

Amendment No. 1057

Assembly Amendment to Senate Joint Resolution No. 13 First Reprint	(BDR C-1004)
Proposed by: Assembly Committee on Taxation	
Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION			Initial and Date		SENATE ACTION			Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>		Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>		Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>		Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

JMM/JWP



Date: 6/1/2015

S.J.R. No. 13—Proposes to amend the Nevada Constitution to limit the total amount of certain property taxes that may be levied on real property. (BDR C-1004)



SENATE JOINT RESOLUTION NO. 13—SENATORS
SETTELMAYER, GUSTAVSON; AND GOICOECHEA

MARCH 12, 2015

Referred to Committee on Revenue and
Economic Development

SUMMARY—Proposes to amend the Nevada Constitution to limit the total amount of certain property taxes that may be levied on real property. (BDR C-1004)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

~

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

SENATE JOINT RESOLUTION—Proposing to amend the Nevada Constitution to limit the total amount of certain property taxes that may be levied on real property.

Legislative Counsel's Digest:

1 This resolution proposes to amend the Nevada Constitution to limit the amount of certain
2 property taxes which may be cumulatively levied per year on real property to ~~1.25~~ **1.25** percent
3 of the base value of the property. Additionally, this resolution provides that: (1) if one-half or
4 more of the ownership interest in certain real property is transferred, the base value of the
5 property becomes the cash value of the property on the date the ownership interest is
6 transferred; (2) an improvement to real property increases the base value of the property by
7 the cash value of the improvement, unless the improvement replaces certain improvements
8 which were destroyed, protects the safety of the occupants or improves accessibility to
9 persons with disabilities; (3) the base value of real property cannot increase or decrease from
10 year to year by more than 3 percent, except as otherwise set forth in this resolution; (4) an
11 owner domiciled in Nevada who has attained the age of 62 years may transfer the base value
12 of his or her principal residence to a new residence of comparable value; and (5) an owner
13 whose real property is taken by the exercise of eminent domain may transfer the base value of
14 the condemned property to a new property of comparable value. **This resolution further
15 provides that, for the purposes of recalculating the base value of real property
16 subsequent to the material enhancement of an improvement to the property, an
17 improvement to real property is not materially enhanced if the enhancement to the
18 improvement does not increase the area of the improvement, as measured in square feet,
19 by more than 15 percent.**

1 RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY,
2 That a new section, designated Section 7, be added to Article 10 of the Nevada
3 Constitution to read as follows:

4 *Sec. 7. 1. The maximum amount of tax ad valorem that may be*
5 *cumulatively levied per year on real property is ~~4~~ 1.25 percent of the*
6 *base value of the property. This limit does not apply to taxes ad valorem*
7 *levied to pay the interest and principal of any bonded indebtedness or to*
8 *pay any obligation under a contract made in connection with such*
9 *bonded indebtedness.*

10 *2. Except as otherwise provided in subsections 3 to 7, inclusive, the*
11 *base value of real property is the property's taxable value from which the*
12 *assessed value for the Fiscal Year 2017-2018 was calculated.*

13 *3. Except as otherwise provided in this subsection and subsection 7,*
14 *if one-half or more of an ownership interest in real property is*
15 *transferred, the base value of the property becomes the cash value of the*
16 *property as of the date of transfer of the ownership interest. The*
17 *provisions of this subsection do not apply if the transfer of ownership*
18 *interest is to the spouse, child or grandchild of the transferor, or if the*
19 *transfer of ownership interest is to or from a separate legal entity of*
20 *which the transferor is the beneficial owner.*

21 *4. Except as otherwise provided in subsection 7:*

22 *(a) If existing improvements to real property are materially enhanced*
23 *or new improvements are constructed, except if constructed to replace*
24 *existing improvements destroyed by natural disaster or other casualty, the*
25 *base value of the property must be increased by the cash value of the*
26 *enhancement or improvement, respectively. For the purposes of this*
27 *paragraph, an improvement to real property is not materially enhanced if*
28 *the enhancement to the improvement does not increase the area of the*
29 *improvement, as measured in square feet, by more than 15 percent.*

30 *(b) If real property is converted to another use, the base value of the*
31 *property must be redetermined after the conversion by appraisal at its*
32 *cash value in accordance with the new use of the property.*

33 *5. Except as otherwise provided in subsections 3, 4 and 7, the base*
34 *value of real property must not be increased from year to year by any*
35 *amount greater than the lesser of the increase caused by inflation, if any,*
36 *or 3 percent. The base value of real property must be decreased from year*
37 *to year:*

38 *(a) To reflect any substantial damage to or destruction of the*
39 *property; and*

40 *(b) By an amount, not to exceed 3 percent, equal to any decrease in*
41 *the value of the property caused by deflation or other economic or market*
42 *conditions.*

43 *6. For the purposes of subsection 5, inflation and deflation must be*
44 *measured by the Consumer Price Index for All Urban Consumers*
45 *compiled by the United States Bureau of Labor Statistics for the*
46 *preceding calendar year. If the Index specified in this subsection ceases*
47 *to be compiled, the Legislature shall provide by law for another*
48 *appropriate method of measuring inflation and deflation.*

