



**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: January 26, 2015

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Implementation (Expense)				
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached fiscal note narrative.

Name Deonne Contine

Title Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Friday, January 16, 2015

The agency's response appears reasonable.

Name Julia Teska

Title Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 32-304 (AB 56)Name of Agency: Department of TaxationDivision/Department: Division of Local Government ServicesDate: January 14, 2015

The amendments to NRS 361.333 clarify and update the procedures related to the equalization of property values for property tax purposes. The statute has not undergone major revision since 1991 (a minor revision in 1999).

Section 1 (1) maintains the requirement for conducting a ratio study on classes of property as well as introduces the concept of performance audits. **Section 1** provides flexibility to the Department to determine whether a ratio study or a performance audit best suits the class or group of property being studied for equitable treatment. The ability to conduct ratio studies and/or performance audits is expected to improve reporting on assessment uniformity for more classes of property and will enable the Department to use limited resources more efficiently. The same appraisal staff is expected to conduct the ratio study or performance audit as necessary and will not increase any costs to the Department.

Both the Nevada Tax Commission and the State Board of Equalization have a duty to equalize assessments. **Sections 1(3) and (4)** clarify that the Department will publish and deliver the same ratio study and performance audit reports for use by both bodies. The ratio studies will use the standards adopted by the State Board. This standardization will be more effective and efficient so that the Department will not have to duplicate efforts for each body and will avoid the potential for conflicting standards. The bill provides standards and tools for equalization which are coordinated and consistent for both bodies. In addition, **Section 1(4)** provides for an update on the status of implementation of any measures required by the Tax Commission to ensure follow-through by county assessors. This will also improve effectiveness of the equalization effort.

Section 1(5) provides that the Tax Commission may receive evidence from county officials at equalization hearings. This actually reduces costs to counties where counties have no presentation to make. Currently county officials must attend the equalization hearing whether or not they have a presentation to make. **Sections 1(6) and 1(7)** clarify the options already available to the Tax Commission if equalization is necessary. Counties will experience costs to implement orders for equalization, but those costs are no different and no greater than might be experienced under the current statute.

Section 1(9) provides taxpayers with the ability to directly appeal to the State Board in the event the application of a factor causes an increase in assessed valuation. There is a potential for increased costs of appeal administration which are unknown at this time.

Overall, the proposed bill has minimal fiscal impact and is expected to result in more effective use of Department resources.