

**ADOPTED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R031-03

Effective August 4, 2004

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-24 and 26-31, NRS 360.090 and 360.250; §25, NRS 360.090, 360.250 and 361.2445.

A REGULATION relating to taxation; revising provisions governing the determination of the taxable value of real and personal property; making various other changes governing the taxation of real and personal property; and providing other matters properly relating thereto.

Section 1. Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this regulation.

Sec. 2. *As used in NAC 361.030 to 361.580, inclusive, 361.778 and 361.800, and sections 2 to 13, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 4, 8, 9 and 10 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Abstraction method” means a method of estimating the value of land by subtracting from the sales prices of improved parcels the full contributory value of all items attributable to the value of the improvements, thus yielding estimates of the residual or remainder value of the land.*

Sec. 4. *“Actual age” means the total number of years from the year of the construction of an improvement to the year of the lien date for the taxes which it affects.*

Sec. 5. *“Allocation method” means a method used to value land, in the absence of sales of vacant land, by estimating, from sales of comparable improved properties, a typical ratio of land to total value and applying that ratio to the improved property being analyzed to determine the value that the land contributes to the total value of the property.*

Sec. 6. *“Capitalization of ground rents” means the estimation of the value of land in the absence of comparable sales by capitalizing the revenue from market-rate leases of land.*

Sec. 7. *“Cost of development method” means a method used to estimate the value of undeveloped land in which direct and indirect costs and entrepreneurial profit are deducted from an estimate of the probable proceeds to be obtained from selling the land as developed parcels and the resulting net income is discounted to a present value at a market-derived rate.*

Sec. 8. *“Cost of replacement” means the estimated cost to construct an improvement with utility similar to the improvement being appraised, using modern materials and current standards, design and layout.*

Sec. 9. *“Depreciation” means, except as otherwise provided in NAC 361.266, a loss in the value of real or personal property from any cause.*

Sec. 10. *“Improvement” means all appurtenances erected upon or affixed to the land, including, without limitation, those improvements listed in paragraphs (a) and (b) of subsection 1 of NRS 361.035.*

Sec. 11. *“Land residual technique” means a method used to estimate the value of land from a knowledge of normal net income, the discount rate, the remaining economic life of the property and the full contributory value of any improvements and nonrealty items. The method isolates a measurable income stream attributable to the improvements and then estimates the value of the land by capitalizing the income stream attributable to the land.*

Sec. 12. 1. *In determining the initial taxable value of an improvement, the rate of depreciation is set forth in NRS 361.227.*

2. If obsolescence, deterioration or wear and tear causes the taxable value calculated pursuant to subsection 1 to exceed the full cash value of the improvements, the additional depreciation and obsolescence may be calculated separately.

Sec. 13. 1. *If the county assessor is not able to use the sales comparison approach for vacant land pursuant to NAC 361.118 because sufficient sales of comparable properties which were vacant land at the time of sale are not available, the county assessor may determine valuation through any of the following methods:*

(a) Abstraction method;

(b) Land residual technique;

(c) Capitalization of ground rents;

(d) Cost of development method; and

(e) Allocation method, if the properties are substantially similar.

2. The use of sales of comparable improved properties pursuant to subsection 1 is subject to the provisions of NAC 361.118 and the following:

(a) Sales of comparable improved properties must be adjusted to remove the full contributory value of all items attributable to the improvement of vacant land, including, without limitation, improvements, direct and indirect costs, soft costs, entrepreneurial profit, and personal property and other nonrealty components of value.

(b) The complete obsolescence of an improvement for purposes of analyzing the sales price of a comparable improved property is best determined when the improvement is demolished or removed, but may be considered when:

(1) Sufficient evidence demonstrates an intention to demolish or remove the improvement, which evidence may include, without limitation, evidence that:

(I) A permit has been issued for the demolition of the improvement;

(II) A disclosure concerning the demolition or removal of the improvement has been filed with the Securities and Exchange Commission;

(III) An order has been issued for the condemnation of the improvement; or

(IV) Construction and development financing has been obtained with respect to the comparable property which establishes that the demolition or removal of the improvement is intended; and

(2) No occupancy or no use is established before the completion of the demolition or removal of the improvement.

