

MOCK-UP

PROPOSED AMENDMENT 7649 TO
ASSEMBLY BILL NO. 412
FIRST REPRINT

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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.

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

1 **Section 1.** ~~Chapter 354 of NRS is hereby amended by adding~~
2 ~~thereto a new section to read as follows:~~

3 ~~— 1. In addition to all other taxes imposed on property in a county, the~~
4 ~~board of county commissioners of the county may, by a majority vote and~~
5 ~~without the approval of the registered voters in the county, impose an ad~~
6 ~~valorem tax at the rate of up to 5 cents per \$100 of assessed valuation on~~
7 ~~all taxable property in the county. A tax imposed pursuant to this~~
8 ~~subsection applies throughout the county, including incorporated cities~~
9 ~~in the county.~~

10 ~~— 2. Except as otherwise specifically provided by statute, any tax~~
11 ~~imposed pursuant to subsection 1 must be assessed in the same manner~~
12 ~~and is subject to the provisions of the general laws for the assessment~~
13 ~~and collection of taxes. The tax must be collected at the same time and by~~
14 ~~the same officers who assess and collect the state and county taxes. The~~
15 ~~money received from the tax and any applicable penalty or interest must~~
16 ~~be remitted to the county treasurer.~~

1 ~~3. The Department of Taxation shall add an amount equal to the~~
2 ~~rate of any tax imposed pursuant to subsection 1 multiplied by the total~~
3 ~~assessed valuation of the county to the allowed revenue from taxes ad~~
4 ~~valorem of the county.~~

5 ~~4. The money received from any tax imposed pursuant to subsection~~
6 ~~1 and any applicable penalty or interest:~~

7 ~~(a) Must not be allocated or included in the calculation of any~~
8 ~~amounts to be allocated to or for the benefit of a redevelopment agency~~
9 ~~created pursuant to chapter 279 of NRS.~~

10 ~~(b) Must not be considered as financial ability to pay for the purposes~~
11 ~~of negotiation, fact-finding or arbitration regarding salaries and benefits~~
12 ~~of employees of a local government;~~

13 ~~(c) Must not be used to settle or arbitrate disputes or negotiate~~
14 ~~settlements between an organization that represents employees of a local~~
15 ~~government and the local government; and~~

16 ~~(d) Must not be used to adjust the schedules of salaries and benefits~~
17 ~~of the employees of a local government.] (Deleted by amendment.)~~

18 **Sec. 2.** [NRS 354.470 is hereby amended to read as follows:

19 ~~354.470 NRS 354.470 to 354.626, inclusive, and section 1 of this act~~
20 ~~may be cited as the Local Government Budget and Finance Act.] (Deleted~~
21 ~~by amendment.)~~

22 **Sec. 3.** [NRS 354.472 is hereby amended to read as follows:

23 ~~354.472 1. The purposes of NRS 354.470 to 354.626, inclusive, and~~
24 ~~section 1 of this act are:~~

25 ~~(a) To establish standard methods and procedures for the preparation,~~
26 ~~presentation, adoption and administration of budgets of all local~~
27 ~~governments;~~

28 ~~(b) To enable local governments to make financial plans for programs~~
29 ~~of both current and capital expenditures and to formulate fiscal policies to~~
30 ~~accomplish these programs;~~

31 ~~(c) To provide for estimation and determination of revenues,~~
32 ~~expenditures and tax levies;~~

33 ~~(d) To provide for the control of revenues, expenditures and expenses~~
34 ~~in order to promote prudence and efficiency in the expenditure of public~~
35 ~~money;~~

36 ~~(e) To provide specific methods enabling the public, taxpayers and~~
37 ~~investors to be apprised of the financial preparations, plans, policies and~~
38 ~~administration of all local governments;~~

39 ~~2. For the accomplishment of these purposes, the provisions of NRS~~
40 ~~354.470 to 354.626, inclusive, and section 1 of this act must be broadly~~
41 ~~and liberally construed.] (Deleted by amendment.)~~

42 **Sec. 4.** [NRS 354.476 is hereby amended to read as follows:

43 ~~354.476 As used in NRS 354.470 to 354.626, inclusive, and section 1~~
44 ~~of this act, unless the context otherwise requires, the words and terms~~

1 defined in NRS 354.479 to 354.578, inclusive, have the meanings ascribed
2 to them in those sections.] **(Deleted by amendment.)**

3 **Sec. 5.** [NRS 354.594 is hereby amended to read as follows:

4 ~~354.594 The Committee on Local Government Finance shall~~
5 ~~determine and advise local government officers of regulations, procedures~~
6 ~~and report forms for compliance with NRS 354.470 to 354.626, inclusive~~
7 ~~[-], and section 1 of this act.] **(Deleted by amendment.)**~~

8 **Sec. 6.** [NRS 354.59811 is hereby amended to read as follows:

9 ~~354.59811 1. Except as otherwise provided in NRS 244.377,~~
10 ~~278C.260, 354.59813, 354.59815, 354.59818, 354.5982, 354.5987,~~
11 ~~354.705, 354.723, 450.425, 450.760, 540A.265 and 543.600, and section 1~~
12 ~~of this act, for each fiscal year beginning on or after~~
13 ~~July 1, 1989, the maximum amount of money that a local government,~~
14 ~~except a school district, a district to provide a telephone number for~~
15 ~~emergencies or a redevelopment agency, may receive from taxes ad~~
16 ~~valorem, other than those attributable to the net proceeds of minerals or~~
17 ~~those levied for the payment of bonded indebtedness and interest thereon~~
18 ~~incurred as general long term debt of the issuer, or for the payment of~~
19 ~~obligations issued to pay the cost of a water project pursuant to NRS~~
20 ~~349.950, or for the payment of obligations under a capital lease executed~~
21 ~~before April 30, 1981, must be calculated as follows:~~

