

Amendment No. 466

Senate Amendment to Senate Bill No. 352

(BDR 32-929)

Proposed by: Senate Committee on Revenue and Economic Development**Amends:** Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

BJF/BJE



Date: 4/23/2017

S.B. No. 352—Revises provisions governing the taxation of property rebuilt after a natural disaster. (BDR 32-929)



SENATE BILL NO. 352--SENATOR KIECKHEFER

MARCH 20, 2017

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions governing the taxation of property rebuilt after ~~a natural disaster~~ an event proclaimed an emergency or disaster by the Governor. (BDR 32-929)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; authorizing the owner of a single-family residence that is replaced after a flood, fire, earthquake or other event for which the Governor has proclaimed a state of emergency or declaration of disaster to apply to the county assessor for an exemption of a portion of the assessed value of the single-family residence; revising provisions governing the calculation of the property taxes imposed on such a single-family residence; ~~that is replaced after a natural disaster declared by the Governor;~~ and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, for the purposes of determining the amount of property tax owed by the owner of a parcel of real property, the taxable value of the real property is equal to the value of the land plus the replacement cost of the improvements, depreciated at 1.5 percent for each year of adjusted actual age, up to a maximum of 50 years. (NRS 361.227) Existing law requires that for the purpose of calculating the depreciation of an improvement, the actual age of the improvement must be adjusted when additions or replacements are made with a cumulative cost of least 10 percent of the replacement cost of the improvement. (NRS 361.229) Thus, under existing law, a new improvement which replaces an improvement that was partially or completely destroyed would lose the depreciation accrued on the partially or completely destroyed improvement. (NRS 361.229)

Section 1 of this bill sets forth the finding of the Legislature that when a single-family residence is partially or completely destroyed by a ~~natural disaster~~ flood, fire, earthquake or other event for which the Governor proclaims a state of emergency or declaration of disaster, the resulting loss of the depreciation accrued on the partially or completely destroyed residence causes a severe economic hardship to the owner of the residence by increasing the property taxes imposed on the residence. **Section 2** ~~2.3~~ 2.3 of this bill ~~requires~~ authorizes the owner of a single-family residence that replaces a single-family residence partially or completely destroyed by a natural disaster which is declared a disaster by flood, fire, earthquake or other event for which the Governor proclaims a state of emergency or declaration of disaster to not be considered a new improvement apply to the county assessor for an exemption of a portion of the assessed value of the single-family

residence. Under section 2.3, the county assessor is required to grant an application for such an exemption if: (1) the single-family residence is occupied as the principal residence of the owner; (2) the single-family residence is located on the same parcel of real property as the single-family residence that was partially or completely destroyed; (3) the parcel on which the single-family residence was located has not been sold or transferred in a transaction to which the real property transfer tax applies; (4) a building permit was issued for the residence ~~(not later than 2 years)~~ or, if the local government does not issue building permits, construction of the residence was commenced within a certain period after the partial or complete destruction of the previous residence; and ~~(4) (5)~~ the floor area of the residence does not exceed 110 percent of the floor area of the residence that was partially or completely destroyed. ~~Under section 2, if treating the single-family residence as a new improvement would result in a lower assessed value for the residence, the residence must be considered a new improvement.~~

~~Section 4 of this bill provides that the provisions of section 2 apply to any single-family residence that is partially or completely destroyed by a natural disaster which is declared a disaster by the Governor before, on or after July 1, 2017. If an exemption of a portion of the assessed value of a single-family residence is granted pursuant to section 2.3, the amount of the exemption is equal to the difference between the assessed value of the single-family residence for which the application was granted and the assessed value that the single-family residence would have had if the single-family residence were deemed not to be a new improvement. Thus, under section 2.3, if an exemption is granted, the single-family residence would not lose the depreciation accrued on the partially or completely destroyed residence. Under section 2.3, the exemption must no longer be applied if the single-family residence granted the exemption is sold or transferred in a transaction to which the real property transfer tax applies.~~

