

**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R018-17

Effective February 27, 2018

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

AUTHORITY: §§1-3, NRS 360.090, 361.4722, 361.4723 and 361.4724.

A REGULATION relating to property taxes; revising provisions governing the exclusion from certain partial abatements of property taxes for an improvement to or change in the actual or authorized use of property; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law provides a partial abatement of property taxes, which has the effect of establishing an annual cap on increases of property taxes imposed on a parcel of real property. However, existing law excludes from each partial abatement the amount of any property taxes attributable to any increase in the assessed valuation of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property. (NRS 361.4722, 361.4723, 361.4724) Under existing regulations, if this exclusion applies, the amount of any property taxes excluded from the partial abatement is equal to the lesser of two calculations of the increase in property taxes attributable to an improvement to or change in the actual or authorized use of the property. (NAC 361.610485)

This regulation revises the calculation of the amount of property taxes attributable to an improvement to or change in the actual or authorized use of the property and, thus, excluded from the partial abatement of property taxes. Instead of calculating an amount of property taxes attributable to an improvement to or change in the actual or authorized use of property, **section 2** of this regulation provides for a calculation of a portion of the assessed value of a parcel of property that is attributable to such an improvement to or change in the actual or authorized use of the property. **Sections 1 and 3** of this regulation make conforming changes.

Section 1. NAC 361.610465 is hereby amended to read as follows:

361.610465 The provisions of NAC 361.6104 to 361.61049, inclusive:

1. Except as otherwise provided in subsection 2, set forth the methodology required to carry out the provisions of NRS 361.4722, 361.4723 and 361.4724 in determining the amount of any

~~{property taxes}~~ *assessed value* to be excluded from *the calculation of* each partial abatement and *the amount of any property taxes to be* added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of any property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

2. Do not apply to any property of an interstate or intercounty nature regarding which the Commission establishes the valuation thereof for assessment purposes pursuant to subsection 1 of NRS 361.320 or NRS 361.321.

Sec. 2. NAC 361.610485 is hereby amended to read as follows:

361.610485 1. If a county assessor or the Department, as applicable, does not make a determination in compliance with the provisions of NAC 361.61047, 361.610475 or 361.61048 that there has been any improvement to or change in the actual or authorized use of the subject property, no amount of property taxes may be added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

2. If a county assessor or the Department, as applicable, makes a determination in compliance with the provisions of NAC 361.61047, 361.610475 or 361.61048 that there has been any improvement to or change in the actual or authorized use of the subject property, the county assessor or the Department, as applicable, in cooperation with the county treasurer, must:

- ~~{(a) Make a current year calculation for the property as provided in subsection 3;~~
- ~~—(b) Make a base year calculation for the property as provided in subsection 4; and~~

~~—(c) Apply the amount determined pursuant to subsection 3 or 4, whichever is less, as the amount of property taxes to be added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.~~

~~—3.— A current year calculation for the subject property must be made as follows:~~

~~—(a) Determine the taxable value of the property in accordance with the provisions of NRS 362.095, paragraph (b) of subsection 1 of NRS 362.100 and NAC 361.106 to 361.139, inclusive, as applicable, for the current fiscal year based on any improvement to or change in the actual or authorized use of the property from the immediately preceding fiscal year.~~

~~—(b) Determine the taxable value of the property in accordance with the provisions of NRS 362.095, paragraph (b) of subsection 1 of NRS 362.100 and NAC 361.106 to 361.139, inclusive, as applicable, for the current fiscal year as if there had not been any improvement to or change in the actual or authorized use of the property from the immediately preceding fiscal year.~~

~~—(c) Subtract the amount determined pursuant to paragraph (b) from the amount determined pursuant to paragraph (a). If the remainder is:~~

~~——(1) Zero or a negative number, the amount determined pursuant to this subsection shall be deemed to be zero.~~

~~——(2) A positive number:~~

~~——(I) Convert that amount into an assessed value by multiplying that amount by 0.35; and~~

~~——(II) Multiply that assessed value by the applicable rate of property taxes.~~

~~—4.— A base year calculation for the subject property must be made as follows:}]~~

(a) Determine the ~~{taxable}~~ **assessed** value for the current fiscal year of any new improvements made on the land of the subject property, as determined for that fiscal year

pursuant to NAC 361.61047 , *by determining the taxable value of such improvements* in accordance with the provisions of paragraph (b) of subsection 1 of NRS 361.227 ~~and~~ *multiplying that taxable value by 0.35.*

(b) Determine the *incremental increase in the assessed value of the land of the subject property by:*

