

LCB File No. R043-09

**PROPOSED REGULATION OF THE
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

(This regulation was previously adopted as T042-09)

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

AUTHORITY: §§1-5; NRS 361.4732 and NRS 361.4733(1)(b)(1)

A REGULATION relating to taxation; providing for the administration of an exclusion from certain partial abatements of property taxes resulting from the annexation of real property to a different taxing entity; 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 1 to 9, inclusive, of this regulation.

Sec. 2. *As used in sections 4 to 9, inclusive, of this regulation, unless the context otherwise requires, the terms defined in section 3 of this regulation and in sections 3 to 9 of LCB File No. R023-08 have the meanings ascribed to it in those sections.*

Sec. 3. *“Revised tax base” means the amount of ad valorem taxes which would have been levied on property that is annexed, if the property had been annexed by a taxing entity in the year prior to the actual annexation. The revised tax base shall be used in calculating abatements on property taxes due with respect to the annexed property for the year it is annexed as provided in sections 4 through 6 of this regulation, except as otherwise provided in Section 7 of this regulation.*

Sec. 4. *1. If property is annexed into a taxing entity and is subject to the provisions of NRS 361.4732 and NAC 361.613, the county treasurer must:*

(a) Make a calculation of the entity-adjusted parcel tax rates for that property for the prior year for each taxing entity that levied an ad valorem tax on that property in that year and

for each taxing entity will levy an ad valorem tax on that property after the annexation is effective, and a calculation of the combined overlapping adjusted tax rate for the annexed property for the prior year, both as provided in Section 5, and use the rates so calculated for all purposes of NAC in which the entity-adjusted parcel tax rates or combined overlapping adjusted tax rate for that parcel for that prior year is used to calculate taxes or abatements for years after that prior year; and

(b) Calculate the revised tax base for the annexed property for the prior fiscal year as provided in Section 6; and

(c) Apply the revised tax base determined pursuant Section 6 as the amount of all ad valorem taxes levied on the property in that county for the immediately preceding fiscal year for the purposes of determining the amount of partial abatement of taxes to which the owner of the property is entitled pursuant to NRS 361.4722, 361.4723 and 361.4724 in the current fiscal year.

Sec. 5. 1. *The entity-adjusted parcel tax rates for the annexed property for the prior year calculated under this section are the entity adjusted parcel tax rates, as defined in NAC 361.611, for the prior year with the following changes:*

(a) The entity-adjusted parcel tax rates for the prior year for the parcel shall not include the entity adjusted parcel tax rate for the prior year of any taxing entity that will no longer levy a property tax on the annexed property after the annexation.

(b) The ad valorem tax rate of the annexing taxing entity in the prior year shall be treated as an entity-adjusted parcel tax rate applicable to the property in the prior year.

2. The combined overlapping adjusted tax rate applicable to the parcel for the prior year for purposes of this regulation shall be the sum of the entity-adjusted parcel rates described in subsection 1, with the changes described in paragraphs (a) and (b) of that subsection.

Sec. 6. *The revised tax base shall be calculated as follows:*

1. Subtract

(a) the combined overlapping adjusted tax rate actually applied to the property in the prior fiscal year from

(b) the combined overlapping adjusted tax rate calculated for that parcel under subsection 2 of Section 5 hereof, and

2. Divide the result in Subsection 1 by the combined overlapping adjusted tax rate actually applied to the property in the prior fiscal year as specified in paragraph (a) of subsection 1; and

3. Multiply the percentage obtained in Subsection 2 by the actual amount of the prior year ad valorem taxes on the property after abatement required by NRS 361.4722, 361.4723 and 361.4724 and before any exemptions were applied in the prior year; and

4. Add the result obtained in subsection 3 to the prior year ad valorem taxes on the property after abatement required by NRS 361.4722, 361.4723 and 361.4724 and before any exemptions were applied in the prior year. The result is the revised tax base for the prior year for the annexed parcel.

Sec. 7. *The provisions of Sections 4 to 6 of this regulation must not be applied in any manner that:*

(a) Would provide for the abatement of any increase in ad valorem taxes which, in accordance with NRS 361.4726, subsection 3 of NRS 361.4727 or NRS 361.4728, is exempt

from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724; or

(b) Would not allocate the revenue from any increase in ad valorem taxes described in paragraph (a) to the taxing entity which levies that increase or on behalf of which that increase is levied.

Sec. 8. *If an annexing entity did not exist in the prior year, the entity ad valorem property tax rate for the prior year shall equal that entity's ad valorem property tax rate for the year in which the entity first levied an ad valorem property tax.*

Sec. 9. 1. *A county tax receiver or the Department, as applicable, shall ensure that the amount of any property taxes excluded from any partial abatement and added to the tax roll for the current fiscal year as a result of the annexation of a parcel or other taxable unit of real property to a taxing entity:*

(a) Is due solely to an incremental increase in the tax rate which is directly attributable to the annexation of the property to a taxing entity;

(b) Is not due to any increase in the assessed value of the property as a result of any other cause, including, but not limited to, a general appreciation in the market value of property in the area.

2. *A county tax receiver shall:*

(a) Post on its website a listing of all its' taxing districts and the composition of the taxing entities with the ad valorem property tax rate for the current fiscal year and the prior two fiscal years;

(b) Make readily available, upon request, a listing of all the taxing districts and the composition of the taxing entities with the ad valorem property tax rates from fiscal year 2004-2005 to the current fiscal year.

3. The Department will provide a worksheet on the Department's website with regard to the calculation required by these regulations.