

ASSEMBLY BILL NO. 489—COMMITTEE ON  
GROWTH AND INFRASTRUCTURE

MARCH 28, 2005

JOINTLY SPONSORED BY: COMMITTEE ON TAXATION

Referred to Committee on Growth and Infrastructure

SUMMARY—Provides for partial abatement of ad valorem taxes imposed on property. (BDR 32-1383)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
Effect on the State: Yes.

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

AN ACT relating to the taxation of property; providing for the partial abatement of the ad valorem taxes imposed on property; directing the Legislative Commission to conduct an interim study of the taxation of real property; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Section 1 of Article 10 of the Nevada Constitution requires the Legislature to provide by law for a uniform and equal rate of assessment and taxation of property. That provision, however, authorizes the Legislature to provide by law for an abatement of the tax upon, or an exemption of, part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid severe economic hardship to the owner of the residence.

Under this bill, the Legislature declares that an increase in the tax bill of a homeowner of more than 3 percent from the previous year constitutes such a severe economic hardship for purposes of the Nevada Constitution. If such an economic hardship occurs, this bill provides for a partial abatement of the taxes of the homeowner who would otherwise experience the hardship. The effect of the abatement is to reduce the amount of the property taxes owed on the property to not more than 3 percent more than the amount levied or which would have been levied in the immediately preceding fiscal year if not for any applicable exemptions. This abatement does not apply to property for which there was no assessed valuation separately established for the immediately preceding fiscal year or to property for which a greater abatement is applicable.



Subsection 8 of Section 1 of Article 10 of the Nevada Constitution provides that the Legislature may exempt from taxation property used for certain charitable purposes.

Under this bill, the Legislature declares that such a charitable exemption should be provided to owners of residential rental dwellings, such as apartments, that qualify as low-income housing under the standards published by the U.S. Department of Housing and Urban Development. The charitable exemption is provided in the form of a partial abatement for the benefit of the persons who live in those dwellings. The amount of the abatement is determined in the same manner as for owners of single-family residences.

This bill provides for a separate partial abatement from property tax which is applicable to all properties. This abatement may be used in lieu of the 3 percent cap if it yields a greater reduction in the property taxes of a homeowner or the owner of a residential rental dwelling. The maximum percentage of increase in tax liability that may be applied to any property is determined by a two-part formula. The first part is determined by establishing the lesser of: (1) the average percentage of change in the assessed valuation of all taxable property in the county over the 10-year period immediately preceding the fiscal year in which the levy is made; or (2) eight percent. The second part is determined by establishing a percentage equal to twice the increase in the Consumer Price Index for the immediately preceding calendar year. After making those determinations, whichever part of the formula yields the greatest percentage is used to establish the maximum percentage of increase in tax liability for the property.

This bill further provides for a partial abatement to be provided to the owner of property for which there was no assessed valuation for the immediately preceding fiscal year. To determine the amount of the abatement, a determination is made as to the amount of property taxes that would have been levied for the previous fiscal year. After that determination, the same calculations for determining the partial abatement apply as for other property.

This bill further provides that notwithstanding the limitations on the increase in property taxes, if the taxable value of any property decreases by 15 percent or more from its taxable value determined as of July 1, 2003, and subsequently increases by 15 percent or more during any fiscal year determined on or after July 1, 2005, the amount of the taxes that were lost as the result of the prior decrease in value may be recaptured by the taxing entity over a 3-year period. However, the taxing entity may only recapture taxes resulting from the taxable property assessed at an amount which is below the taxable value determined as of July 1, 2003. The limitations on increases in property taxes apply to any amount attributable to increases in the taxable value above the taxable value determined as of July 1, 2003. Any amount of taxes that are recaptured are paid without any penalty or interest.

This bill provides that each taxing entity receives a pro rata share of the total amount of the property taxes collected after the abatement. However, if a taxing entity is unable to make payments on a public debt which is secured by those taxes, that taxing entity may receive more than its pro rata share of the total amount of property taxes collected to meet its obligations. In that situation, the share of the other taxing entities is decreased proportionately. In addition, this bill authorizes a taxing entity to impose an increase in property taxes which is not subject to the partial abatement if the increase is submitted to and approved by the registered voters of the county in which the taxing entity is located. Thus, if the voters provide approval, the limitation on the amount of increase in property taxes will not apply.

