a 16 percent deduction was necessary based on local C19 recovery.

Vice Chair Ainsworth agreed with Ms. Bower's statement about the unfairness of offering a 16 percent decrease to only these two businesses. He stated the Board was supposed to equalize taxes, not make them unequal.

Member McDonald referred to Petitioner's Exhibit B and asked whether the auditors or accountants applied any form of economic obsolescence to the assets. Mr. Milner believed they had, noting that would technically be a federal tax impact, though he did not know how it would translate to the state and local level. Member McDonald asked about the amount of economic obsolescence that had been applied. Mr. Milner said he had been unable to obtain the study from the tax director.

There was no response to the call for public comment.

With regard to Roll No. 2001897, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Vice Chair Ainsworth, seconded by Member Lazzarone, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

ROLL NO. 2204385 – WILLIAMS SONOMA #845 – HEARING NO. 21-0066P20

A Petition for Review of Assessed Valuation was received protesting the 2020-21 taxable valuation on personal property located at 13945 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 1 page.

Exhibit B: Letter and supporting documentation, 95 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 31 pages.

On behalf of the Petitioner, Mr. David Milner was sworn in by County Clerk Jan Galassini via Zoom.

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

Discussion for this item was consolidated with Hearing No. 21-0064P20. See page 9 for details regarding the hearing discussion for this item.

There was no response to the call for public comment.

With regard to Roll No. 2204385, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Vice Chair Ainsworth, seconded by Member Lazzarone, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

21-049E BOARD MEMBER COMMENTS

There were no Board Member comments.

21-050E PUBLIC COMMENT

There was no response to the call for public comment.

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9:55 a.m. There being no further hearings or business to come before the Board, the meeting was adjourned.

EUGENIA LARMORE, Chair
Washoe County Board of Equalization

ATTEST:

JANIS GALASSINI, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Carolina Stickle, Deputy Clerk*