

SENATE BILL NO. 138—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

FEBRUARY 21, 2007

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the residential construction tax. (BDR 22-480)

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 residential construction tax for parks; revising the rate of the tax; revising the purposes for which the proceeds of the tax may be spent; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, a city or county that has adopted a master plan and a
2 recreation plan may impose a residential construction tax on the privilege of
3 constructing apartment houses and residential dwellings and developing mobile
4 home lots in the city or county. Existing law restricts the use of the proceeds of the
5 tax to the acquisition, improvement and expansion of neighborhood parks or the
6 installation of facilities in existing or neighborhood parks in the city or county as
7 required to serve the residents of the new construction. The rate of the residential
8 construction tax is limited to the lesser of: (1) 1 percent of the valuation of each
9 building permit issued; or (2) \$1,000 per residential dwelling unit. (NRS 278.4983)
10 This bill eliminates the cap of \$1,000 per residential dwelling unit; and, therefore,
11 the only limitation on the rate of the tax would be 1 percent of the valuation of each
12 building permit issued. This bill also expands the purposes for which the proceeds
13 of the tax may be used to include the maintenance of neighborhood parks.



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

Section 1. NRS 278.4983 is hereby amended to read as follows:

278.4983 1. The city council of any city or the board of county commissioners of any county which has adopted a master plan and recreation plan, as provided in this chapter, which includes, as a part of the plan, future or present sites for neighborhood parks may, by ordinance, impose a residential construction tax pursuant to this section.

2. If imposed, the residential construction tax must be imposed on the privilege of constructing apartment houses and residential dwelling units and developing mobile home lots in the respective cities and counties. The rate of the tax must not exceed:

(a) With respect to the construction of apartment houses and residential dwelling units, 1 percent of the valuation of each building permit issued . ~~for \$1,000 per residential dwelling unit, whichever is less.~~ For the purpose of the residential construction tax, the city council of the city or the board of county commissioners of the county shall adopt an ordinance basing the valuation of building permits on the actual costs of residential construction in the area.

(b) With respect to the development of mobile home lots, for each mobile home lot authorized by a lot development permit, 80 percent of the average residential construction tax paid per residential dwelling unit in the respective city or county during the calendar year next preceding the fiscal year in which the lot development permit is issued.

3. The purpose of the tax is to raise revenue to enable the cities and counties to provide neighborhood parks and facilities for parks which are required by the residents of those apartment houses, mobile homes and residences.

4. An ordinance enacted pursuant to subsection 1 must establish the procedures for collecting the tax, set its rate, and determine the purposes for which the tax is to be used, subject to the restrictions and standards provided in this chapter. The ordinance must, without limiting the general powers conferred in this chapter, also include:

(a) Provisions for the creation, in accordance with the applicable master plan, of park districts which would serve neighborhoods within the city or county.

(b) A provision for collecting the tax at the time of issuance of a building permit for the construction of any apartment houses or



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1 residential dwelling units, or a lot development permit for the
2 development of mobile home lots.

3 5. All residential construction taxes collected pursuant to the
4 provisions of this section and any ordinance enacted by a city
5 council or board of county commissioners, and all interest accrued
6 on the money, must be placed with the city treasurer or county
7 treasurer in a special fund. Except as otherwise provided in
8 subsection 6, the money in the fund may only be used for the
9 acquisition, improvement , *maintenance* and expansion of
10 neighborhood parks or the installation of facilities in existing or
11 neighborhood parks in the city or county. Money in the fund must
12 be expended for the benefit of the neighborhood from which it was
13 collected.

14 6. If a neighborhood park has not been developed or facilities
15 have not been installed in an existing park in the park district
16 created to serve the neighborhood in which the subdivision or
17 development is located within 3 years after the date on which 75
18 percent of the residential dwelling units authorized within that
19 subdivision or development first became occupied, all money paid
20 by the subdivider or developer, together with interest at the rate at
21 which the city or county has invested the money in the fund, must
22 be refunded to the owners of the lots in the subdivision or
23 development at the time of the reversion on a pro rata basis.

24 7. The limitation of time established pursuant to subsection 6 is
25 suspended for any period, not to exceed 1 year, during which this
26 State or the Federal Government takes any action to protect the
27 environment or an endangered species which prohibits, stops or
28 delays the development of a park or installation of facilities.

29 8. For the purposes of this section:

30 (a) "Facilities" means turf, trees, irrigation, playground
31 apparatus, playing fields, areas to be used for organized amateur
32 sports, play areas, picnic areas, horseshoe pits and other recreational
33 equipment or appurtenances designed to serve the natural persons,
34 families and small groups from the neighborhood from which the
35 tax was collected.

36 (b) "Neighborhood park" means a site not exceeding 25 acres ~~H~~
37 *that is* designed to serve the recreational and outdoor needs of
38 natural persons, families and small groups.