(c) Sales of comparable improved properties may be used in determining valuation regardless of whether the complete obsolescence of an improvement may be determined or considered pursuant to paragraph (b).

Sec. 14. NAC 361.062 is hereby amended to read as follows:

361.062 Pursuant to NRS 361.170, each claim for an exemption for personal property in transit must be made on a ~~[Nevada Tax Commission Form WR-1 or on an equivalent]~~ form approved by the Commission. Such a claim must be filed with the office of the county assessor of each county in which a warehouse is located, when the personal property in transit is first consigned to the warehouse and by the first day of July of each year thereafter.

Sec. 15. NAC 361.065 is hereby amended to read as follows:

361.065 1. All tangible personal property *which is* purchased by a business *and* which is claimed to be exempt pursuant to paragraph (d) of subsection 1 of NRS 361.068 must be

consumed during the operation of the business and must not be intended to become a component part of a manufactured item for sale or lease.

2. The personal property for which such an exemption is claimed must be material that is:

(a) Used up, drained, absorbed, dissipated or expended during the normal day-to-day operation of the business;

(b) Characterized by its individual low cost in relation to the other more expensive fixed assets of the business;

(c) Disposable, with a generally useful life of less than 1 year; and

(d) Not meant for resale.

3. Tangible personal property *which is* consumed by a business *and* to which this exemption applies may include, without limitation, envelopes, pens, copy paper, paper clips, toner, tape, rubber gloves, masks, cyanide, janitorial supplies, bathroom tissue, light bulbs, playing cards, dice, napkins, straws, “doggie bags,” paper bags, wrapping materials, register tape, packaging supplies, invoices, Styrofoam, tires or batteries.

4. This exemption does not apply to any tangible personal property which is required to be depreciated for federal income tax purposes.

Sec. 16. NAC 361.106 is hereby amended to read as follows:

361.106 As used in NAC 361.106 to ~~361.132,~~ **361.1315**, inclusive, *and sections 3, 5, 6, 7, 11, 12 and 13 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC ~~361.108~~ **361.1125** to 361.117, inclusive, *and sections 3, 5, 6, 7 and 11 of this regulation* have the meanings ascribed to them in those sections.

Sec. 17. NAC 361.113 is hereby amended to read as follows:

361.113 “Improved land” means land on which there is an improvement ~~[of substantial value.]~~ *sufficient to allow the identification of or establish actual use.*

Sec. 18. NAC 361.118 is hereby amended to read as follows:

361.118 ~~[In making a physical appraisal, each]~~

1. Except as otherwise provided in section 13 of this regulation, a county assessor shall determine the full cash value of land by ~~[using market data or a comparative approach to valuation. If sufficient market data is not available, the county assessor may use one of the following procedures:~~

~~—1.— Allocation (abstraction) procedure: An allocation of the appraised total value of the property between the land and any improvements added to the land.~~

~~—2.— Anticipated use or development procedure: An estimate of the value of undeveloped land which has the potential for development, determined by deducting from the value of the parcel as fully developed the cost of the development of the site, overhead, the expenses of sales and any profit. The remaining portion is attributable to undeveloped land.~~

~~—3.— Land residual technique: The income from a property is split between the land and any improvements so that the portion allocated to land can be capitalized into value.]~~ *applying the sales comparison approach as follows:*

(a) The county assessor shall adjust the sales prices or unit values of comparable properties as necessary to eliminate differences between the comparable properties and the subject property that affect value. The adjustments:

(1) Must be mathematical changes made to the sales prices or unit values of the comparable properties to account for differences in elements of comparison between the comparable properties and the subject property;

(2) May be made only to the comparable properties, not to the subject property; and

(3) May be made by adding or subtracting lump-sum dollar values, or by applying positive or negative percentage differentials, to the sales prices or unit values of the comparable properties.

(b) The elements of comparison between the comparable properties and the subject property that may be used by the county assessor include, without limitation, the real property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, size, zoning or use, governmental restrictions and nonrealty components of value.

