

MOCK-UP

PROPOSED AMENDMENT 7527 TO
SENATE JOINT RESOLUTION NO. 13

PREPARED FOR SENATOR SETTELMAYER
MAY 19, 2015

PREPARED BY THE LEGAL DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.

EXPLANATION: Matter in (1) blue bold italics is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) red strikethrough is deleted language in the original bill; (4) purple double strikethrough is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

Sec. 7. 1. The maximum amount of tax ad valorem that may be cumulatively levied per year on real property is 1 percent of the base value of the property. This limit does not apply to taxes ad valorem levied to pay the interest and principal of any bonded indebtedness ~~incurred before the effective date of this section or approved thereafter by two-thirds of the votes cast by the voters voting on the question in the taxing district to which it applies.~~ or to pay any obligation under a contract made in connection with such bonded indebtedness.

2. Except as otherwise provided in subsections 3 to 7, inclusive, the base value of real property is the property's taxable value from which the assessed value for the Fiscal Year ~~2013-2014~~ 2017-2018 was calculated.

3. Except as otherwise provided in this subsection and subsection 7, if one-half or more of an ownership interest in real property is transferred, the base value of the property becomes the cash value of the property as of the date of transfer of the ownership interest. The provisions of this subsection do not apply if the transfer of ownership interest is to the spouse, child or grandchild of the transferor, or if the transfer of ownership

interest is to or from a separate legal entity of which the transferor is the beneficial owner.

4. Except as otherwise provided in subsection 7:

(a) If existing improvements to real property are materially enhanced or new improvements are constructed, except if constructed to replace existing improvements destroyed by natural disaster or other casualty, the base value of the property must be increased by the cash value of the enhancement or improvement, respectively.

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

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

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

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

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

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

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

(b) An improvement may be constructed or materially enhanced without changing the base value of real property if the

1 *construction or enhancement is necessary to protect the safety of*
2 *the occupants or improve accessibility to persons with disabilities.*

3 *(c) An owner whose real property is taken by the exercise of*
4 *eminent domain may replace the condemned property with*
5 *property of comparable value and transfer to the new property the*
6 *base value of the condemned property for the purpose of limiting*
7 *the ad valorem tax on the property. If the cash value of the new*
8 *property exceeds the cash value of the condemned property by*
9 *more than 10 percent, the base value of the new property must*
10 *equal the base value of the condemned property plus the amount*
11 *by which the cash value of the new property exceeds the cash*
12 *value of the condemned property.*

13 8. *The Legislature shall provide by law for:*

14 *(a) A uniform and just valuation of the base value of real*
15 *property; and*

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

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

22 10. *As used in this section:*

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

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

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

30 And be it further

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

33 Section 1. 1. ~~The~~ *Except as otherwise provided in Section*
34 *7 of this Article, the* Legislature shall provide by law for a uniform
35 and equal rate of assessment and taxation, and shall prescribe such
36 regulations as shall secure a just valuation for taxation of all
37 property, real, personal and possessory, except mines and mining
38 claims, which shall be assessed and taxed only as provided in
39 Section 5 of this Article.

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

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

10 4. Personal property which is moving in interstate commerce
11 through or over the territory of the State of Nevada, or which was
12 consigned to a warehouse, public or private, within the State of
13 Nevada from outside the State of Nevada for storage in transit to a
14 final destination outside the State of Nevada, whether specified
15 when transportation begins or afterward, shall be deemed to have
16 acquired no situs in Nevada for purposes of taxation and shall be
17 exempt from taxation. Such property shall not be deprived of such
18 exemption because while in the warehouse the property is
19 assembled, bound, joined, processed, disassembled, divided, cut,
20 broken in bulk, relabeled or repackaged.

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

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

32 7. No inheritance tax shall ever be levied.

33 8. The Legislature may exempt by law property used for
34 municipal, educational, literary, scientific or other charitable
35 purposes, or to encourage the conservation of energy or the
36 substitution of other sources for fossil sources of energy.

37 9. No income tax shall be levied upon the wages or personal
38 income of natural persons. Notwithstanding the foregoing provision,
39 and except as otherwise provided in subsection 1 of this Section,
40 taxes may be levied upon the income or revenue of any business in
41 whatever form it may be conducted for profit in the State.

42 10. The Legislature may provide by law for an abatement of
43 the tax upon or an exemption of part of the assessed value of a
44 single-family residence occupied by the owner to the extent

1 necessary to avoid severe economic hardship to the owner of the
2 residence.

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