22 ~~—(a) The rate must be set so that when applied to the current fiscal year’s~~
23 ~~assessed valuation of all property which was on the preceding fiscal year’s~~
24 ~~assessment roll, together with the assessed valuation of property on the~~
25 ~~central assessment roll which was allocated to the local government, but~~
26 ~~excluding any assessed valuation attributable to the net proceeds of~~
27 ~~minerals, assessed valuation attributable to a redevelopment area and~~
28 ~~assessed valuation of a fire protection district attributable to real property~~
29 ~~which is transferred from private ownership to public ownership for the~~
30 ~~purpose of conservation, it will produce 106 percent of the maximum~~
31 ~~revenue allowable from taxes ad valorem for the preceding fiscal year,~~
32 ~~except that the rate so determined must not be less than the rate allowed for~~
33 ~~the previous fiscal year, except for any decrease attributable to the~~
34 ~~imposition of a tax pursuant to NRS 354.59813 in the previous year.~~

35 ~~—(b) This rate must then be applied to the total assessed valuation,~~
36 ~~excluding the assessed valuation attributable to the net proceeds of~~
37 ~~minerals and the assessed valuation of a fire protection district attributable~~
38 ~~to real property which is transferred from private ownership to public~~
39 ~~ownership for the purpose of conservation, but including new real~~
40 ~~property, possessory interests and mobile homes, for the current fiscal year~~
41 ~~to determine the allowed revenue from taxes ad valorem for the local~~
42 ~~government.~~

43 ~~— 2. As used in this section, “general long term debt” does not include~~
44 ~~debt created for medium term obligations pursuant to NRS 350.087 to~~
45 ~~350.095, inclusive.] **(Deleted by amendment.)**~~

1 **Sec. 7.** ~~[NRS 354.616 is hereby amended to read as follows:~~

2 ~~— 354.616 — 1. A local governing body may provide for the adjustment~~
3 ~~of expenses as defined by NRS 354.470 to 354.626, inclusive [.] , and~~
4 ~~section 1 of this act. Receipts from adjustment of expenses shall be~~
5 ~~credited to the governmental function to which the reimbursed expense~~
6 ~~was originally charged.~~

7 ~~— 2. A local governing body may provide for the adjustment of~~
8 ~~revenues as defined by NRS 354.470 to 354.626, inclusive [.] , and section~~
9 ~~1 of this act. Disbursements for adjustment of revenues shall be charged to~~
10 ~~the revenue account to which the refunded revenue was originally~~
11 ~~credited.] (Deleted by amendment.)~~

12 **Sec. 8.** ~~[NRS 354.626 is hereby amended to read as follows:~~

13 ~~— 354.626 — 1. No governing body or member thereof, officer, office,~~
14 ~~department or agency may, during any fiscal year, expend or contract to~~
15 ~~expend any money or incur any liability, or enter into any contract which~~
16 ~~by its terms involves the expenditure of money, in excess of the amounts~~
17 ~~appropriated for that function, other than bond repayments, medium-term~~
18 ~~obligation repayments and any other long-term contract expressly~~
19 ~~authorized by law. Any officer or employee of a local government who~~
20 ~~willfully violates NRS 354.470 to 354.626, inclusive, and section 1 of this~~
21 ~~act is guilty of a misdemeanor and upon conviction thereof ceases to hold~~
22 ~~his or her office or employment. Prosecution for any violation of this~~
23 ~~section may be conducted by the Attorney General or, in the case of~~
24 ~~incorporated cities, school districts or special districts, by the district~~
25 ~~attorney.~~

26 ~~— 2. Without limiting the generality of the exceptions contained in~~
27 ~~subsection 1, the provisions of this section specifically do not apply to:~~

28 ~~— (a) [Purchase] The purchase of coverage and professional services~~
29 ~~directly related to a program of insurance which require an audit at the end~~
30 ~~of the term thereof.~~

31 ~~— (b) Long-term cooperative agreements as authorized by chapter 277 of~~
32 ~~NRS.~~

33 ~~— (c) Long-term contracts in connection with planning and zoning as~~
34 ~~authorized by NRS 278.010 to 278.630, inclusive.~~

35 ~~— (d) Long-term contracts for the purchase of utility service such as, but~~
36 ~~not limited to, heat, light, sewerage, power, water and telephone service.~~

37 ~~— (e) Contracts between a local government and an employee covering~~
38 ~~professional services to be performed within 24 months following the date~~
39 ~~of such contract or contracts entered into between local government~~
40 ~~employers and employee organizations.~~

41 ~~— (f) Contracts between a local government and any person for the~~
42 ~~construction or completion of public works, money for which has been or~~
43 ~~will be provided by the proceeds of a sale of bonds, medium-term~~
44 ~~obligations or an installment purchase agreement and that are entered into~~
45 ~~by the local government after:~~

1 ~~— (1) Any election required for the approval of the bonds or~~
2 ~~installment purchase agreement has been held;~~

3 ~~— (2) Any approvals by any other governmental entity required to be~~
4 ~~obtained before the bonds, medium-term obligations or installment-~~
5 ~~purchase agreement can be issued have been obtained; and~~

