

ASSEMBLY BILL NO. 412—ASSEMBLYWOMAN KIRKPATRICK

MARCH 17, 2015

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to public financial administration. (BDR 31-963)

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 public financial administration; authorizing a board of county commissioners to impose certain ad valorem taxes on property in the county; authorizing a board of county commissioners or the board of trustees of a school district, or both, to impose certain ad valorem taxes on property in the county; establishing limitations on the use of money received from any such taxes; exempting property tax increases relating to the reversal of a reduction of taxable value resulting from certain types of obsolescence from the caps on property tax bills; requiring the State Board of Equalization, county boards of equalization and county assessors to submit information regarding the reduction of taxable values based on certain types of obsolescence to the Nevada Tax Commission; requiring the Department of Taxation annually to conduct certain audits; clarifying certain provisions governing the determination of the taxable value of property; revising provisions governing partial abatements of property taxes; requiring the Legislative Auditor to conduct a performance audit of the State Board of Equalization; requiring the State Treasurer, under certain limited circumstances and with the approval of certain local governments, to execute an agreement with the governing body of a local government pursuant to which the State Treasurer agrees to borrow money from the Local Government Pooled Investment Fund and transfer the money to the governing body; and providing other matters properly relating thereto.



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**Legislative Counsel's Digest:**

**Section 1** of this bill authorizes a board of county commissioners of a county, by a majority vote and without the approval of the registered voters in the county, to impose throughout the county an ad valorem tax at the rate of up to 5 cents per \$100 of assessed value on all taxable property in the county. **Section 1** provides that the money received from any such tax: (1) must not be considered as financial ability to pay for the purposes of negotiation, fact-finding or arbitration regarding salaries and benefits of employees of a local government; (2) must not be used to settle or arbitrate disputes or negotiate settlements between an organization that represents employees of a local government and the local government; and (3) must not be used to adjust the schedules of salaries and benefits of the employees of a local government.

**Section 15** of this bill authorizes the board of county commissioners of a county or the board of trustees of a school district in the county, or both, by a majority vote and without the approval of the registered voters in the county, to impose throughout the county an ad valorem tax at the rate of up to 5 cents per \$100 of assessed value on all taxable property in the county. **Section 15** provides that the board of county commissioners of the county or the board of trustees of the school district may impose any portion of the rate authorized by **section 15**, but the total rate must not exceed 5 cents per \$100 of assessed valuation. **Section 15** provides that the money received from any such tax must be used only for the construction and maintenance of public schools within the school district and the purchase by the school district and use by pupils of information technology, except that an amount equal to not more than 2 cents per \$100 of assessed valuation of all taxable property in the county may be used by the school district to pay for operating expenses of the school district. **Section 15** additionally provides that the money received from any such tax: (1) must not be considered as financial ability to pay for the purposes of negotiation, fact-finding or arbitration regarding salaries and benefits of employees of a local government; (2) must not be used to settle or arbitrate disputes or negotiate settlements between an organization that represents employees of a local government and the local government; (3) must not be used to adjust the schedules of salaries and benefits of the employees of a local government; (4) must not be considered part of the amount of the local funds available to a school district; and (5) must not be included in determining the amount of the basic support guarantees or any other funding provided by the State to a school district. **Section 16** of this bill additionally provides that the amount of local funds available does not include the amount of any tax imposed pursuant to **section 15**.

**Section 12** of this bill provides that any tax imposed pursuant to **section 1** or **15** is not subject to the provisions of existing law which provide that the total ad valorem tax levy for all public purposes must not exceed \$3.64 per \$100 of assessed valuation. (NRS 361.453)

Existing law sets forth certain requirements for determining the taxable value of real property. (NRS 361.227) **Section 11** of this bill clarifies the applicability of those requirements.

Existing law provides for a partial abatement of property taxes, which effectively establishes an annual cap on increases of property tax bills. (NRS 361.4722) **Section 13** of this bill revises the formula for calculating the amount of the partial abatement of property taxes applicable to property other than certain single-family residences and residential rental dwelling units to ensure that the partial abatement cannot be less than 6 percent. **Section 14** of this bill provides that the amount of any tax imposed pursuant to **section 1** or **15** is exempt from certain partial abatements of property taxes. **Section 14** also provides that the amount of tax imposed on the increased value of property that results from revaluing the property after the taxable value of the property was reduced in a prior year as a



result of the use of the income approach to valuation is exempt from certain partial abatements of property taxes. **Section 10** of this bill requires the State Board of Equalization, a county board of equalization or a county assessor that reduces the amount of the assessed value of property that is exempted from such abatements to submit an electronic report of the reduction in assessed value to the Department of Taxation and requires the Department annually to conduct an audit of each such reduction in assessed valuation.

**Section 18** of this bill requires the Legislative Auditor to conduct a performance audit of the State Board of Equalization for Fiscal Year 2016-2017 and report the results of the audit to the Legislature.