Existing law provides for a partial abatement of taxes, which has the effect of establishing an annual cap on increases in property taxes. Section 2.7 of this bill revises the calculation of the partial abatement for a single-family residence for which an exemption is granted pursuant to section 2.3 so that for the initial fiscal year for which the exemption applies, the partial abatement is calculated based on the taxes imposed on the single-family residence which was partially or completely destroyed in the fiscal year in which the residence was partially or completely destroyed. Section 2.7 also revises the formula for calculating the partial abatement for the fiscal year after the fiscal year in which a single-family residence granted an exemption pursuant to section 2.3 is sold or transferred so that in that fiscal year, the partial abatement is calculated as if the single-family residence had never obtained an exemption pursuant to section 2.3.

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

Section 1. The Legislature hereby finds and declares that:

1. Subsection 1 of Section 1 of Article 10 of the Nevada Constitution requires the Legislature to provide by law for a uniform and equal rate of assessment and taxation.

2. Subsection 10 of Section 1 of Article 10 of the Nevada Constitution establishes an exception to the requirement to provide by law for a uniform and equal rate of assessment and taxation by authorizing the Legislature to provide by law for an exemption of part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid severe economic hardship to the owner of the residence.

3. When a ~~(natural disaster)~~ flood, fire, earthquake or other event for which the Governor proclaims a state of emergency or declaration of disaster partially or completely destroys a single-family residence and the residence is rebuilt or replaced, existing provisions of law cause the new residence to be treated as a new

improvement with an increased taxable value and, consequently, the owner of the property incurs a greater property tax liability.

4. An increase in the property taxes of the owner of a single-family residence who, after a natural disaster, rebuilds or replaces his or her residence constitutes a severe economic hardship on the owner of the residence.

Sec. 2. Chapter 361 of NRS is hereby amended by adding thereto ~~to a new section to read as follows:~~ the provisions set forth as sections 2.3 and 2.7 of this act.

Sec. 2.3. 1. ~~Notwithstanding any other provision of law, and except as otherwise provided in subsection 2, if~~ An owner of a single-family residence that would otherwise constitute a new improvement must be deemed not to be a new improvement if: is the primary residence of the owner and is a replacement for a single-family residence partially or completely destroyed by a flood, fire, earthquake or other event for which a state of emergency or declaration of disaster was proclaimed by the Governor pursuant to NRS 414.070 before, on or after July 1, 2017, may apply to the county assessor for an exemption of a portion of the assessed value of the single-family residence.

2. The county assessor shall approve an application submitted pursuant to subsection 1 and grant an exemption of a portion of the assessed value of the single-family residence specified in the application if the county assessor determines that each of the following criteria are satisfied:

(a) The single-family residence is occupied by the primary owner of the residence. ~~++~~

(b) The single-family residence is a replacement for a single-family residence that ~~was~~:

(1) Is located in an area in which occurred a flood, fire, earthquake or other event for which a state of emergency or declaration of disaster was proclaimed by the Governor pursuant to NRS 414.070 before, on or after July 1, 2017, and was partially or completely destroyed ~~by a~~ as a direct result of the flood, fire, earthquake or other ~~disaster~~ event for which ~~the~~ the state of emergency or declaration of disaster was proclaimed; ~~pursuant to NRS 414.070~~ and ~~first~~

(2) Is located on the same parcel of real property as the single-family residence that was partially or completely destroyed. ~~++~~

(c) ~~++~~ The parcel of real property on which was located the single-family residence which was partially or completely destroyed has not been sold or transferred in a transaction to which the provisions of chapter 375 of NRS apply at any time after the flood, fire, earthquake or other event occurred.

(d) Except as otherwise provided in this paragraph, a building permit for the single-family residence was issued or, if the local government in which the single-family residence is located does not issue building permits, construction on the single-family residence is commenced, not later than 3 years after the partial or complete destruction of the previous single-family residence. ~~++ and~~

~~(d).~~ The county assessor may approve an extension of the 3-year period required by this paragraph for a period of not more than 3 additional years if the owner is not able to begin construction or obtain a building permit because of circumstances beyond the control of the owner that are related to the event that caused the partial or complete destruction of the single-family residence.

