

EMERGENCY REQUEST OF ASSEMBLY MINORITY LEADER

ASSEMBLY BILL NO. 668—ASSEMBLYMEN HETTRICK, LEE, CEGAVSKE, GIBBONS, BROWER, ANDERSON, ANGLE, ARBERRY, BEERS, BROWN, BUCKLEY, CARPENTER, COLLINS, DINI, FREEMAN, GIUNCHIGLIANI, GOLDWATER, GUSTAVSON, HUMKE, KOIVISTO, LESLIE, MANENDO, MARVEL, MCCLAIN, NOLAN, PARNELL, PERKINS, SMITH, TIFFANY AND VON TOBEL

MAY 24, 2001

Referred to Committee on Taxation

SUMMARY—Temporarily limits annual increase in taxable value of property in certain areas for assessment of property taxes. (BDR 32-1551)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

~

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

AN ACT relating to taxation; temporarily limiting the annual increase in the taxable value of property in certain areas for the assessment of property taxes; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 361 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 1. *The legislature hereby finds and declares that:*
4 (a) *Section 1 of article 10 of the Nevada constitution, which governs*
5 *property taxes, requires the legislature to provide by law for a uniform*
6 *and equal rate of assessment and taxation and to prescribe such*
7 *regulations as will ensure a just valuation for the taxation of all property*
8 *within this state;*
9 (b) *The reliability of our system of assessing property to establish a*
10 *just valuation for taxation by providing for the determination of the value*
11 *of all property in the same manner, regardless of its location, on the basis*
12 *of the selling price of comparable property in the area has been called*
13 *into question because of anomalies in certain market factors that have*
14 *resulted in unprecedented increases in the selling price of property in one*
15 *particular area of the state where the average annual increase in gross*



* A B 6 6 8 R 1 *

1 assessed valuation for the past 10 years before these spikes began was 5.6
2 percent per year;

3 (c) This anomaly in market factors appears to be related to extreme
4 limitations placed on the development rights of some of the property in
5 this area by a regional planning agency created to establish
6 environmental threshold carrying capacities for a region that exhibits
7 unique environmental and ecological values which are irreplaceable;

8 (d) An exception to our system of assessing property must be made to
9 ensure that the property located in this particular area, and other areas
10 in which a similar anomaly may develop in the next tax year if additional
11 regional planning agencies that severely restrict development are created
12 by state or local governments, continue to be taxed in a manner that is
13 fair and equitable compared with all other property in the state;

14 (e) The provisions of this section are necessary to ensure that extreme
15 spikes in the selling price of property resulting, in part, from the strict
16 regulation of the development in certain areas of the state do not
17 compromise the constitutionality of our system of assessing property; and

18 (f) Temporarily limiting the percentage of increase of the taxable
19 value of the property in areas where extreme spikes in the selling price of
20 property have occurred is the most fair and equitable manner of ensuring
21 statewide uniformity and equality in the rate of assessment and taxation
22 of the property of this state until this legislature is able to reevaluate the
23 formulas for the assessment and taxation of the property in this state and
24 develop an appropriate adjustment for areas in which these anomalies
25 occur.

26 2. Except as otherwise provided in subsection 3, in listing and
27 assessing the taxable value of property to the owner pursuant to NRS
28 361.260, for the purposes of applying a tax rate, a county assessor shall
29 not increase by more than 6 percent per year the taxable value of
30 property located within a region that is covered by a regional plan
31 adopted by the governing body of a regional planning agency created to
32 establish environmental threshold carrying capacities for a region that
33 exhibits unique environmental and ecological values.

34 3. The provisions of subsection 2 do not apply to an increase in
35 taxable value that is directly attributable to the addition or major
36 renovation of an improvement on the property.

37 4. If a parcel is split for placement on the tax roll in one or more
38 separate pieces, the taxable value of the parcel before the split must be
39 equitably apportioned among the pieces and the apportioned taxable
40 value of each piece of the property assessed to the owner pursuant to
41 NRS 361.260 must not be increased by more than 6 percent per year. If
42 one or more parcels are combined for placement on the tax roll, the
43 taxable value of each of the parcels must be added together to determine
44 the taxable value of the combined parcel assessed to the owner pursuant
45 to NRS 361.260 and that taxable value must not be increased by more
46 than 6 percent per year.