**Section 9** of this bill authorizes the governing body of a local government, before August 31, 2015, to submit a proposed agreement to the State Treasurer pursuant to which: (1) the State Treasurer agrees to borrow certain money from the Local Government Pooled Investment Fund; (2) the State Treasurer agrees to transfer such money to the governing body of the local government; and (3) the governing body agrees to repay the principal amount borrowed and any interest. Upon approval of such a proposed agreement by a majority of the local governments that have deposited money for credit to the Fund, **section 9** requires the State Treasurer to: (1) execute the agreement; (2) borrow the specified amount from the Fund; and (3) transfer the money to the local government. **Section 9** provides that the agreement must include, without limitation, a statement identifying the amount of money proposed to be borrowed, a description of the proposed use of the money, terms and conditions for the repayment of the principal and any interest and the rate or rates of interest. **Section 9** also provides that the principal amount borrowed must be repaid not later than the first day of the calendar month that is 360 months after the month in which the borrowing occurred. Additionally, **section 9** provides that the full faith and credit of the State is pledged for the payment of the principal and interest.

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

**Section 1.** Chapter 354 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. In addition to all other taxes imposed on property in a county, the board of county commissioners of the county may, by a majority vote and without the approval of the registered voters in the county, impose an ad valorem tax at the rate of up to 5 cents per \$100 of assessed valuation on all taxable property in the county. A tax imposed pursuant to this subsection applies throughout the county, including incorporated cities in the county.*

*2. Except as otherwise specifically provided by statute, any tax imposed pursuant to subsection 1 must be assessed in the same manner and is subject to the provisions of the general laws for the assessment and collection of taxes. The tax must be collected at the same time and by the same officers who assess and collect the state and county taxes. The money received from the tax and any applicable penalty or interest must be remitted to the county treasurer.*



1       **3. The Department of Taxation shall add an amount equal to**  
2 **the rate of any tax imposed pursuant to subsection 1 multiplied by**  
3 **the total assessed valuation of the county to the allowed revenue**  
4 **from taxes ad valorem of the county.**

5       **4. The money received from any tax imposed pursuant to**  
6 **subsection 1 and any applicable penalty or interest:**

7       **(a) Must not be considered as financial ability to pay for the**  
8 **purposes of negotiation, fact-finding or arbitration regarding**  
9 **salaries and benefits of employees of a local government;**

10       **(b) Must not be used to settle or arbitrate disputes or negotiate**  
11 **settlements between an organization that represents employees of**  
12 **a local government and the local government; and**

13       **(c) Must not be used to adjust the schedules of salaries and**  
14 **benefits of the employees of a local government.**

15       **Sec. 2.** NRS 354.470 is hereby amended to read as follows:

16       354.470 NRS 354.470 to 354.626, inclusive, **and section 1 of**  
17 **this act** may be cited as the Local Government Budget and Finance  
18 Act.

19       **Sec. 3.** NRS 354.472 is hereby amended to read as follows:

20       354.472 1. The purposes of NRS 354.470 to 354.626,  
21 inclusive, **and section 1 of this act** are:

22       (a) To establish standard methods and procedures for the  
23 preparation, presentation, adoption and administration of budgets of  
24 all local governments.

25       (b) To enable local governments to make financial plans for  
26 programs of both current and capital expenditures and to formulate  
27 fiscal policies to accomplish these programs.

28       (c) To provide for estimation and determination of revenues,  
29 expenditures and tax levies.

30       (d) To provide for the control of revenues, expenditures and  
31 expenses in order to promote prudence and efficiency in the  
32 expenditure of public money.

33       (e) To provide specific methods enabling the public, taxpayers  
34 and investors to be apprised of the financial preparations, plans,  
35 policies and administration of all local governments.

36       2. For the accomplishment of these purposes, the provisions of  
37 NRS 354.470 to 354.626, inclusive, **and section 1 of this act** must  
38 be broadly and liberally construed.

39       **Sec. 4.** NRS 354.476 is hereby amended to read as follows:

40       354.476 As used in NRS 354.470 to 354.626, inclusive, **and**  
41 **section 1 of this act**, unless the context otherwise requires, the  
42 words and terms defined in NRS 354.479 to 354.578, inclusive,  
43 have the meanings ascribed to them in those sections.



**Sec. 5.** NRS 354.594 is hereby amended to read as follows:

354.594 The Committee on Local Government Finance shall determine and advise local government officers of regulations, procedures and report forms for compliance with NRS 354.470 to 354.626, inclusive ~~+~~, *and section 1 of this act.*

**Sec. 6.** NRS 354.59811 is hereby amended to read as follows:

354.59811 1. Except as otherwise provided in NRS 244.377, 278C.260, 354.59813, 354.59815, 354.59818, 354.5982, 354.5987, 354.705, 354.723, 450.425, 450.760, 540A.265 and 543.600, *and section 1 of this act*, for each fiscal year beginning on or after July 1, 1989, the maximum amount of money that a local government, except a school district, a district to provide a telephone number for emergencies or a redevelopment agency, may receive from taxes ad valorem, other than those attributable to the net proceeds of minerals or those levied for the payment of bonded indebtedness and interest thereon incurred as general long-term debt of the issuer, or for the payment of obligations issued to pay the cost of a water project pursuant to NRS 349.950, or for the payment of obligations under a capital lease executed before April 30, 1981, must be calculated as follows:

(a) The rate must be set so that when applied to the current fiscal year's assessed valuation of all property which was on the preceding fiscal year's assessment roll, together with the assessed valuation of property on the central assessment roll which was allocated to the local government, but excluding any assessed valuation attributable to the net proceeds of minerals, assessed valuation attributable to a redevelopment area and assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, it will produce 106 percent of the maximum revenue allowable from taxes ad valorem for the preceding fiscal year, except that the rate so determined must not be less than the rate allowed for the previous fiscal year, except for any decrease attributable to the imposition of a tax pursuant to NRS 354.59813 in the previous year.