(e) The floor area of the single-family residence does not exceed 110 percent of the floor area of the single-family residence that was partially or completely destroyed.

~~2. If the assessed value of a single family residence that constitutes a replacement of a single family residence that was partially or completely~~

~~destroyed by a flood, fire, earthquake or other disaster for which a declaration of disaster was proclaimed pursuant to NRS 414.070, as determined pursuant to NRS 361.227, is less than the assessed value of the single-family residence, as determined pursuant to subsection 1, the single-family residence must be deemed to be a new improvement.~~

3. If the county assessor approves an application submitted pursuant to subsection 1, the amount of the exemption must equal the difference between the assessed value of the single-family residence for which the application was granted, as determined pursuant to NRS 361.225 and 361.227, and the assessed value that the single-family residence would have had if the single-family residence were deemed not to be a new improvement.

4. If, between July 1 and June 15, the county assessor approves an application submitted pursuant to subsection 1, the owner of the single-family residence is entitled to an exemption of a portion of the assessed value of the single-family residence in the amount determined pursuant to subsection 3 beginning on July 1 of the next fiscal year and the owner of the single-family residence is not entitled to a refund of any taxes paid before that date.

5. If, after June 15 but on or before June 30, the county assessor approves an application submitted pursuant to subsection 1, the owner of the single-family residence is entitled to an exemption of a portion of the assessed value of the single-family residence in the amount determined pursuant to subsection 3 beginning on July 1 of the fiscal year immediately following the next fiscal year and the owner of the single-family residence is not entitled to a refund of any taxes paid before that date.

6. If a single-family residence for which an exemption of a portion of the assessed value of the single-family residence is granted pursuant to this section is sold or transferred in a transaction to which the provisions of chapter 375 of NRS apply:

(a) The exemption of a portion of the assessed value of the single-family residence must no longer be applied to the single-family residence; and

(b) In determining the taxable value of the single-family residence for any fiscal year following the sale, the single-family residence must be considered a new improvement as of the date on which the single-family residence was completed.

7. As used in this section:

(a) "Primary residence of the owner" has the meaning ascribed to it in NRS 361.4723.

(b) "Single-family residence" has the meaning ascribed to it in NRS 361.4723.

Sec. 2.7. 1. Notwithstanding the provisions of NRS 361.4722, 361.4723 and 361.4724, if a single-family residence that is the primary residence of the owner is partially or completely destroyed by a flood, fire, earthquake or other event for which a state of emergency or declaration of disaster was proclaimed by the Governor pursuant to NRS 414.070 and if, pursuant to section 2.3 of this act, the owner of the single-family residence is granted an exemption of a portion of the assessed value of the single-family residence, then for the purpose of calculating the amount of any partial abatement to which the owner of the single-family residence is entitled pursuant to NRS 361.4722, 361.4723 or 361.4724 for the initial fiscal year for which the exemption applies, the amount determined for the immediately preceding fiscal year pursuant to paragraph (a) of subsection 1 of NRS 361.4722, paragraph (a) of subsection 2 of NRS 361.4722, paragraph (a) of subsection 1 of NRS 361.4723 or paragraph (a) of subsection 1 of NRS 361.4724, as applicable, must be the amount of the abatement determined for the

fiscal year in which the single-family residence was partially or completely destroyed.

2. Notwithstanding the provisions of NRS 361.4722, 361.4723 and 361.4724, if, pursuant to section 2.3 of this act, the owner of a single-family residence is granted an exemption of a portion of the assessed value of the single-family residence and, after the granting of the exemption, the single-family residence is sold or transferred in a transaction to which the provisions of chapter 375 of NRS apply, then for the purpose of calculating the amount of any partial abatement to which the owner of the single-family residence is entitled pursuant to NRS 361.4722, 361.4723 or 361.4724 for the first fiscal year immediately following the sale or transfer of the single-family residence, the owner is entitled only to a partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 or 361.4724 in an amount equal to the amount of such a partial abatement to which owner would have been entitled if the exemption were not granted and the provisions of subsection 1 were not applied.