47 **Sec. 2.** NRS 361.260 is hereby amended to read as follows:

48 361.260 1. Each year, the county assessor, except as otherwise
49 required by a particular statute, shall ascertain by diligent inquiry and



* A B 6 6 8 R 1 *

- 1 examination all real and secured personal property that is in his county on
2 July 1 which is subject to taxation, and also the names of all persons,
3 corporations, associations, companies or firms owning the property. He
4 shall then determine the taxable value of all such property and , *except as*
5 *otherwise provided in section 1 of this act*, he shall then list and assess it
6 to the person, firm, corporation, association or company owning it on
7 July 1 of that fiscal year. He shall take the same action at any time between
8 May 1 and the following April 30, with respect to personal property which
9 is to be placed on the unsecured tax roll.
- 10 2. At any time before the lien date for the following fiscal year, the
11 county assessor may include additional personal property and mobile and
12 manufactured homes on the secured tax roll if the owner of the personal
13 property or mobile or manufactured home owns real property within the
14 same taxing district which has an assessed value that is equal to or greater
15 than the taxes for 3 years on both the real property and the personal
16 property or mobile or manufactured home, plus penalties. Personal
17 property and mobile and manufactured homes in the county on July 1, but
18 not on the secured tax roll for the current year, must be placed on the
19 unsecured tax roll for the current year.
- 20 3. An improvement on real property in existence on July 1 whose
21 existence was not ascertained in time to be placed on the secured roll for
22 that tax year and which is not governed by subsection 4 must be placed on
23 the unsecured tax roll.
- 24 4. ~~He~~ *Except as otherwise provided in section 1 of this act, the*
25 value of any property apportioned among counties pursuant to NRS
26 361.320, 361.321 and 361.323 must be added to the central assessment roll
27 at the assessed value established by the Nevada tax commission or as
28 established pursuant to an appeal to the state board of equalization.
- 29 5. In addition to the inquiry and examination required in subsection 1,
30 for any property not reappraised in the current assessment year, the county
31 assessor shall determine its assessed value for that year by applying a
32 factor for improvements, if any, and a factor for land to the assessed value
33 for the preceding year. The factor for improvements must reasonably
34 represent the change, if any, in the taxable value of typical improvements
35 in the area since the preceding year, and must take into account all
36 applicable depreciation and obsolescence. The factor for improvements
37 must be adopted by the Nevada tax commission. The factor for land must
38 be developed by the county assessor and approved by the commission. The
39 factor for land must be so chosen that the median ratio of the assessed
40 value of the land to the taxable value of the land in each area subject to the
41 factor is not less than 30 percent nor more than 35 percent.
- 42 6. The county assessor shall reappraise all real property at least once
43 every 5 years.
- 44 7. The county assessor shall establish standards for appraising and
45 reappraising land pursuant to this section. In establishing the standards, the
46 county assessor shall consider comparable sales of land before July 1 of the
47 year before the lien date.
- 48 8. Each county assessor shall submit a written request to the board of
49 county commissioners and the governing body of each of the local



* A B 6 6 8 R 1 *

1 governments located in the county which maintain a unit of government
2 that issues building permits for a copy of each building permit that is
3 issued. Upon receipt of such a request, the governing body shall direct the
4 unit which issues the permits to provide a copy of each permit to the
5 county assessor within a reasonable time after issuance.

6 **Sec. 3.** This act first applies to the preparation of the assessment roll
7 which must be completed on or before January 1, 2002, and must not be
8 construed to affect the tax bills for any year before the fiscal year that
9 begins on July 1, 2002.

10 **Sec. 4.** 1. This section and sections 1 and 3 of this act become
11 effective on July 1, 2001.

12 2. Section 2 of this act becomes effective at 12:01 a.m. on July 1,
13 2001.

14 3. This act expires by limitation on June 30, 2003.

