

SENATE BILL NO. 141—SENATORS RAGGIO,
TOWNSEND, MATHEWS AND WASHINGTON

FEBRUARY 22, 2007

JOINT SPONSORS: ASSEMBLYMEN ANDERSON, MARVEL,
LESLIE, BOBZIEN, GANSERT AND SMITH

Referred to Committee on Taxation

SUMMARY—Contingently imposes or increases the rate of certain taxes in certain counties to fund capital projects for the county school district. (BDR 32-757)

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 taxation; contingently imposing a tax on retail sales, increasing the rate of the tax on transfers of real property and imposing a tax on residential construction in certain counties; requiring any proceeds of the additional taxes to be deposited in the county school district's fund for capital projects; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill imposes a sales and use tax of one-quarter of 1 percent in a county whose population is 100,000 or more but less than 400,000 (currently Washoe County), and requires the deposit of the proceeds of the tax in the county school district's fund for capital projects.

Under existing law, subject to certain exceptions, a tax is imposed on the transfer of real property in each county. In a county whose population is less than 400,000 (currently all counties other than Clark County), the tax is imposed at a rate of 65 cents for each \$500 of value. (NRS 375.020, 375.090) **Section 2** of this bill increases that rate to \$1.15 for each \$500 of value applicable in counties whose population is 100,000 or more but less than 400,000 (currently Washoe County).

Under existing law, in a county whose population is 400,000 or more (currently Clark County), a portion of the proceeds of the tax on the transfer of real property that is equal to 60 cents for each \$500 of value must be deposited in the county school district's fund for capital projects. (NRS 375.070) **Section 3** of this bill



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15 makes that requirement applicable to the 50-cent increase in the tax in a county
16 whose population is 100,000 or more but less than 400,000 (currently Washoe
17 County).

18 **Section 4** of this bill imposes a tax on residential construction in a county
19 whose population is 100,000 or more but less than 400,000 (currently Washoe
20 County) in the amount of \$1,600 for each lot for a mobile home, residential
21 dwelling unit and suite in an apartment house, and requires the deposit of the
22 proceeds of the tax in the county school district's fund for capital projects.

23 The provisions of **sections 1-4** of this bill will become effective on
24 January 1, 2009, only if the voters of the affected counties approve of the effect of
25 those provisions at the 2008 General Election.

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

1 **Section 1.** Chapter 374A of NRS is hereby amended by
2 adding thereto a new section to read as follows:

3 ***1. A tax is hereby imposed on all retailers in a county whose***
4 ***population is 100,000 or more but less than 400,000 at the rate of***
5 ***one-quarter of 1 percent of the gross receipts of any retailer from***
6 ***the sale of all tangible personal property sold at retail, or stored,***
7 ***used or otherwise consumed, in the county.***

8 ***2. The tax must be administered, collected and distributed in***
9 ***the manner set forth in chapter 374 of NRS.***

10 ***3. The board of trustees of the county school district shall***
11 ***transfer the proceeds of the tax from the county school district***
12 ***fund to the county school district's fund for capital projects***
13 ***established pursuant to NRS 387.328, to be held and expended in***
14 ***the same manner as other money deposited in that fund.***

15 **Sec. 2.** NRS 375.020 is hereby amended to read as follows:

16 375.020 1. A tax, at the rate of:

17 (a) In a county whose population is 400,000 or more, \$1.25;

18 ~~{and}~~

19 (b) ***In a county whose population is 100,000 or more but less***
20 ***than 400,000, \$1.15; and***

21 (c) In a county whose population is less than ~~{400,000,}~~
22 ***100,000***, 65 cents,

23 ➔ for each \$500 of value or fraction thereof, is hereby imposed on
24 each deed by which any lands, tenements or other realty is granted,
25 assigned, transferred or otherwise conveyed to, or vested in, another
26 person, if the consideration or value of the interest or property
27 conveyed exceeds \$100.

28 2. The amount of tax must be computed on the basis of the
29 value of the transferred real property as declared pursuant to
30 NRS 375.060.



Sec. 3. NRS 375.070 is hereby amended to read as follows:

375.070 1. The county recorder shall transmit the proceeds of the tax imposed by NRS 375.020 at the end of each quarter in the following manner:

(a) An amount equal to that portion of the proceeds which is equivalent to 10 cents for each \$500 of value or fraction thereof must be transmitted to the State Controller who shall deposit that amount in the Account for Low-Income Housing created pursuant to NRS 319.500.

(b) In a county whose population ~~is more than~~ :

(1) Is 100,000 or more but less than 400,000, an amount equal to that portion of the proceeds which is equivalent to 50 cents for each \$500 of value or fraction thereof; or

(2) Is 400,000, or more, an amount equal to that portion of the proceeds which is equivalent to 60 cents for each \$500 of value or fraction thereof,

↪ must be transmitted to the county treasurer for deposit in the county school district's fund for capital projects established pursuant to NRS 387.328, to be held and expended in the same manner as other money deposited in that fund.

(c) The remaining proceeds must be transmitted to the State Controller for deposit in the Local Government Tax Distribution Account created by NRS 360.660 for credit to the respective accounts of Carson City and each county.

