SENATE BILL NO. 358–SENATORS BEERS AND NOLAN

MARCH 25, 2005

JOINT SPONSORS: ASSEMBLYMEN CHRISTENSEN, ALLEN, MABEY AND SIBLEY

Referred to Committee on Taxation

SUMMARY—Revises provisions governing assessment of ad valorem taxes and special assessments upon property in common-interest community. (BDR 32-225)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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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; revising the provisions governing the assessment of ad valorem taxes and special assessments upon the property in a common-interest community; and providing other matters properly relating thereto.

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

Section 1. Chapter 361 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Notwithstanding any other provision of law:

(a) Any ad valorem taxes or special assessments assessed upon any real property within a common-interest community:

(1) Must be assessed upon the community parcels and not upon the common-interest community as a whole; and

(2) Must not be separately assessed upon any common elements of the common-interest community.

(b) Each community parcel must be assessed separately for the purposes of ad valorem taxes and special assessments.

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(c) Any lien created by the levy of an ad valorem tax or special assessment upon a community parcel applies only to the community parcel assessed and does not apply to any other portion of the common-interest community.

2. For the purposes of this section:

(a) "Ad valorem tax" means an ad valorem tax levied by any governmental entity or political subdivision in this State on or after July 1, 2005.

(b) "Common elements" means all real property within a common-interest community other than the community units, which is owned:

(1) By the community association;

(2) By any person on behalf or for the benefit of the owners of the community units; or

(3) Jointly by the owners of the community units.

(c) "Common-interest community" means real property with respect to which a person, by virtue of his ownership of a community unit, is obligated to pay for any real property other than that unit. The term includes a common-interest community governed by the provisions of chapter 116 of NRS, a condominium project governed by the provisions of chapter 117 of NRS and any time-share project, planned unit development or other real property which is organized as a common-interest community in this State.

(d) "Community association" means an association whose membership:

(1) Consists exclusively of the owners of the community units or their elected or appointed representatives; and

(2) Is a required condition of the ownership of a community unit.

(e) "Community parcel" means a community unit, together with a proportionate share of the common elements of the common-interest community.

(f) "Community unit" means a physical portion of a common-interest community designated for separate ownership or occupancy.

(g) "Special assessment" means a special assessment levied by any governmental entity or political subdivision in this State on or after July 1, 2005.

Sec. 2. NRS 116.1105 is hereby amended to read as follows:

116.1105 1. In a cooperative, unless the declaration provides that the interest of a unit's owner in a unit and its allocated interests is real estate for all purposes, that interest is personal property [~~.~~] *except for the purposes of carrying out section 1 of this act.*

2. In a condominium or planned community [~~:~~

~~(a) If~~**]** ***, if*** there is any unit's owner other than a declarant, each unit that has been created, together with its interest in the common elements, constitutes for all purposes a separate parcel of real estate.

[~~(b) If there is any unit's owner other than a declarant, each unit must be separately taxed and assessed, and no separate tax or assessment may be rendered against any common elements for which a declarant has reserved no developmental rights.~~

~~3. Any portion of the common elements for which the declarant has reserved any developmental right must be separately taxed and assessed against the declarant, and the declarant alone is liable for payment of those taxes.~~

~~4. If there is no unit's owner other than a declarant, the real estate comprising the common-interest community may be taxed and assessed in any manner provided by law.~~**]**

Sec. 3. This act becomes effective on July 1, 2005.