



CHRISTOPHER G.
NIELSEN
Secretary

Case No. 14-107

- 1) The State Board is an administrative body created pursuant to NRS 361.375.
- 2) The State Board is mandated to hear all appeals of property tax assessments pursuant to NRS 361.403.

- 3) The Taxpayer and the Assessor were given adequate, proper and legal notice of the time and place of the hearing before the State Board, and the matter was properly noticed pursuant to the Open Meeting Law at NRS 241.020. *See Record, SBE pages 107-109.*
- 4) The subject property consists of the property, plant, and equipment of a 400-mile distribution gas pipeline with terminals in Salt Lake City, Utah and Las Vegas, Nevada, initially placed in service in January, 2012. *See Record, SBE p. 26; Tr., 5-20-14, p. 94, ll. 4-14.*
- 5) The Nevada Tax Commission (Commission) is required to establish the valuation for assessment purposes of any property of an interstate and inter-county nature, including the property of all interstate or inter-county natural gas transmission and distribution companies pursuant to NRS 361.320 and applicable regulations. The Taxpayer is the owner of property of an interstate or inter-county nature. *See NRS 361.032; NRS 361.320.*
- 6) The Department determined and the Commission certified the taxable value of the unitary property based on book cost less depreciation, was \$316,952,600 of which 30.9153% or \$97,986,847 was allocated to Nevada. The assessed value, using a level of assessment factor of 35% applied to the allocated value, was \$34,295,396. *See Record, Department Exhibit 7, Revised Estimated Value, SBE page 38.*
- 7) The Taxpayer did not present sufficient evidence to support a value different from that certified by the Commission. The Taxpayer reported a net book cost indicator of value of \$316,952,635 but testified the total cost of the project was \$396,834,000 before depreciation. The Department relied on the reported net book cost indicator of \$316,952,635 because the property was new; no impairment charges were taken; and the cost indicator of value was a reasonable representation of value at that point in time. *See Tr., 5-20-14, p. 113, ll. 2-25; p. 118, l. 16 through p. 119, l. 25; p. 130, p. 24 through p. 132, l. 21; p. 140, l. 19 through p. 141, l. 24; Record, SBE pages 26 and 38.*
- 8) Both the Taxpayer and the Department performed an income analysis, however the Department placed no weight on the income indicator of value because the first year income was not a reasonable representation of a company's net operating income and the projections offered by the Taxpayer could not be normalized and annualized pursuant to NAC 361.423 or otherwise verified. *See Record, SBE pages 7, 38, 97-98; Tr., 5-20-14, p. 118, l. 16 through p. 119, l. 25.*
- 9) The State Board found the Department's methodology to be credible in view of the limited amount of information available. *See Tr., 5-20-14, p. 152, ll. 6-22.*
- 10) The State Board affirmed the value certified by the Commission. *See Tr., 5-20-14, p. 151, l. 14 through p. 152, l. 25.*
- 11) Any finding of fact above construed to constitute a conclusion of law is adopted as such to the same extent as if originally so denominated.

CONCLUSIONS OF LAW

- 1) The Taxpayer timely filed a notice of appeal, and the State Board accepted jurisdiction to determine this matter.
- 2) The Department and the Commission are administrative agencies or bodies created pursuant to Title 32 of the Nevada Revised Statutes.

- 3) The State Board has the authority to determine the taxable values in the State.
- 4) The subject property is appraised at the proper taxable value in accordance with NRS 361.320 and NAC 361.421 and 361.423 for the 2014-2015 tax year. The assessed value is 35% of the taxable value.
- 5) Any conclusion of law above construed to constitute a finding of fact is adopted as such to the same extent as if originally so denominated.

DECISION

The Petition of the Taxpayer is denied based on the above Findings of Fact and Conclusions of Law. The Department is instructed to certify the assessment roll of the county consistent with this decision.

BY THE STATE BOARD OF EQUALIZATION THIS 8th DAY OF AUGUST, 2014.



Christopher G. Nielsen, Secretary
CGN/ter