6 ~~— (3) The ordinance or resolution that specifies each of the terms of~~
7 ~~the bonds, medium-term obligations or installment purchase agreement,~~
8 ~~except those terms that are set forth in subsection 2 of NRS 350.165, has~~
9 ~~been adopted.~~

10 ~~↪ Neither the fund balance of a governmental fund nor the equity balance~~
11 ~~in any proprietary fund may be used unless appropriated in a manner~~
12 ~~provided by law.~~

13 ~~— (g) Contracts which are entered into by a local government and~~
14 ~~delivered to any person solely for the purpose of acquiring supplies,~~
15 ~~services and equipment necessarily ordered in the current fiscal year for~~
16 ~~use in an ensuing fiscal year and which, under the method of accounting~~
17 ~~adopted by the local government, will be charged against an appropriation~~
18 ~~of a subsequent fiscal year. Purchase orders evidencing such contracts are~~
19 ~~public records available for inspection by any person on demand.~~

20 ~~— (h) Long-term contracts for the furnishing of television or FM radio~~
21 ~~broadcast translator signals as authorized by NRS 269.127.~~

22 ~~— (i) The receipt and proper expenditure of money received pursuant to a~~
23 ~~grant awarded by an agency of the Federal Government.~~

24 ~~— (j) The incurrence of obligations beyond the current fiscal year under a~~
25 ~~lease or contract for installment purchase which contains a provision that~~
26 ~~the obligation incurred thereby is extinguished by the failure of the~~
27 ~~governing body to appropriate money for the ensuing fiscal year for the~~
28 ~~payment of the amounts then due.~~

29 ~~— (k) The receipt by a local government of increased revenue that:~~

30 ~~— (1) Was not anticipated in the preparation of the final budget of the~~
31 ~~local government; and~~

32 ~~— (2) Is required by statute to be remitted to another governmental~~
33 ~~entity.~~

34 ~~— (l) An agreement authorized pursuant to NRS 277A.370.] **(Deleted by**~~

35 **amendment.)**

36 **Sec. 9.** [NRS 349.074 is hereby amended to read as follows:

37 ~~— 349.074 — 1. The governing body of a local government may, before~~
38 ~~August 31, 2015, submit to the State Treasurer and to each local~~
39 ~~government that has deposited money with the State Treasurer for credit~~
40 ~~to the Local Government Pooled Investment Fund for the purpose of~~
41 ~~investment, a proposed agreement pursuant to which the State Treasurer~~
42 ~~agrees to borrow money in accordance with the provisions of this section~~
43 ~~and transfer such money to the governing body and the governing body~~
44 ~~agrees to repay the principal amount borrowed and any interest on such~~
45 ~~amount. The proposed agreement must include, without limitation, a~~

~~1 statement of the amount of money proposed to be borrowed, a description
2 of the proposed use of the money, terms and conditions for the
3 repayment by the governing body of the principal amount borrowed by
4 the State Treasurer and transferred to the governing body and the rate or
5 rates of any interest on such amount. Upon approval of the proposed
6 agreement by a majority of the local governments that have deposited
7 money with the State Treasurer for credit to the Local Government
8 Pooled Investment Fund for the purpose of investment, the State
9 Treasurer [may,] shall, on or before August 31, [2013, in] 2015:~~

~~10 — (a) Execute the proposed agreement.~~

~~11 — (b) In the name and on behalf of the State of Nevada, borrow money
12 and evidence such borrowing by the issuance of one or more notes in an
13 aggregate principal amount set forth in the agreement, but in an amount
14 that does not exceed \$160 million.~~

~~15 — (c) In accordance with the terms of the agreement, transfer to the
16 governing body the principal amount borrowed pursuant to paragraph
17 (b).~~

~~18 — 2. Each [such] note [:] issued pursuant to paragraph (b) of
19 subsection 1:~~

~~20 — (a) Must be issued upon the order of the State Treasurer and pursuant
21 to the provisions of the State Securities Law, except to the extent that those
22 provisions are inconsistent with the provisions of this section; and~~

~~23 — (b) May be issued without the approval of the State Board of Finance
24 or any other board, commission or agency of this State.~~

~~25 → For the purposes of this section and the State Securities Law, the State
26 Treasurer shall be deemed to constitute an agency of the State and any
27 order of the State Treasurer authorizing the issuance of a note pursuant to
28 this section shall be deemed to constitute a resolution authorizing the
29 issuance of the note.~~

~~30 — [2.] 3. Each note authorized pursuant to this section must be:~~

~~31 — (a) Issued pursuant to a written contract between the State and the
32 Local Government Pooled Investment Fund, under which the Local
33 Government Pooled Investment Fund agrees to invest in the note or notes
34 issued pursuant to this section. The contract must be executed by the
35 Governor on behalf of the State and by the State Treasurer on behalf of the
36 Local Government Pooled Investment Fund.~~

~~37 — (b) Sold to the Local Government Pooled Investment Fund at a price
38 equal to the principal amount borrowed under the note. The total amount
39 invested by the Local Government Pooled Investment Fund in notes issued
40 pursuant to this section must not exceed:~~

~~41 — (1) Twenty five percent of the book value of the total investments
42 of the Local Government Pooled Investment Fund on the date of the
43 investment by the Local Government Pooled Investment Fund; or~~

~~44 — (2) One hundred sixty million dollars;~~

1 ~~→ whichever is less. The determination as to whether the requirements of~~
2 ~~this paragraph are satisfied must be made by the State Treasurer on the~~
3 ~~date of each investment by the Local Government Pooled Investment Fund~~
4 ~~in a note issued pursuant to this section. Each such determination shall be~~
5 ~~deemed to be conclusive and is not affected by any subsequent changes in~~
6 ~~the book value of the total investments of the Local Government Pooled~~
7 ~~Investment Fund.~~