This bill further provides that notwithstanding any other provision of law, a local government is prohibited from increasing the rate of any property tax from the previous year unless the Nevada Tax Commission, upon recommendation of the Committee on Local Government Finance approves the increase.



Under existing law, property of a business is valued for purposes of taxation. One method of determining such value is the income approach which determines the value based on the income of the business. (NAC 361.200-361.508) Using the income approach, a business may establish that its value has been reduced by demonstrating a reduction in income.

This bill requires the Nevada Tax Commission to adopt regulations to assist any business in applying for the income approach to be used to measure the value of the property of the business for purposes of tax assessment.

This bill further requires the Legislative Commission to conduct an interim study of the taxation of real property in this State and submit a report of the results of the study to the 74th Session of the Nevada Legislature.

This bill does not affect any taxes imposed for any period ending on or before June 30, 2005.

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

**Section 1.** The Legislature hereby finds and declares that:

1. In the last decade, the population in Nevada has increased 66 percent, with the majority of this growth occurring in Clark, Douglas, Lyon, Nye and Washoe Counties while, at the same time, other counties simultaneously experienced a decline in population;

2. This rapid growth in population has resulted in a tremendous increase in both commercial and residential development which has contributed to an extreme rise in land values, in some cases up to 300 percent;

3. Increased land values translate into increased property tax bills, which is an unexpected financial burden to many property owners, a large number of whom are forced to live on fixed incomes which typically only increase minimally each year;

4. Besides the impact on residential property owners, commercial property owners are also experiencing or expected to experience skyrocketing property tax values in the near future as the new growth in this State generates increased demands for new businesses and rapidly increasing costs of construction reflecting in assessed values;

5. Providing equity for residential and commercial property owners is important to meeting the constitutional "uniform and equal" mandate contained in Article 10 of the Nevada Constitution but, given the broad reach of property taxes, achievement of such equity cannot be measured parcel by parcel but rather must be reasonably equitable given the scope of the undertaking;

6. Local governments are also impacted by this problem because, while some counties are expected to maintain existing service levels for new residents, other counties are struggling to provide even the most basic services under a decreased tax base;



1       7. State and local governments provide critical services to the  
2 residents of the State and must be assured of sufficient revenue to  
3 fund such services, including, without limitation, police and fire  
4 protection, welfare services, and educational services and facilities;

5       8. The current tax system in Nevada was not designed to  
6 accommodate this type of disparate growth in a minority of counties  
7 while many other counties in the State are experiencing decreases in  
8 growth;

9       9. A new property tax system must be considered which will  
10 allow relief to the residents whose property tax values have  
11 increased to such an extent as to jeopardize their ability to continue  
12 to live in their homes, while also accommodating the needs of rural  
13 communities where assessment values are decreasing and the  
14 burden on local governments in all counties that must provide for  
15 increased demands on services;

16       10. It is critical that a solution to this property tax crisis is  
17 found which takes into consideration the disparities among the  
18 different counties in Nevada, and which is fair and equitable to all  
19 property owners in the State and to local governments, whether  
20 large or small, rural or urban; and

21       11. The provisions of this act are necessary to ensure that the  
22 property owners of this State are protected from severely spiking  
23 property tax bills that will otherwise threaten their ability to  
24 continue living in their homes during the next 2 years while the  
25 Legislature studies our current property tax statutes to determine the  
26 appropriate remedy to the current property tax crisis.

27       **Sec. 2.** Chapter 361 of NRS is hereby amended by adding  
28 thereto the provisions set forth as sections 3 to 7.5, inclusive, of this  
29 act.

30       **Sec. 3.** *The Legislature hereby finds and declares that an*  
31 *increase in the tax bill of the owner of a home by more than 3*  
32 *percent over the tax bill of that homeowner for the previous year*  
33 *constitutes a severe economic hardship within the meaning of*  
34 *subsection 10 of Section 1 of Article 10 of the Nevada*  
35 *Constitution. The Legislature therefore directs a partial abatement*  
36 *of taxes for such homeowners as follows:*

37       1. *Except as otherwise provided in subsection 2 or required to*  
38 *carry out the provisions of sections 5 and 7 of this act, the owner*  
39 *of a single-family residence which is the primary residence of the*  
40 *owner is entitled to a partial abatement of the ad valorem taxes*  
41 *levied in a county on that property each fiscal year equal to the*  
42 *amount by which the product of the combined rate of all ad*  
43 *valorem taxes levied in that county on the property for that fiscal*  
44 *year and the amount of the assessed valuation of the property*



