

## DISCLAIMER

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Mr. Chairman and member of the committee:

For the record my name is Jeff Johnson. I am the Humboldt County Assessor and President of the Nevada Assessor's Association and I am here today on behalf of the Assessor's Association.

I cannot speak for all the assessor's, but I believe the majority of us are *not* in favor of AB348 bill. I fully recognize the intent and fully agree that something may need to be done regarding the mandated improvement factors. As I am sure you are well aware, the factor is intended to keep up with the rising replacement costs. It is basically understood that what I build today will cost more tomorrow. As you are also aware, we base our taxable value for real property on the replacement cost. If we did not find a way to inch up the values each year that are not in a revalue district, taxpayers would likely face a large increase in the year that their property was reappraised.

However, when we have an economy that is suffering and market value is exceeded by the taxable value then we apply a mandated factor, the problem is exacerbated. When an assessor has properties where his taxable value exceeds full cash value, he is required by law to reduce those values. Due to the lagging economies in many of the state's counties, a great deal of pressure is placed on the assessor's staffs trying to ensure values are not higher than allowable and keep equitability among properties. This statute currently states in section 5 that:

"The factor for improvements must reasonably represent the change, if any, in the taxable value of typical improvements in the area since the preceding year, and must take into account all applicable depreciation and obsolescence."

The problem is the factor does not take obsolescence into account as the Department of Taxation believes there is no way for them to reasonably determine all of the obsolescence of the individual counties and the assessor's must determine the obsolescence. The problem for the assessor is the same as it is for the Department: It takes a lot of time and analysis.

The problem with this legislation could be the differences of opinion that could arise with county commissioners and the assessor regarding what the factor should be. Also I believe the timing listed in this legislation could be a problem for many counties.

At this time we do not have a solution other than annual reappraisal which we are working on accomplishing, but it takes time.

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ASSEMBLY COMMITTEE ON TAXATION  
DATE: 4/1/03 ROOM: 3142 EXHIBIT D  
SUBMITTED BY: JEFF JOHNSON