

**PROPOSED REGULATION OF THE
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

**Proposed Regulation for Allocation of Taxes in Redevelopment Areas
and Tax Increment Areas after Abatement**

Sec. 1. Chapter 361 of NAC is hereby amended by adding thereby the provisions of Section 2 to 7, inclusive, of this regulation.

Sec. 2. In General. *This regulation provides for the allocation of property taxes collected on taxable property located in Redevelopment Areas and Tax Increment Areas as provided in NRS 361.4733, as amended by Section 24 of Ch 415 of the 2007 regular session of the Nevada Legislature. Unless otherwise stated, all calculations required to be made by this regulation are calculated separately for each parcel in a redevelopment area or a tax increment area and are re-calculated for each fiscal year.*

Sec. 3. Definitions. *The terms defined in this section shall have the meanings given them in this section for all purposes of this regulation unless the context otherwise requires.*

A. Common definitions.

- 1. “Combined overlapping adjusted tax rate” means the sum of all of the entity adjusted parcel tax rates of each taxing entity that levies a property tax on that parcel.*
- 2. “Debt tax rate” of a taxing entity means the tax rate levied by that entity in a fiscal year for the payment of the bonded indebtedness of that taxing entity, as included in the combined tax rate certified by the Nevada Tax Commission for that fiscal year in accordance with NRS 361.4547.*
- 3. “Entity adjusted parcel tax rate” has the meaning given to that term in Subsection 2 of NAC 361.611, calculated as if the parcel was not located in a tax increment area or redevelopment area.*
- 4. “Entity adjusted parcel tax rate increase” means the entity adjusted parcel tax rate for a fiscal year minus the entity adjusted parcel tax rate for the immediately preceding fiscal year, but if this difference is less than zero, the entity adjusted parcel tax rate increase shall be treated as zero.*
- 5. “Entity parcel tax rate increase” means the ad valorem tax rate imposed by or on behalf of a taxing entity on a parcel or other unit of property for a fiscal year minus the entity adjusted parcel tax rate of that taxing entity for the preceding fiscal year; but if this difference is less than zero, the entity parcel tax rate increase shall be treated as zero.*

6. *“Entity percentage allowed parcel tax rate increase” means the entity adjusted parcel tax rate increase divided by the entity parcel tax rate increase, but if the entity parcel tax rate increase is zero, the entity percentage allowed parcel tax rate increase shall be 100%.*
7. *“Parcel effective assessed value” means the amount obtained when the dollar amount of taxes levied on a parcel taking into account all partial abatements of taxes pursuant to NRS 361.4722, 361.4723 or 361.4724, is divided by the combined overlapping adjusted tax rate.*
8. *“Parcel effective incremental value” means the parcel effective assessed value minus the parcel share of base value, but if this difference is less than zero, it shall be treated as zero.*
9. *“Parcel share of base value” means for a parcel located in a redevelopment area or tax increment area, the product of the base value as determined under NRS 279.676(1)(a) or 278C.250(1)(a), whichever is applicable, of the redevelopment area or tax increment area times the ratio of the parcel effective assessed value of that parcel and the sum of the parcel effective assessed values of all parcels in the redevelopment area or tax increment area.*
10. *“Redevelopment Area” means a redevelopment area as defined in Ch 279 of NRS in which taxes are distributed as provided in NRS 279.676.*
11. *“Tax Increment Area” means the area included in a tax increment area as defined in Ch 278C of NRS in which taxes are distributed as provided in NRS 278C.250.*

B. Definitions applicable in redevelopment areas:

1. *“Combined overlapping post 1996 adjusted parcel tax rate” means the sum of all of the Post 1996 adjusted parcel tax rates of each taxing entity that levies a property tax on a parcel.*
2. *“Post 1996 adjusted parcel tax rate” for any parcel for any entity means the post 1996 adjusted parcel tax rate of that taxing entity on that parcel for the immediately prior fiscal year plus the product of the post 1996 parcel tax rate increase for that parcel for the current fiscal year times the entity percentage allowed parcel tax rate increase for that parcel for that entity.*
3. *“Post 1996 debt tax rate” means the portion of a taxing entity’s debt tax rate that is levied to pay bonded indebtedness that was approved by the voters of the taxing agency on or after November 5, 1996, as described in NRS 279.676(1)(c). The Post 1996 debt tax rate of any entity in any fiscal year will be determined by multiplying the entity’s debt tax rate for that fiscal year by a fraction, the numerator of which is the total principal and interest coming due in that fiscal year on bonded indebtedness of that taxing entity that was approved by the voters of that taxing entity on or after November*

5, 1996 and that is to be paid with property taxes, and the denominator of which is the total principal and interest coming due in that fiscal year on all bonded indebtedness of that taxing entity for which the debt tax rate is being levied. The amount of principal and interest on bonded indebtedness of a taxing entity coming due in a fiscal year for which the debt tax rate is being levied, and the amount of such indebtedness coming due in a fiscal year to be paid with property taxes that was approved by the voters of the taxing entity on or after November 5, 1996 shall be determined by reference to be final approved budget of the taxing entity which was used by the Nevada Tax Commission to certify the combined tax rate to be levied in accordance with NRS 361.4547, and shall not be adjusted thereafter even if an event occurs that changes the amount of bonded indebtedness of the taxing entity coming due in that fiscal year to be paid with property taxes.