1 *which is taxable in that county for that fiscal year, excluding any*  
2 *increase in the assessed valuation of the property from the*  
3 *immediately preceding fiscal year as a result of any improvement*  
4 *to or change in the actual or authorized use of the property,*  
5 *exceeds the sum obtained by adding:*

6 (a) *The amount of all the ad valorem taxes:*

7 (1) *Levied in that county on the property for the*  
8 *immediately preceding fiscal year; or*

9 (2) *Which would have been levied in that county on the*  
10 *property for the immediately preceding fiscal year if not for any*  
11 *exemptions from taxation that applied to the property for that*  
12 *prior fiscal year but do not apply to the property for the current*  
13 *fiscal year,*

14 *↳ whichever is greater; and*

15 (b) *Three percent of the amount determined pursuant to*  
16 *paragraph (a).*

17 2. *The provisions of subsection 1 do not apply to any property*  
18 *for which:*

19 (a) *No assessed valuation was separately established for the*  
20 *immediately preceding fiscal year; or*

21 (b) *The provisions of subsection 1 of section 4 of this act*  
22 *provide a greater abatement from taxation.*

23 3. *The amount of any ad valorem taxes levied in a county*  
24 *which, if not for the provisions of subsection 1, would otherwise*  
25 *have been collected for any property for a fiscal year must, except*  
26 *as otherwise required to carry out the provisions of section 6 of*  
27 *this act, be deducted from the amount of ad valorem taxes each*  
28 *taxing entity would otherwise be entitled to receive for that fiscal*  
29 *year in the same proportion as the rate of ad valorem taxes levied*  
30 *in the county on the property by or on behalf of that taxing entity*  
31 *for that fiscal year bears to the combined rate of all ad valorem*  
32 *taxes levied in the county on the property by or on behalf of all*  
33 *taxing entities for that fiscal year. The provisions of this*  
34 *subsection and section 6 of this act must not be applied in any*  
35 *manner that reduces the amount of the partial abatement to which*  
36 *an owner of property is entitled pursuant to subsection 1 for any*  
37 *fiscal year.*

38 4. *The Nevada Tax Commission shall adopt such regulations*  
39 *as it deems appropriate to carry out this section.*

40 5. *The owner of a single-family residence does not become*  
41 *ineligible for the partial abatement provided pursuant to*  
42 *subsection 1 as a result of:*

43 (a) *The operation of a home business out of a portion of that*  
44 *single-family residence; or*



(b) *The manner in which title is held by the owner if the owner occupies the residence, including, without limitation, if the owner has placed the title in a trust for purposes of estate planning.*

6. *For the purposes of this section:*

(a) *“Ad valorem taxes levied in a county” means any ad valorem taxes levied by the State or any other taxing entity in a county.*

(b) *“Single-family residence” means a parcel or other unit of real property or unit of personal property which is intended or designed to be occupied by one family with facilities for living, sleeping, cooking and eating.*

(c) *“Taxing entity” means the State and any political subdivision or other legal entity in this State which has the right to receive money from ad valorem taxes.*

(d) *“Unit of personal property” includes, without limitation, any:*

(1) *Mobile or manufactured home, whether or not the owner thereof also owns the real property upon which it is located; or*

(2) *Taxable unit of a condominium, common-interest community, planned unit development or similar property, if classified as personal property for the purposes of this chapter.*

(e) *“Unit of real property” includes, without limitation, any taxable unit of a condominium, common-interest community, planned unit development or similar property, if classified as real property for the purposes of this chapter.*

**Sec. 3.5.** *The Legislature hereby finds and declares that many Nevadans who cannot afford to own their own homes would be adversely affected by large unanticipated increases in property taxes, as those tax increases are passed down to renters in the form of rent increases and therefore the benefits of a charitable exemption pursuant to subsection 8 of Section 1 of Article 10 of the Nevada Constitution should be afforded to those Nevadans through an abatement granted to the owners of residential rental dwellings who charge rent that does not exceed affordable housing standards for low-income housing. The Legislature therefore directs a partial abatement of taxes for such owners as follows:*