8 ~~— [3.] 4. [Except as otherwise provided in subsection 6, the] **The**~~
9 ~~principal amount outstanding on any notes issued pursuant to this section~~
10 ~~must bear interest [, payable monthly on the first business day of each~~
11 ~~calendar month,] at a rate [equal to 50 basis points above the average~~
12 ~~monthly rate of earnings of all the investments, other than any investments~~
13 ~~in notes issued pursuant to this section, of money in the Local Government~~
14 ~~Pooled Investment Fund during the immediately preceding calendar~~
15 ~~month.] **or rates set forth in the agreement executed pursuant to**~~
16 ~~**paragraph (a) of subsection 1, except that such rate or rates must not be**~~
17 ~~**less than the rate or rates the State Treasurer determines to be sufficient**~~
18 ~~**to enable the sale of the note at a price that is not less than the principal**~~
19 ~~**amount thereof.**~~

20 ~~— [4.] 5. The total principal amount borrowed on or before August 31,~~
21 ~~[2013.] 2015, pursuant to this section must be repaid [in installments in~~
22 ~~such a manner that:~~

23 ~~— (a) At least 25 percent of each principal amount borrowed pursuant to~~
24 ~~this section must be repaid by the first day of the calendar month that is 13~~
25 ~~months after the month in which that borrowing occurred;~~

26 ~~— (b) At least 50 percent of each principal amount borrowed pursuant to~~
27 ~~this section must be repaid by the first day of the calendar month that is 25~~
28 ~~months after the month in which that borrowing occurred;~~

29 ~~— (c) At least 75 percent of each principal amount borrowed pursuant to~~
30 ~~this section must be repaid by the first day of the calendar month that is 37~~
31 ~~months after the month in which that borrowing occurred; and~~

32 ~~— (d) The entire total principal amount borrowed pursuant to this section~~
33 ~~must be repaid by] **not later than** the first day of the calendar month that is~~
34 ~~[49] 240 months after the month in which that borrowing occurred.~~

35 ~~[→ The provisions of this subsection do not prohibit the repayment of the~~
36 ~~principal amount of any note issued pursuant to this section earlier than the~~
37 ~~periods specified in this subsection.~~

38 ~~— 5.] 6. Each note issued pursuant to this section constitutes a general~~
39 ~~obligation of the State, and the full faith and credit of the State is hereby~~
40 ~~pledged for the payment of the principal of and interest on the note.~~

41 ~~— [6. If necessary to provide money to any local governments that have~~
42 ~~invested in the Local Government Pooled Investment Fund, any note~~
43 ~~issued pursuant to this section, or any portion thereof, may be sold by the~~
44 ~~Local Government Pooled Investment Fund upon the direction of the State~~
45 ~~Treasurer. Each note so sold must:~~

1 ~~— (a) Be payable as to principal on or before the periods specified in~~
2 ~~subsection 4, except that the note may have a fixed maturity date, without~~
3 ~~option of redemption, so long as the principal amount of all the notes~~
4 ~~issued pursuant to this section are retired in accordance with subsection 4.~~

5 ~~— (b) Bear interest, payable monthly on the first business day of each~~
6 ~~calendar month, at such a rate or rates as the State Treasurer determines to~~
7 ~~be sufficient to enable the sale of the note at a price that is not less than the~~
8 ~~principal amount thereof.]~~

9 ~~— 7. Notwithstanding any other provision of law to the contrary, any~~
10 ~~statutory limitation on the rate of interest that would otherwise apply to~~
11 ~~securities issued by or on behalf of this State shall be deemed not to apply~~
12 ~~to any rate of interest payable on any notes issued pursuant to this section.~~

13 ~~— 8. The proceeds from the sale of any notes pursuant to this section to~~
14 ~~the Local Government Pooled Investment Fund, net of costs of issuance,~~
15 ~~must be [deposited into the State General Fund and used for the general~~
16 ~~operation of this State.] *transferred by the State Treasurer to the*~~
17 ~~*governing body in accordance with the terms of the agreement executed*~~
18 ~~*pursuant to paragraph (a) of subsection 1.*~~

19 ~~— 9. As used in this section, “Local Government Pooled Investment~~
20 ~~Fund” means the Local Government Pooled Investment Fund created by~~
21 ~~NRS 355.167.] **(Deleted by amendment.)**~~

22 **Sec. 10.** Chapter 361 of NRS is hereby amended by adding thereto a
23 new section to read as follows:

24 *1. If the State Board of Equalization, a county board of equalization*
25 *or a county assessor reduces the taxable value of property as a result of*
26 *obsolescence based upon capitalization*
27 *of the fair economic income expectancy or fair economic rent, or an*
28 *analysis of the discounted cash flow through the use of the income*
29 *approach pursuant to paragraph (c) of subsection 5 of NRS 361.227 or*
30 *the formulas adopted by the Nevada Tax Commission pursuant to*
31 *subsection 5 of NRS 361.320, the State Board of Equalization, the county*
32 *board of equalization or the county assessor, as applicable, shall submit*
33 *electronically to the Department a report, in the form prescribed by the*
34 *Nevada Tax Commission, which describes the facts supporting each such*
35 *reduction in assessed valuation and identifies the parcel number of the*
36 *property.*

37 *2. The Department shall annually conduct an audit of each*
38 *reduction in the portion of assessed valuation of property which,*
39 *pursuant to subsection 3 of NRS 361.4726, is exempt from each partial*
40 *abatement from taxation provided pursuant to NRS 361.4722, 361.4723*
41 *and 361.4724 made by the State Board of Equalization, a county board*
42 *of equalization or a county assessor.*

43 **Sec. 11.** NRS 361.227 is hereby amended to read as follows:

44 361.227 1. Any person , *including, without limitation, a county*
45 *assessor, a county board of equalization, the State Board of Equalization*

1 *and the Department*, determining the taxable value of real property shall
2 appraise:

3 (a) The full cash value of:

4 (1) Vacant land by considering the uses to which it may lawfully be
5 put, any legal or physical restrictions upon those uses, the character of the
6 terrain, and the uses of other land in the vicinity.