(b) This rate must then be applied to the total assessed valuation, excluding the assessed valuation attributable to the net proceeds of minerals and the assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, but including new real property, possessory interests and mobile homes, for the current fiscal year to determine the allowed revenue from taxes ad valorem for the local government.

2. As used in this section, "general long-term debt" does not include debt created for medium-term obligations pursuant to NRS 350.087 to 350.095, inclusive.



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1     **Sec. 7.** NRS 354.616 is hereby amended to read as follows:

2     354.616 1. A local governing body may provide for the  
3 adjustment of expenses as defined by NRS 354.470 to 354.626,  
4 inclusive ~~H~~, *and section 1 of this act*. Receipts from adjustment of  
5 expenses shall be credited to the governmental function to which the  
6 reimbursed expense was originally charged.

7     2. A local governing body may provide for the adjustment of  
8 revenues as defined by NRS 354.470 to 354.626, inclusive ~~H~~, *and*  
9 *section 1 of this act*. Disbursements for adjustment of revenues shall  
10 be charged to the revenue account to which the refunded revenue  
11 was originally credited.

12     **Sec. 8.** NRS 354.626 is hereby amended to read as follows:

13     354.626 1. No governing body or member thereof, officer,  
14 office, department or agency may, during any fiscal year, expend or  
15 contract to expend any money or incur any liability, or enter into  
16 any contract which by its terms involves the expenditure of money,  
17 in excess of the amounts appropriated for that function, other than  
18 bond repayments, medium-term obligation repayments and any  
19 other long-term contract expressly authorized by law. Any officer or  
20 employee of a local government who willfully violates NRS  
21 354.470 to 354.626, inclusive, *and section 1 of this act* is guilty of a  
22 misdemeanor and upon conviction thereof ceases to hold his or her  
23 office or employment. Prosecution for any violation of this section  
24 may be conducted by the Attorney General or, in the case of  
25 incorporated cities, school districts or special districts, by the district  
26 attorney.

27     2. Without limiting the generality of the exceptions contained  
28 in subsection 1, the provisions of this section specifically do not  
29 apply to:

30     (a) ~~The purchase~~ *The purchase* of coverage and professional  
31 services directly related to a program of insurance which require an  
32 audit at the end of the term thereof.

33     (b) Long-term cooperative agreements as authorized by chapter  
34 277 of NRS.

35     (c) Long-term contracts in connection with planning and zoning  
36 as authorized by NRS 278.010 to 278.630, inclusive.

37     (d) Long-term contracts for the purchase of utility service such  
38 as, but not limited to, heat, light, sewerage, power, water and  
39 telephone service.

40     (e) Contracts between a local government and an employee  
41 covering professional services to be performed within 24 months  
42 following the date of such contract or contracts entered into between  
43 local government employers and employee organizations.

44     (f) Contracts between a local government and any person for the  
45 construction or completion of public works, money for which has



1 been or will be provided by the proceeds of a sale of bonds,  
2 medium-term obligations or an installment-purchase agreement and  
3 that are entered into by the local government after:

4 (1) Any election required for the approval of the bonds or  
5 installment-purchase agreement has been held;

6 (2) Any approvals by any other governmental entity required  
7 to be obtained before the bonds, medium-term obligations or  
8 installment-purchase agreement can be issued have been obtained;  
9 and

10 (3) The ordinance or resolution that specifies each of the  
11 terms of the bonds, medium-term obligations or installment-  
12 purchase agreement, except those terms that are set forth in  
13 subsection 2 of NRS 350.165, has been adopted.

14 ➤ Neither the fund balance of a governmental fund nor the equity  
15 balance in any proprietary fund may be used unless appropriated in  
16 a manner provided by law.

17 (g) Contracts which are entered into by a local government and  
18 delivered to any person solely for the purpose of acquiring supplies,  
19 services and equipment necessarily ordered in the current fiscal year  
20 for use in an ensuing fiscal year and which, under the method of  
21 accounting adopted by the local government, will be charged against  
22 an appropriation of a subsequent fiscal year. Purchase orders  
23 evidencing such contracts are public records available for inspection  
24 by any person on demand.

25 (h) Long-term contracts for the furnishing of television or FM  
26 radio broadcast translator signals as authorized by NRS 269.127.

27 (i) The receipt and proper expenditure of money received  
28 pursuant to a grant awarded by an agency of the Federal  
29 Government.

30 (j) The incurrence of obligations beyond the current fiscal year  
31 under a lease or contract for installment purchase which contains a  
32 provision that the obligation incurred thereby is extinguished by the  
33 failure of the governing body to appropriate money for the ensuing  
34 fiscal year for the payment of the amounts then due.