49 *7. Notwithstanding any provision of this section to the contrary:*

50 *(a) An owner domiciled in this State who has attained the age of 62*
51 *years may replace his or her principal residence with another of*
52 *comparable value and transfer to the new residence the base value of the*

1 *old residence for the purpose of limiting the ad valorem tax on the new*
2 *residence. If the cash value of the new residence exceeds the cash value*
3 *of the old residence by more than 10 percent, the base value of the new*
4 *residence must equal the base value of the old residence plus the amount*
5 *by which the cash value of the new residence exceeds the cash value of*
6 *the old residence.*

7 *(b) An improvement may be constructed or materially enhanced*
8 *without changing the base value of real property if the construction or*
9 *enhancement is necessary to protect the safety of the occupants or*
10 *improve accessibility to persons with disabilities.*

11 *(c) An owner whose real property is taken by the exercise of eminent*
12 *domain may replace the condemned property with property of comparable*
13 *value and transfer to the new property the base value of the condemned*
14 *property for the purpose of limiting the ad valorem tax on the property. If*
15 *the cash value of the new property exceeds the cash value of the*
16 *condemned property by more than 10 percent, the base value of the new*
17 *property must equal the base value of the condemned property plus the*
18 *amount by which the cash value of the new property exceeds the cash*
19 *value of the condemned property.*

20 8. *The Legislature shall provide by law for:*

21 *(a) A uniform and just valuation of the base value of real property;*
22 *and*

23 *(b) Any other measure necessary to implement this section.*

24 9. *If any provision of this section or the application thereof to any*
25 *person, thing or circumstance is held invalid, the invalidity does not affect*
26 *the provisions or application of this section that can be given effect*
27 *without the invalid provision or application, and to this end the provisions*
28 *of this section are severable.*

29 10. *As used in this section:*

30 *(a) "Cash value" means the most probable price which property*
31 *would bring in a competitive and open market under all conditions*
32 *requisite to a fair sale.*

33 *(b) "Comparable value" means either a lower cash value or up to 10*
34 *percent more in cash value.*

35 *(c) "Condemned property" means property taken by the exercise of*
36 *eminent domain.*

37 And be it further

38 RESOLVED, That Section 1 of Article 10 of the Nevada Constitution be
39 amended to read as follows:

40 Section 1. 1. ~~The~~ *Except as otherwise provided in Section 7 of*
41 *this Article, the Legislature shall provide by law for a uniform and equal*
42 *rate of assessment and taxation, and shall prescribe such regulations as shall*
43 *secure a just valuation for taxation of all property, real, personal and*
44 *possessory, except mines and mining claims, which shall be assessed and*
45 *taxed only as provided in Section 5 of this Article.*

46 2. Shares of stock, bonds, mortgages, notes, bank deposits, book
47 accounts and credits, and securities and choses in action of like character
48 are deemed to represent interest in property already assessed and taxed,
49 either in Nevada or elsewhere, and shall be exempt.

50 3. The Legislature may constitute agricultural and open-space real
51 property having a greater value for another use than that for which it is
52 being used, as a separate class for taxation purposes and may provide a

1 separate uniform plan for appraisal and valuation of such property for
2 assessment purposes. If such plan is provided, the Legislature shall also
3 provide for retroactive assessment for a period of not less than 7 years when
4 agricultural and open-space real property is converted to a higher use
5 conforming to the use for which other nearby property is used.

6 4. Personal property which is moving in interstate commerce through
7 or over the territory of the State of Nevada, or which was consigned to a
8 warehouse, public or private, within the State of Nevada from outside the
9 State of Nevada for storage in transit to a final destination outside the State
10 of Nevada, whether specified when transportation begins or afterward, shall
11 be deemed to have acquired no situs in Nevada for purposes of taxation and
12 shall be exempt from taxation. Such property shall not be deprived of such
13 exemption because while in the warehouse the property is assembled,
14 bound, joined, processed, disassembled, divided, cut, broken in bulk,
15 relabeled or repackaged.

16 5. The Legislature may exempt motor vehicles from the provisions of
17 the tax required by this Section, and in lieu thereof, if such exemption is
18 granted, shall provide for a uniform and equal rate of assessment and
19 taxation of motor vehicles, which rate shall not exceed five cents on one
20 dollar of assessed valuation.

21 6. The Legislature shall provide by law for a progressive reduction in
22 the tax upon business inventories by 20 percent in each year following the
23 adoption of this provision, and after the expiration of the 4th year such
24 inventories are exempt from taxation. The Legislature may exempt any
25 other personal property, including livestock.

26 7. No inheritance tax shall ever be levied.

27 8. The Legislature may exempt by law property used for municipal,
28 educational, literary, scientific or other charitable purposes, or to encourage
29 the conservation of energy or the substitution of other sources for fossil
30 sources of energy.

31 9. No income tax shall be levied upon the wages or personal income
32 of natural persons. Notwithstanding the foregoing provision, and except as
33 otherwise provided in subsection 1 of this Section, taxes may be levied
34 upon the income or revenue of any business in whatever form it may be
35 conducted for profit in the State.

36 10. The Legislature may provide by law for an abatement of the tax
37 upon or an exemption of part of the assessed value of a single-family
38 residence occupied by the owner to the extent necessary to avoid severe
39 economic hardship to the owner of the residence.