7 (2) Improved land consistently with the use to which the
8 improvements are being put.

9 (b) Any improvements made on the land by subtracting from the cost
10 of replacement of the improvements all applicable depreciation and
11 obsolescence. Depreciation of an improvement made on real property must
12 be calculated at 1.5 percent of the cost of replacement for each year of
13 adjusted actual age of the improvement, up to a maximum of 50 years.

14 2. The unit of appraisal must be a single parcel unless:

15 (a) The location of the improvements causes two or more parcels to
16 function as a single parcel;

17 (b) The parcel is one of a group of contiguous parcels which qualifies
18 for valuation as a subdivision pursuant to the regulations of the Nevada
19 Tax Commission; or

20 (c) In the professional judgment of the person determining the taxable
21 value, the parcel is one of a group of parcels which should be valued as a
22 collective unit.

23 3. The taxable value of a leasehold interest, possessory interest,
24 beneficial interest or beneficial use for the purpose of NRS 361.157 or
25 361.159 must be determined in the same manner as the taxable value of the
26 property would otherwise be determined if the lessee or user of the
27 property was the owner of the property and it was not exempt from
28 taxation, except that the taxable value so determined must be reduced by a
29 percentage of the taxable value that is equal to the:

30 (a) Percentage of the property that is not actually leased by the lessee
31 or used by the user during the fiscal year; and

32 (b) Percentage of time that the property is not actually leased by the
33 lessee or used by the user during the fiscal year, which must be determined
34 in accordance with NRS 361.2275.

35 4. The taxable value of other taxable personal property, except a
36 mobile or manufactured home, must be determined by subtracting from the
37 cost of replacement of the property all applicable depreciation and
38 obsolescence. Depreciation of a billboard must be calculated at 1.5 percent
39 of the cost of replacement for each year after the year of acquisition of the
40 billboard, up to a maximum of 50 years.

41 5. The computed taxable value of any property must not exceed its
42 full cash value. Each person determining the taxable value of property
43 shall reduce it if necessary to comply with this requirement. A person
44 determining whether taxable value exceeds that full cash value or whether
45 obsolescence is a factor in valuation may consider:

1 (a) Comparative sales, based on prices actually paid in market
2 transactions.

3 (b) A summation of the estimated full cash value of the land and
4 contributory value of the improvements.

5 (c) Capitalization of the fair economic income expectancy or fair
6 economic rent, or an analysis of the discounted cash flow.

7 ↪ A county assessor is required to make the reduction prescribed in this
8 subsection if the owner calls to his or her attention the facts warranting it,
9 if the county assessor discovers those facts during physical reappraisal of
10 the property or if the county assessor is otherwise aware of those facts.

11 6. The Nevada Tax Commission shall, by regulation, establish:

12 (a) Standards for determining the cost of replacement of improvements
13 of various kinds.

14 (b) Standards for determining the cost of replacement of personal
15 property of various kinds. The standards must include a separate index of
16 factors for application to the acquisition cost of a billboard to determine its
17 replacement cost.

18 (c) Schedules of depreciation for personal property based on its
19 estimated life.

20 (d) Criteria for the valuation of two or more parcels as a subdivision.

21 7. In determining, for the purpose of computing taxable value, the
22 cost of replacement of:

23 (a) Any personal property, the cost of all improvements of the personal
24 property, including any additions to or renovations of the personal
25 property, but excluding routine maintenance and repairs, must be added to
26 the cost of acquisition of the personal property.

27 (b) An improvement made on land, a county assessor may use any
28 final representations of the improvement prepared by the architect or
29 builder of the improvement, including, without limitation, any final
30 building plans, drawings, sketches and surveys, and any specifications
31 included in such representations, as a basis for establishing any relevant
32 measurements of size or quantity.

33 8. The county assessor shall, upon the request of the owner, furnish
34 within 15 days to the owner a copy of the most recent appraisal of the
35 property, including, without limitation, copies of any sales data, materials
36 presented on appeal to the county board of equalization or State Board of
37 Equalization and other materials used to determine or defend the taxable
38 value of the property.

39 9. The provisions of this section do not apply to property which is
40 assessed pursuant to NRS 361.320.

