

SENATE BILL NO. 10—COMMITTEE ON  
REVENUE AND ECONOMIC DEVELOPMENT

(ON BEHALF OF THE NEVADA ASSOCIATION OF COUNTIES)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Revenue and  
Economic Development

SUMMARY—Revises provisions relating to taxation.  
(BDR 32-435)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

~

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

AN ACT relating to taxation; revising provisions governing the calculation of the amount of certain partial abatements of property taxes; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law provides for a partial abatement of property taxes, which has the effect of establishing an annual cap on increases of property taxes. The formula for calculating the partial abatement provides that the property taxes on properties other than certain single-family residences or certain residential rental dwellings may not increase by more than a percentage that is the lesser of: (1) the average percentage of change in the assessed valuation of property in the county over the last 10 years, twice the average percentage of increase in the Consumer Price Index for the previous year or zero, whichever is greater; or (2) 8 percent. If the application of this formula results in a cap on increases of property taxes for a fiscal year that is less than 3 percent, the property taxes imposed on certain single-family residences and certain residential rental dwellings may not increase by more than the percentage cap calculated under that formula. However, if the application of the formula results in a cap on increases of property taxes for a fiscal year that is 3 percent or more, the property taxes on those single-family residences and residential rental properties may not increase by more than 3 percent. (NRS 361.4722-361.4724)

This bill revises the formula for calculating the partial abatement so that the annual cap on increases of the property taxes on certain single-family residences and residential rental property is 3 percent. Under this bill, the annual cap on



20 increases of property taxes on any other property cannot be less than 3 percent or  
21 more than 8 percent.

---

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     **Section 1.** NRS 361.4722 is hereby amended to read as  
2 follows:

3     361.4722 1. Except as otherwise provided in or required to  
4 carry out the provisions of subsection 3 and NRS 361.4725 to  
5 361.4729, inclusive, the owner of any parcel or other taxable unit of  
6 property, including property entered on the central assessment roll,  
7 for which an assessed valuation was separately established for the  
8 immediately preceding fiscal year is entitled to a partial abatement  
9 of the ad valorem taxes levied in a county on that property each  
10 fiscal year equal to the amount by which the product of the  
11 combined rate of all ad valorem taxes levied in that county on the  
12 property for that fiscal year and the amount of the assessed valuation  
13 of the property which is taxable in that county for that fiscal year,  
14 excluding any increase in the assessed valuation of the property  
15 from the immediately preceding fiscal year as a result of any  
16 improvement to or change in the actual or authorized use of the  
17 property, exceeds the sum obtained by adding:

18     (a) The amount of all the ad valorem taxes:

19         (1) Levied in that county on the property for the immediately  
20 preceding fiscal year; or

21         (2) Which would have been levied in that county on the  
22 property for the immediately preceding fiscal year if not for any  
23 exemptions from taxation that applied to the property for that prior  
24 fiscal year but do not apply to the property for the current fiscal  
25 year,

26     ↳ whichever is greater; and

27     (b) A percentage of the amount determined pursuant to  
28 paragraph (a) which is equal to:

29         (1) The greater of:

30             (I) The average percentage of change in the assessed  
31 valuation of all the taxable property in the county, as determined by  
32 the Department, over the fiscal year in which the levy is made and  
33 the 9 immediately preceding fiscal years;

34             (II) Twice the percentage of increase in the Consumer  
35 Price Index for all Urban Consumers, U.S. City Average (All Items)  
36 for the immediately preceding calendar year; or

37             (III) ~~Zero;~~ **Three percent;** or

38         (2) Eight percent,

39     ↳ whichever is less.



