

S.J.R. 13 of the 78th Session

SENATE JOINT RESOLUTION NO. 13 OF THE 78TH SESSION— SENATORS SETTELMAYER, GUSTAVSON; AND GOICOECHEA

MARCH 12, 2015

Referred to Committee on Revenue and
Economic Development

SUMMARY—Proposes to amend the Nevada Constitution to limit the total amount of certain property taxes that may be levied on real property. (BDR C-1004)

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

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

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

Legislative Counsel's Digest:

1 This resolution proposes to amend the Nevada Constitution to limit the amount
2 of certain property taxes which may be cumulatively levied per year on real
3 property to 1.25 percent of the base value of the property. Additionally, this
4 resolution provides that: (1) if one-half or more of the ownership interest in certain
5 real property is transferred, the base value of the property becomes the cash value
6 of the property on the date the ownership interest is transferred; (2) an improvement
7 to real property increases the base value of the property by the cash value of the
8 improvement, unless the improvement replaces certain improvements which were
9 destroyed, protects the safety of the occupants or improves accessibility to persons
10 with disabilities; (3) the base value of real property cannot increase or decrease
11 from year to year by more than 3 percent, except as otherwise set forth in this
12 resolution; (4) an owner domiciled in Nevada who has attained the age of 62 years
13 may transfer the base value of his or her principal residence to a new residence of
14 comparable value; and (5) an owner whose real property is taken by the exercise of
15 eminent domain may transfer the base value of the condemned property to a new
16 property of comparable value. This resolution further provides that, for the
17 purposes of recalculating the base value of real property subsequent to the material
18 enhancement of an improvement to the property, an improvement to real property is
19 not materially enhanced if the enhancement to the improvement does not increase
20 the area of the improvement, as measured in square feet, by more than 15 percent.



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

4 *Sec. 7. 1. The maximum amount of tax ad valorem*
5 *that may be cumulatively levied per year on real property is*
6 *1.25 percent of the base value of the property. This limit*
7 *does not apply to taxes ad valorem levied to pay the interest*
8 *and principal of any bonded indebtedness or to pay any*
9 *obligation under a contract made in connection with such*
10 *bonded indebtedness.*

11 *2. Except as otherwise provided in subsections 3 to 7,*
12 *inclusive, the base value of real property is the property's*
13 *taxable value from which the assessed value for the Fiscal*
14 *Year 2017-2018 was calculated.*

15 *3. Except as otherwise provided in this subsection and*
16 *subsection 7, if one-half or more of an ownership interest in*
17 *real property is transferred, the base value of the property*
18 *becomes the cash value of the property as of the date of*
19 *transfer of the ownership interest. The provisions of this*
20 *subsection do not apply if the transfer of ownership interest*
21 *is to the spouse, child or grandchild of the transferor, or if*
22 *the transfer of ownership interest is to or from a separate*
23 *legal entity of which the transferor is the beneficial owner.*

24 *4. Except as otherwise provided in subsection 7:*

25 *(a) If existing improvements to real property are*
26 *materially enhanced or new improvements are constructed,*
27 *except if constructed to replace existing improvements*
28 *destroyed by natural disaster or other casualty, the base*
29 *value of the property must be increased by the cash value of*
30 *the enhancement or improvement, respectively. For the*
31 *purposes of this paragraph, an improvement to real property*
32 *is not materially enhanced if the enhancement to the*
33 *improvement does not increase the area of the improvement,*
34 *as measured in square feet, by more than 15 percent.*

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

39 *5. Except as otherwise provided in subsections 3, 4 and*
40 *7, the base value of real property must not be increased*
41 *from year to year by any amount greater than the lesser of*
42 *the increase caused by inflation, if any, or 3 percent. The*
43 *base value of real property must be decreased from year to*
44 *year:*



1 (a) To reflect any substantial damage to or destruction
2 of the property; and

3 (b) By an amount, not to exceed 3 percent, equal to any
4 decrease in the value of the property caused by deflation or
5 other economic or market conditions.

6 6. For the purposes of subsection 5, inflation and
7 deflation must be measured by the Consumer Price Index
8 for All Urban Consumers compiled by the United States
9 Bureau of Labor Statistics for the preceding calendar year.
10 If the Index specified in this subsection ceases to be
11 compiled, the Legislature shall provide by law for another
12 appropriate method of measuring inflation and deflation.

13 7. Notwithstanding any provision of this section to the
14 contrary:

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

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

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

42 8. The Legislature shall provide by law for:

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



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

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

10. As used in this section:

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

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

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

And be it further

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

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

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

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

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or



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1 private, within the State of Nevada from outside the State of
2 Nevada for storage in transit to a final destination outside the
3 State of Nevada, whether specified when transportation
4 begins or afterward, shall be deemed to have acquired no
5 situs in Nevada for purposes of taxation and shall be exempt
6 from taxation. Such property shall not be deprived of such
7 exemption because while in the warehouse the property is
8 assembled, bound, joined, processed, disassembled, divided,
9 cut, broken in bulk, relabeled or repackaged.

10 5. The Legislature may exempt motor vehicles from the
11 provisions of the tax required by this Section, and in lieu
12 thereof, if such exemption is granted, shall provide for a
13 uniform and equal rate of assessment and taxation of motor
14 vehicles, which rate shall not exceed five cents on one dollar
15 of assessed valuation.

16 6. The Legislature shall provide by law for a progressive
17 reduction in the tax upon business inventories by 20 percent
18 in each year following the adoption of this provision, and
19 after the expiration of the 4th year such inventories are
20 exempt from taxation. The Legislature may exempt any other
21 personal property, including livestock.

22 7. No inheritance tax shall ever be levied.

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

27 9. No income tax shall be levied upon the wages or
28 personal income of natural persons. Notwithstanding the
29 foregoing provision, and except as otherwise provided in
30 subsection 1 of this Section, taxes may be levied upon the
31 income or revenue of any business in whatever form it may
32 be conducted for profit in the State.

33 10. The Legislature may provide by law for an
34 abatement of the tax upon or an exemption of part of the
35 assessed value of a single-family residence occupied by the
36 owner to the extent necessary to avoid severe economic
37 hardship to the owner of the residence.