(c) If the subject property is improved land, the comparable properties must have a use that is consistent with that of the improved land.

(d) The elements of comparison used and adjustments made by the county assessor must be identifiable and supported by verifiable market data.

(e) After adjusting the comparable properties for differences that affect value, the county assessor shall analyze the range of adjusted sales prices of the comparable properties to arrive at an estimate of value for the subject property.

(f) If it is necessary to make an adjustment to recognize the view influence or any other property attribute associated with the subject property, the county assessor shall:

(1) Make a physical determination of the view influence from the land of each respective view parcel. The county assessor shall make the view influence determination from any area on the parcel that is capable of development. This would exclude legally required setbacks or portions of the parcel subject to applicable land use restrictions or applicable deed restrictions that prohibit development.

(2) Upon the request of the owner, provide to the owner as soon as practicable, but not later than 15 days after receiving the request, current market evidence for each adjustment for the view influence or other property attribute. In a county whose population is 40,000 or more, “current market evidence” as used in this subparagraph means sales data concerning sales of improved or unimproved parcels that occurred during the 36-month period immediately preceding July 1 of the year before the lien date, unless the Commission has approved the petition of the county assessor to consider sales that occurred before that 36-month period.

(3) Upon the request of the owner, provide to the owner as soon as practicable, but not later than 15 days after receiving the request, a comprehensive written analysis describing the adjustment, whether attributable to the view influence or other property attribute, so that the taxpayer can determine whether the value of the parcel has been appropriately adjusted by the county assessor.

(4) Consider whether an adjustment is necessary because of impairments caused by obstructions or aesthetic criteria, including, without limitation, tree growth, utility lines, water tanks or the presence of other improvements.

2. In determining whether the sales price of each comparable property is representative of the full cash value of the subject property, the county assessor must acquire sufficient sales data concerning the comparable property. The sales data may include, without limitation:

- (a) The total amount paid for the property and the terms of sale;*
- (b) The names and contact information of the buyer and seller;*
- (c) The relationship of the buyer and seller;*
- (d) The legal description, address and parcel identifier of the property;*

(e) Information concerning the type of transfer that is sufficient to enable the county assessor to determine whether the transfer was at arm's length;

(f) The length of time the property was on the market;

(g) The extent of the interest transferred to the buyer;

(h) The nature of nonrealty items; and

(i) The date of the transfer.

3. The county assessor may determine the accuracy of the sales data acquired pursuant to subsection 2 by:

(a) Contacting the buyer, seller, title company or any other knowledgeable participant in the transaction;

(b) Using sales questionnaires;

(c) Conducting personal interviews; or

(d) Reviewing declarations of value.

↪ The county assessor shall disclose to each person he contacts for information pursuant to this subsection that the information provided by the person will only be used to establish value for the purposes of property taxation.

4. The following types of sales may provide unreliable information regarding full cash value and require additional verification to determine whether the sale represents full cash value:

(a) Sales involving governmental agencies and public utilities;

(b) Sales involving charitable, religious or educational institutions;

(c) Sales involving financial institutions;

(d) Sales between relatives or corporate affiliates;

(e) Sales of convenience, including, without limitation, a sale intended to correct a flaw in title;

(f) Sales settling an estate;

(g) Forced sales, including, without limitation, a sale resulting from judicial order; and

(h) Sales involving doubtful title.

5. The county assessor may sort sales and other market data into homogeneous groups to reflect different market influences and variations in zoning, other land-use controls and probable use, and to ensure that land values will reflect market data for parcels with similar or competitive uses in the same area.