3. As used in this section:

(a) "Primary residence of the owner" has the meaning ascribed to it in NRS 361.4723.

(b) "Single-family residence" has the meaning ascribed to it in NRS 361.4723.

Sec. 3. [NRS 361.229 is hereby amended to read as follows:

~~361.229 1. [The] Except as otherwise provided in section 1 if this act, the actual age of each improvement made on a parcel of land must be adjusted, for the purpose of computing depreciation, when any addition is made or replacement is made whose cost, added to the cost of any prior replacements, is at least 10 percent of the cost of replacement of the improvement after the work is done. For the purposes of this section, "replacement" does not include changing or adding finish or covering to floors or walls, changing or adding small appliances, or other normal maintenance of the improvement in a good condition.~~

~~2. Except as otherwise provided in subsection 3, the amount of the reduction must be the product of the prior actual age multiplied by the ratio of the cost of the replacement or addition to the cost of replacement of the improvement after the work is done.~~

~~3. The amount of the reduction for additions which increase the floor area of the improvement may be calculated by multiplying the prior actual age of the improvement by the ratio of the number of square feet of additional floor area to the total number of square feet of the improvement including the addition.] (Deleted by amendment.)~~

Sec. 3.1. NRS 361.155 is hereby amended to read as follows:

361.155 1. Except as otherwise provided in this section, ~~++~~ and section 2.3 of this act:

(a) All claims for personal tax exemptions on real property, the initial claim of an organization for a tax exemption on real property and the designation of any amount to be credited to the Gift Account for the Veterans Home in Southern Nevada or the Gift Account for the Veterans Home in Northern Nevada pursuant to NRS 361.0905 must be filed on or before June 15.

(b) An initial claim for a tax exemption on real property acquired after June 15 and before July 1 must be filed on or before July 5.

2. All exemptions provided for pursuant to this chapter apply on a fiscal year basis, and any exemption granted pursuant to this chapter must not be in an amount which gives the taxpayer a total exemption greater than that to which the taxpayer is entitled during any fiscal year.

3. Except as otherwise provided in this section, each claim for an exemption provided for pursuant to this chapter must be filed with the county assessor of:

(a) The county in which the claimant resides for personal tax exemptions; or

(b) Each county in which property is located for the tax exemption of an organization.

4. After the initial claim for an exemption pursuant to NRS 361.088 or 361.098 to 361.150, inclusive, and section 2.3 of this act, an organization is not required to file annual claims if the property remains exempt. If any portion of the property loses its exemption pursuant to NRS 361.157 or for any other reason becomes taxable, the organization must notify the county assessor.

5. If an exemption is granted or renewed in error because of an incorrect claim or failure of an organization to give the notice required by subsection 4, the assessor shall assess the taxable portion of the property retroactively pursuant to NRS 361.769 and a penalty of 10 percent of the tax due for the current year and any prior years may be added.

6. If a claim for a tax exemption on real property and any required affidavit or other documentation in support of the claim is not filed within the time required by subsection 1, or if a claim for a tax exemption is denied by the county assessor, the person claiming the exemption may, on or before January 15 of the fiscal year for which the claim of exemption is made, file the claim and any required documentation in support of the claim with the county board of equalization of the county in which the claim is required to be filed pursuant to subsection 3. The county board of equalization shall review the claim of exemption and may grant or deny the claim for that fiscal year, as it determines to be appropriate. The State Board of Equalization shall establish procedures for:

(a) The review of a claim of exemption by a county board of equalization pursuant to this subsection; and

(b) The appeal to the State Board of Equalization of the denial of a claim of exemption by a county board of equalization pursuant to this subsection.

Sec. 3.3. NRS 361.471 is hereby amended to read as follows:

361.471 As used in NRS 361.471 to 361.4735, inclusive, and section 2.7 of this act, unless the context otherwise requires, the words and terms defined in NRS 361.47111 to 361.4721, inclusive, have the meanings ascribed to them in those sections.

