
SENATE JOINT RESOLUTION NO. 7—SENATORS GUSTAVSON;
HALSETH, MCGINNESS AND SETTELMAYER

MARCH 3, 2011

JOINT SPONSORS: ASSEMBLYMEN GOEDHART; GOICOECHEA,
HAMMOND, HARDY, MCARTHUR, SHERWOOD AND STEWART

Referred to Committee on Legislative Operations and Elections

SUMMARY—Proposes to amend the Nevada Constitution to limit
the total amount of property taxes that may be levied
on real property. (BDR C-17)

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.

SENATE JOINT RESOLUTION—Proposing to amend the Nevada
Constitution to limit the total amount of property taxes
that may be levied on real property.

Legislative Counsel's Digest:

1 This amendment to the Nevada Constitution limits the amount of property taxes
2 which may be cumulatively levied per year on real property to 1 percent of the base
3 value of the property. Additionally, this amendment provides that: (1) if one-half or
4 more of the ownership interest in certain real property is transferred, the base value
5 of the property becomes the cash value of the property on the date the ownership
6 interest is transferred; (2) an improvement to real property increases the base value
7 of the property by the cash value of the improvement, unless the improvement
8 replaces certain improvements which were destroyed, protects the safety of the
9 occupants or improves accessibility to persons with disabilities; (3) the base value
10 of real property cannot increase from year to year by more than 2 percent, except as
11 otherwise provided in this amendment; (4) an owner domiciled in Nevada who has
12 attained the age of 62 years may transfer the base value of his or her principal
13 residence to a new residence of comparable value; and (5) an owner whose real
14 property is taken by the exercise of eminent domain may transfer the base value of
15 the condemned property to a new property of comparable value.



RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That a new section, designated Section 7, be added to Article 10 of the Nevada Constitution to read as follows:

Sec. 7. 1. The maximum amount of tax ad valorem that may be cumulatively levied per year on real property is 1 percent of the base value of the property. This limit does not apply to taxes ad valorem levied to pay the interest and principal of any bonded indebtedness incurred before the effective date of this section or approved thereafter by two-thirds of the votes cast by the voters voting on the question in the taxing district to which it applies.

2. Except as otherwise provided in subsections 3 to 6, inclusive, the base value of real property is the property's taxable value from which the assessed value for the Fiscal Year 2009-2010 was calculated.

3. Except as otherwise provided in this subsection and subsection 6, if one-half or more of an ownership interest in real property is transferred, the base value of the property becomes the cash value of the property as of the date of transfer of the ownership interest. The provisions of this subsection do not apply if the transfer of ownership interest is to the spouse, child or grandchild of the transferor, or if the transfer of ownership interest is to or from a separate legal entity of which the transferor is the beneficial owner.

4. Except as otherwise provided in subsection 6:

(a) If existing improvements to real property are materially enhanced or new improvements are constructed, except if constructed to replace existing improvements destroyed by natural disaster or other casualty, the base value of the property must be increased by the cash value of the enhancement or improvement, respectively.

(b) If real property is converted to another use, the base value of the property must be redetermined after the conversion by appraisal at its cash value in accordance with the new use of the property.

5. Except as otherwise provided in subsections 3, 4 and 6, the base value of real property must not be increased from year to year by any amount greater than the lesser of the increase caused by inflation, if any, or 2 percent. The base value of real property must be decreased from year to year by the decrease caused by disinflation, if any, or to reflect substantial damage, destruction or other causes of a decline in value, including, without limitation, economic or market conditions. For the purposes of this subsection, inflation and disinflation must be measured by the



Consumer Price Index for All Urban Consumers compiled by the United States Bureau of Labor Statistics for the preceding calendar year. If the Index specified in this subsection ceases to be compiled, the Legislature shall provide by law for another appropriate method of measuring inflation and disinflation.

6. Notwithstanding any provision of this section to the contrary:

(a) An owner domiciled in this State who has attained the age of 62 years may replace his or her principal residence with another of comparable value and transfer to the new residence the base value of the old residence for the purpose of limiting the ad valorem tax on the new residence. If the cash value of the new residence exceeds the cash value of the old residence by more than 10 percent, the base value of the new residence must equal the base value of the old residence plus the amount by which the cash value of the new residence exceeds the cash value of the old residence.

(b) An improvement may be constructed or materially enhanced without changing the base value of real property if the construction or enhancement is necessary to protect the safety of the occupants or improve accessibility to persons with disabilities.

(c) An owner whose real property is taken by the exercise of eminent domain may replace the condemned property with property of comparable value and transfer to the new property the base value of the condemned property for the purpose of limiting the ad valorem tax on the property. If the cash value of the new property exceeds the cash value of the condemned property by more than 10 percent, the base value of the new property must equal the base value of the condemned property plus the amount by which the cash value of the new property exceeds the cash value of the condemned property.

7. The Legislature shall provide by law for:

(a) A uniform and just valuation of the base value of real property; and

(b) Any other measure necessary to implement this section.

8. If any provision of this section or the application thereof to any person, thing or circumstance is held invalid, the invalidity does not affect the provisions or application of this section that can be given effect without the invalid



provision or application, and to this end the provisions of this section are severable.

9. As used in this section:

(a) "Cash value" means the most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale.

(b) "Comparable value" means either a lower cash value or up to 10 percent more in cash value.

(c) "Condemned property" means property taken by the exercise of eminent domain.

And be it further

RESOLVED, That Section 1 of Article 10 of the Nevada Constitution be amended to read as follows:

Section 1. 1. ~~{The}~~ *Except as otherwise provided in Section 7 of this Article, the* legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.

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

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

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such



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1 exemption because while in the warehouse the property is
2 assembled, bound, joined, processed, disassembled, divided,
3 cut, broken in bulk, relabeled or repackaged.

4 5. The legislature may exempt motor vehicles from the
5 provisions of the tax required by this section, and in lieu
6 thereof, if such exemption is granted, shall provide for a
7 uniform and equal rate of assessment and taxation of motor
8 vehicles, which rate shall not exceed five cents on one dollar
9 of assessed valuation.

10 6. The legislature shall provide by law for a progressive
11 reduction in the tax upon business inventories by 20 percent
12 in each year following the adoption of this provision, and
13 after the expiration of the 4th year such inventories are
14 exempt from taxation. The legislature may exempt any other
15 personal property, including livestock.

16 7. No inheritance tax shall ever be levied.

17 8. The legislature may exempt by law property used for
18 municipal, educational, literary, scientific or other charitable
19 purposes, or to encourage the conservation of energy or the
20 substitution of other sources for fossil sources of energy.

21 9. No income tax shall be levied upon the wages or
22 personal income of natural persons. Notwithstanding the
23 foregoing provision, and except as otherwise provided in
24 subsection 1 of this section, taxes may be levied upon the
25 income or revenue of any business in whatever form it may
26 be conducted for profit in the state.

27 10. The legislature may provide by law for an abatement
28 of the tax upon or an exemption of part of the assessed value
29 of a single-family residence occupied by the owner to the
30 extent necessary to avoid severe economic hardship to the
31 owner of the residence.