Sec. 19. NAC 361.122 is hereby amended to read as follows:

361.122 ~~[In determining the full cash value of improved land consistently with the use to which the improvements are being put:~~

~~—1. If the improvements are being put to a use consistent with the zoning and general use of land in the surrounding area, the value of the land to be appraised must be consistent with the values determined for adjacent land or land similar in location, size, shape and topography.~~

~~—2. If the improvements are]~~

1. If improved land is being put to a use not consistent with the zoning of the land or with the general use of land in the surrounding area, ~~[or both,]~~ the value of the *improved* land ~~[to be appraised must be consistent with the values determined for the nearest land:~~

~~—(a) Whose improvements are put to the same or a similar use in an area where that use is consistent with the zoning and general use of land in the surrounding area; and~~

~~—(b) Which is similar in size, shape, location and topography.~~

~~—3.] must be established by considering the value of land that:~~

- (a) Is most comparable to the improved land;*
- (b) Has the same or a similar use; and*
- (c) Is affected by the same or similar restrictions.*

2. The area of land to be valued according to the use of the improvements is the area actually covered by the improvement, plus the surrounding area necessary to the use of the improvement. Any additional land must be valued as *if* vacant.

Sec. 20. NAC 361.123 is hereby amended to read as follows:

361.123 As used in NAC 361.123 to 361.1236, inclusive, unless the context otherwise requires:

1. “Contaminated site” means:

(a) Land on which the release of a hazardous substance has been verified pursuant to NAC 361.1232; or

(b) An improvement for which permeation or incorporation into construction by a hazardous substance has been verified pursuant to NAC 361.1232,

↪ on or before the assessment date of the property.

2. “Cost-to-cure” means the ~~discounted~~ present value of the remedial work *to be* performed to remove, contain or treat a hazardous substance on the property being valued. The term includes the cost of continued monitoring of the site after the remedial work has been completed if such monitoring is required.

3. “Hazardous substance” means a hazardous material or hazardous waste as those terms are defined in NRS 459.428 and 459.430, respectively.

Sec. 21. NAC 361.1234 is hereby amended to read as follows:

361.1234 In determining, pursuant to NRS 361.227, the full cash value of property that has been determined by the assessor to be a contaminated site:

1. The sales comparison approach may be used by comparing verified sales of similarly contaminated sites;

2. Where applicable, the income approach may be used by utilizing rent, vacancy and expense data derived from a survey of similarly contaminated sites with similarly used improvements; or

3. Where no sales or rental market exists for similarly contaminated properties:

(a) The ~~cash~~ value of the property for a specific use, or a specific user, reflecting the extent to which the property contributes to the utility or profitability of the enterprise of which it is a part may be determined by using the income approach ~~is~~, *except that the value so determined must not exceed the full cash value of the property*; or

(b) The present worth of the contaminated site may be determined by:

(1) Discounting the present worth of the property if it was contaminated by an off-site source or the cost-to-cure is not being borne by the current owner, or both, on the basis of the length of the delay caused by the contamination until the property can be developed to its highest and best use, readily sold or financed on the open market; or

(2) Using the present cash equivalency which represents the future reversionary value of the contaminated site after it is cleaned up to an extent that it is usable or developable to its highest and best use less the present worth of the yearly costs-to-cure if the current owner is incurring the remedial costs and an accurate forecast of the year-to-year costs to be incurred and the estimated date of the completion of the cleanup are available.

Sec. 22. NAC 361.124 is hereby amended to read as follows:

361.124 In determining the actual age of:

1. An improvement or newly constructed addition to an existing improvement, the county assessor shall use the actual ~~{date}~~ *year* of construction, if it is available, or else an estimated ~~{date}~~ *year* of construction.
2. An improvement that has been constructed over a period of years, the county assessor shall use the weighted average age of the improvement.

Sec. 23. NAC 361.128 is hereby amended to read as follows:

361.128 1. The cost of replacement of an improvement must include all costs for labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance.

2. In determining the costs of an improvement, the county assessor shall:

(a) For rural buildings, use the standards in the ~~{assessor handbook}~~ *manual* entitled *Rural Building Costs* adopted by the Commission.

(b) For other improvements, use the standards in the cost manuals, including modifiers of local costs, published through or furnished by the Marshall and Swift Publication Company, as they existed on October 1 of the year preceding the ~~{current}~~ *closure of the roll for the appropriate* assessment year, if the Executive Director approves it for use by county assessors in determining the costs of improvements. A computer program for determining cost furnished by the Marshall and Swift Publication Company may also be used. Other computer programs for determining cost which are based on costs published by the Marshall and Swift Publication Company may be used with the prior approval of the Executive Director.