41 **Sec. 12.** ~~NRS 361.453 is hereby amended to read as follows:~~
42 ~~— 361.453 — 1. Except as otherwise provided in this section and NRS~~
43 ~~354.705, 354.723, 387.3288 and 450.760, and sections 1 and 15 of this~~
44 ~~act, the total ad valorem tax levy for all public purposes must not exceed~~
45 ~~\$3.64 on each \$100 of assessed valuation, or a lesser or greater amount~~

1 ~~fixed by the State Board of Examiners if the State Board of Examiners is~~
2 ~~directed by law to fix a lesser or greater amount for that fiscal year.~~

3 ~~—2. Any levy imposed by the Legislature for the repayment of bonded~~
4 ~~indebtedness or the operating expenses of the State of Nevada and any levy~~
5 ~~imposed by the board of county commissioners pursuant to NRS 387.195~~
6 ~~that is in excess of 50 cents on each \$100 of assessed valuation of taxable~~
7 ~~property within the county must not be included in calculating the~~
8 ~~limitation set forth in subsection 1 on the total ad valorem tax levied within~~
9 ~~the boundaries of the county, city or unincorporated town, if, in a county~~
10 ~~whose population is less than 45,000, or in a city or unincorporated town~~
11 ~~located within that county;~~

12 ~~—(a) The combined tax rate certified by the Nevada Tax Commission~~
13 ~~was at least \$3.50 on each \$100 of assessed valuation on June 25, 1998;~~

14 ~~—(b) The governing body of that county, city or unincorporated town~~
15 ~~proposes to its registered voters an additional levy ad valorem above the~~
16 ~~total ad valorem tax levy for all public purposes set forth in subsection 1;~~

17 ~~—(c) The proposal specifies the amount of money to be derived, the~~
18 ~~purpose for which it is to be expended and the duration of the levy; and~~

19 ~~—(d) The proposal is approved by a majority of the voters voting on the~~
20 ~~question at a general election or a special election called for that purpose.~~

21 ~~—3. The duration of the additional levy ad valorem levied pursuant to~~
22 ~~subsection 2 must not exceed 5 years. The governing body of the county,~~
23 ~~city or unincorporated town may discontinue the levy before it expires and~~
24 ~~may not thereafter reimpose it in whole or in part without following the~~
25 ~~procedure required for its original imposition set forth in subsection 2.~~

26 ~~—4. A special election may be held pursuant to subsection 2 only if the~~
27 ~~governing body of the county, city or unincorporated town determines, by~~
28 ~~a unanimous vote, that an emergency exists. The determination made by~~
29 ~~the governing body is conclusive unless it is shown that the governing~~
30 ~~body acted with fraud or a gross abuse of discretion. An action to~~
31 ~~challenge the determination made by the governing body must be~~
32 ~~commenced within 15 days after the governing body's determination is~~
33 ~~final. As used in this subsection, "emergency" means any unexpected~~
34 ~~occurrence or combination of occurrences which requires immediate action~~
35 ~~by the governing body of the county, city or unincorporated town to~~
36 ~~prevent or mitigate a substantial financial loss to the county, city or~~
37 ~~unincorporated town or to enable the governing body to provide an~~
38 ~~essential service to the residents of the county, city or unincorporated~~
39 ~~town.] (Deleted by amendment.)~~

40 **Sec. 13.** NRS 361.4722 is hereby amended to read as follows:

41 361.4722 1. Except as otherwise provided in or required to carry out
42 the provisions of subsection 3 and NRS 361.4725 to 361.4729, inclusive,
43 the owner of any parcel or other taxable unit of property, including
44 property entered on the central assessment roll, for which an assessed
45 valuation was separately established for the immediately preceding fiscal

1 year is entitled to a partial abatement of the ad valorem taxes levied in a
2 county on that property each fiscal year equal to the amount by which the
3 product of the combined rate of all ad valorem taxes levied in that county
4 on the property for that fiscal year and the amount of the assessed
5 valuation of the property which is taxable in that county for that fiscal
6 year, excluding any increase in the assessed valuation of the property from
7 the immediately preceding fiscal year as a result of any improvement to or
8 change in the actual or authorized use of the property, exceeds the sum
9 obtained by adding:

10 (a) The amount of all the ad valorem taxes:

11 (1) Levied in that county on the property for the immediately
12 preceding fiscal year; or

13 (2) Which would have been levied in that county on the property
14 for the immediately preceding fiscal year if not for any exemptions from
15 taxation that applied to the property for that prior fiscal year but do not
16 apply to the property for the current fiscal year,

17 ↪ whichever is greater; and

18 (b) A percentage of the amount determined pursuant to paragraph (a)
19 which is equal to:

20 (1) The greater of:

21 (I) The average percentage of change in the assessed valuation
22 of all the taxable property in the county, as determined by the Department,
23 over the fiscal year in which the levy is made and the 9 immediately
24 preceding fiscal years;

25 (II) Twice the percentage of increase in the Consumer Price
26 Index for all Urban Consumers, U.S. City Average (All Items) for the
27 immediately preceding calendar year; or

28 (III) ~~Zero;~~ *Six percent;* or

29 (2) Eight percent,

30 ↪ whichever is less.

31 2. Except as otherwise provided in or required to carry out the
32 provisions of NRS 361.4725 to 361.4729, inclusive, the owner of any
33 remainder parcel of real property for which no assessed valuation was
34 separately established for the immediately preceding fiscal year, is entitled
35 to a partial abatement of the ad valorem taxes levied in a county on that
36 property for a fiscal year equal to the amount by which the product of the
37 combined rate of all ad valorem taxes levied in that county on the property
38 for that fiscal year and the amount of the assessed valuation of the property
39 which is taxable in that county for that fiscal year, excluding any amount
40 of that assessed valuation attributable to any improvement to or change in
41 the actual or authorized use of the property that would not have been
42 included in the calculation of the assessed valuation of the property for the
43 immediately preceding fiscal year if an assessed valuation had been
44 separately established for that property for that prior fiscal year, exceeds
45 the sum obtained by adding:

1 (a) The amount of all the ad valorem taxes:

