

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

AUTHORITY: NRS 361.4722(5).

Section 1. Definitions.

1. *The Commission shall interpret the term “use of the property,” as used in NRS 361.4722(6)(b), to mean the principal use of the property or the relevant portion thereof, or the principal use for which property is held, for one of the following purposes: agricultural use, open-space use, residential use, or commercial use.*

2. *“Agricultural use” has the meaning ascribed to it in NRS 361A.030.*

3. *“Open-space use” has the meaning ascribed to it in NRS 361A.050.*

4. *“Residential use” means use as a dwelling or for personal, family or household purposes, whether rented to particular persons or not.*

5. *“Commercial use” means any use conducted primarily for profit, including industrial uses, except for rental for a residential use, open space use or agricultural use. Vacant land held for development is a commercial use.*

6. *“Net property taxes” means the total amount of property taxes assessed to a parcel less the amount of any partial abatement of property taxes applied to that parcel pursuant to NRS 361.4722, NRS 361.4723, or NRS 361.4724.*

7. *“Base year” means the most recent fiscal tax year in which application of the partial abatement of the property taxes did not result in net property taxes that were less than the total taxes otherwise due before application of the abatement*

Sec. 2. *This regulation sets forth the Commission’s interpretation of the methodology that must be followed pursuant to NRS 361.4722(2) in evaluating the application of the partial abatement of taxes for any property for which a new or different assessor parcel number has been assigned from the prior year as a result of the division of previously-existing parcel or parcels, the combination of previously-existing parcels, or any change in configuration of parcels or of lot size or lot boundaries, by means of a parcel map, subdivision map, certificate of land division, long-term lease, or otherwise.*

Sec. 3. *Methodology for evaluating property with a new or different assessor parcel number.*

1. *Each parcel for which a new or different assessor parcel number has been assigned must be separately evaluated to determine whether there has been any change in use of the property.*

2. *If there has been no change in use of the property then the parcel constitutes a remainder parcel, and the calculation of the abatement shall be made as if the parcel had been on the tax roll in the prior year.*

Sec. 4. *Methodology for calculating the abatement for a remainder parcel.*

1. Determine the amount of net property taxes attributable to the land area, improvements, and personal property of the remainder parcel for the base year, using the method prescribed in Section 5.

2. Multiply the net property taxes determined in subsection 1 by the applicable abatement percentage for each year following the base year.

3. Determine the amount of property taxes actually added to the tax roll in any intervening year, attributable to an incremental change in land value resulting from a change in actual or authorized use of the land area of the remainder parcel, a new improvement to the remainder parcel, or new personal property associated with the remainder parcel, and apply the applicable abatement percentage for each year following the year the corresponding property tax amounts were added to the tax roll.

4. Determine the amount of property taxes to be added to the tax roll in the current year attributable to an incremental change in land value resulting from a change in actual or authorized use of the remainder parcel, a new improvement to the remainder parcel, or new personal property associated with the remainder parcel that would not have been included in the calculation of the assessed value of the remainder parcel for the prior year had a separate valuation for the remainder parcel been established in the prior year.

5. Add the amounts determined pursuant to subsections 2, 3 and 4, and if the sum is less than the amount of taxes that would have been assessed on the remainder parcel for the current year without the abatement, the difference constitutes the amount of the abatement for the remainder parcel for the current year.

Sec. 5. *The amount of net property taxes attributable to the land area, improvements, and personal property of a remainder parcel for the base year is derived as follows:*

1. Identify each of the parcel or parcels which contained the land area of the remainder parcel in the base year.

2. Determine the pro rata percentage that the remainder parcel's land, improvements and personal property contributed to the assessed value of the parcel or parcels identified in subsection 1.

3. Multiply the percentage determined in subsection 2 by the total amount of taxes assessed in the base year for the parcel or parcels identified in subsection 1.

4. The net property taxes attributable to the remainder parcel in the base year is the product determined in subsection 3, or if more than one parcel is identified in subsection 1, then the sum of the products determined in subsection 3

Sec. 6. *This regulation becomes effective upon filing with the Secretary of State and applies retroactively to the tax year commencing on July 1, 2005.*