

SENATE BILL NO. 95—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE CITY OF RENO)

PREFILED DECEMBER 15, 2008

Referred to Committee on Taxation

SUMMARY—Provides for the imposition of a property tax in the unincorporated area of certain counties to support the provision of municipal services by a city to the residents of that area. (BDR 20-403)

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 local governmental finances; providing for the imposition of a property tax in the unincorporated area of certain counties to support the provision of municipal services by a city to the residents of that area; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 1** of this bill requires a county whose population is 100,000 or more but
2 less than 400,000 (currently Washoe County), upon the request of the governing
3 body of an incorporated city in the county and the approval of the voters of the
4 county, to impose a property tax in the unincorporated area of the county to support
5 the municipal services provided by the city to the residents of that unincorporated
6 area. **Section 2** of this bill exempts this tax from the statutory caps on taxpayer
7 liability for property taxes. (NRS 361.4726)
8 Existing law requires the Committee on Local Government Finance to adopt
9 regulations, in accordance with certain specified principles, for the allocation
10 among the appropriate taxing entities of any reductions in property taxes that result
11 from the statutory caps on taxpayer liability for those taxes. (NRS 361.4733)
12 **Section 3** of this bill requires the Committee to follow the additional principle that
13 taxing entities in a county where a property tax is imposed pursuant to this bill that
14 increase their property tax rates within the limits of the amount excluded from the
15 statutory tax caps pursuant to this bill should not be allocated any extraordinary
16 reductions in tax revenue as a result of that increase.



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

Section 1. Chapter 244 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Upon the written request of the governing body of an incorporated city in a county whose population is 100,000 or more but less than 400,000, the board of county commissioners of the county shall submit to the voters of that county the question of whether a tax ad valorem should be imposed on all the taxable property in the unincorporated area of the county to pay the reasonable expenses of the city in providing municipal services to the residents of that unincorporated area. If a majority of the voters voting on the question vote affirmatively on the question, the board of county commissioners shall:

(a) Include in the annual budget of the county for each fiscal year such an amount as the board of county commissioners determines to be sufficient to pay the reasonable expenses of the city in providing municipal services to the residents of the unincorporated area of the county;

(b) Levy a tax ad valorem on all the taxable property in the unincorporated area of the county at a rate necessary to produce revenue in that amount; and

(c) Direct the county treasurer to deposit the proceeds of the tax into the general fund of the city.

2. For the purposes of NRS 354.59811, the proceeds of a tax levied pursuant to this section shall be deemed:

(a) To constitute revenue received by the county from taxes ad valorem; and

(b) Not to constitute revenue received by the city from taxes ad valorem.

3. As used in this section, "municipal services" includes police and fire protection and other services which provide for the public safety, building inspections, public works, planning and zoning, community development, parks and recreation, the treatment of wastewater and general administrative services.

Sec. 2. NRS 361.4726 is hereby amended to read as follows:

361.4726 1. Except as otherwise provided by specific statute, if any legislative act which becomes effective after April 6, 2005, imposes a duty on a taxing entity to levy a new ad valorem tax or to increase the rate of an existing ad valorem tax, the amount of the new tax or increase in the rate of the existing tax is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.



2. *The amount of any ad valorem tax imposed pursuant to section 1 of this act is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.*

3. For the purposes of this section, "taxing entity" does not include the State.

Sec. 3. NRS 361.4733 is hereby amended to read as follows:

361.4733 1. The Committee on Local Government Finance shall adopt:

(a) Such regulations as it determines to be appropriate to provide for the allocation among the appropriate taxing entities of the amount of any reduction in the ad valorem taxes levied on a parcel or other taxable unit of real property as a result of the application of NRS 361.4722, 361.4723 and 361.4724, in accordance with the principles that:

(1) *Except as otherwise provided in subparagraph (2):*

(I) Any reduction in the ad valorem taxes levied on a parcel or other taxable unit of real property as a result of the application of NRS 361.4722, 361.4723 and 361.4724 which is caused by an increase in the rate of taxes imposed by one or more taxing entities should be allocated to the taxing entities that would have received the benefit of that increase in proportion to the relative amount of benefit that otherwise would have been received from that increase;

~~(2)~~ (II) Any increase in the rate of ad valorem taxes imposed by a taxing entity should not affect the amount of ad valorem taxes received by other taxing entities, except for redevelopment agencies and tax increment areas whose property tax receipts depend on the tax rate of the taxing entity that increases its rate of taxes and whose territory is included, in whole or in part, in the territory of the taxing entity that increases its rate of taxes; and

~~(3)~~ (III) A taxing entity that does not increase its rate of ad valorem taxes should not be allocated any reduction in the ad valorem taxes levied on a parcel or other taxable unit of real property as a result of the application of NRS 361.4722, 361.4723 and 361.4724, except for any reduction caused by an increase in the assessed value of that parcel or other taxable unit of real property; and

(2) In a county where a tax is levied pursuant to section 1 of this act, a taxing entity that increases its rate of ad valorem taxes imposed for operating purposes from the rate imposed during the fiscal year immediately preceding the first fiscal year in which the tax is levied pursuant to section 1 of this act should not be allocated any reduction in the ad valorem taxes levied on a parcel or other taxable unit of real property as a result of the



1 application of NRS 361.4722, 361.4723 and 361.4724, in excess of
2 the allocation that would have applied if the taxing entity had not
3 increased that rate, except to the extent that:

4 (I) The cumulative amount of increases in ad valorem
5 taxes levied in the county by all taxing entities produces an
6 amount of revenue that exceeds the amount produced by the tax
7 levied pursuant to section 1 of this act during the first fiscal year
8 in which that tax is levied; or

9 (II) The combined overlapping tax rate applicable to the
10 property exceeds the combined overlapping tax rate applicable to
11 the property for the fiscal year immediately preceding the first
12 fiscal year in which the tax is levied pursuant to section 1 of this
13 act; and

14 (b) Subject to the principles set forth in paragraph (a):

15 (1) Such regulations as it determines to be appropriate for the
16 administration and interpretation of the provisions of NRS
17 361.4732; and

18 (2) Regulations which provide methodologies for allocating
19 among the appropriate taxing entities the amount of any reduction in
20 the ad valorem taxes levied on a parcel or other taxable unit of real
21 property as a result of the application of NRS 361.4722, 361.4723
22 and 361.4724 if the property is included in or excluded from the
23 boundaries of a redevelopment area, tax increment area or taxing
24 entity after June 14, 2005.

25 2. Any regulations adopted by the Committee on Local
26 Government Finance pursuant to this section must be adopted in the
27 manner prescribed for state agencies in chapter 233B of NRS.

