

FINDINGS OF FACT

- 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 361.360 and NRS 361.400.
- 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 page 270-272.*
- 4) The subject property is known as the Reno Ace's Stadium, built in 2009 and located on 7.48 acres on Evans Avenue in downtown Reno, Washoe County, Nevada. *See Record, SBE pages 211-212, 246; Tr., 10-9-14, p. 7, ll. 3-4.*
- 5) The Washoe County Board of Equalization (County Board) ordered the total taxable value of \$25,600,004 be upheld for the 2014-2015 secured roll. *See Record, SBE pages 8, 18-19.*
- 6) The State Board found the Assessor provided a replacement cost new less statutory depreciation of \$29,163,779 and then further subtracted significant obsolescence of \$7,985,522 to derive an overall improvement value of \$22,342,154. The land value of \$3,257,850 was added to the improvement value for a total taxable value of \$25,600,004. *See Record, SBE pages 213 through 218; Tr., 10-9-14, p. 19, l. 17 through p. 20, l. 8; p. 58, ll. 13-21.*
- 7) The State Board found the cost approach is the best indicator of value for a special use property, weighed along with other considerations. *See Tr., 10-9-14, p. 23, ll. 1-4; p. 41, ll. 22-25.*
- 8) The State Board determined the main issue is depreciation. *See Tr., 10-9-14, p. 30, ll. 10-14.* The State Board found the Taxpayer did not provide sufficient evidence to support the amount of additional obsolescence it requested or support its burden to disprove the value established by the Assessor. *See NAC 361.741; Tr., 10-9-14, p. 30, ll. 12-16; p. 58, l. 13 through p. 59, l. 19.*
- 9) The State Board found the net operating income (NOI) or alternatively, earnings before interest, taxes, depreciation and amortization (EBITDA) used by the Taxpayer to support an income approach indicator of value could not be re-created from the information provided by the Taxpayer. *See Tr., 10-9-14, p. 30, ll. 12-16; p. 36, l. 15 through p. 37, l. 15; p. 44, l. 16 through p. 46, l. 6; p. 49, l. 17 through p. 50, l. 1; p. 54, l. 17 through p. 55, l. 3; p. 55, l. 18 through p. 56, l. 3; p. 58, l. 24 through p. 59, l. 6.*
- 10) The State Board also found that the Taxpayer's own financial statements indicate a carrying value of about \$30 million. Therefore, despite the Assessor's reliance on and use of a prior State Board decision on taxable value, the Assessor's taxable value is supported by substantial evidence. *See Tr., 10-9-14, p. 54, l. 18 through p. 55, l. 3.* In addition, the State Board compared the replacement cost generated from Marshall Swift, prior to application of depreciation, of \$31,528,410, to the actual cost to build of about \$87,500,000 and found using that comparison that the property had experienced about 70% economic obsolescence. *See Tr., 10-9-14, p. 26, l. 7 through p. 27, l. 20; p. 50, ll. 2-8.*
- 11) The State Board further found the Taxpayer had not appropriately tested for economic obsolescence, citing that the capitalization rate (cap rate) used by the Taxpayer to capitalize an income stream was not supported. *See Tr., 10-9-14, p. 50, l. 21 through p. 51, l. 16.*

- 12) The State Board affirmed the decision of the County Board. See *Tr.*, 10-9-14, p. 58, l. 13 through p. 59, l. 19.
- 13) 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 Taxpayer and the Assessor are subject to the jurisdiction of the State Board.
- 3) The State Board has the authority to determine the taxable values in the State. *NRS 361.360; NRS 361.400.*
- 4) The subject property is appraised at the proper taxable value in accordance with *NRS 361.227* 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 Washoe County Comptroller is instructed to certify the assessment roll of the county consistent with this decision.

BY THE STATE BOARD OF EQUALIZATION THIS 12th DAY OF DECEMBER, 2014.



Deonne Contine, Secretary
DC/ter