3. If ~~{these manuals are not applicable,}~~ *the manuals described in subsection 2 do not apply to improvements of a particular occupancy or construction type*, the county assessor may ~~{use~~

~~the other]~~ *apply to the Executive Director for permission to use alternative* recognized cost manuals , *cost determinations* or subscription services . ~~[with the prior approval of the Executive Director of the Department.]~~ *If the Executive Director finds that the manuals described in subsection 2 do not apply to such improvements and that the alternative recognized cost manuals, cost determinations or subscription services are suitable, the Executive Director shall approve the use of the alternative recognized cost manuals, cost determinations or subscription services and notify each county assessor of that approval. The Executive Director shall submit to the Commission annually a list of the alternative recognized cost manuals, cost determinations and subscription services that the Executive Director has approved for use.*

4. The Executive Director shall review the standards and modifiers published or furnished by the Marshall and Swift Publication Company as soon as practicable after they become available, to determine their suitability for use by county assessors. If he finds it to be suitable, the Executive Director shall approve the use of the standard or modifier and notify each county assessor of that approval.

Sec. 24. NAC 361.129 is hereby amended to read as follows:

361.129 1. A parcel must be appraised as provided by paragraph (b) of subsection 2 of NRS 361.227 and NAC 361.1295 if:

(a) It is one of a group of ten or more contiguous parcels held under common ownership ; ~~on the date of the appraisal;]~~

(b) A final map , ~~or]~~ a series of final maps *or one or more subdivision maps* covering the area containing the parcel has been presented to the county recorder for filing in the manner provided by NRS 278.360 to 278.460, inclusive, or the parcel is assessable property in an improvement district created pursuant to chapter 271 of NRS;

(c) The owner of the parcel provides the county assessor with whatever information the assessor deems necessary to determine the taxable value of the parcel; and

(d) The county assessor determines that the group of parcels affected has an expected absorption period of more than 1 year.

2. For the purposes of this section:

(a) The owner of a parcel is the person or entity shown as such in the records of the county recorder.

(b) A parcel is contiguous with other parcels held under common ownership even if it is separated from those parcels:

(1) By an easement, right-of-way, street, highway or other obstruction; or

(2) By one or more parcels held by third persons, if the parcels so held are in the same phase or section of a development.

(c) A parcel is not contiguous with other parcels held under common ownership, though they share a common boundary, if they are in different phases or sections of a development.

Sec. 25. NAC 361.130 is hereby amended to read as follows:

361.130 1. The taxable value of a mobile home *or manufactured home* which constitutes real property is the cost of replacement of the mobile home *or manufactured home* less depreciation and obsolescence.

2. In determining the taxable value of a mobile home *or manufactured home* which constitutes personal property, each county assessor shall, if the mobile home *or manufactured home* was sold as new:

(a) Before July 1, 1982, value it at its retail selling price when sold to the original owner less depreciation at 5 percent per year, to a maximum depreciated value of 20 percent of its original retail selling price.

(b) On or after July 1, 1982, value it at replacement cost, when new, less depreciation. Replacement cost when new is the retail selling price to the original owner adjusted by factors reflected in the annual *Personal Property Manual*.

↳ Depreciation must be calculated pursuant to the schedule located in the annual *Personal Property Manual*. *Additional depreciation and obsolescence may be calculated separately.*

3. The retail selling price of a mobile home *or manufactured home* includes all charges for transportation, installation ~~[and accessories.]~~, *accessories, profit and overhead.*

4. If the owner of a mobile home or manufactured home which has been converted to real property wishes to convert the mobile home or manufactured home back to personal property, the county assessor shall provide the owner with a form for an affidavit of conversion which has been approved by the Commission and which must be recorded in the county recorder's office pursuant to NRS 361.2445 before the mobile home or manufactured home may be removed from the tax rolls. The affidavit of conversion may include information concerning the cost of acquisition of the mobile home or manufactured home. All signatures required pursuant to NRS 361.2445 to effectuate the conversion must be notarized.

