

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 9, 2017

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

The Department is unable to determine the impact on revenue.

Name Deonne Contine

Title Executive Director

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, March 31, 2017

The agency's response appears reasonable.

Name Susan Brown

Title Executive Budget Officer

**LOCAL GOVERNMENT
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 9, 2017

Agency Submitting: Local Government

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses
SJR 14 / BDR C - 1123

City/County: **Carson City**

Approved by: Nancy Paulson, CFO

Comment: The issue with this is that removing the depreciation, many of the properties taxable values will be higher than the market values. In the first 2.5 months of this year, we had 157 sales with structures in them. Of those, 32% would be over market value and would require obsolescence. This obsolescence would need to be adjusted each year which would require additional staffing. As far as the revenue, it would generate a lot of monies each year.

The second issue is who would do the refunds of the taxes? Would the funds come from a state fund, or would the local governments need to fund the taxes. I believe this is similar to the STARR program that the Governor got rid of, but clarification needs to be made in who will administer it and where the monies will come from for the refunds.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Churchill County**

Approved by: Eleanor Lockwood, County Manager

Comment: If BDR C-1123 were to pass, there would be significant fiscal impacts to Churchill County in the form of property tax revenues, but much of the impacts cannot be calculated until the Legislature provides laws that outline specifics on the intent and applicability of the provisions sought in this bill. A portion of this bill seeks to amend the Nevada Constitution to provide for the first fiscal year after real property is sold or transferred, the real property is ineligible for any adjustment to the value - in essence, the current "tax cap" would be lifted for that first year when a property was sold or transferred, and furthermore the bill states that the improvements made to real property must be determined as if the improvements were "new" on the date of the sale or transfer. If this were the case, there would be an increase in property tax revenue in these situations. However, there would be programming changes required in the Assessor's Office, both procedurally as well as software changes. Currently, new construction is outside the tax cap for the first year it is assessed. One would assume this provision does not change? However, this bill is not clear, and appears that if a resident made improvements to their property, and many years passes before selling the property, the new owner would be taxed on the improvements (potentially made many years earlier), as "new" for the fiscal year the sale or transfer takes place? Furthermore, this bill seeks to establish an assistance program for Seniors 62 years or older and disabled persons, which would refund the property taxes imposed on the primary residences of such persons. This section of the bill is very vague, and if the intent is to provide full refunds of property taxes to those over 62, the impacts would be devastating to Churchill County. However, BDR C-1123 seeks to have the Legislature develop a program, so again, the impacts cannot be determined.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Clark County**

Approved by: David Dobrzynski, Asst Director of Finance

Comment: This bill has two provisions. The first provision would freeze, for one year, the depreciation of improvements to real property when the property is sold and adjust the age of improvements to new on the date of the sale. The second provision requires the Legislature to establish a program to refund property taxes for individuals who are 62 and older meeting unspecified financial criteria or a person with a disability.

The bill is silent about the funding source which will be used for the tax credits. This assumed refund would reduce tax revenues to all jurisdictions through allocation would it not.

Neither the Assessor's Office nor the Treasurer's Office has the demographic data needed to estimate the fiscal impact.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Douglas County**

Approved by: Douglas W. Sonnemann, Douglas County Assessor

Comment: If depreciation and accrued abatement were eliminated, the county would receive more property tax revenue of an unknown amount.

We are assuming the state would fund the senior/disability refund which would thus not impact the county.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

City/County: **Esmeralda County**

Approved by: Ruth P. Lee, Assessor

Comment: Has a major impact, but no idea of what. This does not say who will administer this refund, what the refund will be. This will be a real hardship on the Counties.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

City/County: **Humboldt County**

Approved by: Gina Rackley, Comptroller

Comment: Depreciation is automatically built in to every transaction. It will cause additional money (staff time) to correct all over valued properties. It would be very difficult to calculate what this impact would be in both revenue and expense. But there definitely would be an impact.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Washoe County**

Approved by: Jamie Rodriguez , Management Analyst

Comment: Removing the abatement the year after sale would generate approximately \$3 million in revenue per year. The removal of depreciation would generate an estimated additional \$7 million per year. The fiscal impact of the senior rebate cannot be estimated with the information presented in the bill.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

The following counties did not provide a response: Elko County, Eureka County, Lander County, Lincoln County, Mineral County, Lyon County, Nye County, Storey County, Pershing County, and White Pine County.