2. In addition to any other authorized use of the proceeds it receives pursuant to subsection 1, a county or city may use the proceeds to pay expenses related to or incurred for the development of affordable housing for families whose income does not exceed 80 percent of the median income for families residing in the same county, as that percentage is defined by the United States Department of Housing and Urban Development. A county or city that uses the proceeds in that manner must give priority to the development of affordable housing for persons who are disabled or elderly.

3. The expenses authorized by subsection 2 include, but are not limited to:

(a) The costs to acquire land and developmental rights;

(b) Related predevelopment expenses;

(c) The costs to develop the land, including the payment of related rebates;

(d) Contributions toward down payments made for the purchase of affordable housing; and

(e) The creation of related trust funds.



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1 **Sec. 4.** Chapter 387 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 **1. A tax on residential construction is hereby imposed in a**
4 **county whose population is 100,000 or more but less than 400,000,**
5 **for the privilege of constructing apartment houses and residential**
6 **dwelling units and developing lots for mobile homes in the county,**
7 **in the amount of \$1,600 for each:**

- 8 **(a) Lot for a mobile home;**
9 **(b) Residential dwelling unit; and**
10 **(c) Suite in an apartment house.**

11 **2. The board of county commissioners of the county shall**
12 **administer and collect the tax, and may retain not more than 1**
13 **percent of the proceeds of the tax for administrative costs.**

14 **3. Except as otherwise provided in subsection 2, the proceeds**
15 **of the tax must be transmitted to the county treasurer for deposit**
16 **in the county school district's fund for capital projects established**
17 **pursuant to NRS 387.328, to be held and expended in the same**
18 **manner as other money deposited in that fund.**

19 **Sec. 5.** NRS 387.328 is hereby amended to read as follows:

20 387.328 1. The board of trustees of each school district shall
21 establish a fund for capital projects for the purposes set forth in
22 subsection 1 of NRS 387.335. The money in the fund for capital
23 projects may be transferred to the debt service fund to pay the cost
24 of the school district's debt service.

25 2. The board of trustees may accumulate money in the fund for
26 capital projects for a period not to exceed 20 years.

27 3. That portion of the governmental services tax whose
28 allocation to the school district pursuant to NRS 482.181 is based on
29 the amount of the property tax levy attributable to its debt service
30 must be deposited in the county treasury to the credit of the fund
31 established under subsection 1 or the school district's debt service
32 fund.

33 4. No money in the fund for capital projects at the end of the
34 fiscal year may revert to the county school district fund, nor may the
35 money be a surplus for any other purpose than those specified in
36 subsection 1.

37 5. The proceeds of the taxes deposited in the fund for capital
38 projects pursuant to NRS 244.3354, 268.0962 and 375.070 **and**
39 **sections 1 and 4 of this act** may be pledged to the payment of the
40 principal and interest on bonds or other obligations issued for one or
41 more of the purposes set forth in NRS 387.335. The proceeds of
42 such taxes so pledged may be treated as pledged revenues for the
43 purposes of subsection 3 of NRS 350.020, and the board of trustees
44 of a school district may issue bonds for those purposes in
45 accordance with the provisions of chapter 350 of NRS.



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Sec. 6. NRS 387.329 is hereby amended to read as follows:

387.329 As used in NRS 387.331 ~~H~~ **and section 4 of this act:**

1. "Apartment house" means a building arranged in several suites of connecting rooms, each suite designed for independent housekeeping, but with certain typical mechanical conveniences, such as air-conditioning, heat, light or elevator services shared in common by all families occupying the building.

2. "Lot for a mobile home" means any area or tract of land designated, designed or used for the occupancy of a mobile home. A "mobile home" is a vehicle without motive power designed or equipped for living purposes and to carry property or passengers wholly on its own structure and to be drawn by a motor vehicle.

3. "Residential dwelling unit" means a building or a portion of a building planned, designed or used as a residence for one family only, living independently of other families or persons, and having its own bathroom and housekeeping facilities included in the unit.

Sec. 7. NRS 387.332 is hereby amended to read as follows:

387.332 The Nevada Tax Commission shall, every 4 years after it has approved the imposition of a tax on residential construction in a particular county or area of a county ~~H~~ **pursuant to NRS 387.331**, review the need for the tax under the circumstances existing at the time of the review. If the Commission finds that the tax is no longer needed, it shall so inform the board of county commissioners of that county, who shall repeal the tax as of the end of the current fiscal year.

Sec. 8. At the general election on November 4, 2008, in each county whose population is 100,000 or more but less than 400,000, a question must be placed on the general election ballot in substantially the following form:

Shall:

1. A sales and use tax be imposed in this county at the rate of one-quarter of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed, in the county;

2. The tax on transfers of real property in this county be increased by 50 cents for each \$500 of the value of the transferred property; and

3. A tax on residential construction be imposed in this county at the rate of \$1,600 for the privilege of constructing each lot for a mobile home, residential dwelling unit and suite in an apartment house in the county,

↳ to fund capital projects for the county school district?



- 1 **Sec. 9.** 1. This section and section 8 of this act become
2 effective on July 1, 2007.
3 2. Sections 1 to 7, inclusive, of this act become effective on
4 January 1, 2009, only if a majority of the voters voting on the
5 question placed on the ballot pursuant to section 8 of this act vote
6 affirmatively on the question in all the counties in which the
7 question was placed on the ballot.