5. The county assessor shall value the mobile home or manufactured home as personal property upon satisfaction of all the requirements set forth in NRS 361.2445 if the mobile home or manufactured home remains within the jurisdiction of the county assessor.

Sec. 26. NAC 361.1305 is hereby amended to read as follows:

361.1305 1. The taxable value of a billboard is the cost of replacement of the billboard less depreciation and obsolescence.

2. The cost of replacement of a billboard must be computed by multiplying the cost of acquisition to the current owner by the appropriate factor located in the annual *Personal Property Manual*. The factor that corresponds to the year the billboard was acquired must be used.

~~[3.—The depreciation of a billboard must be calculated at:~~

~~—(a) For fiscal year 1990-1991, 5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.~~

~~—(b) For fiscal year 1991-1992, 3.5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.~~

~~—(c) Beginning with fiscal year 1992-1993, 1.5 percent of the cost of replacement for each year after the date of acquisition up to a maximum of 50 years.]~~

Additional depreciation and obsolescence may be calculated separately.

Sec. 27. NAC 361.131 is hereby amended to read as follows:

361.131 If the initially determined taxable value for any real property is found to exceed the full cash value of the property, the person determining taxable value shall examine the taxable value determined for the land, and , if the land is properly valued, he shall appropriately reduce the taxable values determined for the improvements. *If any further reduction is needed, the value of the land may also be reduced.*

Sec. 28. NAC 361.144 is hereby amended to read as follows:

361.144 1. Each county assessor shall:

(a) Establish geographic boundaries for areas of appraisal or establish areas by other classifications within which all property must be reappraised at the same time; and

(b) Establish ~~as of January 1 of each year~~ *not later than July 1 of the year immediately preceding the assessment year*, the standards of valuation, including data on comparable sales, ~~modifiers of local cost, costs of construction and rates of capitalization~~ to be used throughout the year's cycle of reappraisal.

2. These areas of appraisal may be changed to alleviate problems created by growth or other circumstances if the county assessor shows good cause and receives the approval of the Commission.

Sec. 29. NAC 361.146 is hereby amended to read as follows:

361.146 Whenever property is ~~physically~~ reappraised, the county assessor shall indicate all the data necessary to determine the taxable value of the property, the date of the field inspection, *if any*, and the identity of the appraiser. The actual age and the depreciation of the existing improvements and any additions to those improvements must be clearly indicated.

Sec. 30. NAC 361.152 is hereby amended to read as follows:

361.152 1. ~~An~~ *The* assessment list *for a county* ~~published in a newspaper by a county assessor pursuant to subsection 3 of NRS 361.300~~ must include:

- (a) The parcel number of each property;
- (b) The name of the owner of each property;
- (c) The year of the last ~~physical~~ reappraisal of each property at which time the taxable value of the property was determined; and
- (d) The assessed value of the land, improvements and personal property, separately stated.

2. The county assessor shall submit a copy of the ~~newspaper in which the~~ assessment list ~~is published~~ to the Department immediately following publication ~~and~~ *or delivery to taxpayers pursuant to subsection 3 of NRS 361.300.*

3. *For the purposes of paragraph (a) of subsection 3 of NRS 361.300, the Commission will interpret the term “each taxpayer in the county” as used in that paragraph to mean each taxpayer who resides in the county. A county assessor who causes a copy of the assessment list to be delivered to each taxpayer who resides in the county shall cause a copy of the assessment list to be delivered to any other taxpayer who owns property in the county if that taxpayer requests a copy of the assessment list.*

Sec. 31. NAC 361.075, 361.108, 361.110, 361.112, 361.114, 361.120, 361.126, 361.132 and 361.149 are hereby repealed.

TEXT OF REPEALED SECTIONS

361.075 Property for construction of church or chapel. (NRS 360.090, 361.125)

1. Application for an exemption pursuant to subsection 3 of NRS 361.125 must be made to the county assessor by June 15 of each year.