Sec. 3.5. 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, and section 2.7 of this act, 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 improvement to or change in the actual or authorized use of the property, exceeds the sum obtained by adding:

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

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

(2) Which would have been levied in that county on the property for the immediately preceding fiscal year if not for any exemptions from taxation that

1 applied to the property for that prior fiscal year but do not apply to the property for
2 the current fiscal year,

3 ↪ whichever is greater; and

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

6 (1) The greater of:

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

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

13 (III) Zero; or

14 (2) Eight percent,

15 ↪ whichever is less.

16 2. Except as otherwise provided in or required to carry out the provisions of
17 NRS 361.4725 to 361.4729, inclusive, and section 2.7 of this act, the owner of any
18 remainder parcel of real property for which no assessed valuation was separately
19 established for the immediately preceding fiscal year, is entitled to a partial
20 abatement of the ad valorem taxes levied in a county on that property for a fiscal
21 year equal to the amount by which the product of the combined rate of all ad
22 valorem taxes levied in that county on the property for that fiscal year and the
23 amount of the assessed valuation of the property which is taxable in that county for
24 that fiscal year, excluding any amount of that assessed valuation attributable to any
25 improvement to or change in the actual or authorized use of the property that would
26 not have been included in the calculation of the assessed valuation of the property
27 for the immediately preceding fiscal year if an assessed valuation had been
28 separately established for that property for that prior fiscal year, exceeds the sum
29 obtained by adding:

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

31 (1) Which would have been levied in that county on the property for the
32 immediately preceding fiscal year if an assessed valuation had been separately
33 established for that property for that prior fiscal year based upon all the
34 assumptions, costs, values, calculations and other factors and considerations that
35 would have been used for the valuation of that property for that prior fiscal year; or

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

43 ↪ whichever is greater; and

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

46 (1) The greater of:

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

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

53 (III) Zero; 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.

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. 3.7. NRS 361.4723 is hereby amended to read as follows:

361.4723 The Legislature hereby finds and declares that an increase in the tax bill of the owner of a home by more than 3 percent over the tax bill of that homeowner for the previous year constitutes a severe economic hardship within the meaning of subsection 10 of Section 1 of Article 10 of the Nevada Constitution. The Legislature therefore directs a partial abatement of taxes for such homeowners as follows:

1. Except as otherwise provided in or required to carry out the provisions of subsection 2 and NRS 361.4725 to 361.4729, inclusive, and section 2.7 of this act, the owner of a single-family residence which is the primary residence of the owner 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 improvement to or change in the actual or authorized use of the property, exceeds the sum obtained by adding:

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

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

(2) Which would have been levied in that county on the property for the immediately preceding fiscal year 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) Three percent of the amount determined pursuant to paragraph (a).

2. The provisions of subsection 1 do not apply to any property for which:

(a) No assessed valuation was separately established for the immediately preceding fiscal year; or

(b) The provisions of subsection 1 of NRS 361.4722 provide a greater abatement from taxation.

3. 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 subsection 1 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.

4. The Nevada Tax Commission shall adopt such regulations as it deems appropriate to carry out this section, including, without limitation, regulations providing a methodology for applying the partial abatement provided pursuant to subsection 1 to a parcel of real property of which only a portion qualifies as a single-family residence which is the primary residence of the owner and the remainder is used in another manner.

5. The owner of a single-family residence does not become ineligible for the partial abatement provided pursuant to subsection 1 as a result of:

(a) The operation of a home business out of a portion of that single-family residence; or

(b) The manner in which title is held by the owner if the owner occupies the residence, including, without limitation, if the owner has placed the title in a trust for purposes of estate planning.

6. For the purposes of this section:

(a) "Primary residence of the owner" means a residence which:

(1) Is designated by the owner as the primary residence of the owner in this State, exclusive of any other residence of the owner in this State; and

(2) Is not rented, leased or otherwise made available for exclusive occupancy by any person other than the owner of the residence and members of the family of the owner of the residence.

