A.B. 79

ASSEMBLY BILL NO. 79–COMMITTEE ON TAXATION

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

PREFILED DECEMBER 15, 2010

Referred to Committee on Taxation

SUMMARY—Revises provisions governing an exemption from the partial abatement of taxes on real property. (BDR 32-398)

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; revising provisions governing an exemption from the partial abatement of the ad valorem taxes imposed on real property following certain fluctuations in the taxable value of the property; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the partial abatement of the ad valorem taxes imposed on real property by limiting the amount of the annual increase in such taxes that may be imposed based on the assessed valuation of the property. (NRS 361.4722, 361.4723, 361.4724) Under the partial abatement provisions, the increase in the ad valorem taxes on owner-occupied and certain other residential property is generally limited to 3 percent annually and the increase in the ad valorem taxes on other property is generally limited to 8 percent annually. Existing law also provides for an exemption from the partial abatements following certain fluctuations in the taxable value of the property. For example, under existing law, if the taxable value of real property decreases by at least 15 percent and then increases by at least 15 percent over a period of 2 consecutive fiscal years, the amount of any ad valorem taxes levied in a county which, if not for the partial abatement provisions set forth in NRS 361.4722, 361.4723 and 361.4724, would otherwise have been collected for the property for that second fiscal year as a result of that increase in taxable value must be levied on the property and collected over 3 years. (NRS 361.4725)

This bill increases the period within which the 15-percent decrease in the taxable value of the property must occur to 3 consecutive fiscal years. This bill also revises the requirement for the additional collection of property tax revenues upon a subsequent increase in the taxable value of the property by applying the exemption from the partial abatement of property taxes when the taxable value of the property increases over the next fiscal year by a percentage that exceeds the applicable increase allowed under a partial abatement of property taxes pursuant to NRS 361.4722, 361.4723 and 361.4724, that is, by greater than 3 percent for most residential property and 8 percent for other property, as compared to 15 percent for any property under current law. In addition, this bill eliminates the requirement that the additional tax revenue be collected over 3 years and instead requires that the tax revenue be collected in the year in which the taxes are imposed. This bill also exempts the property from any subsequent application of the partial abatements until the next fiscal year that the amount of the pertinent property taxes would exceed the amount of those taxes that applied at the beginning of the 3-year period over which the 15-percent decrease in the taxable value of the property occurred.

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

Section 1. NRS 361.4725 is hereby amended to read as follows:

361.4725 1. Except as otherwise provided in this section and notwithstanding the provisions of NRS 361.4722, 361.4723 and 361.4724, if ***beginning on or after July 1, 2007,*** the taxable value of any parcel or other taxable unit of property ~~[:~~

~~(a) Decreases]~~ ***decreases*** by ***a total amount of*** 15 percent or more ~~[from its taxable value on:~~

~~(1) July 1, 2003; or~~

~~(2) July 1 of the second year immediately preceding the lien date for the current year,~~

~~➥ whichever is later; and~~

~~(b) For any fiscal year beginning on or after July 1, 2005, increases by 15 percent or more from its taxable value for the immediately preceding fiscal year,~~

~~➥]~~ ***over a period of 3 consecutive fiscal years and then increases for the next succeeding fiscal year by a percentage which exceeds the abatement percentage applicable to the property for that fiscal year,*** the amount of any ad valorem taxes levied in a county which, if not for the provisions of NRS 361.4722, 361.4723 and 361.4724, would otherwise have been collected for the property for that fiscal year as a result of that increase in taxable value, excluding any amount attributable to any increase in the taxable value of the property above the taxable value of the property on the ~~[most recent date determined pursuant to paragraph (a),]~~ ***first day of the fourth fiscal year immediately preceding that fiscal year,*** must be levied on the property and ~~[carried forward each fiscal year, without any penalty or interest, in such a manner that one-third of that amount may be]~~ collected during that fiscal year ***.*** ~~[and each of the succeeding 2 fiscal years.~~

~~2. If the total amount otherwise required to be collected during a fiscal year and each of the succeeding 2 fiscal years pursuant to subsection 1 for a parcel or other taxable unit of property is less than or equal to $100, the entire amount may be levied on the property and collected during that initial fiscal year.~~

~~3.~~] ***2.*** The Nevada Tax Commission may exempt from the requirements of [~~this section~~] ***subsection 1*** the levy of any taxes in an amount which is less than the cost of collecting those taxes.

[~~4.~~] ***3.*** The amount of any taxes levied on any property pursuant to [~~this section~~] ***subsection 1*** must be added to the amount of ad valorem taxes each taxing entity would otherwise be entitled to receive for a fiscal year in the same proportion as the rate of ad valorem taxes levied in the county on the property by or on behalf of that taxing entity for that fiscal year bears to the combined rate of all ad valorem taxes levied in the county on the property by or on behalf of all taxing entities for that fiscal year.

[~~5.~~] ***4. Notwithstanding the provisions of NRS 361.4722, 361.4723 and 361.4724, if the provisions of subsection 1 apply to a parcel or other taxable unit of property for a fiscal year and the amount of all the ad valorem taxes, including the taxes levied pursuant to subsection 1, which are levied on the property for that fiscal year or would have been levied on the property for that fiscal year if not for any exemptions from taxation that apply to the property for that fiscal year, whichever amount is greater, is less than the abatement base for the property, the provisions of NRS 361.4722, 361.4723 and 361.4724 do not apply to the property for any subsequent fiscal year which occurs before the next succeeding fiscal year regarding which the amount of ad valorem taxes that would be levied on the property, as determined without regard to the application of those provisions and any applicable exemptions from taxation, would exceed the abatement base for the property.***

5. The Nevada Tax Commission shall adopt such regulations as it deems appropriate to ensure that this section is carried out in a uniform and equal manner.

6. As used in this section:

(a) "Abatement base" means the amount of all the ad valorem taxes that:

(1) Were levied on a parcel or other taxable unit of property for the fourth fiscal year immediately preceding a fiscal year regarding which the provisions of subsection 1 apply to the property; or

(2) Would have been levied on the property for the fourth fiscal year immediately preceding a fiscal year regarding which the provisions of subsection 1 apply to the property if not for any

exemptions from taxation that applied to the property for that immediately preceding fourth fiscal year,

➥ whichever amount is greater.

(b) "Abatement percentage" means, with regard to any property for which the owner thereof is entitled to a partial abatement from taxation pursuant to:

(1) NRS 361.4723 or 361.4724, 3 percent;

(2) Subsection 1 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection; or

(3) Subsection 2 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection.

Sec. 2. 1. Except as otherwise provided in subsection 2, no person or property is liable for any ad valorem taxes required to be levied or collected pursuant to the provisions of NRS 361.4725, as that section existed before its amendment by this act.

2. The provisions of subsection 1 do not apply to any amount of ad valorem taxes required to be levied and collected pursuant to the provisions of NRS 361.4725, as that section existed before its amendment by this act, on or before June 30, 2011.

Sec. 3. This act becomes effective on July 1, 2011.

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