1. *Except as otherwise provided in subsection 2 or required to carry out the provisions of sections 5 and 7 of this act, if the amount of rent collected from each of the tenants of a residential dwelling does not exceed the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development,*



1 *the owner of the dwelling is entitled to a partial abatement of the*  
2 *ad valorem taxes levied in a county on that property for each fiscal*  
3 *year equal to the amount by which the product of the combined*  
4 *rate of all ad valorem taxes levied in that county on the property*  
5 *for that fiscal year and the amount of the assessed valuation of the*  
6 *property which is taxable in that county for that fiscal year,*  
7 *excluding any increase in the assessed valuation of the property*  
8 *from the immediately preceding fiscal year as a result of any*  
9 *improvement to or change in the actual or authorized use of the*  
10 *property, exceeds the sum obtained by adding:*

11 *(a) The amount of all the ad valorem taxes:*

12 *(1) Levied in that county on the property for the*  
13 *immediately preceding fiscal year; or*

14 *(2) Which would have been levied in that county on the*  
15 *property for the immediately preceding fiscal year if not for any*  
16 *exemptions from taxation that applied to the property for that*  
17 *prior fiscal year but do not apply to the property for the current*  
18 *fiscal year,*

19 *↳ whichever is greater; and*

20 *(b) Three percent of the amount determined pursuant to*  
21 *paragraph (a).*

22 *2. The provisions of subsection 1 do not apply to:*

23 *(a) Any hotels, motels or other forms of transient lodging;*

24 *(b) Any property for which no assessed valuation was*  
25 *separately established for the immediately preceding fiscal year;*  
26 *and*

27 *(c) Any property for which the provisions of subsection 1 of*  
28 *section 4 of this act provide a greater abatement from taxation.*

29 *3. The amount of any ad valorem taxes levied in a county*  
30 *which, if not for the provisions of subsection 1, would otherwise*  
31 *have been collected for any property for a fiscal year must, except*  
32 *as otherwise required to carry out the provisions of section 6 of*  
33 *this act, be deducted from the amount of ad valorem taxes each*  
34 *taxing entity would otherwise be entitled to receive for that fiscal*  
35 *year in the same proportion as the rate of ad valorem taxes levied*  
36 *in the county on the property by or on behalf of that taxing entity*  
37 *for that fiscal year bears to the combined rate of all ad valorem*  
38 *taxes levied in the county on the property by or on behalf of all*  
39 *taxing entities for that fiscal year. The provisions of this*  
40 *subsection and section 6 of this act must not be applied in any*  
41 *manner that reduces the amount of the partial abatement to which*  
42 *an owner of property is entitled pursuant to subsection 1 for any*  
43 *fiscal year.*

44 *4. The Nevada Tax Commission shall adopt such regulations*  
45 *as it deems appropriate to carry out this section.*



5. *For the purposes of this section:*

(a) *“Ad valorem taxes levied in a county” means any ad valorem taxes levied by the State or any other taxing entity in a county.*

(b) *“Taxing entity” means the State and any political subdivision or other legal entity in this State which has the right to receive money from ad valorem taxes.*

**Sec. 4.** *1. Except as otherwise provided in subsection 3 or required to carry out the provisions of sections 5 and 7 of this act, the owner of any parcel or other taxable unit of property, including property entered on the central assessment roll, for which an assessed valuation was separately established for the immediately preceding fiscal year is entitled to a partial abatement of the ad valorem taxes levied in a county on that property each fiscal year equal to the amount by which the product of the combined rate of all ad valorem taxes levied in that county on the property for that fiscal year and the amount of the assessed valuation of the property which is taxable in that county for that fiscal year, excluding any increase in the assessed valuation of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property, exceeds the sum obtained by adding:*

*(a) The amount of all the ad valorem taxes:*

*(1) Levied in that county on the property for the immediately preceding fiscal year; or*

*(2) Which would have been levied in that county on the property for the immediately preceding fiscal year if not for any exemptions from taxation that applied to the property for that prior fiscal year but do not apply to the property for the current fiscal year,*

*↪ whichever is greater; and*

*(b) A percentage of the amount determined pursuant to paragraph (a) which is equal to:*

*(I) The lesser of:*

*(1) The average percentage of change in the assessed valuation of all the taxable property in the county, as determined by the Department, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; or*