2. The application must include:

(a) A copy of the lease agreement of the property presently occupied;

(b) One or more documents of the purchase or gift of the vacant land to be used for a church building; and

(c) A statement indicating that it is the intent of the religious organization to construct a building within the following 3 years.

3. If a church or chapel is not constructed by the end of the third year of exemption or if the property is sold, the exemption is voided and taxes must be paid for the years in which the exemption was claimed.

361.108 “Actual age” defined. (NRS 360.090, 360.250) “Actual age” means the total number of years from the date of the construction of an improvement to the lien date for the taxes which it affects.

361.110 “Cost of replacement” defined. (NRS 360.090, 360.250) “Cost of replacement” means the total cost of replacing a property with one which has the same function or use.

361.112 “Depreciation” defined. (NRS 360.090, 360.250) “Depreciation” means a reduction in the value of a property.

361.114 “Improvement” defined. (NRS 360.090, 360.250) “Improvement” means all appurtenances erected upon or affixed to the land, including those improvements listed in paragraphs (a) and (b) of subsection 1 of NRS 361.035.

361.120 Agricultural land. (NRS 360.090, 360.250, 361.227, 361.325) In determining the full cash value of land actually used for agricultural purposes and not valued pursuant to chapter 361A of NRS, each assessor shall determine separately:

1. Its valuation for agricultural purposes pursuant to paragraph (b) of subsection 1 of NRS 361.325; and

2. Its valuation for other purposes, if any, pursuant to subparagraph (1) of paragraph (a) of subsection 1 of NRS 361.227.

↪ The assessor shall then apply the higher of the two values so determined.

361.126 Newly constructed additions to existing improvements. (NRS 360.090, 360.250, 361.227)

1. In determining the value of a newly constructed addition to an existing improvement, a county assessor shall consider the cost of replacement of the entire improvement.

2. In determining the percentage of depreciation of a newly constructed addition to an existing improvement, a county assessor may:

(a) Apply a rate of depreciation to the newly constructed addition and a rate of depreciation to the existing improvement; or

(b) Weight the age or the rate of depreciation for the existing improvement and the newly constructed addition.

361.132 Reference material. (NRS 360.090, 360.250, 361.227)

1. A copy of the tables of typical life expectancies and the manuals of costs published through the Marshall and Swift Publication Company may be obtained from:

Marshall and Swift Publication Company

1617 Beverly Boulevard

Los Angeles, California 90026

2. The costs of these tables and manuals are:

Marshall Valuation Service	\$86
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Residential Cost Handbook	39
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361.149 Time for assessing property under construction and mobile homes. (NRS 360.090, 360.250, 361.260)

1. Each year the county assessor may assess real property which is under construction as of July 1 of the year preceding the fiscal year for which taxes are levied, either upon the secured or unsecured rolls for that fiscal year.

2. Mobile homes which are not migratory property and which enter the county on or after July 1 of each year must be assessed upon the unsecured roll of the next ensuing fiscal year.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R031-03**

The Nevada Tax Commission adopted permanent regulations pertaining to Chapter 361 of the Nevada Administrative Code, LCB File No. R031-03, amending the valuation and assessment administration procedures of county assessors and the Department of Taxation related to property taxes. These procedures include the valuation of land through the appropriate use of the sales comparison approach and other approaches to value; the process for approval of cost manuals; the valuation of manufactured housing; and the delivery of assessment lists. The amended regulations were adopted on June 25, 2004.

Notice date: 5/26/2004
Hearing date: 6/25/2004

Date of adoption by agency: 6/25/2004
Filing date: 8/4/2004

INFORMATIONAL STATEMENT

The following statement is submitted for amendments, additions and deletions, to Nevada Administrative Code (NAC) Chapter 361 adopted by the Nevada Tax Commission, including the ten-year review of NAC Chapter 361, NAC 361.004 through 361.132 and 361.144 through 361.155.