- 4. "Post 1996 tax rate" means the portion of a taxing entity's tax rate equal to the sum of the entity's post 1996 debt tax rate plus the entity's tax rate that is attributable to a new or increased tax rate which was approved by the voters of the taxing entity on or after November 5, 1996, as described in NRS 279.676(1)(d).*
- 5. "Post 1996 parcel tax rate increase" means the post 1996 tax rate of an entity applicable to a parcel for the current fiscal year minus the post 1996 adjusted parcel tax rate of that entity for the prior fiscal year.*

C. Definitions applicable in tax increment areas.

- 1. "Combined overlapping debt and override adjusted parcel tax rate" means the sum of all of the debt and override adjusted parcel tax rates of each taxing entity that levies a property tax on a parcel.*
- 2. "Debt and override adjusted parcel tax rate" for any parcel for any entity means the debt and override adjusted parcel tax rate of that taxing entity on that parcel for the immediately prior fiscal year plus the product of the debt and override parcel tax rate increase for that parcel for the current fiscal year times the entity percentage allowed parcel tax rate increase for that parcel for that entity.*
- 3. "Debt and override tax rate" means the portion of a taxing entity's tax rate equal to the sum of (i) the entity's debt tax rate plus (ii) the portion of the entity's tax rate that is attributable to an increase in that entity's tax rate since creation of the tax increment area if the additional tax rate was approved by the voters of the taxing entity plus (iii) the portion of the entity's tax rate that is levied under NRS 387.3285 or 387.3287 if that rate was approved by a majority of the registered voters within the area of the taxing entity voting upon the question, all as described in NRS 278C.250(4)(a)(b) & (c).*
- 4. "Non-school, debt or override adjusted parcel tax rate" means the entity adjusted parcel tax rate of an entity applicable to a parcel less (i) the tax rate mandated by subsection 1 of NRS 387.195 if the entity adjusted parcel tax rate includes the tax rate*

mandated by subsection 1 of NRS 387.195, and (ii) the debt and override adjusted parcel tax rate of that entity.

5. *“Debt and override parcel tax rate increase” means the debt and override tax rate of an entity applicable to a parcel for the current fiscal year minus the debt and override adjusted parcel tax rate of that entity for the prior fiscal year..*

Sec. 4. Allocation of taxes where there is no effective incremental value. *The taxes collected on a parcel with a parcel effective incremental value equal to \$0.00, that is located in a redevelopment area or a tax increment area, shall be distributed in the same manner as if such parcel was not located in a redevelopment area or a tax increment area.*

Sec. 5. Allocation of taxes in redevelopment areas. *The taxes collected on each parcel in a redevelopment area whose parcel effective incremental value exceeds \$0.00 shall be distributed as follows, except as otherwise provided in NRS 279.676(2):*

A. *The amount of taxes determined by multiplying the parcel share of base value times the combined overlapping adjusted tax rate shall be distributed to the entities entitled to receive those taxes under NRS 279.676(1)(a) in proportion to their respective entity adjusted parcel tax rates.*

B. *The amount of taxes determined by multiplying the combined overlapping post 1996 adjusted parcel tax rate times the parcel effective incremental value shall be distributed to the entities described in NRS 279.676(1)(c) & (d) in proportion to their respective post 1996 adjusted parcel tax rates.*

C. *The balance shall be allocated to the redevelopment agency, as provided in NRS 279.676(1)(b).*

Sec. 6. Allocation of taxes in tax increment areas. *The taxes collected on each parcel in a tax increment area whose parcel effective incremental value exceeds \$0.00 shall be distributed as follows except as otherwise provided in NRS 278C.250(2) & (3):*

A. *The amount of taxes determined by multiplying the parcel share of base value times the combined overlapping adjusted tax rate shall be delivered to the entities entitled to receive those taxes under 278C.250(1)(a), in proportion to their respective entity adjusted parcel tax rates.*

B. *The amount of taxes determined by multiplying the combined overlapping debt and override adjusted parcel tax rate times the parcel effective incremental value shall be distributed to the entities described in NRS 278C.250(4)(a), (b) & (c) in proportion to their respective debt and override adjusted parcel tax rates.*

C. *The amount determined by multiplying the tax rate specified in subsection 1 of NRS 387.195 times the parcel effective incremental value shall be distributed as provided in NRS*

278C.250(4)(d), except that this Section 6C shall not apply to a tax increment area established under Section 1 of Ch 459, Statutes of Nevada, 2007.

D. The balance, up to an amount equal to combined total amount required for annual debt service on bonds issued by the entity that created the tax increment area to which the tax increment revenues of the tax increment area are pledged, shall be distributed to the entity that created the tax increment area, as provided in NRS 278C.250(1)(b) & (c).

E. Any remainder shall be distributed to all entities that impose a non-school, debt or override adjusted parcel tax rate in proportion to their respective non-school, debt or override adjusted parcel tax rates as provided in NRS 278C.250(1)(d), but in a tax increment area established under Section 1 of Ch 459, Statutes of Nevada, 2007, all of the remainder shall be distributed to the entity that created the tax increment area.

Sec. 7. Section 5 and Section 6 of this regulation shall not be applied in a manner that (i) would abate any tax rate increase that is exempt from abatement under NRS 361.4726, Subsection 3 of NRS 361.4727 or NRS 361.4728 or (ii) would not allocate the revenues from such a tax rate increase to the taxing entity who levied the tax that is exempt from abatement or on behalf of whom such a tax was levied.

Sec. 8. This regulation shall be effective on adoption and filing pursuant to NRS 233B.070 for purposes of budgeting and making any calculations needed for planning or budgeting for the 2008-2009 fiscal year, and shall be effective on July 1, 2008 for all other purposes.