*(II) Eight percent; or*

*(2) Twice the percentage of increase in the Consumer Price Index (All Items) for the immediately preceding calendar year,*

*↪ whichever is greater.*

*2. Except as otherwise required to carry out the provisions of sections 5 and 7 of this act, the owner of any remainder parcel of real property for which no assessed valuation was separately*





1 established for the immediately preceding fiscal year, is entitled to  
2 a partial abatement of the ad valorem taxes levied in a county on  
3 that property for a fiscal year equal to the amount by which the  
4 product of the combined rate of all ad valorem taxes levied in that  
5 county on the property for that fiscal year and the amount of the  
6 assessed valuation of the property which is taxable in that county  
7 for that fiscal year, excluding any amount of that assessed  
8 valuation attributable to any improvement to or change in the  
9 actual or authorized use of the property that would not have been  
10 included in the calculation of the assessed valuation of the  
11 property for the immediately preceding fiscal year if an assessed  
12 valuation had been separately established for that property for that  
13 prior fiscal year, exceeds the sum obtained by adding:

14 (a) The amount of all the ad valorem taxes:

15 (1) Which would have been levied in that county on the  
16 property for the immediately preceding fiscal year if an assessed  
17 valuation had been separately established for that property for that  
18 prior fiscal year based upon all the assumptions, costs, values,  
19 calculations and other factors and considerations that would have  
20 been used for the valuation of that property for that prior fiscal  
21 year; or

22 (2) Which would have been levied in that county on the  
23 property for the immediately preceding fiscal year if an assessed  
24 valuation had been separately established for that property for that  
25 prior fiscal year based upon all the assumptions, costs, values,  
26 calculations and other factors and considerations that would have  
27 been used for the valuation of that property for that prior fiscal  
28 year, and if not for any exemptions from taxation that applied to  
29 the property for that prior fiscal year but do not apply to the  
30 property for the current fiscal year,

31 ↳ whichever is greater; and

32 (b) A percentage of the amount determined pursuant to  
33 paragraph (a) which is equal to:

34 (I) The lesser of:

35 (1) The average percentage of change in the assessed  
36 valuation of all the taxable property in the county, as determined  
37 by the Department, over the fiscal year in which the levy is made  
38 and the 9 immediately preceding fiscal years; or

39 (II) Eight percent; or

40 (2) Twice the percentage of increase in the Consumer Price  
41 Index (All Items) for the immediately preceding calendar year,

42 ↳ whichever is greater.

43 3. The provisions of subsection 1 do not apply to any property  
44 for which the provisions of subsection 1 of section 3 or subsection



1 *1 of section 3.5 of this act provide a greater abatement from*  
2 *taxation.*

3 *4. The amount of any ad valorem taxes levied in a county*  
4 *which, if not for the provisions of subsections 1 and 2, would*  
5 *otherwise have been collected for any property for a fiscal year*  
6 *must, except as otherwise required to carry out the provisions of*  
7 *section 6 of this act, be deducted from the amount of ad valorem*  
8 *taxes each taxing entity would otherwise be entitled to receive for*  
9 *that fiscal year in the same proportion as the rate of ad valorem*  
10 *taxes levied in the county on the property by or on behalf of that*  
11 *taxing entity for that fiscal year bears to the combined rate of all*  
12 *ad valorem taxes levied in the county on the property by or on*  
13 *behalf of all taxing entities for that fiscal year. The provisions of*  
14 *this subsection and section 6 of this act must not be applied in any*  
15 *manner that reduces the amount of the partial abatement to which*  
16 *an owner of property is entitled pursuant to subsection 1 or 2 for*  
17 *any fiscal year.*

18 *5. The Nevada Tax Commission shall adopt such regulations*  
19 *as it deems appropriate to ensure that this section is carried out in*  
20 *a uniform and equal manner.*

21 *6. For the purposes of this section:*

22 *(a) "Ad valorem taxes levied in a county" means any ad*  
23 *valorem taxes levied by the State or any other taxing entity in a*  
24 *county.*

25 *(b) "Remainder parcel of real property" means a parcel of real*  
26 *property which remains after the creation of new parcels of*  
27 *real property for development from one or more existing parcels of*  
28 *real property, if the use of that remaining parcel has not changed*  
29 *from the immediately preceding fiscal year.*

