

ASSEMBLY BILL NO. 62—COMMITTEE ON REVENUE

(ON BEHALF OF THE ADVISORY COMMITTEE ON HOUSING)

PREFILED NOVEMBER 16, 2022

Referred to Committee on Revenue

SUMMARY—Revises provisions governing property tax exemptions for low-income housing. (BDR 32-362)

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 taxation; revising the qualifications for obtaining the exemption from taxation for certain property used for housing and related facilities for persons with low incomes; revising the qualifications for obtaining the exemption from taxation for certain property used for housing and related facilities for elderly persons or persons with disabilities; making legislative findings; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law exempts from property taxes the portion of real property and tangible personal property that is used for housing and related facilities for persons with low incomes if the portion of property: (1) qualifies as a low-income unit that is part of a qualified low-income housing project; and (2) is funded in part by federal money appropriated under the federal HOME Investment Partnerships Act. (42 U.S.C. §§ 12701 et seq.; NRS 361.082) **Section 1** of this bill expands this exemption to include the portion of property which: (1) qualifies as a low-income unit that is part of a qualified low-income housing project that is financed in whole or in part by the federal Low-Income Housing Tax Credit or money from the Account for Affordable Housing; or (2) is financed in part with money from the federal Housing Trust Fund and complies with the affordability requirements for units financed through the Housing Trust Fund. Existing law also exempts from property taxes real property and tangible personal property used exclusively for housing and related facilities for elderly persons or persons with disabilities if the property: (1) was financed by a loan under the federal Housing Act of 1959, as amended; and (2) is owned or operated by a nonprofit corporation. (12 U.S.C. § 1701q; NRS 361.086) **Section 2** of this bill provides that the exemption for real



property and tangible personal property used exclusively for housing and related facilities for elderly persons or persons with disabilities applies only to the portion of property which is used exclusively for housing and related facilities for very low-income elderly persons or very low-income persons with disabilities, as defined in federal law. (12 U.S.C. § 1701q, 42 U.S.C. § 8013) **Section 2** expands the exemption to include the portion of property that was wholly or partially financed by a capital advance issued under the portion of the federal Cranston-Gonzalez National Affordable Housing Act, which authorizes capital advances for supportive housing for very low-income persons with disabilities. (42 U.S.C. § 8013) **Section 2** establishes the method for calculating the portion of a property to which this exemption applies.

The Nevada Constitution prohibits the Legislature from enacting an exemption from property taxes unless the Legislature makes certain findings regarding the benefits and effects of the exemption. (Nev. Const. Art. 10, § 6) **Section 3** of this bill sets forth such findings of the Legislature with respect to the exemptions from property taxes expanded by this bill.

Section 4 of this bill provides that the expanded exemptions set forth in **sections 1 and 2** apply prospectively only to housing and related facilities approved on or after July 1, 2023, to receive financing under a program described in **section 1 or 2**.

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

Section 1. NRS 361.082 is hereby amended to read as follows:

361.082 1. That portion of real property and tangible personal property which is used for housing and related facilities for persons with low incomes is exempt from taxation if *, for the year in which the exemption applies,* the portion of property ~~[qualifies]~~ :

(a) *Qualifies* as a low-income unit and is part of a qualified low-income housing project that is ~~[funded]~~ *financed* in part by ~~[federal]~~ :

(1) *Federal* money appropriated pursuant to *the HOME Investment Partnerships Act*, 42 U.S.C. §§ 12701 et seq. ~~[for the year in which the exemption applies.]~~ ;

(2) *The credit or reduction in liability for federal income taxes that is awarded pursuant to section 42 of the Internal Revenue Code*, 26 U.S.C. § 42; or

(3) *Money from the Account for Affordable Housing created by NRS 319.500; or*

(b) *Meets the affordability requirements pursuant to 24 C.F.R. § 93.302 and is financed in part by federal money appropriated pursuant to section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992*, 12 U.S.C. § 4568.

2. The portion of a qualified low-income housing project that is entitled to the property tax exemption pursuant to *paragraph (a) of subsection 1* must be determined by dividing the total assessed value of the housing project and the land upon which it is situated into the



assessed value of the low-income units and related facilities that are occupied by or used exclusively for persons with low incomes.

3. *The portion of a housing project that is entitled to the property tax exemption pursuant to paragraph (b) of subsection 1 must be determined by dividing the total assessed value of the housing project and the land upon which it is situated into the assessed value of the units and related facilities that were financed in part by federal money appropriated pursuant to 12 U.S.C. § 4568 and that meet the affordability requirements pursuant to 24 C.F.R. § 93.302.*

4. The Nevada Tax Commission shall, by regulation, prescribe a form for an application for the exemption described in subsection 1. After an original application is filed, the county assessor of the county in which the housing project is located may mail a form for the renewal of the exemption to the owner of the housing project each year following a year in which the exemption was allowed for that project.

~~[4.]~~ 5. A renewal form returned to a county assessor must indicate the total number of units in the housing project and the number of units used for housing and related facilities for persons with low incomes. If the owner of a housing project fails to provide a properly completed renewal form to the county assessor of the county in which the project is located by the date required in NRS 361.155, except as otherwise provided in subsection 6 of that section, or fails to qualify for the exemption described in subsection 1, the owner is not entitled to the exemption in the following fiscal year.

~~[5.]~~ 6. As used in this section, the terms "low-income unit" and "qualified low-income housing project" have the meanings ascribed to them in 26 U.S.C. § 42.

Sec. 2. NRS 361.086 is hereby amended to read as follows:

361.086 ~~[A]]~~

1. *That portion of* real property and tangible personal property *which is* used exclusively for housing and related facilities for *very low-income* elderly persons or *very low-income* persons with disabilities ~~[are]~~ *is* exempt from taxation if ~~[-]~~:

~~—1. The property was] the portion of property:~~

(a) *Was* wholly or partially financed by a ~~[loan]~~ *capital advance* under *section 202 of* the Housing Act of 1959, as amended, 12 U.S.C. § 1701q ~~[f]~~, *or section 811 of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. § 8013;* and

~~[2.]~~ (b) The property is owned or operated:

~~[a)]~~ (1) By a nonprofit corporation organized under the laws of the State of Nevada; or



~~[(b)]~~ (2) By a nonprofit corporation organized under the laws of another state and qualified to do business as a nonprofit corporation under the laws of the State of Nevada.

2. The portion of a housing project that is entitled to the property tax exemption pursuant to subsection 1 must be determined by dividing the total assessed value of the housing project and the land upon which it is situated into the assessed value of the units and related facilities that are occupied by or used exclusively for very low-income elderly persons or very low-income persons with disabilities.

3. As used in this section:

(a) "Elderly person" has the meaning ascribed to it in 12 U.S.C. § 1701q.

(b) "Person with disabilities" has the meaning ascribed to it in 42 U.S.C. § 8013.

(c) "Very low-income" has the meaning ascribed to the term "very low-income families" in 42 U.S.C. § 1437a.

Sec. 3. The Legislature hereby finds that each exemption provided by this act from any ad valorem tax on property:

1. Will achieve a bona fide social or economic purpose and that the benefits of the exemption are expected to exceed any adverse effect of the exemption on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the exemption would be granted; and

2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from the tax from which the exemption would be granted was pledged.

Sec. 4. The amendatory provisions of this act apply only to housing and related facilities that are approved on or after July 1, 2023, to receive financing pursuant to an applicable provision of law described in NRS 361.082, as amended by section 1 of this act, or NRS 361.086, as amended by section 2 of this act.

Sec. 5. This act becomes effective on July 1, 2023.