- 1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.**

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop</u>	<u>Number Notified</u>	<u>Representing Businesses</u>
August 6, 2003	Workshop	August 25, 2003	394	251
September 2, 2003	Workshop	September 17, 2003	394	251
September 2, 2003	Workshop	October 7, 2003	394	251
September 2, 2003	Workshop	October 15, 2003	394	251
September 2, 2003	Workshop	October 22, 2003	394	251
September 2, 2003	Workshop	October 29, 2003	394	251
September 2, 2003	Workshop	November 5, 2003	394	251
November 3, 2003	Workshop	November 18, 2003	394	251
November 3, 2003	Workshop	December 2, 2003	394	251
March 24, 2004	Workshop	April 9, 2004	370	213
April 20, 2004	Workshop	May 6, 2004	370	213

The mailing list included the interested parties list maintained by the Department, as well as officials of local jurisdictions subject to these regulations.

Many oral and written comments were received at the workshops. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at mmjacobs@tax.state.nv.us.

The proposed permanent regulation was submitted to the Legislative Counsel Bureau on May 7, 2004. The Legislative Counsel Bureau completed its review and revisions on June 10, 2004 and a second revision was received on June 14, 2004.

2. The number persons who:

(a) Attended and testified at each workshop:

<u>Date of Workshop</u>	<u>Attended</u>	<u>Testified</u>
August 25, 2003	101	17
September 17, 2003	19	16
October 7, 2003	28	19
October 15, 2003	22	10
October 22, 2003	11	5
October 29, 2003	34	15
November 5, 2003	22	15
November 18, 2003	23	20
December 2, 2003	20	15
April 9, 2004	25	16
May 6, 2004	28	15

(b) Attended and testified at each hearing:

<u>Date of Hearing</u>	<u>Commission/ Public Attended</u>	<u>Public Testified</u>
June 25, 2004	5/100	10

(c) Submitted to the agency written comments:

<u>Date of Hearing</u>	<u>Number Received</u>
August 25, 2003	1
September 17, 2003	2
October 7, 2003	5
October 15, 2003	1

October 22, 2003	3
October 29, 2003	4
November 5, 2003	1
November 18, 2003	3
December 2, 2003	4
April 9, 2004	3
May 6, 2004	1

28 documents of proposed language changes were submitted to the Department of Taxation.

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected and interested businesses and persons, by notices posted at the Nevada State Library; various Department of Taxation locations throughout the state; and at the Main Public Libraries in counties where an office of the Department of Taxation is not located. Comments were also solicited by direct mail to assessors and the interested parties list maintained by the Department. Approximately 65% of the approximately 400 direct mail notices were sent to individuals or associations representing business.

Members of the Nevada Tax Commission, officials of the Nevada Department of Taxation, the County Assessors' Association, the Nevada Taxpayers Association, the Nevada Mining Association, and members of the general public commented on some or all of the proposed language changes during the workshop process and during the Adoption Hearing.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at mmjacobs@tax.state.nv.us.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The permanent regulation was adopted with changes reflecting the verbal and written comments submitted to, or received by, the Department of Taxation primarily from the County Assessors' Association, Nevada Taxpayers Association, and members of the general public during the workshops listed above. The Nevada Tax Commission adopted the permanent regulation as revised in workshops and at the adoption hearing; and believed no changes other than those made were necessary.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

- (a) Both adverse and beneficial effects; and**
- (b) Both immediate and long-term effects.**

The Commission has found that the regulation does not impose a direct and significant burden upon businesses and the public in Nevada. The permanent regulation identifies the valuation and assessment administration procedures of county assessors and the Department of Taxation related to property taxes. These procedures include the valuation of land through the appropriate use of the sales comparison approach and other approaches to value. The proposed regulations present no reasonably foreseeable or anticipated immediate or long-term negative economic effects to businesses or to the general public. The immediate and long-term effects of the regulation is to promote better understanding of the valuation process by the public and to promote the use of standardized valuation methods by county assessors for a more efficient and equitable system of appraisal for property tax purposes.

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Department anticipates little, if any, additional cost to administer the regulations.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are not other state or government agency regulations that the proposed amendments duplicate.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The Commission is not aware of any provision in this regulation which is also governed by federal regulation.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Nevada Tax Commission is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.