30 *(c) "Taxing entity" means the State and any political*  
31 *subdivision or other legal entity in this State which has the right to*  
32 *receive money from ad valorem taxes.*

33 **Sec. 5. 1. Notwithstanding the provisions of sections 3, 3.5**  
34 **and 4 of this act, if the taxable value of any parcel or other taxable**  
35 **unit of property:**

36 *(a) Decreases by 15 percent or more from its taxable value on*  
37 *July 1, 2003; and*

38 *(b) For any fiscal year beginning on or after July 1, 2005,*  
39 *increases by 15 percent or more from its taxable value for the*  
40 *immediately preceding fiscal year,*

41 *↳ the amount of any ad valorem taxes levied in a county which, if*  
42 *not for the provisions of sections 3, 3.5 and 4 of this act, would*  
43 *otherwise have been collected for the property for that fiscal year*  
44 *as a result of that increase in taxable value, excluding any amount*  
45 *attributable to any increase in the taxable value of the property*



1 *above the taxable value of the property on July 1, 2003, must be*  
2 *levied on the property and carried forward each fiscal year,*  
3 *without any penalty or interest, in such a manner that one-third of*  
4 *that amount may be collected during that fiscal year and each of*  
5 *the succeeding 2 fiscal years.*

6 2. *The amount of any taxes which are carried forward and*  
7 *levied on any property pursuant to this section must be added to*  
8 *the amount of ad valorem taxes each taxing entity would otherwise*  
9 *be entitled to receive for a fiscal year in the same proportion as the*  
10 *rate of ad valorem taxes levied in the county on the property by or*  
11 *on behalf of that taxing entity for that fiscal year bears to the*  
12 *combined rate of all ad valorem taxes levied in the county on the*  
13 *property by or on behalf of all taxing entities for that fiscal year.*

14 3. *The Nevada Tax Commission shall adopt such regulations*  
15 *as it deems appropriate to ensure that this section is carried out in*  
16 *a uniform and equal manner.*

17 4. *For the purposes of this section:*

18 (a) *“Ad valorem taxes levied in a county” means any ad*  
19 *valorem taxes levied by the State or any other taxing entity in a*  
20 *county.*

21 (b) *“Taxing entity” means the State and any political*  
22 *subdivision or other legal entity in this State which has the right to*  
23 *receive money from ad valorem taxes.*

24 **Sec. 6.** 1. *A taxing entity may, if otherwise so authorized by*  
25 *law, increase the rate of an ad valorem tax imposed by or on*  
26 *behalf of that taxing entity for the payment of an obligation*  
27 *secured by the proceeds of that tax if:*

28 (a) *The taxing entity determines that as a result of the*  
29 *application of sections 3, 3.5 and 4 of this act, the additional tax*  
30 *rate is necessary for the taxing entity to satisfy that obligation; and*

31 (b) *The additional tax rate is stated separately on the tax bill of*  
32 *each taxpayer, with a separate line that identifies the portion of*  
33 *the tax liability resulting from the additional levy.*

34 2. *For the purposes of this section, “taxing entity” means the*  
35 *State and any political subdivision or other legal entity in this*  
36 *State which has the right to receive money from ad valorem taxes.*

37 **Sec. 7.** 1. *In addition or as an alternative to increasing the*  
38 *rate of an ad valorem tax pursuant to section 6 of this act, a taxing*  
39 *entity may, if otherwise so authorized by law and upon the*  
40 *approval of a majority of the registered voters of the county in*  
41 *which the taxing entity is located, levy or require the levy on its*  
42 *behalf of an ad valorem tax at a rate that is exempt from each*  
43 *partial abatement from taxation provided pursuant to sections 3,*  
44 *3.5 and 4 of this act.*



2. *The exemption set forth in subsection 1 from the partial abatements provided in sections 3, 3.5 and 4 of this act does not apply to any portion of a rate that was approved by the voters before the effective date of this act.*

3. *A question that is placed on the ballot pursuant to subsection 1 must clearly indicate that any amount which is approved by the voters will be outside of the caps on an individual's liability for ad valorem taxes.*

4. *For the purposes of this section, "taxing entity" means any political subdivision or other legal entity, other than the State, which has the right to receive money from any ad valorem taxes levied in a county.*

**Sec. 7.5.** *The Nevada Tax Commission shall adopt regulations which:*

1. *Provide a simple, easily understood form to be filled out by the owner or operator of a business to apply to the county assessor to request that the property of the business be valued pursuant to the income approach to measure any obsolescence of the property for tax assessment purposes.*