1 2. Except as otherwise provided in or required to carry out the  
2 provisions of NRS 361.4725 to 361.4729, inclusive, the owner of  
3 any remainder parcel of real property for which no assessed  
4 valuation was separately established for the immediately preceding  
5 fiscal year, is entitled to a partial abatement of the ad valorem taxes  
6 levied in a county on that property for a fiscal year equal to the  
7 amount by which the product of the combined rate of all ad valorem  
8 taxes levied in that county on the property for that fiscal year and  
9 the amount of the assessed valuation of the property which is  
10 taxable in that county for that fiscal year, excluding any amount of  
11 that assessed valuation attributable to any improvement to or change  
12 in the actual or authorized use of the property that would not have  
13 been included in the calculation of the assessed valuation of the  
14 property for the immediately preceding fiscal year if an assessed  
15 valuation had been separately established for that property for that  
16 prior fiscal year, exceeds the sum obtained by adding:

17 (a) The amount of all the ad valorem taxes:

18 (1) Which would have been levied in that county on the  
19 property for the immediately preceding fiscal year if an assessed  
20 valuation had been separately established for that property for that  
21 prior fiscal year based upon all the assumptions, costs, values,  
22 calculations and other factors and considerations that would have  
23 been used for the valuation of that property for that prior fiscal year;  
24 or

25 (2) Which would have been levied in that county on the  
26 property for the immediately preceding fiscal year if an assessed  
27 valuation had been separately established for that property for that  
28 prior fiscal year based upon all the assumptions, costs, values,  
29 calculations and other factors and considerations that would have  
30 been used for the valuation of that property for that prior fiscal year,  
31 and if not for any exemptions from taxation that applied to the  
32 property for that prior fiscal year but do not apply to the property for  
33 the current fiscal year,

34 ↪ whichever is greater; and

35 (b) A percentage of the amount determined pursuant to  
36 paragraph (a) which is equal to:

37 (1) The greater of:

38 (I) The average percentage of change in the assessed  
39 valuation of all the taxable property in the county, as determined by  
40 the Department, over the fiscal year in which the levy is made and  
41 the 9 immediately preceding fiscal years;

42 (II) Twice the percentage of increase in the Consumer  
43 Price Index for all Urban Consumers, U.S. City Average (All Items)  
44 for the immediately preceding calendar year; or

45 (III) ~~{Zero;}~~ **Three percent;** or



1 (2) Eight percent,

2 ↪ whichever is less.

3 3. The provisions of subsection 1 do not apply to any property  
4 for which the provisions of subsection 1 of NRS 361.4723 or  
5 subsection 1 of NRS 361.4724 provide a ~~[greater]~~ *partial* abatement  
6 from taxation.

7 4. Except as otherwise required to carry out the provisions of  
8 NRS 361.4732 and any regulations adopted pursuant to NRS  
9 361.4733, the amount of any reduction in the ad valorem taxes  
10 levied in a county for a fiscal year as a result of the application of  
11 the provisions of subsections 1 and 2 must be deducted from the  
12 amount of ad valorem taxes each taxing entity would otherwise be  
13 entitled to receive for that fiscal year in the same proportion as the  
14 rate of ad valorem taxes levied in the county on the property by or  
15 on behalf of that taxing entity for that fiscal year bears to the  
16 combined rate of all ad valorem taxes levied in the county on the  
17 property by or on behalf of all taxing entities for that fiscal year.

18 5. The Nevada Tax Commission shall adopt such regulations as  
19 it deems appropriate to ensure that this section is carried out in a  
20 uniform and equal manner.

21 6. For the purposes of this section, “remainder parcel of real  
22 property” means a parcel of real property which remains after the  
23 creation of new parcels of real property for development from one  
24 or more existing parcels of real property, if the use of that remaining  
25 parcel has not changed from the immediately preceding fiscal year.

26 **Sec. 2.** NRS 361.4723 is hereby amended to read as follows:

27 361.4723 The Legislature hereby finds and declares that an  
28 increase in the tax bill of the owner of a home by more than 3  
29 percent over the tax bill of that homeowner for the previous year  
30 constitutes a severe economic hardship within the meaning of  
31 subsection 10 of Section 1 of Article 10 of the Nevada Constitution.  
32 The Legislature therefore directs a partial abatement of taxes for  
33 such homeowners as follows:

34 1. Except as otherwise provided in or required to carry out the  
35 provisions of subsection 2 and NRS 361.4725 to 361.4729,  
36 inclusive, the owner of a single-family residence which is the  
37 primary residence of the owner is entitled to a partial abatement of  
38 the ad valorem taxes levied in a county on that property each fiscal  
39 year equal to the amount by which the product of the combined rate  
40 of all ad valorem taxes levied in that county on the property for that  
41 fiscal year and the amount of the assessed valuation of the property  
42 which is taxable in that county for that fiscal year, excluding any  
43 increase in the assessed valuation of the property from the  
44 immediately preceding fiscal year as a result of any improvement to



1 or change in the actual or authorized use of the property, exceeds the  
2 sum obtained by adding:

3 (a) The amount of all the ad valorem taxes:

4 (1) Levied in that county on the property for the immediately  
5 preceding fiscal year; or

6 (2) Which would have been levied in that county on the  
7 property for the immediately preceding fiscal year if not for any  
8 exemptions from taxation that applied to the property for that prior  
9 fiscal year but do not apply to the property for the current fiscal  
10 year,

11 ↪ whichever is greater; and

12 (b) Three percent of the amount determined pursuant to  
13 paragraph (a).

14 2. The provisions of subsection 1 do not apply to any property  
15 for which ~~§~~

16 ~~—(a) No~~ **no** assessed valuation was separately established for the  
17 immediately preceding fiscal year. ~~§; or~~

18 ~~—(b) The provisions of subsection 1 of NRS 361.4722 provide a~~  
19 ~~greater abatement from taxation.]~~

20 3. Except as otherwise required to carry out the provisions of  
21 NRS 361.4732 and any regulations adopted pursuant to NRS  
22 361.4733, the amount of any reduction in the ad valorem taxes  
23 levied in a county for a fiscal year as a result of the application of  
24 the provisions of subsection 1 must be deducted from the amount of  
25 ad valorem taxes each taxing entity would otherwise be entitled to  
26 receive for that fiscal year in the same proportion as the rate of ad  
27 valorem taxes levied in the county on the property by or on behalf of  
28 that taxing entity for that fiscal year bears to the combined rate of all  
29 ad valorem taxes levied in the county on the property by or on  
30 behalf of all taxing entities for that fiscal year.

31 4. The Nevada Tax Commission shall adopt such regulations as  
32 it deems appropriate to carry out this section, including, without  
33 limitation, regulations providing a methodology for applying the  
34 partial abatement provided pursuant to subsection 1 to a parcel of  
35 real property of which only a portion qualifies as a single-family  
36 residence which is the primary residence of the owner and the  
37 remainder is used in another manner.

38 5. The owner of a single-family residence does not become  
39 ineligible for the partial abatement provided pursuant to subsection  
40 1 as a result of:

41 (a) The operation of a home business out of a portion of that  
42 single-family residence; or

43 (b) The manner in which title is held by the owner if the owner  
44 occupies the residence, including, without limitation, if the owner  
45 has placed the title in a trust for purposes of estate planning.



1 6. For the purposes of this section:

2 (a) "Primary residence of the owner" means a residence which:

3 (1) Is designated by the owner as the primary residence of  
4 the owner in this State, exclusive of any other residence of the  
5 owner in this State; and

6 (2) Is not rented, leased or otherwise made available for  
7 exclusive occupancy by any person other than the owner of the  
8 residence and members of the family of the owner of the residence.

9 (b) "Single-family residence" means a parcel or other unit of  
10 real property or unit of personal property which is intended or  
11 designed to be occupied by one family with facilities for living,  
12 sleeping, cooking and eating.

13 (c) "Unit of personal property" includes, without limitation, any:

14 (1) Mobile or manufactured home, whether or not the owner  
15 thereof also owns the real property upon which it is located; or

16 (2) Taxable unit of a condominium, common-interest  
17 community, planned unit development or similar property,

18 ↪ if classified as personal property for the purposes of this chapter.

19 (d) "Unit of real property" includes, without limitation, any  
20 taxable unit of a condominium, common-interest community,  
21 planned unit development or similar property, if classified as real  
22 property for the purposes of this chapter.