35 (k) The receipt by a local government of increased revenue that:

36 (1) Was not anticipated in the preparation of the final budget  
37 of the local government; and

38 (2) Is required by statute to be remitted to another  
39 governmental entity.

40 (l) An agreement authorized pursuant to NRS 277A.370.

41 **Sec. 9.** NRS 349.074 is hereby amended to read as follows:

42 349.074 1. The ***governing body of a local government may,***  
43 ***before August 31, 2015, submit to the State Treasurer and to each***  
44 ***local government that has deposited money with the State***  
45 ***Treasurer for credit to the Local Government Pooled Investment***



1 *Fund for the purpose of investment, a proposed agreement*  
2 *pursuant to which the State Treasurer agrees to borrow money in*  
3 *accordance with the provisions of this section and transfer such*  
4 *money to the governing body and the governing body agrees to*  
5 *repay the principal amount borrowed and any interest on such*  
6 *amount. The proposed agreement must include, without limitation,*  
7 *a statement of the amount of money proposed to be borrowed, a*  
8 *description of the proposed use of the money, terms and conditions*  
9 *for the repayment by the governing body of the principal amount*  
10 *borrowed by the State Treasurer and transferred to the governing*  
11 *body and the rate or rates of any interest on such amount. Upon*  
12 *approval of the proposed agreement by a majority of the local*  
13 *governments that have deposited money with the State Treasurer*  
14 *for credit to the Local Government Pooled Investment Fund for*  
15 *the purpose of investment, the State Treasurer ~~may~~ shall, on or*  
16 *before August 31, ~~2013, in~~ 2015:*

17 (a) *Execute the proposed agreement.*

18 (b) *In the name and on behalf of the State of Nevada, borrow*  
19 *money and evidence such borrowing by the issuance of one or more*  
20 *notes in an aggregate principal amount set forth in the agreement,*  
21 *but in an amount that does not exceed \$160 million.*

22 (c) *In accordance with the terms of the agreement, transfer to*  
23 *the governing body the principal amount borrowed pursuant to*  
24 *paragraph (b).*

25 2. Each ~~such~~ note ~~is~~ *issued pursuant to paragraph (b) of*  
26 *subsection 1:*

27 (a) *Must be issued upon the order of the State Treasurer and*  
28 *pursuant to the provisions of the State Securities Law, except to the*  
29 *extent that those provisions are inconsistent with the provisions of*  
30 *this section; and*

31 (b) *May be issued without the approval of the State Board of*  
32 *Finance or any other board, commission or agency of this State.*

33 ➤ *For the purposes of this section and the State Securities Law, the*  
34 *State Treasurer shall be deemed to constitute an agency of the State*  
35 *and any order of the State Treasurer authorizing the issuance of a*  
36 *note pursuant to this section shall be deemed to constitute a*  
37 *resolution authorizing the issuance of the note.*

38 ~~2-1~~ 3. Each note authorized pursuant to this section must be:

39 (a) *Issued pursuant to a written contract between the State and*  
40 *the Local Government Pooled Investment Fund, under which the*  
41 *Local Government Pooled Investment Fund agrees to invest in the*  
42 *note or notes issued pursuant to this section. The contract must be*  
43 *executed by the Governor on behalf of the State and by the State*  
44 *Treasurer on behalf of the Local Government Pooled Investment*  
45 *Fund.*





(b) Sold to the Local Government Pooled Investment Fund at a price equal to the principal amount borrowed under the note. The total amount invested by the Local Government Pooled Investment Fund in notes issued pursuant to this section must not exceed:

(1) Twenty-five percent of the book value of the total investments of the Local Government Pooled Investment Fund on the date of the investment by the Local Government Pooled Investment Fund; or

(2) One hundred sixty million dollars,  
➔ whichever is less. The determination as to whether the requirements of this paragraph are satisfied must be made by the State Treasurer on the date of each investment by the Local Government Pooled Investment Fund in a note issued pursuant to this section. Each such determination shall be deemed to be conclusive and is not affected by any subsequent changes in the book value of the total investments of the Local Government Pooled Investment Fund.

~~[3.]~~ **4.** ~~[Except as otherwise provided in subsection 6, the]~~ *The principal amount outstanding on any notes issued pursuant to this section must bear interest ~~[, payable monthly on the first business day of each calendar month,]~~ at a rate ~~[equal to 50 basis points above the average monthly rate of earnings of all the investments, other than any investments in notes issued pursuant to this section, of money in the Local Government Pooled Investment Fund during the immediately preceding calendar month,]~~ or rates set forth in the agreement executed pursuant to paragraph (a) of subsection 1, except that such rate or rates must not be less than the rate or rates the State Treasurer determines to be sufficient to enable the sale of the note at a price that is not less than the principal amount thereof.*

~~[4.]~~ **5.** The total principal amount borrowed on or before August 31, ~~[2013,]~~ **2015**, pursuant to this section must be repaid ~~in~~ *installments in such a manner that:*

~~—(a) At least 25 percent of each principal amount borrowed pursuant to this section must be repaid by the first day of the calendar month that is 13 months after the month in which that borrowing occurred;~~

~~—(b) At least 50 percent of each principal amount borrowed pursuant to this section must be repaid by the first day of the calendar month that is 25 months after the month in which that borrowing occurred;~~

~~—(c) At least 75 percent of each principal amount borrowed pursuant to this section must be repaid by the first day of the calendar month that is 37 months after the month in which that borrowing occurred; and~~



~~—(d) The entire total principal amount borrowed pursuant to this section must be repaid by~~ *not later than* the first day of the calendar month that is ~~491~~ *360* months after the month in which that borrowing occurred.