2. *Clearly set forth the methodology for applying the income approach to valuation for tax purposes of property used in a business when necessary to measure the obsolescence of the property in language that is likely to make the methodology easily understood by any business owner.*

3. *Provide a procedure for a business to use the form required by subsection 1 in the most efficient manner possible to supply the information necessary to enable the county assessor to apply the income approach to the property of the business.*

**Sec. 8.** NRS 361.465 is hereby amended to read as follows:

361.465 1. Immediately upon the levy of the tax rate the county clerk shall inform the county auditor of the action of the board of county commissioners. The county auditor shall proceed to extend the tax roll by:

(a) Applying the tax rate levied to the total assessed valuation;

(b) Ascertaining the total taxes to be collected from each property owner; and

(c) Itemizing, separately for each property owner ~~[-the]~~:

(1) *The* rate of tax applicable to him which is levied for each local government, debt service and any other recipient of the tax revenue so that the distribution of the total rate of tax levied upon his property is shown ~~[-]~~; and

(2) *The total taxes that would have been collected from the owner if not for the provisions of sections 3 to 5, inclusive, of this act.*



2. When the tax roll has been so extended, and not later than July 10 of each year, the county auditor shall deliver it, with his certificate attached, to the ex officio tax receiver of the county.

**Sec. 9.** Chapter 354 of NRS is hereby amending by adding thereto a new section to read as follows:

*1. A local government may not increase its total ad valorem tax rate for a fiscal year above its total ad valorem tax rate for the immediately preceding fiscal year without the approval of the Nevada Tax Commission, based upon the recommendation of the Committee on Local Government Finance. An application for such approval must be submitted to the Nevada Tax Commission.*

*2. The Nevada Tax Commission shall adopt such regulations as it deems appropriate to carry out the provisions of this section.*

**Sec. 10.** 1. The Legislative Commission shall conduct an interim study of the taxation of real property in this State.

2. A subcommittee must be appointed for the study consisting of three members of the Senate appointed by the Majority Leader of the Senate and three members of the Assembly appointed by the Speaker of the Assembly.

3. The study must include, without limitation:

(a) A review of the laws of this State governing the valuation, assessment and taxation of real property;

(b) An examination of:

(1) The factors which have contributed to the increasing amount of taxes paid by property owners in this State, including, without limitation, changes in population and property values; and

(2) The manner and extent to which those factors may impose an excessive burden on the taxpayers in any county of this State; and

(c) A determination of how those laws could be amended to ease the burdens resulting from those factors in a fair and equitable manner.

4. In conducting the study, the subcommittee shall seek information and suggestions from experts in the assessment and taxation of real property.

5. Any recommended legislation proposed by the subcommittee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly who are appointed to the subcommittee.

6. The Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the 74th Session of the Nevada Legislature.

**Sec. 11.** 1. The provisions of sections 3 to 7, inclusive, of this act do not apply to any taxes imposed for any period ending on or before June 30, 2005.



1       2. Notwithstanding any provision of section 7 of this act to the  
2 contrary, if the levy of an ad valorem tax has been approved by a  
3 majority of the registered voters of a county before the effective date  
4 of this act and no portion of that levy has commenced before the  
5 effective date of this act, that levy shall be deemed to be approved  
6 and levied pursuant to section 7 of this act and to be exempt from  
7 each partial abatement from taxation provided pursuant to sections  
8 3, 3.5 and 4 of this act.

9       **Sec. 12.** If any portion of this act is held to be unconstitutional  
10 or invalid for any reason by the decision of any court of competent  
11 jurisdiction, such decision shall not affect the validity of the  
12 remaining portions of this act. The Legislature hereby declares that:

13       1. It would have passed section 3 of this act irrespective of any  
14 other portion of this act which may be deemed unconstitutional or  
15 otherwise invalid.

16       2. It would have passed section 3.5 of this act irrespective of  
17 any other portion of this act which may be deemed unconstitutional  
18 or otherwise invalid.

19       3. It would have passed section 4 of this act irrespective of any  
20 other portion of this act which may be deemed unconstitutional or  
21 otherwise invalid.

22       **Sec. 13.** This act becomes effective upon passage and  
23 approval.





