Assembly Bill No. 377–Assemblymembers Gallant, Gurr, D'Silva, Gray; Cole, DeLong, Hibbetts, Koenig and O'Neill

Joint Sponsors: Senators Buck; Doñate, Ellison and Stone

CHAPTER..........

AN ACT relating to real property; requiring the Nevada Tax Commission to include in the form prescribed for the declaration of value of real property a section in which a property owner is authorized to claim certain partial abatements of property taxes; prescribing the manner in which a property owner is required to claim such partial abatements; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes partial abatements of property taxes for real property that is: (1) a single-family residence which is the primary residence of the owner; or (2) a residential rental dwelling that qualifies based on the amount of rent collected from the tenants. (NRS 361.4723, 361.4724) Existing law requires a person who files with a county recorder a deed evidencing a transfer of title of real property or a land sale installment contract to also provide the county recorder with a declaration of value of the real property made on a form prescribed by the Nevada Tax Commission. The county recorder is prohibited from charging or collecting any fee for recording the form. (NRS 375.060) **Section 3** of this bill requires the Nevada Tax Commission to include a section in that form in which a property owner is authorized to claim a partial abatement of property taxes for a single-family residence which is the primary residence of the owner or for a qualified residential rental dwelling.

Existing regulations require an owner of a single-family residence which is the primary residence of the owner to claim the partial abatement of property taxes on the single-family residence by submitting a claim for the partial abatement to the county assessor. (NAC 361.606) **Section 1** of this bill additionally authorizes such a partial abatement to be claimed on the form for a declaration of value prescribed by the Nevada Tax Commission and provided to the county recorder with a deed evidencing a transfer of title to the single-family residence.

Existing regulations require the owner of a residential rental dwelling that qualifies for a certain partial abatement of property taxes based on the amount of rent collected from the tenants of the property to claim the partial abatement by annually filing a claim with the county assessor of the county in which the property is located not later than June 15 of each year. Under existing regulations, the claim must be accompanied by an affidavit concerning the amount of rent charged to the tenants of the property. (NAC 361.607) **Section 2** of this bill additionally authorizes a claim for this partial abatement of property taxes to be made on a declaration of value form prescribed by the Nevada Tax Commission and provided to the county recorder with a deed evidencing the transfer of title to the property.

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

Section 1. 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, 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. ***A claim for a partial abatement of property taxes pursuant to this section must be submitted:***

(a) On a form provided by the county assessor of the county in which the property is located in accordance with regulations adopted by the Nevada Tax Commission; or

(b) If a partial abatement of property taxes pursuant to this section is claimed on the form for a declaration of value prescribed by the Nevada Tax Commission pursuant to NRS 375.060, on the form prescribed by the Nevada Tax Commission pursuant to NRS 375.060.

7. 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. 2. 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, if the amount of rent collected from each of the tenants of a residential dwelling does not exceed the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development, the owner of the dwelling is entitled to a partial abatement of the ad valorem taxes levied in a county on that property for 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:

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

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

(c) Any property for which 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. ***A claim for a partial abatement of property taxes pursuant to this section must be submitted:***

(a) In the manner prescribed by regulations adopted by the Nevada Tax Commission; or

(b) If a partial abatement of property taxes pursuant to this section is claimed on the form for a declaration of value prescribed by the Nevada Tax Commission pursuant to NRS 375.060, on the form prescribed by the Nevada Tax Commission pursuant to NRS 375.060.

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

Sec. 3. NRS 375.060 is hereby amended to read as follows:

375.060 1. Each deed evidencing a transfer of title of real property or land sale installment contract that is presented for recordation to the county recorder must be accompanied by a declaration of value made on a form prescribed by the Nevada Tax Commission.

2. ***The Nevada Tax Commission shall include in the form prescribed pursuant to subsection 1 a section in which the property owner may claim a partial abatement from taxation provided pursuant to NRS 361.4723 or 361.4724.***

3. A county recorder shall not charge or collect any fees for recording the declaration of value required pursuant to this section.

Sec. 4. 1. This section becomes effective upon passage and approval.

2. Sections 1, 2 and 3 of this act become effective:

(a) Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On October 1, 2025, for all other purposes.

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