~~†—The provisions of this subsection do not prohibit the repayment of the principal amount of any note issued pursuant to this section earlier than the periods specified in this subsection.~~

~~—5.†~~ *6.* Each note issued pursuant to this section constitutes a general obligation of the State, and the full faith and credit of the State is hereby pledged for the payment of the principal of and interest on the note.

~~†6.—If necessary to provide money to any local governments that have invested in the Local Government Pooled Investment Fund, any note issued pursuant to this section, or any portion thereof, may be sold by the Local Government Pooled Investment Fund upon the direction of the State Treasurer. Each note so sold must:~~

~~—(a) Be payable as to principal on or before the periods specified in subsection 4, except that the note may have a fixed maturity date, without option of redemption, so long as the principal amount of all the notes issued pursuant to this section are retired in accordance with subsection 4.~~

~~—(b) Bear interest, payable monthly on the first business day of each calendar month, at such a rate or rates as the State Treasurer determines to be sufficient to enable the sale of the note at a price that is not less than the principal amount thereof.†~~

7. Notwithstanding any other provision of law to the contrary, any statutory limitation on the rate of interest that would otherwise apply to securities issued by or on behalf of this State shall be deemed not to apply to any rate of interest payable on any notes issued pursuant to this section.

8. The proceeds from the sale of any notes pursuant to this section to the Local Government Pooled Investment Fund, net of costs of issuance, must be ~~†deposited into the State General Fund and used for the general operation of this State.†~~ *transferred by the State Treasurer to the governing body in accordance with the terms of the agreement executed pursuant to paragraph (a) of subsection 1.*

9. As used in this section, “Local Government Pooled Investment Fund” means the Local Government Pooled Investment Fund created by NRS 355.167.

**Sec. 10.** Chapter 361 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. If the State Board of Equalization, a county board of equalization or a county assessor reduces the taxable value of*



1 *property as a result of obsolescence based upon capitalization of*  
2 *the fair economic income expectancy or fair economic rent, or an*  
3 *analysis of the discounted cash flow through the use of the income*  
4 *approach pursuant to paragraph (c) of subsection 5 of NRS*  
5 *361.227 or the formulas adopted by the Nevada Tax Commission*  
6 *pursuant to subsection 5 of NRS 361.320, the State Board of*  
7 *Equalization, the county board of equalization or the county*  
8 *assessor, as applicable, shall submit electronically to the*  
9 *Department a report, in the form prescribed by the Nevada Tax*  
10 *Commission, which describes the facts supporting each such*  
11 *reduction in assessed valuation and identifies the parcel number*  
12 *of the property.*

13 2. *The Department shall annually conduct an audit of each*  
14 *reduction in the portion of assessed valuation of property which,*  
15 *pursuant to subsection 3 of NRS 361.4726, is exempt from each*  
16 *partial abatement from taxation provided pursuant to NRS*  
17 *361.4722, 361.4723 and 361.4724 made by the State Board of*  
18 *Equalization, a county board of equalization or a county assessor.*

19 **Sec. 11.** NRS 361.227 is hereby amended to read as follows:

20 361.227 1. Any person , *including, without limitation, a*  
21 *county assessor, a county board of equalization, the State Board of*  
22 *Equalization and the Department,* determining the taxable value of  
23 real property shall appraise:

24 (a) The full cash value of:

25 (1) Vacant land by considering the uses to which it may  
26 lawfully be put, any legal or physical restrictions upon those uses,  
27 the character of the terrain, and the uses of other land in the vicinity.

28 (2) Improved land consistently with the use to which the  
29 improvements are being put.

30 (b) Any improvements made on the land by subtracting from the  
31 cost of replacement of the improvements all applicable depreciation  
32 and obsolescence. Depreciation of an improvement made on real  
33 property must be calculated at 1.5 percent of the cost of replacement  
34 for each year of adjusted actual age of the improvement, up to a  
35 maximum of 50 years.

36 2. The unit of appraisal must be a single parcel unless:

37 (a) The location of the improvements causes two or more  
38 parcels to function as a single parcel;

39 (b) The parcel is one of a group of contiguous parcels which  
40 qualifies for valuation as a subdivision pursuant to the regulations of  
41 the Nevada Tax Commission; or

42 (c) In the professional judgment of the person determining the  
43 taxable value, the parcel is one of a group of parcels which should  
44 be valued as a collective unit.



3. The taxable value of a leasehold interest, possessory interest, beneficial interest or beneficial use for the purpose of NRS 361.157 or 361.159 must be determined in the same manner as the taxable value of the property would otherwise be determined if the lessee or user of the property was the owner of the property and it was not exempt from taxation, except that the taxable value so determined must be reduced by a percentage of the taxable value that is equal to the:

(a) Percentage of the property that is not actually leased by the lessee or used by the user during the fiscal year; and

(b) Percentage of time that the property is not actually leased by the lessee or used by the user during the fiscal year, which must be determined in accordance with NRS 361.2275.

