

ASSEMBLY JOINT RESOLUTION NO. 17—ASSEMBLYMEN GUSTAVSON, GIBBONS,
BEERS, NOLAN, BROWER, BERMAN, VON TOBEL, CLABORN, MORTENSON,
HUMKE, ANGLE AND PRICE

MARCH 15, 1999

JOINT SPONSOR: SENATOR WASHINGTON

Referred to Concurrent Committees on Taxation
and Constitutional Amendments

SUMMARY—Proposes amendment to Nevada Constitution to limit amount of property tax and
provide for retention of taxable value on real property until transfer of ownership.
(BDR C-898)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

ASSEMBLY JOINT RESOLUTION—Proposing to amend the Constitution of the State of
Nevada to limit the total amount of tax ad valorem on real property and to permit the
retention of taxable value on real property until the ownership of the property is
transferred.

1 RESOLVED BY THE ASSEMBLY AND THE SENATE OF THE STATE OF
2 NEVADA, JOINTLY, That section 1 of article 10 of the Constitution of the
3 State of Nevada be amended, and that article 10 be amended by adding
4 thereto a new section, designated section 6, to read respectively as follows:
5 Section 1. 1. ~~The~~ ***Except as otherwise provided in section 6 of this***
6 ***article, the*** legislature shall provide by law for a uniform and equal rate of
7 assessment and taxation, and shall prescribe such regulations as shall
8 secure a just valuation for taxation of all property, real, personal and
9 possessory, except mines and mining claims, which shall be assessed and
10 taxed only as provided in section 5 of this article.
11 2. Shares of stock, bonds, mortgages, notes, bank deposits, book
12 accounts and credits, and securities and choses in action of like character
13 are deemed to represent interest in property already assessed and taxed,
14 either in Nevada or elsewhere, and shall be exempt.

1 3. The legislature may constitute agricultural and open-space real
2 property having a greater value for another use than that for which it is
3 being used, as a separate class for taxation purposes and may provide a
4 separate uniform plan for appraisal and valuation of such property for
5 assessment purposes. If such plan is provided, the legislature shall also
6 provide for retroactive assessment for a period of not less than 7 years
7 when agricultural and open-space real property is converted to a higher use
8 conforming to the use for which other nearby property is used.

9 4. Personal property which is moving in interstate commerce through
10 or over the territory of the State of Nevada, or which was consigned to a
11 warehouse, public or private, within the State of Nevada from outside the
12 State of Nevada for storage in transit to a final destination outside the State
13 of Nevada, whether specified when transportation begins or afterward,
14 shall be deemed to have acquired no situs in Nevada for purposes of
15 taxation and shall be exempt from taxation. Such property shall not be
16 deprived of such exemption because while in the warehouse the property is
17 assembled, bound, joined, processed, disassembled, divided, cut, broken in
18 bulk, relabeled or repackaged.

19 5. The legislature may exempt motor vehicles from the provisions of
20 the tax required by this section, and in lieu thereof, if such exemption is
21 granted, shall provide for a uniform and equal rate of assessment and
22 taxation of motor vehicles, which rate shall not exceed five cents on one
23 dollar of assessed valuation.

24 6. The legislature shall provide by law for a progressive reduction in
25 the tax upon business inventories by 20 percent in each year following the
26 adoption of this provision, and after the expiration of the 4th year such
27 inventories are exempt from taxation. The legislature may exempt any
28 other personal property, including livestock.

29 7. No inheritance tax shall ever be levied.

30 8. The legislature may exempt by law property used for municipal,
31 educational, literary, scientific or other charitable purposes, or to
32 encourage the conservation of energy or the substitution of other sources
33 for fossil sources of energy.

34 9. No income tax shall be levied upon the wages or personal income of
35 natural persons. Notwithstanding the foregoing provision, and except as
36 otherwise provided in subsection 1 of this section, taxes may be levied
37 upon the income or revenue of any business in whatever form it may be
38 conducted for profit in the state.

39 ***Sec. 6. 1. The maximum amount of tax ad valorem that may be***
40 ***levied on real property is 1 percent of the taxable value of the property.***
41 ***This limit does not apply to taxes ad valorem levied to pay the interest***
42 ***and principal of any indebtedness incurred before this section became***

1 *effective or approved thereafter by two-thirds of the votes cast by voters*
2 *voting on the question in the taxing district to which it applies.*

3 2. *Except as otherwise provided in subsections 3 and 4, the taxable*
4 *value of real property is 90 percent of the taxable value from which the*
5 *assessed value for the fiscal year 1995-1996 was calculated but, if the*
6 *property was not appraised or reappraised for that fiscal year, the taxable*
7 *value determined by appraisal or reappraisal for a subsequent fiscal year*
8 *may be appropriately adjusted to determine the taxable value as of the*
9 *fiscal year 1995-1996.*

10 3. *If the ownership of real property is transferred to the extent of*
11 *one-half or more of the total interest in the property, except a transfer to*
12 *or between spouses, to or from a separate legal entity of which the*
13 *transferor is the beneficial owner, or to a child or grandchild of the*
14 *transferor, the taxable value of the property must be redetermined as of*
15 *the date of transfer of the property. If new improvements to real property*
16 *are constructed, except to replace existing improvements destroyed by*
17 *natural disaster or other casualty, or existing improvements are*
18 *materially enhanced, the taxable value of the property must be increased*
19 *by the full cash value of the new improvement or enhancement. If real*
20 *property is converted to another use, the taxable value of the property*
21 *must be redetermined after the conversion by appraisal at its full cash*
22 *value in accordance with the new use of the property.*

23 4. *The taxable value of real property must be increased from year to*
24 *year by the lesser of:*

25 (a) *The percent of increase in the Consumer Price Index for All*
26 *Urban Consumers compiled by the federal Bureau of Labor Statistics for*
27 *the preceding calendar year, if that index increases; or*

28 (b) *Two percent.*

29 *The taxable value must be decreased from year to year by the percent of*
30 *decrease in the Consumer Price Index for All Urban Consumers*
31 *compiled by the federal Bureau of Labor Statistics for the preceding*
32 *calendar year, if that index decreases. The legislature shall provide by*
33 *law for another appropriate method of determining a percentage of*
34 *increase or decrease in the average annual cost of living if the index*
35 *specified in this section ceases to be compiled.*

36 5. *The legislature may provide by law the circumstances under*
37 *which:*

38 (a) *An owner domiciled in this state who has attained the age of 62*
39 *years may replace his principal residence with another of comparable*
40 *value and transfer to the new residence the taxable value of the old*
41 *residence for the purpose of limiting the ad valorem tax on the property.*

42 (b) *A new improvement may be constructed, or an existing*
43 *improvement enhanced, without change in the taxable value of real*

- 1 *property if the construction or enhancement is appropriate to protect the*
- 2 *safety of the occupants or improve accessibility to the disabled.*
- 3 *(c) An owner whose real property is taken by the exercise of eminent*
- 4 *domain may replace that property with property of comparable value and*
- 5 *transfer to the new property the taxable value of the old property for the*
- 6 *purpose of limiting the ad valorem tax on the property.*
- 7 *6. No tax may be imposed on the sale or other transfer of real*
- 8 *property which did not exist on the date this section becomes effective.*

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