

ASSEMBLY JOINT RESOLUTION NO. 1—  
COMMITTEE ON TAXATION

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

PREFILED DECEMBER 14, 2010

Referred to Concurrent Committees on Legislative  
Operations and Elections and Taxation

SUMMARY—Proposes to amend certain provisions of the Nevada Constitution related to the assessment and collection of property taxes to allow the recalculation of the taxable value of depreciated improvements to real property upon the transfer, sale or conveyance of the property. (BDR C-402)

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.

ASSEMBLY JOINT RESOLUTION—Proposing to amend certain provisions of the Nevada Constitution related to the assessment and collection of property taxes to authorize the Legislature to provide by law for the recalculation of the taxable value of depreciated improvements to real property upon the transfer, sale or conveyance of the property.

**Legislative Counsel's Digest:**

Existing law requires that depreciation of an improvement to real property be calculated at 1.5 percent of the replacement cost of the improvement for each year of adjusted actual age of the improvement, up to a maximum of 50 years, when determining the value of the property for the purposes of assessing and collecting property taxes. (NRS 361.227) This proposed amendment to the Nevada Constitution authorizes the Legislature to enact a statute which requires each County Assessor to recalculate the taxable value of depreciated improvements by removing any accumulated depreciation upon such transfers, sales or other conveyances of the property as the Legislature deems appropriate.



\* A J R 1 \*

1       RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF  
2 NEVADA, JOINTLY, That Section 1 of Article 10 of the Nevada  
3 Constitution be amended to read as follows:

4       Section 1. 1. The Legislature shall provide by law for  
5 a uniform and equal rate of assessment and taxation, and shall  
6 prescribe such regulations as shall secure a just valuation for  
7 taxation of all property, real, personal and possessory, except  
8 mines and mining claims, which shall be assessed and taxed  
9 only as provided in Section 5 of this Article.

10       2. Shares of stock, bonds, mortgages, notes, bank  
11 deposits, book accounts and credits, and securities and choses  
12 in action of like character are deemed to represent interest in  
13 property already assessed and taxed, either in Nevada or  
14 elsewhere, and shall be exempt.

15       3. The Legislature may constitute agricultural and open-  
16 space real property having a greater value for another use  
17 than that for which it is being used, as a separate class for  
18 taxation purposes and may provide a separate uniform plan  
19 for appraisal and valuation of such property for assessment  
20 purposes. If such plan is provided, the Legislature shall also  
21 provide for retroactive assessment for a period of not less  
22 than 7 years when agricultural and open-space real property is  
23 converted to a higher use conforming to the use for which  
24 other nearby property is used.

25       4. Personal property which is moving in interstate  
26 commerce through or over the territory of the State of  
27 Nevada, or which was consigned to a warehouse, public or  
28 private, within the State of Nevada from outside the State of  
29 Nevada for storage in transit to a final destination outside the  
30 State of Nevada, whether specified when transportation  
31 begins or afterward, shall be deemed to have acquired no  
32 situs in Nevada for purposes of taxation and shall be exempt  
33 from taxation. Such property shall not be deprived of such  
34 exemption because while in the warehouse the property is  
35 assembled, bound, joined, processed, disassembled, divided,  
36 cut, broken in bulk, relabeled or repackaged.

37       5. The Legislature may exempt motor vehicles from the  
38 provisions of the tax required by this Section, and in lieu  
39 thereof, if such exemption is granted, shall provide for a  
40 uniform and equal rate of assessment and taxation of motor  
41 vehicles, which rate shall not exceed five cents on one dollar  
42 of assessed valuation.

43       6. The Legislature shall provide by law for a progressive  
44 reduction in the tax upon business inventories by 20 percent  
45 in each year following the adoption of this provision, and



1 after the expiration of the 4th year such inventories are  
2 exempt from taxation. The Legislature may exempt any other  
3 personal property, including livestock.

4 7. No inheritance tax shall ever be levied.

5 8. The Legislature may exempt by law property used for  
6 municipal, educational, literary, scientific or other charitable  
7 purposes, or to encourage the conservation of energy or the  
8 substitution of other sources for fossil sources of energy.

9 9. No income tax shall be levied upon the wages or  
10 personal income of natural persons. Notwithstanding the  
11 foregoing provision, and except as otherwise provided in  
12 subsection 1 of this Section, taxes may be levied upon the  
13 income or revenue of any business in whatever form it may  
14 be conducted for profit in the State.

15 10. The Legislature may provide by law for an  
16 abatement of the tax upon or an exemption of part of the  
17 assessed value of a single-family residence occupied by the  
18 owner to the extent necessary to avoid severe economic  
19 hardship to the owner of the residence.

20 *11. The Legislature may provide by law for the*  
21 *recalculation of any depreciation allowed by law in the*  
22 *determination of the value of improvements to real property*  
23 *for the purposes of taxation, such that the value of a*  
24 *depreciated improvement is reset to the current replacement*  
25 *cost of the improvement upon such a transfer, sale or other*  
26 *conveyance of the property as the Legislature determines to*  
27 *be appropriate.*