4. The taxable value of other taxable personal property, except a mobile or manufactured home, must be determined by subtracting from the cost of replacement of the property all applicable depreciation and obsolescence. Depreciation of a billboard must be calculated at 1.5 percent of the cost of replacement for each year after the year of acquisition of the billboard, up to a maximum of 50 years.

5. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may consider:

(a) Comparative sales, based on prices actually paid in market transactions.

(b) A summation of the estimated full cash value of the land and contributory value of the improvements.

(c) Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

➤ A county assessor is required to make the reduction prescribed in this subsection if the owner calls to his or her attention the facts warranting it, if the county assessor discovers those facts during physical reappraisal of the property or if the county assessor is otherwise aware of those facts.

6. The Nevada Tax Commission shall, by regulation, establish:

(a) Standards for determining the cost of replacement of improvements of various kinds.

(b) Standards for determining the cost of replacement of personal property of various kinds. The standards must include a separate index of factors for application to the acquisition cost of a billboard to determine its replacement cost.



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(c) Schedules of depreciation for personal property based on its estimated life.

(d) Criteria for the valuation of two or more parcels as a subdivision.

7. In determining, for the purpose of computing taxable value, the cost of replacement of:

(a) Any personal property, the cost of all improvements of the personal property, including any additions to or renovations of the personal property, but excluding routine maintenance and repairs, must be added to the cost of acquisition of the personal property.

(b) An improvement made on land, a county assessor may use any final representations of the improvement prepared by the architect or builder of the improvement, including, without limitation, any final building plans, drawings, sketches and surveys, and any specifications included in such representations, as a basis for establishing any relevant measurements of size or quantity.

8. The county assessor shall, upon the request of the owner, furnish within 15 days to the owner a copy of the most recent appraisal of the property, including, without limitation, copies of any sales data, materials presented on appeal to the county board of equalization or State Board of Equalization and other materials used to determine or defend the taxable value of the property.

9. The provisions of this section do not apply to property which is assessed pursuant to NRS 361.320.

**Sec. 12.** NRS 361.453 is hereby amended to read as follows:

361.453 1. Except as otherwise provided in this section and NRS 354.705, 354.723, 387.3288 and 450.760, *and sections 1 and 15 of this act*, the total ad valorem tax levy for all public purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State Board of Examiners if the State Board of Examiners is directed by law to fix a lesser or greater amount for that fiscal year.

2. Any levy imposed by the Legislature for the repayment of bonded indebtedness or the operating expenses of the State of Nevada and any levy imposed by the board of county commissioners pursuant to NRS 387.195 that is in excess of 50 cents on each \$100 of assessed valuation of taxable property within the county must not be included in calculating the limitation set forth in subsection 1 on the total ad valorem tax levied within the boundaries of the county, city or unincorporated town, if, in a county whose population is less than 45,000, or in a city or unincorporated town located within that county:

(a) The combined tax rate certified by the Nevada Tax Commission was at least \$3.50 on each \$100 of assessed valuation on June 25, 1998;



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(b) The governing body of that county, city or unincorporated town proposes to its registered voters an additional levy ad valorem above the total ad valorem tax levy for all public purposes set forth in subsection 1;

(c) The proposal specifies the amount of money to be derived, the purpose for which it is to be expended and the duration of the levy; and

(d) The proposal is approved by a majority of the voters voting on the question at a general election or a special election called for that purpose.

3. The duration of the additional levy ad valorem levied pursuant to subsection 2 must not exceed 5 years. The governing body of the county, city or unincorporated town may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition set forth in subsection 2.

4. A special election may be held pursuant to subsection 2 only if the governing body of the county, city or unincorporated town determines, by a unanimous vote, that an emergency exists. The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the governing body of the county, city or unincorporated town to prevent or mitigate a substantial financial loss to the county, city or unincorporated town or to enable the governing body to provide an essential service to the residents of the county, city or unincorporated town.

**Sec. 13.** NRS 361.4722 is hereby amended to read as follows:

361.4722 1. Except as otherwise provided in or required to carry out the provisions of subsection 3 and NRS 361.4725 to 361.4729, inclusive, the owner of any parcel or other taxable unit of property, including property entered on the central assessment roll, for which an assessed valuation was separately established for the immediately preceding fiscal year is entitled to a partial abatement of the ad valorem taxes levied in a county on that property each fiscal year equal to the amount by which the product of the combined rate of all ad valorem taxes levied in that county on the property for that fiscal year and the amount of the assessed valuation of the property which is taxable in that county for that fiscal year, excluding any increase in the assessed valuation of the property from the immediately preceding fiscal year as a result of any



1 improvement to or change in the actual or authorized use of the  
2 property, exceeds the sum obtained by adding:

3 (a) The amount of all the ad valorem taxes:

4 (1) Levied in that county on the property for the immediately  
5 preceding fiscal year; or

