

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R010-07

September 17, 2007

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

AUTHORITY: §§1-7 and 9-13, NRS 360.090 and 361A.225; §§8 and 14, NRS 360.090, 360.215, 360.250, 361A.225 and 361A.280.

A REGULATION relating to the taxation of property; establishing a methodology for determining the value for open-space use of real property which is used as a golf course and for calculating the deferred tax due on such property after its conversion to a higher use; and providing other matters properly relating thereto.

Section 1. Chapter 361A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 14, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 14, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 7, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Golf course” has the meaning ascribed to it in NRS 361A.0315.*

Sec. 4. *“Golf course land” means the land underlying:*

- 1. A golf course;*
- 2. Any related improvements used in connection with that golf course; and*
- 3. Any appurtenant areas that are necessary for the use of any property described in subsection 1 or 2.*

Sec. 5. *“Golfing improvements” means any improvements to land which are typical and necessary for the use of the property as a golf course, including, without limitation, tees,*

fairways, bunkers, greens, trees, turf, irrigation, lakes, lake liners, bridges, practice ranges, cart paths, trails and service roads.

Sec. 6. *“Marshall and Swift” means the applicable manual published or furnished by the Marshall and Swift Publication Company, as that manual existed on October 1 of the year immediately preceding the current assessment year.*

Sec. 7. *“Related improvements” means any improvements to land, other than golfing improvements, which are used in connection with a golf course, including, without limitation, clubhouses, pro shops, restaurants, parking lots, swimming pools, tennis courts, maintenance buildings and areas, and nurseries.*

Sec. 8. *The provisions of sections 2 to 14, inclusive, of this regulation apply to the determination by a county assessor of the taxable value of real property used as a golf course for the purposes of chapter 361A of NRS.*

Sec. 9. *A county assessor shall:*

1. Determine the value of the golf course land in the same manner as the county assessor would determine the taxable value of the land for purposes other than open-space use;

2. Multiply the amount of acreage of the golf course land by the product obtained by multiplying \$2,860 by 1 plus the percentage change in the Consumer Price Index (All Items) for July 1 immediately preceding the date of valuation as compared to July 1, 2004; and

3. If the value calculated pursuant to subsection 1 is:

(a) Greater than or equal to the value calculated pursuant to subsection 2, use the value calculated pursuant to subsection 2 as the taxable value for open-space use of the golf course land; or

(b) Less than the value calculated pursuant to subsection 2, use the product obtained by multiplying the value calculated pursuant to subsection 1 by an open-space discount factor of .74 as the taxable value for open-space use of the golf course land.

Sec. 10. *A county assessor shall:*

1. Determine the replacement cost of the golfing improvements as provided in section 11 of this regulation;

2. Subtract from the amount determined pursuant to subsection 1 an amount for the depreciation of the golfing improvements, calculated at 1.5 percent of the amount determined pursuant to subsection 1 for each year of the adjusted actual age of the golfing improvements, up to a maximum of 50 years; and

3. Multiply the remainder determined pursuant to subsection 2 by a factor for the obsolescence of the golfing improvements, calculated as provided in section 12 of this regulation.

Sec. 11. *1. For the purposes of subsection 1 of section 10 of this regulation, a county assessor shall determine the replacement cost of the golfing improvements for a golf course in accordance with the provisions of this section.*

2. Except as otherwise provided in subsection 3, the class of a golf course must be determined by the sum of the number of points assigned to the golf course in accordance with the following criteria:

(a) A golf course must be assigned the number of points which is most nearly equal to the amount calculated by:

(1) Dividing the number 18 by the number of holes of the golf course; and

(2) Multiplying the figure obtained pursuant to subparagraph (1) by the total acreage of the golf course land.

(b) If the slope rating of a golf course, as designated by the United States Golf Association, exceeds 94, the golf course must be assigned the number of points which is equal to the amount calculated by subtracting 94 from that slope rating and multiplying the remainder by 5.

(c) If the total yardage of a golf course exceeds 5,000 yards, as determined from the tee which is farthest from each hole, the golf course must be assigned the number of points which is most nearly equal to the amount calculated by subtracting 5,000 from that total yardage and multiplying the remainder by .05.

(d) If par for a golf course:

(1) Is 72 or more, the golf course must be assigned 80 points;

(2) Is 71, the golf course must be assigned 60 points;

(3) Is 70, the golf course must be assigned 40 points;

(4) Is 60 or more but less than 70, the golf course must be assigned 30 points; or

(5) Is less than 60, the golf course must be assigned 20 points.

