

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R018-17

Regulation on Improvement to or Change in the Actual or Authorized Use of Property

Department Draft 6-1-2017

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

AUTHORITY: §§1-, NRS 360.090, 360.250, 361.4722(5);

Section 1. Chapter 361 of NAC is hereby amended as set forth as sections 2 and 3 of this regulation.

Section 2. NAC 361.610465 is hereby amended to read as follows:

NAC 361.610465 Scope and purpose. ([NRS 360.090](#), [361.4722](#), [361.4723](#), [361.4724](#)) 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 each partial abatement and 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](#).

(Added to NAC by Tax Comm'n by R109-08, eff. 12-17-2008)

Section 3. NAC 361.610485 is hereby amended to read as follows:

NAC 361.610485 Determination of amount of ~~property taxes~~ incremental assessed value to be added to tax roll. ([NRS 360.090](#), [361.4722](#), [361.4723](#), [361.4724](#))

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. 3. 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](#) in accordance with the provisions of paragraph (b) of subsection 1 of [NRS 361.227](#).

(b) Determine 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~~ the 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, had occurred before the base year.~~

(c) Determine 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 the amount determined pursuant to paragraph (c) from the amount determined pursuant to paragraph (b). If the remainder is:

~~(1) Zero or a negative number, the amount determined pursuant to this paragraph 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.}~~

4. *An effective tax rate must be determined for the subject parcel as follows;*

(a) Determine the total amount of taxes assessed, or which would have been assessed but for any exemptions from taxation, in the year prior to the improvement to or change in the actual or authorized use.

(b) Divide the total amount of taxes in paragraph (a) by the total taxable value of the parcel in the year prior to the improvement to or change in the actual or authorized use.

5. *Determine the amount of assessed incremental new land to add to the parcel by;*

(a) Applying the effective tax rate determined in (4) to the value determined in (3)(d)

(b) Divide the taxes calculated in (a) by the prior year tax rate expressed as a decimal to get the assessed value of the incremental new land ;

~~{5.}~~ 6. 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 excluded from any partial abatement and 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. 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.~~

~~(Added to NAC by Tax Comm’n by R109-08, eff. 12-17-2008)~~