6 (2) Which would have been levied in that county on the  
7 property for the immediately preceding fiscal year if not for any  
8 exemptions from taxation that applied to the property for that prior  
9 fiscal year but do not apply to the property for the current fiscal  
10 year,

11 ➤ whichever is greater; and

12 (b) A percentage of the amount determined pursuant to  
13 paragraph (a) which is equal to:

14 (1) The greater of:

15 (I) The average percentage of change in the assessed  
16 valuation of all the taxable property in the county, as determined by  
17 the Department, over the fiscal year in which the levy is made and  
18 the 9 immediately preceding fiscal years;

19 (II) Twice the percentage of increase in the Consumer  
20 Price Index for all Urban Consumers, U.S. City Average (All Items)  
21 for the immediately preceding calendar year; or

22 (III) ~~Zero;~~ *Six percent;* or

23 (2) Eight percent,

24 ➤ whichever is less.

25 2. Except as otherwise provided in or required to carry out the  
26 provisions of NRS 361.4725 to 361.4729, inclusive, the owner of  
27 any remainder parcel of real property for which no assessed  
28 valuation was separately established for the immediately preceding  
29 fiscal year, is entitled to a partial abatement of the ad valorem taxes  
30 levied in a county on that property for a fiscal year equal to the  
31 amount by which the product of the combined rate of all ad valorem  
32 taxes levied in that county on the property for that fiscal year and  
33 the amount of the assessed valuation of the property which is  
34 taxable in that county for that fiscal year, excluding any amount of  
35 that assessed valuation attributable to any improvement to or change  
36 in the actual or authorized use of the property that would not have  
37 been included in the calculation of the assessed valuation of the  
38 property for the immediately preceding fiscal year if an assessed  
39 valuation had been separately established for that property for that  
40 prior fiscal year, exceeds the sum obtained by adding:

41 (a) The amount of all the ad valorem taxes:

42 (1) Which would have been levied in that county on the  
43 property for the immediately preceding fiscal year if an assessed  
44 valuation had been separately established for that property for that  
45 prior fiscal year based upon all the assumptions, costs, values,



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calculations and other factors and considerations that would have been used for the valuation of that property for that prior fiscal year; or

(2) Which would have been levied in that county on the property for the immediately preceding fiscal year if an assessed valuation had been separately established for that property for that prior fiscal year based upon all the assumptions, costs, values, calculations and other factors and considerations that would have been used for the valuation of that property for that prior fiscal year, and if not for any exemptions from taxation that applied to the property for that prior fiscal year but do not apply to the property for the current fiscal year,

↳ whichever is greater; and

(b) A percentage of the amount determined pursuant to paragraph (a) which is equal to:

(1) The greater of:

(I) The average percentage of change in the assessed valuation of all the taxable property in the county, as determined by the Department, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years;

(II) Twice the percentage of increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year; or

(III) ~~Zero;~~ *Six percent;* or

(2) Eight percent,

↳ whichever is less.

3. The provisions of subsection 1 do not apply to any property for which the provisions of subsection 1 of NRS 361.4723 or subsection 1 of NRS 361.4724 provide a greater abatement from taxation.

4. Except as otherwise required to carry out the provisions of NRS 361.4732 and any regulations adopted pursuant to NRS 361.4733, the amount of any reduction in the ad valorem taxes levied in a county for a fiscal year as a result of the application of the provisions of subsections 1 and 2 must be deducted from the amount of ad valorem taxes each taxing entity would otherwise be entitled to receive for that 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. 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.



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6. For the purposes of this section, “remainder parcel of real property” means a parcel of real property which remains after the creation of new parcels of real property for development from one or more existing parcels of real property, if the use of that remaining parcel has not changed from the immediately preceding fiscal year.

**Sec. 14.** 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 tax imposed pursuant to NRS 387.3288 *or section 1 or 15 of this act* is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

3. *The amount of any tax imposed on any increased value of property that results from revaluing the property after the taxable value of the property was reduced in a prior year as a result of obsolescence based upon capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow through the use of the income approach pursuant to paragraph (c) of subsection 5 of NRS 361.227 or the formulas adopted by the Nevada Tax Commission pursuant to subsection 5 of NRS 361.320, is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.*

4. For the purposes of this section, “taxing entity” does not include the State.

**Sec. 15.** Chapter 387 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *In addition to all other taxes imposed on property in a county, the board of county commissioners of the county or the board of trustees of the school district in the county, or both, may, by a majority vote and without the approval of the registered voters in the county, impose an ad valorem tax at the rate of up to 5 cents per \$100 of assessed valuation on all taxable property in the county. Any tax imposed pursuant to this subsection applies throughout the county, including incorporated cities in the county.*

2. *Except as otherwise specifically provided by statute, any tax imposed pursuant to subsection 1 must be assessed in the same manner and is subject to the provisions of the general laws for the assessment and collection of taxes. The tax must be collected at the same time and by the same officers who assess and collect the*



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1 *state and county taxes. The money received from the tax and any*  
2 *applicable penalty or interest must be remitted to the school*  
3 *district in the county and used as provided in this section.*