(1) *Determining the* full cash value of the land of the subject property in accordance with the provisions of paragraph (a) of subsection 1 of NRS 361.227, NRS 362.095 and paragraph (b) of subsection 1 of NRS 362.100, as applicable, ~~for the base year as if~~ *considering* any improvement to or change in the actual or authorized use of the property, as determined ~~for the current fiscal year~~ pursuant to NAC 361.61047, 361.610475 or 361.61048 . ~~It had occurred before the base year.~~

~~—(c) Determine~~

(2) *Determining* the full cash value of the land of the subject property in accordance with the provisions of paragraph (a) of subsection 1 of NRS 361.227, NRS 362.095 and paragraph (b) of subsection 1 of NRS 362.100, as applicable, ~~for the base year~~ without considering any improvement to or change in the actual or authorized use of the property determined ~~for the current fiscal year~~ pursuant to NAC 361.61047, 361.610475 or 361.61048.

~~{(d) Subtract}~~

(3) *Subtracting* the amount determined pursuant ~~to paragraph (c)~~ *subparagraph (2)* from the amount determined pursuant to ~~paragraph (b)~~ *subparagraph (1)*. If the remainder is ~~it~~ ~~(1) Zero~~ *zero* or a negative number, the amount determined pursuant to this ~~paragraph~~ *subparagraph* shall be deemed to be zero.

~~{(2) A positive number, successively increase that number in a compound manner by the abatement percentage applicable to the property for each fiscal year after the base year to and including the current fiscal year.~~

~~—(e) Add the amounts determined pursuant to paragraphs (a) and (d).~~

~~—(f) Convert the amount determined pursuant to paragraph (e) into an assessed value by multiplying that amount by 0.35.~~

~~—(g) Multiply the assessed value determined pursuant to paragraph (f) by the applicable rate of property taxes.~~

~~—5.†~~

(4) Multiplying the amount determined pursuant to subparagraph (3) by the effective tax rate calculated for the subject parcel.

(5) Dividing the amount calculated pursuant to subparagraph (4) by the total rate of all property taxes imposed on the subject parcel in the prior fiscal year.

(c) Apply the sum of the amounts determined pursuant to paragraphs (a) and (b) as the amount of assessed value to be excluded from the calculation of any partial abatement and the amount of any taxes to be added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property.

3. In carrying out the provisions of this section, a county assessor and the Department, as applicable, shall ensure that the amount of any ~~{property taxes}~~ *assessed value* excluded from *the calculation of* any partial abatement and *the amount of any property taxes* added to the tax roll for the current fiscal year attributable to any incremental increase in the assessed value of any

property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property:

(a) Is due solely to an incremental increase in the assessed value of the property which is directly attributable to the improvement to or change in the actual or authorized use of the property;

(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; and

(c) Is assessed only to the specific property for which the assessed valuation has increased as a result of any improvement to or change in the actual or authorized use of that property.

~~{6.}~~ 4. As used in this section ~~†~~:

~~—(a) “Abatement percentage” means, with regard to any property for which the owner thereof is entitled to a partial abatement from taxation pursuant to:~~

~~—(1) NRS 361.4723 or 361.4724, 3 percent;~~

~~—(2) Subsection 1 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection; or~~

~~—(3) Subsection 2 of NRS 361.4722, the percentage determined pursuant to paragraph (b) of that subsection.~~

~~—(b) “Base year” means the fiscal year beginning on July 1, 2004, or the fiscal year in which a new parcel first appears on the tax roll, whichever occurs last.~~

~~—(c) “New parcel” has the meaning ascribed to it in NAC 361.61014.†, “effective tax rate” means a rate determined for a subject property by dividing the total amount of taxes assessed to the subject property, or which would have been assessed to the subject parcel but for any~~

exemptions from taxation, in the fiscal year prior to any improvement to, or change in the actual or authorized use of, the subject parcel, by the taxable value of the subject parcel for that fiscal year.

Sec. 3. NAC 361.61049 is hereby amended to read as follows:

361.61049 A county assessor shall include with each notice of assessed valuation or amended notice of assessed valuation provided to a taxpayer or an owner of property pursuant to NRS 361.300 a statement of whether any determination has been made that will result in the exclusion of any ~~{taxes}~~ *assessed value* from *the calculation of* any partial abatement that applies to the subject property attributable to any incremental increase in the assessed value of the property from the immediately preceding fiscal year as a result of any improvement to or change in the actual or authorized use of the property. If the statement indicates that such a determination has been made, the statement must:

1. Set forth that determination;
2. Specify the amount of that incremental increase in the assessed value of the property; and
3. Describe the manner in which detailed instructions may be obtained for appealing the matter to the county board of equalization or the Commission.