

SENATE CONCURRENT RESOLUTION NO. 1—
COMMITTEE ON TAXATION

(ON BEHALF OF MINERAL COUNTY)

PREFILED DECEMBER 7, 2008

Referred to Committee on Taxation

SUMMARY—Directs the Nevada Tax Commission to conduct a study concerning the proper determination of property capitalization rates for certain taxpayers. (BDR R-549)

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

SENATE CONCURRENT RESOLUTION—Directing the Nevada Tax Commission to conduct a study concerning the proper determination of property capitalization rates for certain taxpayers.

1 WHEREAS, The possessory or beneficial interest of a business
2 conducting activities for profit on or with exempt federal property is
3 subject to taxation pursuant to NRS 361.157 or 361.159; and

4 WHEREAS, The taxable value of such a possessory or beneficial
5 interest in, or beneficial use of, such real and personal property
6 must, pursuant to subsection 3 of NRS 361.227, be determined in
7 the same manner as if such a business owned the property, adjusted
8 to reflect the percentage of the property not used by the business and
9 the percentage of time that the property is not used by the business;
10 and

11 WHEREAS, Subsection 5 of NRS 361.227 provides that the
12 taxable value of any property must not exceed its full cash value and
13 that a person determining whether the taxable value of property
14 exceeds its full cash value may consider the capitalization of the fair
15 economic income expectancy or fair economic rent of the property,
16 or an analysis of the discounted cash flow; and

17 WHEREAS, The issue of how property capitalization rates may
18 properly be determined for businesses that are taxable pursuant to



1 NRS 361.157 and 361.159 is important to taxpayers in this State;
2 now, therefore, be it

3 RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE
4 ASSEMBLY CONCURRING, That the Nevada Tax Commission is
5 hereby directed to conduct a study to ascertain the proper manner
6 for determining property capitalization rates for taxpayers subject to
7 taxation pursuant to NRS 361.157 and 361.159; and be it further

8 RESOLVED, That the study must include, without limitation:

9 1. An analysis of the factors that should be considered essential
10 in determining appropriate property capitalization rates for
11 taxpayers subject to taxation pursuant to NRS 361.157 and 361.159,
12 including, without limitation, the presence, absence or unusual level
13 of risk for such taxpayers;

14 2. An evaluation of the property capitalization rates that have
15 been used by the State Board of Equalization during the previous 5
16 years for such taxpayers;

17 3. An analysis of the effect on tax revenues of using various
18 property capitalization rates, including, without limitation, those
19 rates used by the State Board of Equalization during the previous 5
20 years and those rates proposed for use by county assessors for such
21 taxpayers; and

22 4. A legal analysis of the constitutionality of the imposition of
23 requirements concerning the factors identified as essential to the
24 proper determination of property capitalization rates for such
25 taxpayers; and be it further

26 RESOLVED, That the Executive Director of the Department of
27 Taxation submit a written report of the results of the study and any
28 recommendations for legislation to the Director of the Legislative
29 Counsel Bureau for transmittal to the 76th Session of the Nevada
30 Legislature; and be it further

31 RESOLVED, That the Secretary of the Senate prepare and
32 transmit a copy of this resolution to the Executive Director of the
33 Department of Taxation.