(e) If a golf course has:

(1) Above-average water features, except as otherwise provided in subparagraph (2), the golf course must be assigned 10 points; or

(2) Extensive and elaborate water features which come into play on a majority of the holes, the golf course must be assigned 30 points.

(f) If a golf course has:

(1) Above-average landscaping, except as otherwise provided in subparagraph (2), the golf course must be assigned 10 points; or

(2) Extensive and elaborate landscaping, including many large, transplanted trees, the golf course must be assigned 30 points.

(g) If the total number of points assigned to a golf course pursuant to paragraphs (a) to (f), inclusive:

(1) Does not exceed 300, the golf course must be designated as a class I course;

(2) Is greater than 300 and does not exceed 450, the golf course must be designated as a class II course;

(3) Is greater than 450 and does not exceed 540, the golf course must be designated as a class III course;

(4) Is greater than 540 and does not exceed 610, the golf course must be designated as a class IV standard course;

(5) Is greater than 610 and does not exceed 650, the golf course must be designated as a class IV good championship course; or

(6) Is greater than 650, the golf course must be designated as a class IV excellent championship course.

3. If any information necessary to determine the class of a golf course pursuant to subsection 2 is unavailable, a county assessor shall use his best judgment to determine the class of the golf course.

4. A county assessor shall assign a cost per hole to a golf course which, except as otherwise provided in this subsection, must be within the cost range per hole for the class of the golf course, as specified in the recreational facilities section for golf courses in Marshall

and Swift. The county assessor may assign a cost per hole which exceeds the maximum amount of that cost range only by:

(a) A maximum amount of 3 percent as appropriate to account for any excessive grading required for the golf course land; and

(b) The appropriate recreational facilities multiplier and local cost multiplier, as specified in Marshall and Swift.

5. The replacement cost of the golfing improvements must be calculated by:

(a) Multiplying the appropriate cost per hole, as determined pursuant to subsection 4 for the class of the golf course, by the number of holes of the golf course; and

(b) Adding the amount of any additional unit costs for bridges, man-made water features and special drainage requirements, as specified in Marshall and Swift, to the amount determined pursuant to paragraph (a).

Sec. 12. *For the purposes of subsection 3 of section 10 of this regulation, a county assessor shall:*

1. Determine the number of rounds of golf played on a golf course during the 12-month period ending on June 30 immediately preceding the date of valuation;

2. Determine the number of rounds of golf played on that golf course during the busiest month of that period;

3. Multiply the number determined pursuant to subsection 2 by 12;

4. Divide the number determined pursuant to subsection 1 by the number determined pursuant to subsection 3; and

5. Apply the figure determined pursuant to subsection 4 as the factor for the obsolescence of the golfing improvements.

Sec. 13. *A county assessor shall:*

1. Except as otherwise provided in subsection 3:

(a) Determine the taxable value for open-space use of real property used as a golf course by adding the amounts determined pursuant to subsection 3 of section 9 of this regulation and subsection 3 of section 10 of this regulation;

(b) Determine the taxable value of any related improvements used in connection with that golf course in the same manner as the county assessor would determine the value of similar improvements that are not used in connection with a golf course; and

(c) Determine the taxable value of any personal property used in connection with that golf course in the same manner as the county assessor would determine the value of similar property that is not used in connection with a golf course;

2. Add the amounts determined pursuant to subsection 1; and

3. If the sum determined pursuant to subsection 2 exceeds the full cash value of the golf course and any related improvements and personal property used in connection with that golf course, when valued as a single unit, reduce the total taxable value of the golf course and any related improvements and personal property used in connection with that golf course to that full cash value.

Sec. 14. *If a golf course or any portion thereof is converted to a higher use, the county assessor shall calculate the deferred tax due on the real property converted to a higher use on the basis of the difference between:*

1. The taxable value of that property for each pertinent fiscal year as determined in accordance with sections 9 to 13, inclusive, of this regulation; and

2. The taxable value of that property for each pertinent fiscal year as determined by adding:

(a) The applicable amount determined pursuant to subsection 1 of section 9 of this regulation; and

(b) The applicable product determined pursuant to subsection 3 of section 10 of this regulation,

↳ except that for the purposes of this subsection, the taxable value of that property must not exceed its full cash value.