
ASSEMBLY BILL NO. 441—ASSEMBLYMEN
GOICOECHEA AND CARPENTER

MARCH 19, 2007

Referred to Committee on Taxation

SUMMARY—Requires a local government to make payments in lieu of property taxes and real property transfer taxes on property it owns or acquires outside of its boundaries. (BDR 32-1299)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 taxation; requiring a local government to make payments in lieu of and equal to property taxes on any property that it owns outside of its boundaries; requiring a local government to make payments in lieu of and equal to transfer taxes on real property that it acquires outside of its boundaries; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Local governmental agencies are, as a general rule, exempt from taxation.
 - 2 (NRS 361.060, 375.090) This bill would require a local government to make
 - 3 payments in lieu of taxes on property it owns outside of the geographic boundaries
 - 4 of the local government. This bill would also require a local government to make
 - 5 payments in lieu of real property transfer taxes on property that it acquires outside
 - 6 of its geographic boundaries. The payments would equal the amount of the taxes
 - 7 that would otherwise be imposed, and would be treated for all purposes in the same
 - 8 manner as revenue from taxation.
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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 360 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in this section, if a local government owns property outside of its geographic boundaries, the local government shall make payments in lieu of and equal to all state and local taxes on the property from which the local government is exempt but for which the owner of the property would be liable if the property was not owned by a governmental entity.

2. Except as otherwise provided in this section, if a local government acquires real property outside of its geographic boundaries, the local government shall make payments in lieu of and equal to all taxes on the transfer of real property from which the local government is exempt but for which the owner of the property would be liable if the property was not acquired by a governmental entity.

3. For the purpose of calculating any allocation or apportionment of money for distribution among local governments pursuant to a formula required by state law which is based partially or entirely on the assessed valuation of taxable property:

(a) The property of a local government for which payments in lieu of taxes are made pursuant to subsection 1 shall be deemed to constitute taxable property to the same extent as if the property were not owned by a governmental entity;

(b) The assessed valuation of the property for which payments in lieu of taxes are made must be included in that calculation; and

(c) The payments required by subsection 1 in lieu of any taxes that would otherwise be required on the basis of the assessed valuation of that property shall be deemed to constitute payments of those taxes.

4. The payments in lieu of taxes required by this section are due at the same time and must be collected, accounted for and distributed in the same manner as those taxes would be due, collected, accounted for and distributed if the property were not owned or acquired by a governmental entity, except that no lien attaches upon any property or money of the local government by virtue of any failure to make all or any part of those payments. The local government may contest the validity and amount of any payment in lieu of a tax to the same extent as if that payment were a payment of the tax itself. The payments in lieu of taxes must be reduced if and to the extent that such a contest is successful.

5. The provisions of this section do not:



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1 (a) Apply to the acquisition by a local government of property
2 owned by another governmental entity, except property owned by
3 another local government for which any payments in lieu of state
4 or local taxes were required before its acquisition.

5 (b) Require a local government to make any payments in lieu
6 of taxes to the extent that the making of those payments would
7 cause a deficiency in the money available to the local government
8 to make required payments of principal of, premium, if any, or
9 interest on any bonds or other securities issued to finance the
10 acquisition of that property or to make required payments to any
11 funds established under the proceedings under which those bonds
12 or other securities were issued.

13 (c) Require a local government to duplicate any payments in
14 lieu of taxes required pursuant to NRS 244A.755, 360.825 or
15 360.830.

16 6. As used in this section, "local government" means any city,
17 county, district or other political subdivision of this State,
18 including a political subdivision created by cooperative agreement.

19 **Sec. 2.** This act becomes effective on July 1, 2007, and applies
20 to property taxes for the Fiscal Year 2007-2008.