23 **Sec. 3.** NRS 361.4724 is hereby amended to read as follows:

24 361.4724 The Legislature hereby finds and declares that many  
25 Nevadans who cannot afford to own their own homes would be  
26 adversely affected by large unanticipated increases in property  
27 taxes, as those tax increases are passed down to renters in the form  
28 of rent increases and therefore the benefits of a charitable exemption  
29 pursuant to subsection 8 of Section 1 of Article 10 of the Nevada  
30 Constitution should be afforded to those Nevadans through an  
31 abatement granted to the owners of residential rental dwellings who  
32 charge rent that does not exceed affordable housing standards for  
33 low-income housing. The Legislature therefore directs a partial  
34 abatement of taxes for such owners as follows:

35 1. Except as otherwise provided in or required to carry out the  
36 provisions of subsection 2 and NRS 361.4725 to 361.4729,  
37 inclusive, if the amount of rent collected from each of the tenants of  
38 a residential dwelling does not exceed the fair market rent for the  
39 county in which the dwelling is located, as most recently published  
40 by the United States Department of Housing and Urban  
41 Development, the owner of the dwelling is entitled to a partial  
42 abatement of the ad valorem taxes levied in a county on that  
43 property for each fiscal year equal to the amount by which the  
44 product of the combined rate of all ad valorem taxes levied in that  
45 county on the property for that fiscal year and the amount of the



1 assessed valuation of the property which is taxable in that county for  
2 that fiscal year, excluding any increase in the assessed valuation of  
3 the property from the immediately preceding fiscal year as a result  
4 of any improvement to or change in the actual or authorized use of  
5 the property, exceeds the sum obtained by adding:

6 (a) The amount of all the ad valorem taxes:

7 (1) Levied in that county on the property for the immediately  
8 preceding fiscal year; or

9 (2) Which would have been levied in that county on the  
10 property for the immediately preceding fiscal year if not for any  
11 exemptions from taxation that applied to the property for that prior  
12 fiscal year but do not apply to the property for the current fiscal  
13 year,

14 ↪ whichever is greater; and

15 (b) Three percent of the amount determined pursuant to  
16 paragraph (a).

17 2. The provisions of subsection 1 do not apply to:

18 (a) Any hotels, motels or other forms of transient lodging; *and*

19 (b) Any property for which no assessed valuation was separately  
20 established for the immediately preceding fiscal year . ~~[-and~~

21 ~~—(c) Any property for which the provisions of subsection 1 of~~  
22 ~~NRS 361.4722 provide a greater abatement from taxation.]~~

23 3. Except as otherwise required to carry out the provisions of  
24 NRS 361.4732 and any regulations adopted pursuant to NRS  
25 361.4733, the amount of any reduction in the ad valorem taxes  
26 levied in a county for a fiscal year as a result of the application of  
27 the provisions of subsection 1 must be deducted from the amount of  
28 ad valorem taxes each taxing entity would otherwise be entitled to  
29 receive for that fiscal year in the same proportion as the rate of ad  
30 valorem taxes levied in the county on the property by or on behalf of  
31 that taxing entity for that fiscal year bears to the combined rate of all  
32 ad valorem taxes levied in the county on the property by or on  
33 behalf of all taxing entities for that fiscal year.

34 4. The Nevada Tax Commission shall adopt such regulations as  
35 it deems appropriate to carry out this section.

36 **Sec. 4.** The provisions of NRS 361.4722, 361.4723 and  
37 361.4724, as amended by sections 1, 2 and 3 of this act, apply to the  
38 tax year which begins on July 1, 2022, and each succeeding tax  
39 year.

40 **Sec. 5.** 1. This section becomes effective upon passage and  
41 approval.

42 2. Sections 1 to 4, inclusive, of this act become effective upon  
43 passage and approval for the purposes of adopting any regulations  
44 and performing any other preparatory administrative tasks necessary



1 to carry out the provisions of this act, and on July 1, 2022, for all  
2 other purposes.

⑩