2 (1) Which would have been levied in that county on the property
3 for the immediately preceding fiscal year if an assessed valuation had been
4 separately established for that property for that prior fiscal year based upon
5 all the assumptions, costs, values, calculations and other factors and
6 considerations that would have been used for the valuation of that property
7 for that prior fiscal year; or

8 (2) Which would have been levied in that county on the property
9 for the immediately preceding fiscal year if an assessed valuation had been
10 separately established for that property for that prior fiscal year based upon
11 all the assumptions, costs, values, calculations and other factors and
12 considerations that would have been used for the valuation of that property
13 for that prior fiscal year, and if not for any exemptions from taxation that
14 applied to the property for that prior fiscal year but do not apply to the
15 property for the current fiscal year,

16 ↪ whichever is greater; and

17 (b) A percentage of the amount determined pursuant to paragraph (a)
18 which is equal to:

19 (1) The greater of:

20 (I) The average percentage of change in the assessed valuation
21 of all the taxable property in the county, as determined by the Department,
22 over the fiscal year in which the levy is made and the 9 immediately
23 preceding fiscal years;

24 (II) Twice the percentage of increase in the Consumer Price
25 Index for all Urban Consumers, U.S. City Average (All Items) for the
26 immediately preceding calendar year; or

27 (III) ~~{Zero;}~~ *Six percent;* or

28 (2) Eight percent,

29 ↪ whichever is less.

30 3. The provisions of subsection 1 do not apply to any property for
31 which the provisions of subsection 1 of NRS 361.4723 or subsection 1 of
32 NRS 361.4724 provide a greater abatement from taxation.

33 4. Except as otherwise required to carry out the provisions of NRS
34 361.4732 and any regulations adopted pursuant to NRS 361.4733, the
35 amount of any reduction in the ad valorem taxes levied in a county for a
36 fiscal year as a result of the application of the provisions of subsections 1
37 and 2 must be deducted from the amount of ad valorem taxes each taxing
38 entity would otherwise be entitled to receive for that fiscal year in the same
39 proportion as the rate of ad valorem taxes levied in the county on the
40 property by or on behalf of that taxing entity for that fiscal year bears to
41 the combined rate of all ad valorem taxes levied in the county on the
42 property by or on behalf of all taxing entities for that fiscal year.

43 5. The Nevada Tax Commission shall adopt such regulations as it
44 deems appropriate to ensure that this section is carried out in a uniform and
45 equal manner.

1 6. For the purposes of this section, “remainder parcel of real
2 property” means a parcel of real property which remains after the creation
3 of new parcels of real property for development from one or more existing
4 parcels of real property, if the use of that remaining parcel has not changed
5 from the immediately preceding fiscal year.

6 **Sec. 14.** NRS 361.4726 is hereby amended to read as follows:

7 361.4726 1. Except as otherwise provided by specific statute, if any
8 legislative act which becomes effective after April 6, 2005, imposes a duty
9 on a taxing entity to levy a new ad valorem tax or to increase the rate of an
10 existing ad valorem tax, the amount of the new tax or increase in the rate of
11 the existing tax is exempt from each partial abatement from taxation
12 provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

13 2. The amount of any tax imposed pursuant to NRS 387.3288 ~~for~~
14 ~~section 1 or 15 of this act~~ is exempt from each partial abatement from
15 taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

16 3. *The amount of any tax imposed on any increased value of*
17 *property that results from revaluing the property after the taxable value*
18 *of the property was reduced in a prior year as a result of obsolescence*
19 *based upon capitalization of the fair economic income expectancy or fair*
20 *economic rent, or an analysis of the discounted cash flow through the*
21 *use of the income approach pursuant to paragraph (c) of subsection 5 of*
22 *NRS 361.227 or the formulas adopted by the Nevada Tax Commission*
23 *pursuant to subsection 5 of NRS 361.320, is exempt from each partial*
24 *abatement from taxation provided pursuant to NRS 361.4722, 361.4723*
25 *and 361.4724.*

26 4. *The amount of any tax approved by the voters on or after July 1,*
27 *2015, is exempt from each partial abatement from taxation provided*
28 *pursuant to NRS 361.4722, 361.4723 and 361.4724.*

29 5. For the purposes of this section, “taxing entity” does not include the
30 State.

31 **Sec. 15.** ~~[Chapter 387 of NRS is hereby amended by adding thereto a~~
32 ~~new section to read as follows:~~

33 ~~1. In addition to all other taxes imposed on property in a county, the~~
34 ~~board of county commissioners of the county or the board of trustees of~~
35 ~~the school district in the county, or both, may, by a majority vote and~~
36 ~~without the approval of the registered voters in the county, impose an ad~~
37 ~~valorem tax at the rate of up to 5 cents per \$100 of assessed valuation on~~
38 ~~all taxable property in the county. Any tax imposed pursuant to this~~
39 ~~subsection applies throughout the county, including incorporated cities~~
40 ~~in the county.~~

41 ~~2. Except as otherwise specifically provided by statute, any tax~~
42 ~~imposed pursuant to subsection 1 must be assessed in the same manner~~
43 ~~and is subject to the provisions of the general laws for the assessment~~
44 ~~and collection of taxes. The tax must be collected at the same time and by~~
45 ~~the same officers who assess and collect the state and county taxes. The~~

1 ~~money received from the tax and any applicable penalty or interest must~~
2 ~~be remitted to the school district in the county and used as provided in~~
3 ~~this section.~~

4 ~~—3. Except as otherwise provided in subsection 4, the money received~~
5 ~~from any tax imposed pursuant to subsection 1 and any applicable~~
6 ~~penalty or interest must be used only for the construction and~~
7 ~~maintenance of public schools in the school district and for the purchase~~
8 ~~by the school district, and use by pupils in public schools in the school~~
9 ~~district, of information technology.~~