(b) "Single-family residence" means a parcel or other unit of real property or unit of personal property which is intended or designed to be occupied by one family with facilities for living, sleeping, cooking and eating.

(c) "Unit of personal property" includes, without limitation, any:

(1) Mobile or manufactured home, whether or not the owner thereof also owns the real property upon which it is located; or

(2) Taxable unit of a condominium, common-interest community, planned unit development or similar property,

if classified as personal property for the purposes of this chapter.

(d) "Unit of real property" includes, without limitation, any taxable unit of a condominium, common-interest community, planned unit development or similar property, if classified as real property for the purposes of this chapter.

Sec. 3.9. NRS 361.4724 is hereby amended to read as follows:

361.4724 The Legislature hereby finds and declares that many Nevadans who cannot afford to own their own homes would be adversely affected by large unanticipated increases in property taxes, as those tax increases are passed down to renters in the form of rent increases and therefore the benefits of a charitable exemption pursuant to subsection 8 of Section 1 of Article 10 of the Nevada Constitution should be afforded to those Nevadans through an abatement granted to the owners of residential rental dwellings who charge rent that does not exceed affordable housing standards for low-income housing. The Legislature therefore directs a partial abatement of taxes for such owners as follows:

1. Except as otherwise provided in or required to carry out the provisions of subsection 2 and NRS 361.4725 to 361.4729, inclusive, and section 2.7 of this act,

1 if the amount of rent collected from each of the tenants of a residential dwelling
2 does not exceed the fair market rent for the county in which the dwelling is located,
3 as most recently published by the United States Department of Housing and Urban
4 Development, the owner of the dwelling is entitled to a partial abatement of the ad
5 valorem taxes levied in a county on that property for each fiscal year equal to the
6 amount by which the product of the combined rate of all ad valorem taxes levied in
7 that county on the property for that fiscal year and the amount of the assessed
8 valuation of the property which is taxable in that county for that fiscal year,
9 excluding any increase in the assessed valuation of the property from the
10 immediately preceding fiscal year as a result of any improvement to or change in
11 the actual or authorized use of the property, exceeds the sum obtained by adding:

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

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

15 (2) Which would have been levied in that county on the property for the
16 immediately preceding fiscal year if not for any exemptions from taxation that
17 applied to the property for that prior fiscal year but do not apply to the property for
18 the current fiscal year,

19 ↪ whichever is greater; and

20 (b) Three percent of the amount determined pursuant to paragraph (a).

21 2. The provisions of subsection 1 do not apply to:

22 (a) Any hotels, motels or other forms of transient lodging;

23 (b) Any property for which no assessed valuation was separately established
24 for the immediately preceding fiscal year; and

25 (c) Any property for which the provisions of subsection 1 of NRS 361.4722
26 provide a greater abatement from taxation.

27 3. Except as otherwise required to carry out the provisions of NRS 361.4732
28 and any regulations adopted pursuant to NRS 361.4733, the amount of any
29 reduction in the ad valorem taxes levied in a county for a fiscal year as a result of
30 the application of the provisions of subsection 1 must be deducted from the amount
31 of ad valorem taxes each taxing entity would otherwise be entitled to receive for
32 that fiscal year in the same proportion as the rate of ad valorem taxes levied in the
33 county on the property by or on behalf of that taxing entity for that fiscal year bears
34 to the combined rate of all ad valorem taxes levied in the county on the property by
35 or on behalf of all taxing entities for that fiscal year.

36 4. The Nevada Tax Commission shall adopt such regulations as it deems
37 appropriate to carry out this section.

38 **Sec. 4.** ~~[This act applies to any single family residence that was partially or~~
39 ~~completely destroyed by a flood, fire, earthquake or other disaster for which a~~
40 ~~declaration of disaster was or is proclaimed before, on or after July 1, 2017.]~~
41 **(Deleted by amendment.)**

42 **Sec. 5.** This act becomes effective on July 1, 2017.