4 3. *Except as otherwise provided in subsection 4, the money*  
5 *received from any tax imposed pursuant to subsection 1 and any*  
6 *applicable penalty or interest must be used only for the*  
7 *construction and maintenance of public schools in the school*  
8 *district and for the purchase by the school district, and use by*  
9 *pupils in public schools in the school district, of information*  
10 *technology.*

11 4. *Notwithstanding the provisions of subsection 3 and except*  
12 *as otherwise provided in subsection 6, of the money received by a*  
13 *school district from all taxes imposed pursuant to this section, an*  
14 *amount equal to not more than 2 cents per \$100 of assessed*  
15 *valuation of all taxable property in the county may be used by the*  
16 *school district to pay for operating expenses of the school district.*

17 5. *The board of county commissioners of a county or the*  
18 *board of trustees of the school district in the county, or both, may*  
19 *impose any portion of the tax rate authorized by subsection 1, but*  
20 *the total combined tax rates imposed by the board of county*  
21 *commissioners and the board of trustees collectively must not*  
22 *exceed the rate authorized by subsection 1.*

23 6. *The money received from any tax imposed pursuant to*  
24 *subsection 1 and any applicable penalty or interest:*

25 (a) *Must not be considered as financial ability to pay for the*  
26 *purposes of negotiation, fact-finding or arbitration regarding*  
27 *salaries and benefits of employees of a local government;*

28 (b) *Must not be used to settle or arbitrate disputes or negotiate*  
29 *settlements between an organization that represents employees of*  
30 *a local government and the local government;*

31 (c) *Must not be used to adjust the schedules of salaries and*  
32 *benefits of the employees of a local government;*

33 (d) *Must not be considered part of the amount of the local*  
34 *funds computed pursuant to NRS 387.1235; and*

35 (e) *Must not be included in determining the amount of the*  
36 *basic support guarantees or any other funding provided by the*  
37 *State to the school district.*

38 **Sec. 16.** NRS 387.1235 is hereby amended to read as follows:

39 387.1235 1. Except as otherwise provided in ~~subsection 2,~~  
40 *subsections 2 and 3*, local funds available are the sum of:

41 (a) The amount of one-third of the tax collected pursuant to  
42 subsection 1 of NRS 387.195 for the school district for the  
43 concurrent school year; and

44 (b) The proceeds of the local school support tax imposed by  
45 chapter 374 of NRS, excluding any amounts required to be remitted



1 pursuant to NRS 360.850 and 360.855. The Department of Taxation  
2 shall furnish an estimate of these proceeds to the Superintendent of  
3 Public Instruction on or before July 15 for the fiscal year then  
4 begun, and the Superintendent shall adjust the final apportionment  
5 of the current school year to reflect any difference between the  
6 estimate and actual receipts.

7 2. The amount computed under subsection 1 that is attributable  
8 to any assessed valuation attributable to the net proceeds of minerals  
9 must be held in reserve and may not be considered as local funds  
10 available until the succeeding fiscal year.

11 *3. The amount of the local funds computed pursuant to*  
12 *subsection 1 must not include the proceeds of any tax imposed*  
13 *pursuant to section 15 of this act.*

14 **Sec. 17.** Section 72 of chapter 371, Statutes of Nevada 2011,  
15 at page 2175, is hereby amended to read as follows:

16 Sec. 72. 1. This section and sections 39, 56, 69, 70  
17 and 71 of this act become effective upon passage and  
18 approval.

19 2. Sections 1 to 38, inclusive, 40 to 55, inclusive, and 57  
20 to 68, inclusive, of this act become effective on July 1, 2011.

21 3. Section 67 of this act expires by limitation on June 30,  
22 ~~2017~~ 2045.

23 4. Sections 66 and 68 of this act expire by limitation on  
24 September 30, ~~2017~~ 2045.

25 **Sec. 18.** 1. The Legislative Auditor shall conduct a  
26 performance audit of the State Board of Equalization during Fiscal  
27 Year 2016-2017 and prepare a report of the audit. The State Board  
28 of Equalization shall provide such information as is requested by the  
29 Legislative Auditor to assist with the completion of the audit.

30 2. The Legislative Auditor shall present a final written report  
31 of the performance audit conducted pursuant to subsection 1 to the  
32 Audit Subcommittee of the Legislative Commission not later than  
33 January 1, 2019.

34 3. The provisions of chapter 218G of NRS apply to the  
35 performance audit conducted pursuant to subsection 1.

36 **Sec. 19.** The provisions of NRS 361.4722, as amended by  
37 section 13 of this act, apply to the tax year beginning July 1, 2015,  
38 and each succeeding tax year.

39 **Sec. 20.** 1. This section and sections 9 and 17 of this act  
40 become effective upon passage and approval.

41 2. Sections 10, 11, 13, 18 and 19 of this act become effective  
42 upon passage and approval for the purposes of adopting any  
43 regulations and performing any other preparatory administrative  
44 tasks necessary to carry out the provisions of this act, and on July 1,  
45 2015, for all other purposes.



1        3. Sections 1 to 8, inclusive, 12, 14, 15 and 16 of this act  
2 become effective upon passage and approval for the purposes of  
3 adopting any regulations and performing any other preparatory  
4 administrative tasks necessary to carry out the provisions of this act,  
5 and on January 1, 2016, for all other purposes.