10 ~~—4. Notwithstanding the provisions of subsection 3 and except as~~
11 ~~otherwise provided in subsection 6, of the money received by a school~~
12 ~~district from all taxes imposed pursuant to this section, an amount equal~~
13 ~~to not more than 2 cents per \$100 of assessed valuation of all taxable~~
14 ~~property in the county may be used by the school district to pay for~~
15 ~~operating expenses of the school district.~~

16 ~~—5. The board of county commissioners of a county or the board of~~
17 ~~trustees of the school district in the county, or both, may impose any~~
18 ~~portion of the tax rate authorized by subsection 1, but the total combined~~
19 ~~tax rates imposed by the board of county commissioners and the board of~~
20 ~~trustees collectively must not exceed the rate authorized by subsection 1.~~

21 ~~—6. The money received from any tax imposed pursuant to subsection~~
22 ~~1 and any applicable penalty or interest:~~

23 ~~—(a) Must not be considered as financial ability to pay for the purposes~~
24 ~~of negotiation, fact finding or arbitration regarding salaries and benefits~~
25 ~~of employees of a local government;~~

26 ~~—(b) Must not be used to settle or arbitrate disputes or negotiate~~
27 ~~settlements between an organization that represents employees of a local~~
28 ~~government and the local government;~~

29 ~~—(c) Must not be used to adjust the schedules of salaries and benefits~~
30 ~~of the employees of a local government;~~

31 ~~—(d) Must not be considered part of the amount of the local funds~~
32 ~~computed pursuant to NRS 387.1235; and~~

33 ~~—(e) Must not be included in determining the amount of the basic~~
34 ~~support guarantees or any other funding provided by the State to the~~
35 ~~school district.] **(Deleted by amendment.)**~~

36 **Sec. 16.** [NRS 387.1235 is hereby amended to read as follows:

37 ~~— 387.1235 1. Except as otherwise provided in [subsection 2,]~~
38 ~~subsections 2 and 3, local funds available are the sum of:~~

39 ~~—(a) The amount of one third of the tax collected pursuant to subsection~~
40 ~~1 of NRS 387.195 for the school district for the concurrent school year;~~
41 ~~and~~

42 ~~—(b) The proceeds of the local school support tax imposed by chapter~~
43 ~~374 of NRS, excluding any amounts required to be remitted pursuant to~~
44 ~~NRS 360.850 and 360.855. The Department of Taxation shall furnish an~~
45 ~~estimate of these proceeds to the Superintendent of Public Instruction on or~~

1 before July 15 for the fiscal year then begun, and the Superintendent shall
2 adjust the final apportionment of the current school year to reflect any
3 difference between the estimate and actual receipts.

4 ~~2. The amount computed under subsection 1 that is attributable to any~~
5 ~~assessed valuation attributable to the net proceeds of minerals must be held~~
6 ~~in reserve and may not be considered as local funds available until the~~
7 ~~succeeding fiscal year.~~

8 ~~3. The amount of the local funds computed pursuant to subsection 1~~
9 ~~must not include the proceeds of any tax imposed pursuant to section 15~~
10 ~~of this act.] (Deleted by amendment.)~~

11 **Sec. 17.** ~~[Section 72 of chapter 371, Statutes of Nevada 2011, at page~~
12 ~~2175, is hereby amended to read as follows:~~

13 ~~Sec. 72. 1. This section and sections 39, 56, 69, 70 and 71 of~~
14 ~~this act become effective upon passage and approval.~~

15 ~~2. Sections 1 to 38, inclusive, 40 to 55, inclusive, and 57 to 68,~~
16 ~~inclusive, of this act become effective on July 1, 2011.~~

17 ~~3. Section 67 of this act expires by limitation on June 30,~~
18 ~~[2017.] 2035.~~

19 ~~4. Sections 66 and 68 of this act expire by limitation on~~
20 ~~September 30, [2017.] 2035.] (Deleted by amendment.)~~

21 **Sec. 18.** 1. The Legislative Auditor shall conduct a performance
22 audit of the State Board of Equalization during Fiscal Year 2016-2017 and
23 prepare a report of the audit. The State Board of Equalization shall provide
24 such information as is requested by the Legislative Auditor to assist with
25 the completion of the audit.

26 2. The Legislative Auditor shall present a final written report of the
27 performance audit conducted pursuant to subsection 1 to the Audit
28 Subcommittee of the Legislative Commission not later than January 1,
29 2019.

30 3. The provisions of chapter 218G of NRS apply to the performance
31 audit conducted pursuant to subsection 1.

32 **Sec. 19.** The provisions of NRS 361.4722, as amended by section 13
33 of this act, apply to the tax year beginning July 1, 2015, and each
34 succeeding tax year.

35 **Sec. 20.** 1. This section and sections 9 and 17 of this act become
36 effective upon passage and approval.

37 2. Sections 10, 11, 13, 18 and 19 of this act become effective upon
38 passage and approval for the purposes of adopting any regulations and
39 performing any other preparatory administrative tasks necessary to carry
40 out the provisions of this act, and on July 1, 2015, for all other purposes.

41 3. Sections 1 to 8, inclusive, 12, 14, 15 and 16 of this act become
42 effective upon passage and approval for the purposes of adopting any
43 regulations and performing any other preparatory administrative tasks
44 necessary to carry out the provisions of this act, and on January 1, 2016,
45 for all other purposes.

H